



NEWS RELEASE

SGX Announces First Quarter Profit of \$94.1 million for FY2010

SGX results for 1Q FY2010 (July to September 2009) versus 1Q FY2009

- **Net profit: \$94.1 million, 11.3% higher**
- **Operating revenue: 9.5% increase to \$173.4 million**
 - ❖ **Securities market revenue: Up 40.6% to \$104.6 million**
 - ❖ **Net derivatives clearing revenue: Down 27.0% to \$33.7 million**
 - ❖ **Stable revenue: Down 7.0% to \$35.1 million**
- **11# new listings raised \$0.26 billion**
- **Secondary fund raising remained strong with \$5.23 billion raised***

15 October 2009 - Singapore Exchange Limited (SGX) today announced a net profit of \$94.1 million for the first quarter of its financial year 2010. This is 11.3% higher compared to 1Q FY2009 (\$84.5 million). Operating revenue increased 9.5% to \$173.4 million (1Q FY2009: \$158.2 million). Operating expenses increased by 11.9% to \$59.7 million (1Q FY2009: \$53.4 million) due to higher variable bonus expense and technology-related expenditure.

Please refer to the “CEO’s Statement” and “Financial Highlights”, as attached, for details.

The complete 1Q FY2010 financial statements are available on the Investor Relations page of our website at www.sgx.com. (SGX SP, SGXL.SI)

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#Includes two Reverse Takeovers (RTOs).

*Includes funds raised from placements and rights issues.

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CEO's Statement

SGX recorded a net profit of \$94.1 million in 1Q FY2010, 11.3% higher compared to a year ago (1Q FY2009: \$84.5 million).

The directors are pleased to declare an interim base dividend of 3.75 cents per share (1Q FY2009: 3.50 cents per share) on tax exempt one-tier basis.

Financials

Operating revenue in 1Q FY2010 registered a 9.5% rise to \$173.4 million (1Q FY2009: \$158.2 million) and a 1.9%¹ increase over 4Q FY2009 (\$170.0 million). Operating expenses rose 11.9% to \$59.7 million (1Q FY2009: \$53.4 million) but fell 6.9%¹ from the last quarter (4Q FY2009: \$64.1 million). The rise in expenses was mainly due to an increase in the provision for variable bonus and technology spend. If we adjust for the write-back of \$6.3 million in 1Q FY2009, provision for variable bonus is flat in 1Q FY2010 over 1Q FY2009. The increase in technology investment is a reflection of our continued commitment to enhance current performance and introduce new system capabilities.

Securities market revenue gained 40.6% to \$104.6 million in 1Q FY2010 (1Q FY2009: \$74.4 million). Net derivatives clearing revenue fell 27.0% to \$33.7 million (1Q FY2009: \$46.1 million). Stable revenue posted a 7.0% decline to \$35.0 million (1Q FY2009: \$37.7 million), mainly due to lower listing and price information fees.

Securities Market

Behind the rise in securities market revenue is a 37.0% increase in the daily average trading value for this quarter to \$1.73 billion (1Q FY2009: \$1.27 billion). The annualised trading velocity for the quarter was 71.2% (1Q FY2009: 56.9%).

Riding on improved market sentiment, primary capital raising activities gained momentum from the lull in the previous two quarters with 11² new listings in 1Q FY2010 (1Q FY2009: 11³ listings; 4Q FY2009: 1 listing). Six² of these new listings were on Mainboard while five were on Catalist. These new listings raised \$0.26 billion (1Q FY2009: \$0.28 billion) and contributed market capitalisation of \$0.94 billion (1Q FY2009: \$1.57 billion). Secondary capital raising activity, which has been strong since 3Q FY2009, raised \$5.23 billion (1Q FY2009: \$1.32 billion).

Exchange Traded Funds (ETFs) continued to gain traction as the traded value of ETFs improved 31.7% to \$1.06 billion (1Q FY2009: \$804.6 million). With the five new ETFs added in the last quarter, SGX now has 39 listed ETFs offering investors access to various asset classes, including worldwide equity markets and commodities.

¹ All quarter-on-quarter percentage changes are sequential and not annualized.

² Includes two Reverse Takeovers (RTOs).

³ Includes one RTO.

Derivatives Market

Futures and options trading volume decreased 22.1%, to 13.5 million contracts, compared to a year ago when we experienced record highs in quarterly volumes (1Q FY2009: 17.4 million contracts) and remained flat over 4Q FY2009 (13.9 million contracts). This reflects the reduced derivatives trading volume globally.

Trading in the SGX Nikkei futures fell 7.2% to 6.6 million contracts (1Q FY2009: 7.2 million contracts) but grew 5.6%¹ over 4Q FY2009 (6.3 million contracts). MSCI Taiwan trading volume fell 13.0% to 3.9 million contracts (1Q FY2009: 4.5 million contracts) and dropped 11.2%¹ over 4Q FY2009 (4.4 million contracts). Our MSCI Singapore futures trading volume fell 19.1% to 1.0 million contracts (1Q FY2009: 1.2 million contracts) and dropped 8.2%¹ over 4Q FY2009 (1.1 million contracts).

Trading in the CNX Nifty futures fell 57.9% to 1.7 million contracts (1Q FY2009: 4.1 million contracts) and dropped 8.2%¹ over 4Q FY2009 (1.9 million contracts). This decline is on the back of extraordinary volumes in 1Q FY2009, where changes in the onshore market led to the migration of large Over-the-Counter (OTC) block volumes in a one off period. 1Q FY2010 volumes are now principally traded in the SGX marketplace and we maintain a healthy share of 32.0% of overall open interest.

SGX extended trading hours for all derivative contracts by another hour until 11.55pm Singapore time to cater to customer needs. We added our first remote agency Trading Member, our first Bank Derivatives Trading Member and a new Bank Derivatives Clearing Member. Algorithmic trading contributed 27% of total derivatives volume in 1Q FY2010, an increase from 18% in 4Q FY2009.

Participation in structured warrants trading remained low, resulting in trading value declining 32.8% to \$2.75 billion (1Q FY2009: \$4.09 billion).

Commodities and Over-the-Counter (OTC) Clearing

In 1Q FY2010, SGX AsiaClear[®] increased volume of cleared OTC trades by 74.0% to 19,946 contracts (1Q FY2009: 11,463 contracts), including the recently launched Iron Ore Swap futures. To facilitate greater OTC trading and clearing opportunities, SGX AsiaClear continued to expand its global trading and clearing network to 377 counterparty accounts (1Q FY2009: 227 counterparty accounts).

On 1 October 2009, the SGX-SICOM⁴ co-clearing linkage was launched to offer direct access by SGX market participants to SICOM products.

⁴ Singapore Commodity Exchange.



Technology

SGX is on target to launch its new clearing system, SGXClear, in December 2009. Infrastructure upgrades continue to be executed to improve capacity and reliability.

Risk Management and Regulation

SGX issued public consultations on the proposed introduction of our fuel oil futures product and Catalist rules for listing mineral, oil and gas companies. Additionally, SGX consulted the public on amendments to minimum bid sizes and the forced order range for the SGX securities market.

SGX highlighted to listed companies and Boards considering delisting that they must comply with delisting requirements, including providing a reasonable exit offer.

Outlook

With a prevailing low interest rate environment coupled with strong liquidity, we would expect our market to continue to benefit. More optimistic macro-economic growth forecasts should also provide more conducive market conditions for a greater number of larger companies to consider listing on SGX. We expect these new issuers to come from Singapore and elsewhere in the region.

SGX continues to innovate to strengthen our Asian Gateway. We announced our partnership with Chi-X Global to launch Asia's first exchange-backed alternative institutional trading venue for securities on the Singapore, Australia, Hong Kong and Japan markets.

Whilst proprietary trading activity from investment banks remains subdued following the financial crisis, we expect to see participation from algorithmic traders in our securities and derivatives markets grow over the next 12 months.

SGX AsiaClear will expand its product offering to include OTC-traded financial derivatives – interest rate swaps and foreign exchange forwards. This will enable our Bank Clearing members to mitigate their counterparty risk. Efforts are underway to build these capabilities and establish the service in FY2011.

On the commodities front, the market can expect new products such as coffee and gold as well as a new fuel oil futures contract in the near future.

Financial Highlights of 1Q FY2010 Results – 1 July 2009 to 30 September 2009

S\$ Million	1Q FY2010	1Q FY2009	Change	1Q FY2010	4Q FY2009	Change
Operating Revenue	173.4	158.2	9.5%	173.4	170.0	1.9%
Operating Expenses	(59.7)	(53.4)	11.9%	(59.7)	(64.1)	(6.9%)
Profit from Operating Activities	113.7	104.8	8.4%	113.7	105.9	7.3%
Other Gains/(Losses)	0.5	(1.6)	NM	0.5	3.0	(81.9%)
Profit Before Tax and Share of Results of Joint Ventures and Associated Company	114.2	103.2	10.6%	114.2	108.9	4.8%
Share of Results of Joint Ventures and Associated Companies	0.0	(0.1)	NM	0.0	0.0	(64.5%)
Tax	(20.1)	(18.6)	7.6%	(20.1)	(17.7)	13.2%
Profit Attributable to Equity Holders	94.1	84.5	11.3%	94.1	91.2	3.2%
Basic earnings per share (in cents)	8.85	7.95	0.90	8.85	8.57	0.28
Dividend per share (Tax exempt one-tier) (in cents)						
- interim base	3.75	3.50	0.25	3.75	3.50	0.25
- variable	-	-	-	-	12.00	(12.00)

NM : Not meaningful