



SGX Reports \$159.2 Million Profit in Difficult Half Year

SGX results for 1H FY2009 ended 31 December 2008 vs 1H FY2008 ended 31 December 2007

- **Net profit: \$159.2m, 36.9%¹ lower due to adverse market conditions**
- **Operating revenue: 27.9% lower at \$304.9m**
 - ❖ **Securities business: \$144.0m, 45.3% lower**
 - ❖ **Derivatives business: \$88.9m, 17.2% higher**
 - ❖ **Stable revenue: 14.5% lower at \$72.0m**
- **Operating expenses down 8.2%**
 - ❖ **Operating leverage rose to 147.4%**
- **14 new listings² with a total market capitalisation of \$2.8 billion**
- **Five new ETFs providing market access to Thailand, Malaysia, India, and exposure to non-energy commodities**

15 January 2009 - Singapore Exchange Limited (SGX) today reported a net profit of \$159.2 million in 1H FY2009, 36.9% lower compared to a year ago (1H FY2008: \$252.4 million¹) when SGX recorded its highest half-yearly profit since listing. Operating revenues decreased 27.9% to \$304.9 million (1H FY2008: \$423.2 million). Operating expenses decreased 8.2% to \$109.2 million (1H FY2008: \$118.9 million) due to a lower provision for variable bonus.

Mr Hsieh Fu Hua, Chief Executive Officer of SGX said: "Our revenues have been affected by the difficult market conditions but our derivatives business has been relatively resilient. Cost management has been a key focus as we remain committed to investing in technology, people and product development, ensuring that we are well-positioned for a market recovery."

Please refer to the attached "CEO's Statement" for more details.

The complete 1H FY2009 financial statements are available on SGXNET and the [Investor Relations](#) page of our website at www.sgx.com. (SGX SP, SGXL.SI)

¹ Excludes the \$34 million distribution from SGX-DT Compensation Fund.

² Includes two RTOs.



CEO'S STATEMENT

SGX announced a net profit of \$159.2 million in 1H FY2009, 36.9% lower compared to a year ago when the highest half-yearly profit since listing was achieved (1H FY2008: \$252.4 million¹).

In line with our dividend policy, the directors are pleased to declare an interim base dividend of 3.5 cents per share on tax exempt one-tier basis.

Financials

Operating revenue in the first half of FY2009 registered a 27.9% decrease to \$304.9 million (1H FY2008: \$423.2 million). Operating expenses dropped 8.2% to \$109.2 million (1H FY2008: \$118.9 million). The decrease in expenses was the result of a lower provision for variable bonus.

Securities market revenue declined 45.3% to \$144.0 million in 1H FY2009 (1H FY2008: \$263.1 million).

Net derivatives clearing revenue, which increased 17.2% to \$88.9 million (1H FY2008: \$75.9 million), now accounts for 29.2% of total operating revenue (1H FY2008: 17.9%). Operating leverage improved as stable revenue and derivatives revenue now covers 147.4% of total operating expenses (1H FY2008: 134.6%).

Securities Market Revenue

In 1H FY2009, the securities daily average trading value dropped 53.6% to \$1.2 billion (1H FY2008: \$2.5 billion). From 1Q FY2009 to 2Q FY2009, trading volume showed an increase of 14.8% (2Q FY2009: 61.9 billion shares; 1Q FY2009: 53.9 billion shares), while trading value fell 23.5% (2Q FY2009: \$63.9 billion; 1Q FY2009: \$83.5 billion). The annualised trading velocity for the first six months of the financial year was 61%, with increased trading velocity in the second quarter (2Q FY2009: 67%; 1Q FY2009: 57%).

With a slowdown in global capital raising, new listings numbered 14² in 1H FY2009 (1H FY2008: 45 listings³). These new listings raised \$0.4 billion (1H FY2008: \$5.0 billion) with a total market capitalization of \$2.8 billion (1H FY2008: \$15.1 billion). Secondary market fund raising⁴ was \$1.95 billion (1H FY2008: \$9.52 billion).

Derivatives Market Revenue

Derivatives trading volume increased 32.6% to 32.6 million contracts (1H FY2008: 24.5 million contracts) mainly on the back of strong Asian equity derivative trading: Nikkei 225

¹ Excludes the \$34 million distribution from SGX-DT Compensation Fund.

² Includes two RTOs.

³ Includes three RTOs.

⁴ Includes funds raised from placements and rights issues.



14.8 million contracts (1H FY2008: 12.0 million contracts), MSCI Taiwan 8.6 million contracts (1H FY2008: 7.6 million contracts), and CNX Nifty 6.3 million contracts (1H FY2008: 1.0 million contracts⁵).

Compared to 1Q FY2009, there was a 12.4% decline in futures trading volume in 2Q FY2009, in line with a global reduction in derivatives trading activity. In particular, the Nifty futures contract registered a 47.4% drop due to declining foreign institutional investor interest in India. Our year-end open interest (31 December 2008: 107,294 Nifty contracts), however, remained at a creditable 25% market share.

Recent initiatives include extending the trading hours for the Nikkei and MSCI Singapore futures, and standardizing the minimum price fluctuation for strategy trades in the Nikkei 225 futures contract.

Structured warrants trading value decreased 53.6% to \$8.1 billion (1H FY2008: \$17.4 billion) in line with the decline in securities market activity. However, the trading value for structured warrants on foreign underlying securities has grown to 61.5% of the total warrants market from 36.7% in 1H FY2008.

We plan to launch Extended Settlement contracts, a margin-based equity product targeted at retail investors, in 3Q FY2009. These single stock contracts, initially covering 50 individual SGX-listed stocks, allow investors to buy or sell a stock for future settlement in the securities market. In addition, we plan to launch options on the MSCI Singapore futures in 3Q FY2009 to bolster trading activity in the related derivatives and cash markets.

Stable Revenue

Stable revenue declined 14.5% to \$ 72.0 million (1H FY2008: \$84.2 million), mainly due to reduced corporate action activities as well as lower initial listing fees.

Strategic Alliances

SGX International, a wholly-owned subsidiary of SGX, is a global exchange consultancy set up to provide services to other exchanges and financial institutions. The first consultancy agreement, inked with Bahrain Stock Exchange (BSE) on 24 November 2008, aims to provide overall guidance on the management and operations of BSE. This is SGX's first foray into the Middle East and provides entry into a potential new market for our Asian Gateway.

On 3 November 2008, SGX signed a Memorandum of Understanding (MOU) with the Fujian Provincial Government in China. The MOUs inked with various provincial governments not only promote the listing of Chinese enterprises on SGX, but also facilitate regulatory review processes and the supervision of SGX-listed Chinese companies.

⁵ The number of CNX Nifty Index futures contracts (IN) has been adjusted for comparison purposes as the contract size was reduced fivefold in November 2007.



Post-Trade Processing Hub

Since inception in May 2006, SGX AsiaClear[®] has attracted 260 counterparty accounts to its trading and clearing network. The value of trades cleared in 1H FY2009 was US\$2.54 billion (1H FY2008: US\$3.40 billion) as freight rates and oil prices dropped, although the number of contracts cleared increased 33.8% to 25,893 contracts (1H FY2008: 19,353 contracts).

Technology

We successfully upgraded our trading engine for the derivatives market, Quest-DT, on 9 December 2008, enhancing capacity and capabilities. This upgrade follows the successful launch of our new securities trading engine, Quest-ST, in July 2008. These implementations, together with the launch of proximity hosting services, enable us to attract new algorithmic and high-velocity traders.

Regulation and Risk Management

SGX maintained vigilance amidst market volatility and took pre-emptive measures to manage clearing risks. Various market consultations on short selling and other market issues have been undertaken. We also leveraged on the Regulator's Column to raise public awareness on various trading practices and corporate disclosure issues.

In October 2008, we commenced the publication of listing rule waivers and the basis for granting waivers to enhance transparency. The application and registration processes for securities trading representatives were simplified in December 2008.

Acting on industry feedback on the global credit squeeze, SGX in consultation with the Monetary Authority of Singapore, announced measures to facilitate secondary fund raising by listed companies.

The revised error trade policy for the securities market took effect on 2 January 2009. The new policy seeks to enhance trade certainty, as well as timeliness and transparency in the resolution of error trades.

NEWS RELEASE



Financial Highlights of FY2009 Results – 1 July 2008 to 31 December 2008

S\$ Million	1H FY2009	1H FY2008	Change	2Q FY2009	2Q FY2008	Change
Operating Revenue	304.9	423.2	(27.9%)	146.7	203.6	(27.9%)
Operating Expenses	(109.2)	(118.9)	(8.2%)	(55.8)	(60.6)	(8.0%)
Operating Profit	195.7	304.3	(35.7%)	90.9	143.0	(36.4%)
Other Gains/(Losses)	(1.0)	39.3*	NM	0.6	40.2*	(98.6%)
Profit Before Tax and Share of Results of Joint Ventures and Associated Companies	194.7	343.6	(43.3%)	91.5	183.2	(50.1%)
Share of Results of Joint Ventures and Associated Companies	(0.1)	(0.5)	(72.7%)	(0.1)	(0.1)	(32.0%)
Tax	(35.4)	(56.7)**	(37.6%)	(16.7)	(26.7)**	(37.3%)
Profit Attributable to Equity Holders						
- before distribution from SGX-DT Compensation Fund	159.2	252.4	(36.9%)	74.7	122.4	(39.0%)
- after distribution from SGX-DT Compensation Fund	159.2	286.4	(44.4%)	74.7	156.4	(52.3%)
Basic Earnings per Ordinary Share (cents)						
- before distribution from SGX-DT Compensation Fund	14.97	23.81	(8.84)	7.02	11.54	(4.52)
- after distribution from SGX-DT Compensation Fund	14.97	27.02	(12.05)	7.02	14.75	(7.73)
Interim base (tax exempt one-tier) dividend per share (cents)	7.00	6.00	1.00	3.50	3.00	0.50

* Includes the \$34 million distribution from SGX-DT Compensation Fund.

** Distribution from SGX-DT Compensation Fund is not subject to tax.

NM: Not Meaningful.

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