The Asian Gateway

SINGAPORE EXCHANGE ANNUAL REPORT 2013

July 2012 – June 2013

Corporate Information

Board of Directors

Chairman

Chew Choon Seng

Members

Magnus Böcker
Thaddeus Beczak
Jane Diplock AO
Kwa Chong Seng
Kevin Kwok
Lee Hsien Yang
Liew Mun Leong
Ng Kee Choe
Robert Owen
Quah Wee Ghee
Davinder Singh

Company Secretary

Ding Hui Yun

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Key Contact Persons

Cedric Yuen
Yoke Kean Khor
Stella Yang

Auditor

PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424

Partner-in-Charge

Yeoh Oon Jin[2]

Board Committees

Audit Committee

Chairman

Lee Hsien Yang

Members

Liew Mun Leong
Ng Kee Choe
Jane Diplock AO[1]
Kevin Kwok[1]

Remuneration Committee

Chairman

Chew Choon Seng

Members

Ng Kee Choe
Lee Hsien Yang
Liew Mun Leong

Nominating Committee

Chairman

Ng Kee Choe

Members

Chew Choon Seng
Lee Hsien Yang
Davinder Singh
Kwa Chong Seng[1]

Risk Management Committee

Chairman

Quah Wee Ghee[1]

Members

Thaddeus Beczak
Robert Owen
Kwa Chong Seng[1]
Davinder Singh[1]

Regulatory Conflicts Committee

Chairman

Robert Owen

Members

Chew Choon Seng
Jane Diplock AO
Kevin Kwok[1]

Registered Office

Singapore Exchange Limited
2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804
Tel: (65) 6236 8888
Fax: (65) 6535 6994
Website: www.sgx.com

Place of Incorporation

Singapore

Company Registration No.

199904940D

Date of Incorporation

21 August 1999

Investor Relations

Darrell Lim Chee Lek
Tel: (65) 6236 8951
Email: darrell.lim@sgx.com

Sustainability

Email: sustainability@sgx.com

1 Appointed 20 September 2012
2 Appointed on 1 July 2009


SGX CENTRE
SGX
SINGAPORE EXCHANGE

We connect investors in search of Asian growth to issuers in search of global capital. As Asia's most international exchange, we are the definitive gateway for managing capital and investment exposure in Asia.

THE ASIAN GATEWAY

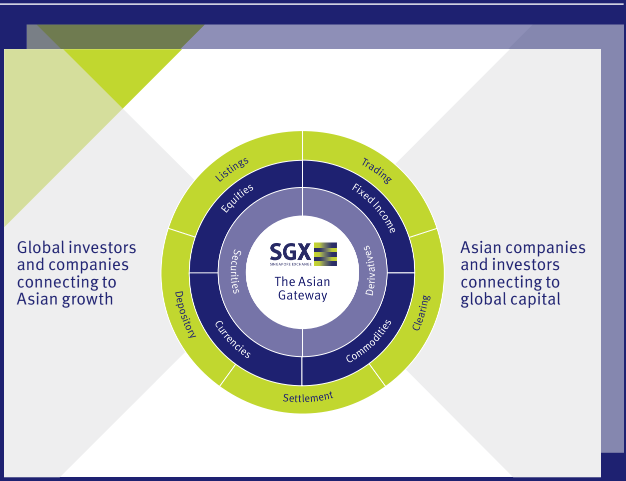
Asia's most **international** exchange

The Asian **derivatives supermarket**

Clearing house of choice in Asia

Discover more about Singapore Exchange on **www.sgx.com**

In this report



THE ASIAN GATEWAY

Singapore Exchange is **the Asian Gateway**

We connect international capital with Asian growth opportunities, and Asian capital with regional and international opportunities.

Asia is the world's
Fastest
growing region

Singapore is the region's
Leading
financial hub

SGX is the world's
6th
largest exchange

THE ASIAN GATEWAY

Asia's most **international** exchange

We attract quality issuers and investors from Asia and the world.

More than

770

listed companies of which 40% are foreign

Largest securities market in Southeast Asia with approximately

$1 trillion

total market capitalisation

THE ASIAN GATEWAY

The Asian **derivatives supermarket**

We are the world's most liquid access point to Asian equity index derivatives.

The

No. 1

offshore venue for Japan, China, Taiwan, India and ASEAN futures

THE ASIAN GATEWAY

Clearing house of choice in Asia

We provide clearing for exchange-traded securities and derivatives, and over-the-counter derivatives.

Among the

1st

in the world to comply with CPSS-IOSCO principles

Certified

as Qualifying Counterparty under Basel III


SGX

Performance Review

Letter to Shareholders

Chew Choon Seng
Chairman
(left)

Magnus Böcker
Chief Executive Officer
(right)

We will continue to introduce new products and services to meet investors' needs arising from developments in the region

The year was an eventful one for Singapore Exchange. We performed creditably and reported our best financial results in five years. Our Asian Gateway positioning was strengthened with the addition of new products and capabilities. We kept up efforts to maintain our high governance and risk management standards, becoming one of the first to adopt the newest and more stringent international standards for financial market infrastructures.

Securities and derivatives businesses grow

We reported net profit for FY2013 of $336 million, up 15%. This is the highest full-year net profit since FY2008. Relative to FY2012, revenue increased 10% to $715 million.

Our securities business remained our biggest revenue component, generating $270 million, 9% more than the year before. A rebound in trading activities from FY2012, and an increase in retail investor participation raised the daily average value of securities traded by 11%, to $1.5 billion. We continued to increase our outreach to retail investors and saw monthly active retail accounts grow by a third. The share of daily volumes attributed to retail investors also increased to 48%, from 40%. The contribution from securities to total revenue held steady at 38%.

Revenue from the derivatives business rose 23% to $201 million. This made up 28% of total revenue versus 25% in the previous year. Higher volatility in Asian equity markets prompted increased activity in our derivatives market. The total volume of derivatives traded rose by a third to 101 million contracts. Average month-end open interest for the year grew 86% to a record 2.6 million contracts. A one-day open interest record of 3.8 million contracts was set on 29 May 2013. Our China A50 futures and Nikkei 225 options tripled in volume and our Nikkei 225 futures saw double-digit growth in percentage terms. Our commodities business also expanded, particularly the clearing of over-the-counter iron ore swaps which tripled in volume.

Bond and equity fund-raising activities improved

Companies were more active in their fund-raising activities during the year. In an environment of low interest rates, and with the rise of Singapore as an international fund management centre, we strengthened SGX's position as Asia's leading venue for issuance of bonds with the listing of 424 bonds raising $196 billion in the year versus 300 bonds raising $161 billion the year before. The trend of more foreign bond listings on SGX continued; $145 billion of listings were from overseas companies compared with $139 billion previously.

New offerings of equities picked up in the year with 30 listings raising $8.1 billion, from 24 issues raising $1.0 billion previously. Six of the listings were of real estate investment trusts (REITs) and business trusts, bringing the total number of REITs and business trusts listed on SGX to 38, with market value of $67 billion. This is the biggest cluster of REITs and business trusts in the Asia Pacific region excluding Japan.

Initiatives and New Products

Building on our current portfolio of energy products, SGX acquired 49% of the equity of Singapore-based Energy Market Company (EMC), which operates the National Electricity Market in Singapore. The acquisition gives us a direct interest in the electricity business where demand for hedging and risk management is still in its infancy. Power consumption in the region is expected to accelerate in future as Asian economies become more developed and we are positioning SGX to offer the relevant products to support this development.

On the commodities front, we addressed changing regulatory and risk requirements with the April 2013 launch of AsiaClear futures contracts for iron ore and oil. To promote Singapore's standing as a major hub in the Asia-Pacific region for trading of commodities, and SGX's position as the leading clearing house in the world for iron ore swaps, we hosted the inaugural Singapore Iron Ore Week conference in May 2013 which drew 500 delegates from all over the world.

Other initiatives during the year included the launch of offshore hubs in London and Chicago that will enable customers there to more easily and economically link to our markets, and our agreement with Eurex to connect our respective co-location centres. We also entered into agreements with global index provider MSCI to offer 14 new regional and country indices.

The SGX distribution network was expanded with eight new members.

We extended our outreach to retail investors with the launch of the StockWhiz share investing contest, and the addition of new partners, including the Singapore National Library Board, to make investment seminars more accessible to investors.

Supporting regional developments

Our support of regional alliances accelerated. Together with Bursa Malaysia and The Stock Exchange of Thailand we launched the ASEAN Trading Link. Activities to better inform investors about companies listed on the three exchanges have begun. The Link enables brokers in ASEAN, who hitherto have tended to confine themselves to their home markets, to offer more diversified products to their customers and grow their business.

China's ascendance as an economic power presents opportunities for Singapore and SGX. Singapore's role as an offshore Renminbi hub was boosted in the year of review with the start of Renminbi clearing operations by Industrial and Commercial Bank of China in Singapore, the first of its kind outside Greater China. In line with the growing internationalisation of the Renminbi, SGX began offering depository services for Renminbi bonds in May. We also signed memoranda of understanding with the China Beijing International Mining Exchange and the China Financial Futures Exchange to cooperate in the development of iron ore and derivatives markets respectively.

Maintaining high standards

As a leader among exchanges and clearing houses in Asia, SGX is committed to the highest regulatory and risk management standards. In January 2013, SGX became an early adopter of the latest international standards for the payment, clearing and settlement of transactions developed by the Committee on Payment and Settlement Systems (CPSS) and the International Organisation of Securities Commissions (IOSCO). Market participants transacting at SGX benefit from an even more robust risk management framework and other safeguards which reduce risks they could otherwise encounter.

We raised admission standards for SGX Mainboard listings as part of our efforts to lift the overall quality of listed companies. A working committee has been set up to review and propose improvements in the Listing Rules. We announced our intention to increase retail investors' participation in initial public offers which have high retail subscription rates. Recently, in June 2013, we sought the views of market participants on dynamic circuit breakers for an introduction in late 2013 which will act as safeguards for investors in times of high market volatility.

Sustainability has become increasingly relevant for publicly traded companies. SGX's role as both a listed company and a front-line market regulator enables us to advocate sustainability in two ways. As a listed company, we have set and pursued long-term governance, environmental and social targets for ourselves. More details can be found in our Sustainability Report from page 76. On the other hand, our regulatory role allows us to influence investors, listed companies and other market participants to embrace sustainability more broadly. In April 2013, we launched a guide and web-clips on www.sgx.com to demonstrate why sustainability is relevant for investment decisions.

Focus on leveraging Asia's prospects and rigorous risk management

Asia's prospects are positive over the long term as affluence increases and economies across the region develop and grow rapidly. We will continue to introduce new products and services to meet investors' needs arising from developments in the region, in particular the Renminbi's internationalisation and the continuing growth of the ASEAN economies.

With uncertainty and volatility seemingly set to prevail in the global economy in the near to medium term, risk management will become even more important for investors and the corporate community. We plan to expand and enhance our suite of financial and commodity derivatives so that customers with investments and holdings in securities, commodities and currencies can find at SGX the best way to manage risks and exposures.

Our securities market is ready to facilitate fund-raising and investments in multiple currencies. We recognise that the competition for investor participation and new listings will be keen, but we are resolved to build on SGX's reputation as a trusted exchange of choice for listing, trading, clearing, settlement and depository operations.

Dividend

With the 15% rise in net profit for FY2013, the Board has, after taking into account the business outlook and projected requirements for operating capital, recommended a final dividend of 16 cents per share. Together with the dividends paid for the first three quarters, this will bring the total dividend for the year to 28 cents per share, about 4% higher than last year's total dividend. The total amount of dividends recommended for the year ended June 2013 of $299 million represents 89% of the profit after tax, and is consistent with our proclaimed dividend policy of distributing to shareholders at least 80% of our net profits.

Acknowledgements

Mr Robert Owen will be retiring from the Board of Directors at this year's AGM. He became a Director in September 2004 and joined the Risk Management Committee thereafter. Robert was appointed Chairman of the Regulatory Conflicts Committee in September 2005, and in that capacity he has been notably diligent and conscientious in ensuring that SGX's performance of its regulatory duties has not been compromised by its commercial interests. On behalf of the Board and the management, we register our thanks to Robert and our appreciation of his wise counsel and significant contributions over the past nine years. We will miss him but wish him the best for the future.

At the same AGM, the Board will be pleased to nominate Mr Ng Kok Song, who has kindly consented to stand for election by shareholders to become a Director. Kok Song needs little introduction. He is presently Advisor and Chair of Global Investments at GIC (the Government of Singapore Investment Corporation), following his retirement as the GIC Group Chief Investment Officer in February this year. Kok Song has a historical affiliation with SGX in that he was the first Chairman, from 1983 to 1987, of the Singapore International Monetary Exchange, or SIMEX, which was incorporated into SGX in 1999. With his skills, experience and knowledge of financial markets, at home and abroad, Kok Song will be an outstanding addition to the Board.

Finally, and not least, we thank our clients, shareholders, staff and all associates of SGX, as well as our fellow Directors, for the kind support we have enjoyed during the past year. We look forward to furthering the association in the years ahead.

Chew Choon Seng
Chairman

Magnus Böcker
Chief Executive Officer

31 July 2013

Overview

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to issuers in search of global capital. SGX is the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with more than 40% of companies listed on SGX originating from overseas. SGX offers its clients the world's biggest offshore market for Asian equity index derivatives.

SGX is a full-service exchange, and operates Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore, SGX is a peerless Asian counterparty for the clearing of exchange-traded and over-the-counter financial and commodity products.

Global investors and companies connecting to Asian growth

Asian companies and investors connecting to global capital

See page 26 for more information on our Full-Service Exchange

Global Footprint

- Representation in London, Beijing and Tokyo
- Hubs in London and Chicago
- 40% of listed companies are foreign
- 90% of bond listings from overseas
- More than 90% of derivatives volume is of index derivatives of key Asian equity markets including Japan, China, Taiwan, India and ASEAN
- 75% of members are international

Sustainability

SGX is journeying towards greater sustainability in our operations and in influencing others to do the same

See page 76 for more information on our Sustainability Report

Issued Investors Guide to Reading Sustainability Reports

Supported 4 charities through our Bull Charge initiative

Stock Information

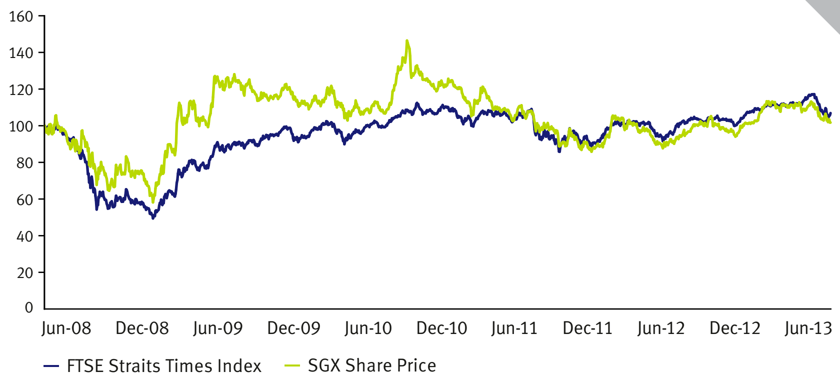
Listed on: Singapore Exchange (SGX)

Shares in issue: 1.1 billion

Market capitalisation: $7.5 billion

Financial year-end: 30 June

Five-year total shareholder return

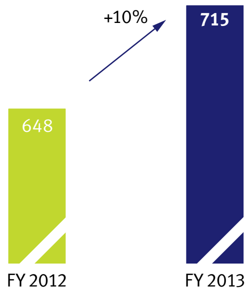


Financial Metrics

Net profit of $336 million is our highest since FY2008.

Revenue

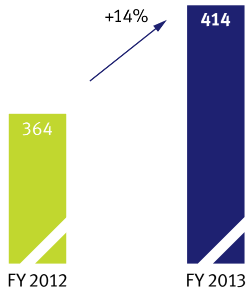
$715m



(Figures in $ million)

Operating profit

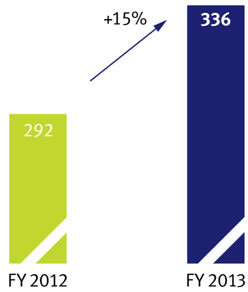
$414m



(Figures in $ million)

Net profit

$336m



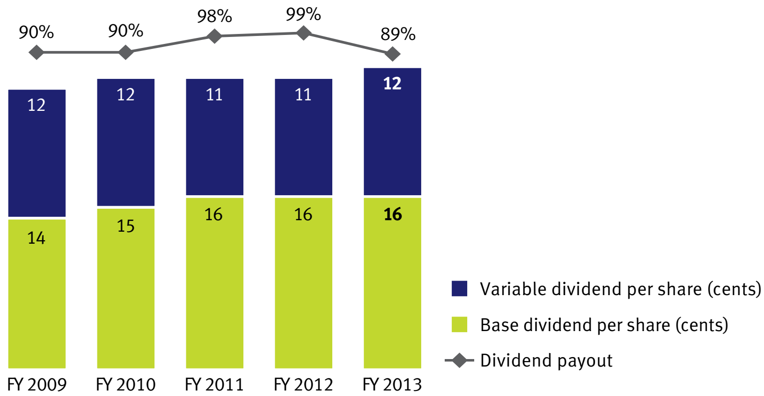
(Figures in $ million)

See page 87 for more information on our Financial Performance

Dividend Policy

We aim to pay quarterly dividends of 4 cents per share (16 cents per year) or at least 80% of profits, whichever is higher.

In FY2013, we paid dividends of 4 cents per share for each of the first three quarters. We are proposing a final dividend of 16 cents per share, bringing the total dividend to 28 cents. This represents an 89% payout of the net profit in FY2013.



PERFORMANCE REVIEW

The following are some of the key milestones we achieved

Jul 2012

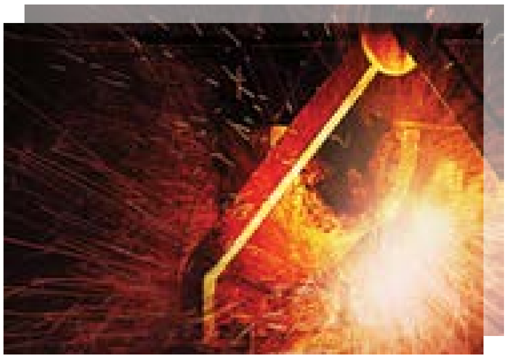
Introduced higher Mainboard admission standards

Enhanced default management framework for derivatives market

Aug 2012

Acquired 49% stake in Singapore-based Energy Market Company

Sep 2012



Launched trading of iron ore and forward freight agreement options

ASEAN Trading Link goes live

Futures & Options World names SGX the Asian Derivatives Exchange and Clearing House of the Year

Nov 2012

SGX wins Asia Risk award for Exchange of the Year

Jan 2013

Among the first in the world to comply with CPSS-IOSCO[1] PFMI Principles

Mar 2013

Signed licensing agreement with MSCI for 14 new regional and country indices

Apr 2013

Launched AsiaClear futures for iron ore and oil

Established collaboration with China Financial Futures Exchange to develop derivatives markets

May 2013

Launched depository services for Renminbi bonds

Jun 2013

Proposed circuit breakers for securities market

1 The Principles for Financial Market Infrastructures (PFMI) are the latest standards developed by the Committee on Payment and Settlement Systems (CPSS) and the Technical Committee of the International Organisation of Securities Commissions (IOSCO). CPSS and IOSCO together set global standards for securities and futures markets, and for payment, clearing and settlement.

Executive Committee

(From left)
Magnus Böcker
Chng Lay Chew
Lawrence Wong Liang Ying
Muthukrishnan Ramaswami
Arulraj Devadoss
Yeo Lian Sim
Tim Utama
Chew Sutat
Bob Caisley

Magnus Böcker,
Chief Executive Officer
Executive and Non-Independent Director

Mr Böcker joined SGX as Chief Executive Officer on 1 December 2009.

Mr Böcker has over two decades of leadership experience in the exchange industry, including being president of NASDAQ OMX, spearheading the creation of OMX (the Nordic Exchanges Company), and subsequently playing a key role in the merger of OMX and NASDAQ in 2008.

During his tenure with OMX, Mr Böcker served in various capacities, including CFO, COO and President of the OMX Technology division, before he became CEO of OMX AB in 2003. Under his leadership, OMX became the world's largest provider of technology solutions for exchanges and clearing organisations.

Mr Böcker is a member of the Shanghai International Financial Advisory Council. He sits on the council of the Institute of Banking and Finance in Singapore and is a member of the Institute's Investment Committee. He is also on the Singapore Financial Industry Competency Standards Steering Committee and the Advisory Board of the Sim Kee Boon Institute for Financial Economics at Singapore Management University.

Muthukrishnan Ramaswami
President

Mr Ramaswami is, jointly with the CEO, responsible for steering and growing the businesses of SGX.

In his role, Mr Ramaswami drives the growth and development of SGX's core businesses – Securities, Derivatives, Market Data & Access and Post-Trade services. He is responsible for overseeing the development of products and services and serving SGX's key customers and members.

Prior to joining SGX in July 2007, Mr Ramaswami worked with Citigroup where he held senior executive positions. In his last role, he was Chief Information Officer with the International Consumer Business of Citigroup's Global Consumer Bank.

Mr Ramaswami serves on the board of the Infocomm Development Authority of Singapore and Energy Market Company, the operator of Singapore's wholesale electricity market.

Mr Ramaswami holds a Master's Degree in Mathematics (Honours) from Birla Institute of Technology and Sciences, and also a Post Graduate Diploma in Management Studies (Masters in Business Administration) from the Indian Institute of Management, Ahmedabad.

Yeo Lian Sim
Chief Regulatory & Risk Officer

Ms Yeo oversees Risk Management & Regulation (RMR) and is responsible for maintaining a robust regulatory framework for SGX's operation of a fair, orderly and transparent market. RMR encompasses member supervision, issuer and sponsor regulation, market surveillance, enforcement, risk management, clearing risk and regulatory development and policy. They work closely with the Monetary Authority of Singapore (MAS) in developing and enforcing rules and regulations for market participants.

Prior to joining SGX in July 2004, Ms Yeo was responsible for capital resource management at Temasek Holdings. For most of her career, she was at MAS where she held responsibilities in various areas including money market operations, investment of foreign reserves and regulation of the securities and futures markets.

Ms Yeo serves on the boards of Shared Services for Charities Limited, Singapore Land Authority, Audit Committee of National Council of Social Service and the Singapore Institute of Directors Council.

Ms Yeo graduated with Honours in Economics and Political Science from the University of Singapore and holds a Master's Degree from the London Business School, UK. She was awarded the Public Administration Medal (Gold) at the Singapore National Day Honours in 1994.

Chng Lay Chew
Chief Financial Officer

Mr Chng oversees Finance, Capital & Treasury, Legal & Company Secretary, Corporate & Market Strategy and Investor Relations.

Prior to joining SGX in December 2011, Mr Chng was responsible for the finance functions of DBS Group's operations in all countries outside Singapore. He has more than 30 years of experience in accounting and financial management, including leadership positions in leading local and international banks.

Mr Chng serves on the board of Energy Market Company, the operator of Singapore's wholesale electricity market. He is also a board member of the Singapore Accountancy Commission, which oversees the development of the country's accountancy sector.

Mr Chng is a member of the New Zealand Institute of Chartered Accountants and the Institute of Certified Public Accountants of Singapore. He holds a Bachelor of Commerce and Administration Degree from New Zealand's Victoria University.

Tim Utama
Chief Operations & Technology Officer

Mr Utama joined SGX as Chief Operations and Technology Officer on 1 December 2012. His key remit is to streamline processes, increase operational efficiency and reliability of all production services and ensure SGX's adherence to regulatory standards.

Prior to joining SGX, Mr Utama was on the Executive Board of Directors of PT Bank Permata Tbk. As its Technology and Operations Director, he managed the technology and operations function. Prior to this, Mr Utama was the Head of Wholesale Banking Operations of the Global Shared Services Centre of Standard Chartered Bank based in India.

Mr Utama holds a Bachelor of Business Administration in Accountancy and Finance from Texas A&M University, College Station, USA.

Bob Caisley
Executive Vice President and Chief Information Officer

Mr Caisley is responsible for managing the technology function encompassing IT planning and governance, enterprise architecture, information security, solutions delivery and service management.

Prior to joining SGX in January 2008, Mr Caisley was responsible for the management of the Australian Securities Exchange's (ASX) business solutions projects. With more than 25 years of experience in IT project management and operation, he has been responsible for the successful implementations of key IT projects with the Kuwait Investment Office and Commercial Union PLC. He also led the development and implementation of the UK's electronic funds transfer system under BACS (Banker Automated Clearing Service) Ltd.

Chew Sutat
Executive Vice President

Mr Chew is Head of Sales & Clients and is responsible for the Exchange's international, institutional and retail distribution network including growing market participation and the membership base in securities, derivatives, commodities and data products.

Prior to joining SGX in June 2007, he was Group Head, Investment & Treasury Products at Standard Chartered Bank and responsible for the Global Wealth Management investment and treasury products business. Before Standard Chartered Bank, Mr Chew was with OCBC Securities, where he headed the development of non-traditional investment products and services for its customers.

Mr Chew graduated with a Bachelor of Arts (1st Class Honours) Degree in Philosophy Politics & Economics (PPE) from Oxford University, Keble College in 1996. He also holds a Master of Arts Degree from Oxford.

Arulraj Devadoss
Executive Vice President

Mr Devadoss is Head of Human Resources and is responsible for driving the human resources agenda encompassing leadership and talent development, employee engagement, rewards management, people policy and processes to deliver the growth initiatives of SGX.

Prior to joining SGX in December 2011, Mr Devadoss was the Global Human Resources Head for the Client Relationship Business of Standard Chartered Bank, where he also held roles across several businesses and various aspects of human resources over a span of 20 years.

Mr Devadoss graduated with a Bachelor of Arts Degree in Economics from University of Madras, India in 1982. He also holds a Honours Diploma in Personnel Management and Industrial Relations from Xavier Labour Relations Institute, Jamshedpur.

Benjamin Foo*
Executive Vice President

Mr Foo was Head of Operations, responsible for the trading, clearing and settlement operations of the securities and derivatives markets, as well as market control and securities depository functions.

Prior to joining SGX in March 2001, Mr Foo was Executive Director of Phillip GNI Futures Pte Ltd and also Phillip Trading Pte Ltd.

Mr Foo holds a Master in Business Administration in finance and marketing from Loyola University, Chicago.

* Mr Foo resigned from his post as Head of Operations and his last day of service with SGX was 11 January 2013.

Lawrence Wong Liang Ying
Executive Vice President

Mr Wong is Head of Listings and is responsible for further developing SGX as a leading venue in Asia for raising global capital.

Prior to joining SGX in April 2006, Mr Wong was part of the senior management team at OCBC Bank. During his tenure with the bank, his portfolio included corporate finance, securities and futures, trustee and nominees businesses, fund management and private equity. Before OCBC Bank, Mr Wong held several senior positions at Schroders Group, including Head of Corporate Finance for South East Asia and Head of Financial Institutions Group, Asia Pacific.

Mr Wong is a member of various collaboration councils set up by Singapore with Guandong, Jiangsu, Liaoning, Shandong, Sichuan, Tianjin and Zhejiang to promote economic, trade and investment activities. He holds a Bachelor's degree in Business Administration from the University of Singapore.

Organisation

Organisation Structure

The organisation is structured to capitalise on investment opportunities, develop new products and services, deliver operational efficiency and provide strong regulatory and risk management.

PERFORMANCE REVIEW

Full-Service Exchange

Global investors and companies connecting to Asian growth

Asian companies and investors connecting to global capital

SGX is a full-service exchange and operates world class trading and clearing platforms for securities and derivatives products. SGX is also the clearing house of choice in Asia.

Securities

SGX is Asia's most international securities market, supported by the world's fastest trading engine, state-of-the-art data centres and co-location services. SGX offers trading in stocks, structured warrants and extended settlement contracts. SGX is also a leading exchange-traded funds (ETFs) market in Asia, with more than 85 listed ETFs covering global equities, commodities and fixed income markets. Through the innovative GlobalQuote platform, SGX offers investors access into overseas-listed equity products including American Depositary Receipts (ADRs) during the Asian time zone.

Derivatives

SGX is the Asian derivatives supermarket, offering the world's most liquid offshore market for key Asian equity index derivatives. SGX is the number one offshore exchange for the Japan Nikkei 225, China A50, MSCI Taiwan derivative contracts, with traded volumes second only to the domestic exchanges. We are also the only exchange offering derivative contracts on the MSCI Singapore and the MSCI Indonesia indices. In addition, SGX is the leading exchange for institutional investors managing their open interest on Asian equity indices, reflecting our position as the clearing house of choice in Asia. We are also the only Asian-based clearing services provider for over-the-counter (OTC) commodities and financial derivatives, and the leading price discovery venue for OTC iron-ore swaps with 90% share of global cleared volumes.

Issuer Services

SGX is Southeast Asia's largest securities exchange with a total market capitalisation exceeding $1 trillion. 40% of our more than 770 listed companies are from outside of Singapore, making SGX, Asia's most international listing venue. We are also Asia's premier listing venue for international debt securities, with more than 1,300 listed debt securities from 35 countries in 19 currencies, with an outstanding value of more than $850 billion.

Market Data Services

SGX offers a range of real-time price information, company announcements, corporate actions and reference data products on our securities and derivatives markets. This information is distributed to a wide range of market participants by international and domestic market data vendors, brokers and financial institutions and also made available through the SGX website and other media channels.

Member Services and Connectivity

SGX offers trading and clearing members across both the securities and derivatives markets best-in-class access, connectivity and co-location services. SGX Points-of-Presence (POPs) are hosted in other major financial markets, while POPs from key markets such as the US, Germany and Australia are in turn hosted by SGX in its domestic data centre. More than 75% of SGX members are international, reflecting the global reach of SGX's markets.

Depository Services

SGX operates The Central Depository Private Limited (CDP), the clearing house and central securities depository for all Singapore-listed securities. CDP has links with other central securities depositories including those of the United States, Japan and China to support settlement of cross-border trades.

Group Financial Performance Summary

$ million	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Consolidated Statement of Comprehensive Income					
Revenue	595	640	661	648	**715**
Expenses	229	261	287	284	**301**
Operating profit	366	379	374	364	**414**
Earnings before interest, tax, depreciation and amortisation	384	405	411	404	**455**
Profit before tax	369	385	358	358	**404**
Net profit attributable to equity holders					
– Reported	306	320	295	292	**336**
– Underlying[1]	306	318	312	304	**351**
Consolidated Statement of Cash Flows					
Cash flows from operating activities	279	375	349	345	**419**
Consolidated Statement of Financial Position					
Total assets	1,417	1,402	1,901	1,729	**1,794**
– Cash & cash equivalents (excluding restricted cash reserves)	471	537	545	548	**613**
Total liabilities	639	586	1,077	896	**906**
Total equity	778	816	824	833	**889**
– Includes proposed final dividend of	165	168	160	160	**171**
Capital expenditure	37	55	57	41	**32**
No. of shares issued (million)	1,069	1,071	1,072	1,072	**1,072**
No. of shares held as treasury shares (million)	5	5	4	4	**2**
Financial Indicators					
Revenue growth (%)	(22.6)	7.5	3.3	(1.9)	**10.4**
Operating profit margin (%)	61.4	59.2	56.5	56.2	**57.9**
Cost-to-income ratio (%)	38.6	40.8	43.5	43.8	**42.1**
Net gearing	Nil	Nil	Nil	Nil	**Nil**
Operating cash flow per share (cents)	26.2	35.2	32.7	32.3	**39.2**
Net asset value per ordinary share as at 30 June (cents)	73.2	76.6	77.2	78.0	**83.1**
(a) Based on reported net profit attributed to equity holders					
Net profit margin (%)	51.1	49.7	44.5	44.6	**46.6**
Return on equity (%)	36.6	40.2	36.0	35.2	**39.0**
Dividend payout ratio (%)	90.5	89.9	97.7	98.8	**89.1**
Basic earnings per share (cents)	28.7	30.1	27.6	27.3	**31.4**
(b) Based on underlying[1] net profit attributed to equity holders					
Net profit margin (%)	51.1	49.4	47.1	46.5	**48.7**
Return on equity (%)	36.6	39.9	38.0	36.7	**40.8**
Dividend payout ratio (%)	90.5	90.5	92.4	94.9	**85.3**
Basic earnings per share (cents)	28.7	29.9	29.2	28.5	**32.8**
Full-time equivalent permanent staff					
– Number at year-end	569	604	590	594	**591**
– Average during the financial year	580	596	589	599	**588**

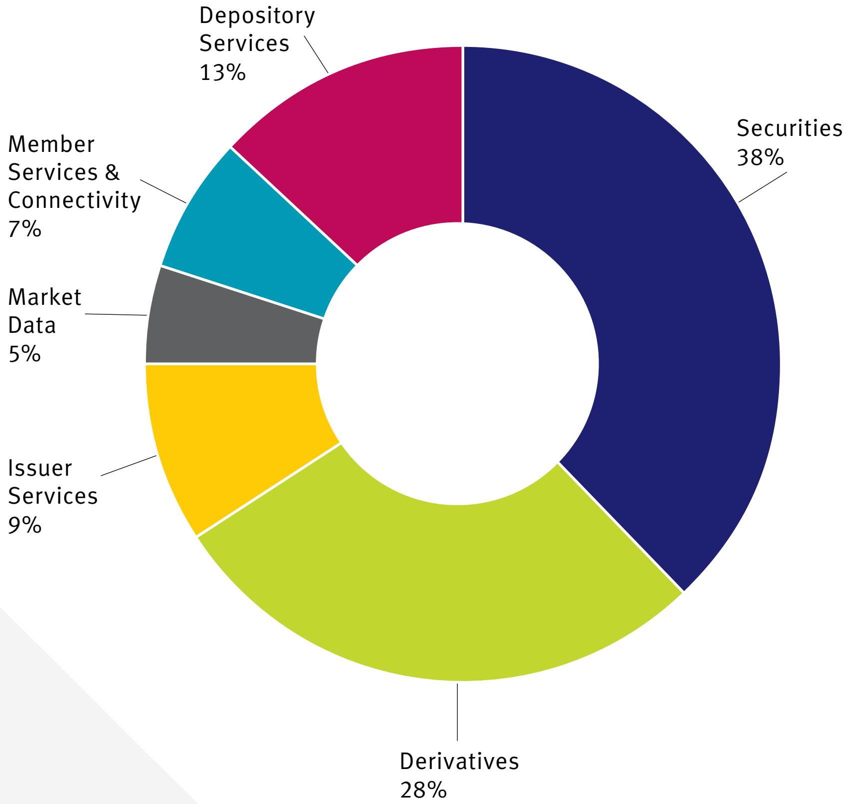
1 Underlying net profit excludes the following:
– $15.0 million impairment loss on investment in Bombay Stock Exchange in FY2013;
– $11.0 million impairment loss on investment in Bombay Stock Exchange and $1.1 million impairment loss on investment in Chi-East Pte. Ltd. in FY2012;
– $18.6 million ASX-SGX transaction related costs and $1.7 million net gain on disposal of freehold property in FY2011; and
– $5.0 million write-back of allowance for impairment on property and $2.7 million impairment of goodwill in FY2010.

Financial Highlights

Revenue Streams

$715m

Total revenue up 10% from $648 million



Key Performance Indicators

Operating Profit

$414m

Operating Profit up 14% from $364 million

Net Profit

$336m

Net Profit up 15% from $292 million

Underlying Profit

$351m

Underlying Profit up 15% from $304 million

Earnings per Share

31.4 cents

Earnings per Share up 15% from 27.3 cents

Dividend per Share

28 cents

Dividend per Share, including proposed final dividend of 16 cents per Share, up 4% from 27 cents

Return on Equity

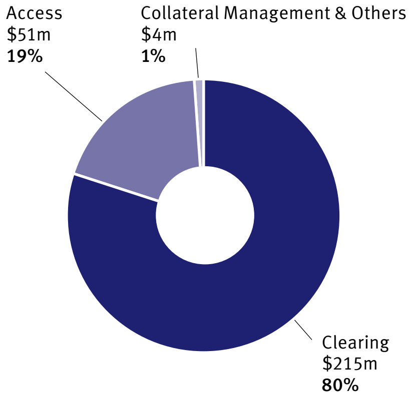
39%

Return on Equity, up 4%pts from 35%

Key Business Lines

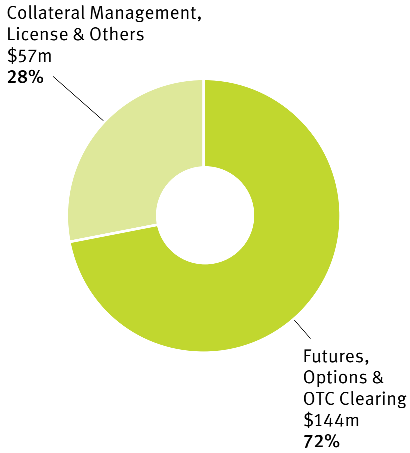
Securities

Trading and clearing of listed securities including equity securities, investment/business trusts, debt securities, ETFs/ETNs and structured warrants.



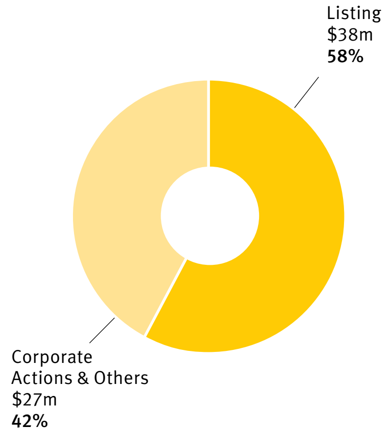
Derivatives

Trading and clearing of Asian derivatives covering China, India, Indonesia, Japan, Singapore and Taiwan. Clearing of OTC commodities and financial derivatives.



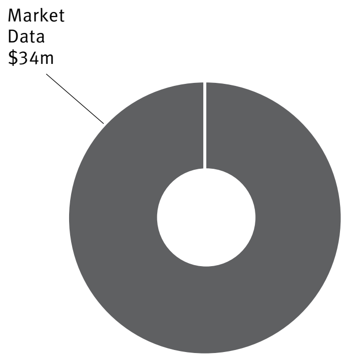
Issuer Services

Equity and debt capital raising platforms for companies in search of global funds. Corporate action services and corporate solutions to listed issuers.



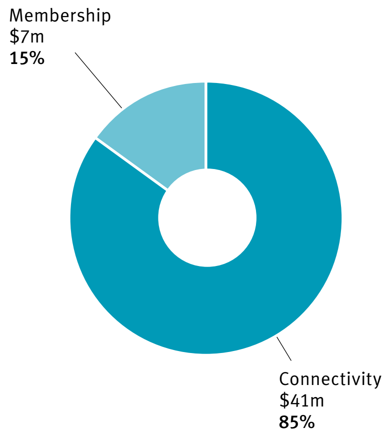
Market Data

Sales and distribution of market price data and other information to market users.



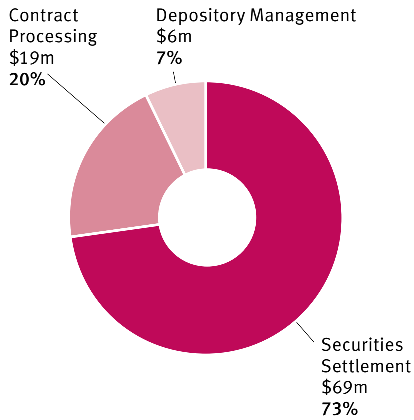
Member Services & Connectivity

Access and connectivity to our trading and clearing platforms in securities and derivatives markets.



Depository Services

Settlement and custody services relating to securities listed on SGX and unlisted securities.



Nels Friets
Head of Securities

Securities

"Our SDAV was buoyed by global factors, local events and our continued efforts to raise awareness and improve our market microstructure."

Nels Friets, **Head of Securities**

Highlights of the Year

- Securities daily average traded value (SDAV) increased 11% year-on-year to $1.5 billion
- Strengthened SGX's standing as Asia's most international Securities market and the largest REIT hub in Asia outside of Japan
- Continued efforts in promoting educational activities to increase financial literacy among retail investors
- Launched ASEAN Link, offering investors direct market access for Malaysia and Thailand

Revenue: $269.6 million, 38% of SGX's revenue (38% in FY2012)

Improvement in market activities, especially in the second half of the financial year, led to a full-year SDAV of $1.5 billion, an increase of 11% year-on-year. Correspondingly, revenue increased 9% to $269.6 million. The average clearing fee was 2.9 basis points, unchanged from a year ago. Turnover velocity for the year was 52%. Total market capitalisation exceeded $1 trillion for the first time ever, in May 2013.

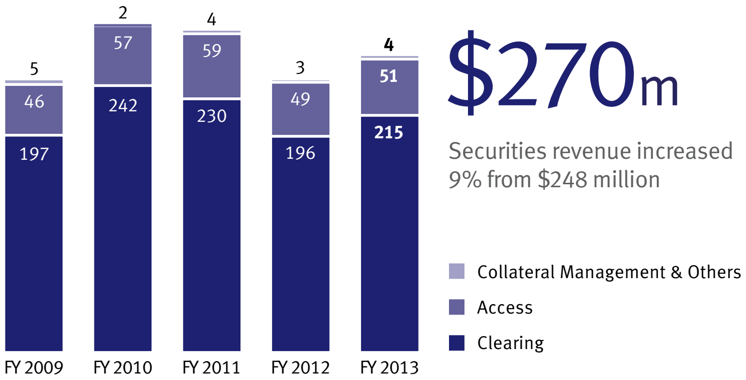
Over the past year, we actively reached out to both domestic and international institutional investors promoting SGX's sector strengths, such as real estate investment trusts (REIT), Financials, Marine and Soft Commodities. SGX is now the largest REIT hub in Asia outside of Japan, attracting listings from the region.

Constantly striving to improve our market infrastructure, we introduced securities margining, short-sell reporting and long-dated orders in FY2013. Going into FY2014, we look forward to implementing additional initiatives such as circuit breakers.

Our focus on financial literacy amongst retail investors showed encouraging results. Educational initiatives by SGX were designed to empower individuals to take responsibility for their financial future and make informed investment decisions. The number of subscribers to "My Gateway", our online portal connecting directly with retail investors, were up 65% from a year ago to 160,000. In addition to online initiatives, SGX Academy organized 330 forums and seminars in FY2013, attracting over 30,000 participants, an increase of more than 100% over the previous year.

We launched the ASEAN Link with Bursa Malaysia and the Stock Exchange of Thailand in the first quarter, offering customers direct market access for Malaysia and Thailand. We expect to expand this service into other ASEAN markets in the future.

Securities Revenue ($ million)



$270m

Securities revenue increased 9% from $248 million

Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	**FY 2013**	**Year-on-Year Change**
MSCI Singapore Index	280	337	361	332	**354**	**7%**
No. of Trading Days	252	252	252	251	**249**	**-2**
Equity Turnover Velocity (%)	76	66	59	53	**52**	**-1%pts**
Daily Average Trading Volume (billion shares)	1.2	1.7	1.5	1.6	**2.8**	**80%**
Daily Average Trading Value ($ billion)	1.2	1.5	1.6	1.3	**1.5**	**11%**
Total Trading Value ($ billion)	310	387	409	331	**363**	**10%**
ETFs/ETN Daily Average Trading Value ($ million)	14	20	38	29	**19**	**-35%**
Contracts Value						
More than $1.5 million (%)	39	37	45	42	42	–
Less than $1.5 million (%)	61	63	55	58	58	–

Michael Syn
Head of Derivatives

Derivatives

"The continuing growth in our Derivatives business affirms SGX's unique proposition as the Asian Gateway, offering investors the world's most liquid offshore market for key Asian equity index derivatives."

Michael Syn, **Head of Derivatives**

Highlights of the Year

- Record volume of 101 million contracts
- Average month-end open interest grew 86% to 2.6 million contracts
- Continued success of OTC iron ore swaps contracts, capturing more than 90% of global exchange-cleared volumes
- Acquired 49% of Energy Market Company

Revenue: $200.8 million, 28% of SGX's revenue (25%)

FY2013 was a record year for our Derivatives business with highest ever total traded volumes, DDAV and month-end open interest. Derivatives revenue grew 23% to $200.8 million. Futures, options and over-the-counter clearing revenue increased 27% to $143.6 million. Collateral management, license and other revenue increased 15% to $57.2 million.

Total futures and options volumes grew 32% to a record 100.6 million contracts while DDAV of 412,558 contracts was up 34% from a year ago, also a new record. Average yield per contract was $1.29. Individual DDAV records were set for both the Japan Nikkei 225 futures and options contracts, as well as the China A50 and MSCI Indonesia futures contracts.

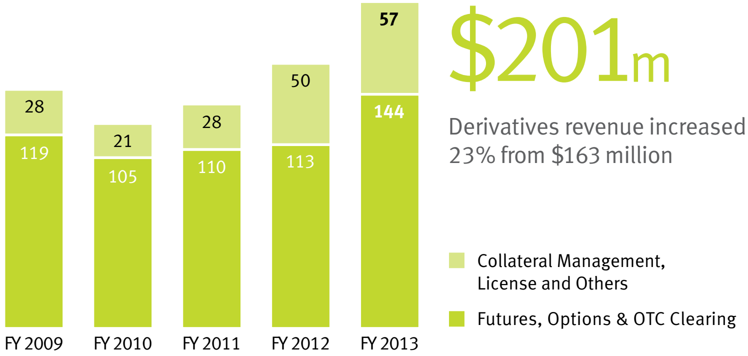
We are the leading offshore exchange for major Asian equity index derivatives, with global market share second only to the respective domestic exchanges. Our share of open interest continued to be strong. Average month-end open interest grew 86%, from 1.4 million contracts to a record 2.6 million contracts. This robust growth in open interest reflected SGX's position as the leading offshore risk management centre of choice for institutional market participants investing in Asian markets.

Building upon our success as the leading Asian index derivatives supermarket, we signed a new licensing agreement with global index provider MSCI for 14 additional regional and country indices. This gave us access to a total of 19 MSCI indices, covering Asia's key growth markets.

Our commodities business continued to grow over the past 12 months. Volumes for AsiaClear, our OTC commodities clearing business grew 95% to 485,499 contracts. SGX iron ore swap contracts accounted for more than 90% of the global market of all exchange-cleared iron-ore swaps over the past 12 months.

In August, we acquired 49% of the Energy Market Company, operator of the Singapore spot market for electricity, marking SGX's entry into the electricity market.

Derivatives Revenue ($ million)



$201m

Derivatives revenue increased 23% from $163 million

Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Year-on-Year Change
Total Volume ('000 contracts)						
Japan Nikkei 225 futures	26,934	27,590	29,228	28,862	**37,040**	**28%**
MSCI Taiwan futures	16,322	15,932	15,926	17,810	**17,544**	**-2%**
China A50 futures	8	–	1,773	5,617	**16,839**	**200%**
India Nifty futures	9,582	8,749	12,592	14,973	**15,203**	**2%**
MSCI Singapore futures	4,336	3,784	3,811	4,403	**4,003**	**-9%**
MSCI Indonesia futures	–	–	–	9	**190**	**2106%**
Japan Nikkei 225 options	139	143	1,220	2,937	**7,768**	**165%**
India Nifty options	–	–	–	–	**538**	**–**
Market Share By Volume (%)						
Japan Nikkei 225 futures	22	26	28	29	**26**	**-3%pts**
MSCI Taiwan futures	28	24	24	23	**26**	**3%pts**
China A50 futures	–	–	–	1	**1**	**–**
India Nifty futures	9	10	15	21	**34**	**13%pts**
MSCI Singapore futures	100	100	100	100	**100**	**–**
MSCI Indonesia futures	–	–	–	100	**100**	**–**
Commodities ('000 contracts)						
Rubber futures	254	240	181	260	**293**	**13%**
AsiaClear® Cleared Swaps Volume						
OTC Forward Freight Agreement	40,084	72,072	86,491	109,319	**59,546**	**-46%**
OTC Iron Ore	24,907	24,133	44,781	124,193	**370,240**	**198%**
OTC Sub-Bit Coal	–	–	1,130	3,855	**2,575**	**-33%**
OTC Energy	1,934	28,624	30,690	9,823	**12,019**	**22%**
OTC Rubber Forward	–	–	1,745	1,647	**2,528**	**53%**
AsiaClear® Cleared Options Volume						
OTC Forward Freight Agreement	–	–	–	–	**5,655**	**–**
OTC Iron Ore	–	–	–	–	**26,896**	**–**
Total AsiaClear® Cleared Volume (lots)	66,934	124,829	164,837	248,837	**485,499**	**95%**
Financial Derivatives						
Interest rate swaps (Notional value cleared in $ million)	–	–	110,024	162,989	**81,823**	**-50%**

Lawrence Wong Liang Ying
Head of Listings

Issuer Services

"IPOs on SGX received resounding support from investors this year. We also received a high level of interest from potential issuers spanning expanded geographies and sectors."

Lawrence Wong Liang Ying, **Head of Listings**

Highlights of the Year

- 30 new equity listings raising $8.1 billion; $5.4 billion in secondary capital fund raising
- 424 new bond listings raising $196 billion
- Enhanced Mainboard admission criteria

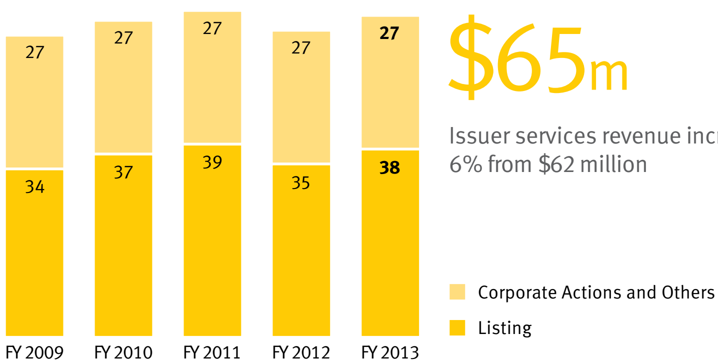
Revenue: $65.3 million, 9% of SGX's revenue (10%)

Issuer Services revenue increased 6% to $65.3 million. Listings revenue increased 8% to $37.9 million while Corporate Action revenue increased 3% to $27.4 million.

As global market sentiments improved over the past year, we saw an increase in capital market activities. Total equity funds raised were $13.5 billion, up 120% from $6.1 billion a year ago. Primary equity funds of $8.1 billion were raised from 30 listings compared to a year ago when $1 billion was raised from 24 listings. The weighted average return for all initial public offers launched in FY2013 was up 20% at the end of June 2013. Secondary equity funds of $5.4 billion were raised, up slightly from $5.2 billion a year earlier. Total stock market capitalisation closed at $954 billion at the end of FY2013. The number of listed companies totalled 774, with 642 on the Mainboard and 132 on Catalist.

Our bond listing platform continued to attract strong interest from debt issuers over the past 12 months. There were 424 new bond listings, raising $196 billion, up from 300 bond listings raising $161 billion a year ago.

Issuer Services Revenue ($ million)



Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	**FY 2013**	**Year-on-Year Change**
Listings (No. of listed issues)						
Number of equity securities	774	783	776	769	**774**	**1%**
Singapore issuers	453	460	461	461	**468**	**2%**
International issuers	321	323	315	308	**306**	**-1%**
Debt securities	1,099	1,028	1,114	1,227	**1,459**	**19%**
ETFs/ETNs	35	73	84	94	**89**	**-5%**
Company warrants	75	80	72	56	**42**	**-25%**
Structured warrants	312	233	318	268	**229**	**-15%**
Equity Market Capitalisation, $ billion	613	781	893	842	**954**	**13%**
Singapore issuers	340	428	472	455	**517**	**14%**
International issuers	273	353	421	387	**437**	**13%**
New Equity Listings[1]	19	43	35	24	**30**	**25%**
New Funds Raised ($ million)	12,802	15,984	21,738	6,146	**13,528**	**120%**
Primary funds raised	442	4,768	14,923	975	**8,146**	**735%**
Secondary funds raised	12,360	11,216	6,815	5,171	**5,382**	**4%**
New Debts/Fixed Income Listings	96	200	355	300	**424**	**41%**
Total funds raised ($ million)	41,806	106,481	170,114	161,336	**195,967**	**21%**
Corporate Actions						
Transactions (no.)	2,183	2,023	2,011	1,966	**1,937**	**-1%**

1 New Equity listings include IPOs, RTOs and GDRs.

Tinku Gupta
Head of Market Data

Market Data

"This year, we focused on improving the content and timeliness of our price feeds for even greater market transparency. Our efforts were also concentrated on acquiring partnerships with new data vendors and media partners to grow our outreach through market data distribution."

Tinku Gupta, **Head of Market Data**

Highlights of the Year

- Successfully migrated all real-time securities market data subscribers to a new low latency SGX Market Data Feed (SMDF)
- Launched market-by-order data for improved transparencies of trades

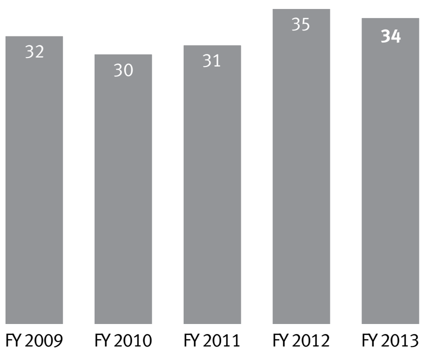
Revenue: $33.9 million, 5% of SGX's revenue (6%)

Market Data revenue was $33.9 million, down 3% from $35.0 million a year ago.

The market data terminal users continued to migrate to premium services including SMDF, which offers lower latency and market-by-order data. The number of market data terminals for both Securities and Derivatives markets decreased year-on-year due to consolidation amongst institutional clients. The average number of Securities and Derivatives terminals were 39,447 and 21,913 respectively.

Collaboration with media partners and new vendor acquisition was the focus of Market Data sales this year. In line with the growth of SGX's Derivatives business, the number of derivatives data vendors increased by 12% to 91. The number of Securities data vendor remained largely unchanged at 140.

Market Data Revenue ($ million)



$34m

Market data revenue decreased 3% from $35 million

Market Data

Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	**FY 2013**	**Year-on-Year Change**
Securities Data						
Vendors	117	122	128	143	**140**	**-2%**
Terminals (average no.)	36,084	38,129	42,595	43,677	**39,447**	**-10%**
Derivatives Data						
Vendors	51	57	63	74	**91**	**23%**
Terminals (average no.)	31,079	25,088	23,790	24,734	**21,913**	**-11%**

Member Services and Connectivity

"We've seen good growth in the range of international clients seeking investment and trading opportunities in Asia. SGX continues to be a key destination for liquidity in the Asia Pacific."

Rama Pillai, **Head of International Sales**

Highlights of the Year

- Acquired 3 new trading members and 5 clearing members
- Expanded overseas distribution through Points-of-Presence (POP) in major financial markets
- Expanded hosting of POPs from key markets such as the US, Germany and Australia in SGX Data Centre
- First exchange in Asia to implement exchange-hosted Pre-Trade Risk Control

Revenue: $47.8 million, 7% of SGX's revenue (7%)

Member Services and Connectivity revenue increased 2% from a year ago, to $47.8 million. Member Services revenue decreased 6% to $7.4 million while Connectivity revenue increased 3% to $40.4 million.

SGX continued to expand its overseas distribution and connectivity over the past 12 months. We welcomed 8 new trading and clearing members to our exchange, including the first Taiwanese trading and clearing member in Singapore. We also established data connectivity with ASX and Eurex, offering our members enhanced and cost-effective access into both markets.

Use of exchange-hosted Pre-Trade Risk Control was made mandatory for our Derivatives market this year. We are the first exchange in Asia to do so.

Co-location services continued to grow as we offer more value-added services and customers continue to see the benefits of exchange trading and market data services provided within one location. General hosting is now offered as an extension of SGX co-location services to our clients and the extended financial community.

Member Services and Connectivity Revenue ($ million)

$48m

Member services and connectivity revenue increased 2% from $47 million

Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	**FY 2013**	**Year-on-Year Change**
Securities market						
Trading Members	24	26	30	27	**25**	**-7%**
Clearing Members	24	26	29	26	**25**	**-4%**
Derivatives market						
Trading Members	30	30	34	41	**44**	**7%**
Clearing Members – F&O	25	26	37	34	**37**	**9%**
Clearing Members – OTCF	–	–	11	11	**12**	**9%**
Connectivity						
Securities Connectivity (average no.)	86	88	133	179	**176**	**-2%**
Derivatives Connectivity (average no.)	467	578	613	683	**793**	**23%**
Co-location racks (average no.)	–	–	50	56	**65**	**16%**

Depository Services

"This year we upgraded our hardware and operating systems which enhanced the resilience and security of our post-trade infrastructure. We will continue to look forward and provide quality post-trade services that meet growing customer needs"

Lai Kok Leong, **Head of Depository and Settlement**

Highlights of the Year

- Successful migration of securities clearing and post-trade infrastructure
- Launched depository services for Renminbi-denominated bonds

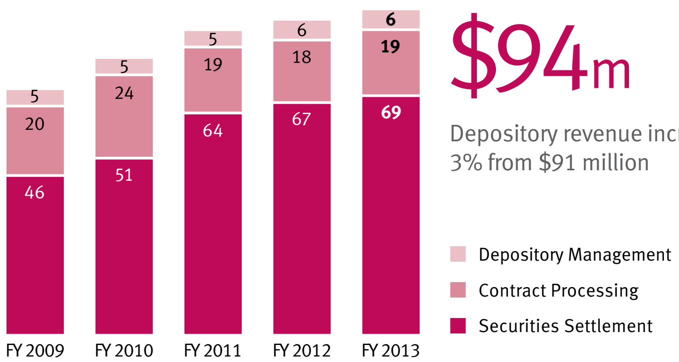
Revenue: $94.3 million, 13% of SGX's revenue (14%)

Depository Services revenue increased 3% to $94.3 million with securities settlement revenue up 2% to $68.8 million, contract processing revenue up 8% to $19.2 million and depository management revenue up 6% to $6.3 million.

The increase in Depository Services revenue was in line with improved securities market activities over the past year, as both the number of institutional settlements and processed contracts increased.

SGX's new securities post-trade infrastructure was launched in the first quarter, providing the Central Depository (CDP) with enhanced stability, performance and security. In the fourth quarter, we launched depository services for Renminbi-denominated bonds, the first exchange outside of Greater China to offer this service.

Depository Services Revenue ($ million)



Key Drivers

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Year-on-Year Change
Securities members						
Settlement instructions ('000)	3,785	4,317	5,080	5,174	**5,621**	**9%**
Contracts processing						
Contracts processed ('000)	10,788	13,255	10,790	9,375	**10,086**	**8%**
Depository management						
Depository accounts (million)	1.44	1.49	1.55	1.59	**1.60**	**1%**

Governance & Sustainability

Board of Directors

	Chew Choon Seng, 66	Magnus Böcker, 51
Role	Chairman Non-Executive and Independent Director	Chief Executive Officer Executive and Non-Independent Director
Appointment	**Date of first appointment as a director:** 1 December 2004 **Date of last re-election as a director:** 7 October 2010 **Date of next re-election as a director:** 19 September 2013 **Length of service as a director:** 8 years 7 months (on 30 June 2013)	**Date of first appointment as a director:** 1 December 2009 **Date of last re-election as a director:** 7 October 2010 **Date of next re-election as a director:** 19 September 2013 **Length of service as a director:** 3 years 7 months (on 30 June 2013)
Board committee(s) served on	Remuneration Committee (Chairman) Regulatory Conflicts Committee (Member) Nominating Committee (Member)	Nil
Academic & Professional Qualification(s)	Bachelor of Engineering (Mechanical) (First Class Honours), University of Singapore Master of Science in Operations Research and Management Studies, Imperial College of Science and Technology, University of London	Mr Böcker studied business at the University of Stockholm
Present Directorships	*Listed companies* Nil *Others* Government of Singapore Investment Corporation Pte Ltd Singapore Tourism Board (Chairman)	*Listed companies* Nil *Others* Singapore Commodity Exchange Limited (Chairman) Singapore Exchange Derivatives Clearing Limited Singapore Exchange Derivatives Trading Limited Singapore Exchange Securities Trading Limited Stockad Asia Ltd Hong Kong The Central Depository (Pte) Limited
Major Appointments (other than Directorships)	Nil	Financial Industry Competency Standards (FICS) Steering Committee (Member) Financial Sector Development Fund Advisory Committee of MAS (Member) Shanghai International Financial Advisory Council (Member) SMU Sim Kee Boon Institute for Financial Economics Advisory Board (Member) The Institute of Banking and Finance (Council Member) The Institute of Banking and Finance Investment Committee (Member)
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	International Air Transport Association SIA Engineering Company Limited Singapore Airlines Limited	Nil

	Thaddeus Beczak, 62	Jane Diplock AO, 64
Role	Non-Executive and Independent Director	Non-Executive and Independent Director
Appointment	**Date of first appointment as a director:** 7 October 2010 **Date of last re-election as a director:** N.A. **Date of next re-election as a director:** 19 September 2013 **Length of service as a director:** 2 years 9 months (on 30 June 2013)	**Date of first appointment as a director:** 25 July 2011 **Date of last re-election as a director:** 6 October 2011 **Date of next re-election as a director:** 19 September 2013 **Length of service as a director:** 1 year 11 months (on 30 June 2013)
Board committee(s) served on	Risk Management Committee (Member)	Audit Committee (Member)[1] Regulatory Conflicts Committee (Member)
Academic & Professional Qualification(s)	Bachelor of Science (Foreign Service International Affairs), Georgetown University Master of Business Administration, Columbia University	Bachelor of Arts (Honours), LLB, Dip Ed., Sydney University Dip. Int. Law, Australian National University
Present Directorships	*Listed companies* Pacific Online Limited Phoenix Satellite Television Holdings Limited *Others* ACR Capital Holdings Pte Limited (Non-executive Chairman) Artisan Du Luxe Holding Limited (Non-executive Chairman) China Renaissance Holdings Limited (Vice Chairman) China Renaissance Securities (Hong Kong) Limited (Chairman)	*Listed companies* Nil *Others* Australian Financial Services Group Pte Limited International Integrated Reporting Council
Major Appointments (other than Directorships)	Georgetown University School of Foreign Service (Board of Advisors) Hong Kong University of Science and Technology (Adjunct Professor, MBA degree programme) International Advisory Committee of the China Securities Regulatory Commission (Member)	International Advisory Board of the Securities and Exchange Board of India (Member) International Advisory Committee of the China Securities Regulatory Commission (Member) Public Interest Oversight Board (Member)
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	Advanced Semiconductor Manufacturing Corp Limited Arnhold Holdings Limited Cowen and Company (Asia) Limited (Chairman) Cowen and Company, LLC (Vice-Chairman) LIM Asia Alternate Real Estate Fund	International Organisation of Securities Commissions (Executive Committee Chairman) New Zealand Securities Commission (Chairman)

1 Appointed on 20 September 2012.

	Kwa Chong Seng, 66	**Kevin Kwok, 57**
Role	Non-Executive and Independent Director	Non-Executive and Independent Director
Appointment	**Date of first appointment as a director:** 20 September 2012 **Length of service as a director:** 9 months (on 30 June 2013)	**Date of first appointment as a director:** 20 September 2012 **Length of service as a director:** 9 months (on 30 June 2013)
Board committee(s) served on	Nominating Committee (Member)[1] Risk Management Committee (Member)[1]	Audit Committee (Member)[1] Regulatory Conflicts Committee (Member)[1]
Academic & Professional Qualification(s)	Bachelor of Engineering (Mechanical), National University of Singapore	Bachelor of Arts (Honours), University of Sheffield ACA – Associate, Institute of Chartered Accountants in England & Wales FCPA – Fellow, Institute of Certified Public Accountants of Singapore FSID – Fellow, Singapore Institute of Directors
Present Directorships	*Listed companies* Neptune Orient Lines Ltd (Chairman) Singapore Technologies Engineering Ltd (Chairman) *Others* Delta Topco Limited Fullerton Fund Management Co. Ltd (Chairman) Seatown Holdings Pte Ltd Singapore Technologies Holdings Pte Ltd Neptune Orient Lines' subsidiaries: APL (Bermuda) Ltd (Chairman) APL Co Pte Ltd (Chairman) APL Limited (Chairman) APL Logistics Ltd (Chairman) Automar (Bermuda) Ltd (Chairman) NOL Liner (Pte) Ltd (Chairman)	*Listed companies* Mapletree Greater China Commercial Trust Management Wheelock Properties (Singapore) Limited *Others* NTUC ElderCare Co-operative Ltd NTUC Income Insurance Co-operative Ltd
Major Appointments (other than Directorships)	Public Service Commission (Deputy Chairman) Defence Science and Technology Agency	Singapore Institute of Directors (Council Member)
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	DBS Bank (Hong Kong) Ltd (Chairman) DBS Bank Ltd DBS Group Holdings Ltd Esso China Inc. (Chairman and President) ExxonMobil Asia Pacific Pte Ltd (Chairman and Managing Director) ExxonMobil Oil Singapore Pte Ltd Sinopec SenMei (Fujian) Petroleum Co. Ltd Temasek Holdings Pte Ltd (Deputy Chairman)	Ernst & Young Corporate Finance Pte Ltd

1 Appointed on 20 September 2012.

	Lee Hsien Yang, 55	Liew Mun Leong, 67
Role	Non-Executive and Independent Director	Non-Executive and Independent Director
Appointment	**Date of first appointment as a director:** 17 September 2004 **Date of last re-election as a director:** 6 October 2011 **Length of service as a director:** 8 years 9 months (on 30 June 2013)	**Date of first appointment as a director:** 1 July 2009 **Date of last re-election as a director:** 20 September 2012 **Length of service as a director:** 4 years (on 30 June 2013)
Board committee(s) served on	Audit Committee (Chairman) Nominating Committee (Member) Remuneration Committee (Member)	Audit Committee (Member) Remuneration Committee (Member)
Academic & Professional Qualification(s)	Bachelor of Arts (Double First), Cambridge University Master of Science Management, Stanford University	Bachelor of Engineering (Civil), University of Singapore Registered Professional Engineer
Present Directorships	*Listed companies* Australia and New Zealand Banking Group Ltd *Others* Civil Aviation Authority of Singapore (Chairman) General Atlantic Singapore Fund Pte Ltd (Chairman) Governing Board of Lee Kuan Yew School of Public Policy Kwa Geok Choo Pte Ltd The Islamic Bank of Asia Limited (Chairman) Caldecott Inc.	*Listed companies* Nil *Others* CapitaLand Hope Foundation Changi Airport Group (Singapore) Pte Ltd (Chairman) China Club Investment Pte Ltd (Chairman) Human Capital Leadership Institute Pavilion Energy Pte Ltd Pavilion Gas Pte Ltd (Chairman) Singapore-China Foundation Ltd Surbana International Consultants Holdings Pte Ltd (Chairman)
Major Appointments (other than Directorships)	General Atlantic (Special Advisor) Rolls-Royce International Advisory Council (Member) Capital International Inc. Advisory Board (Consultant)	Centre for Liveable Cities (Advisory Board Member) Chinese Development Assistance Council (Member, Board of Trustees) NUS Business School (Advisory Board Member) NUS Business School (Provost's Chair & Professor (Practice)) NUS Engineering Faculty (Provost's Chair & Professor (Practice))
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	Asia Pacific Investment Pte Ltd. (Chairman) Fraser and Neave Limited (Chairman) Republic Polytechnic	The Ascott Limited (Chairman) Ascott Residence Trust Management Limited (Deputy Chairman) CapitaCommercial Trust Management Limited (Deputy Chairman) CapitaLand China Holdings Pte Ltd (Chairman) CapitaLand Commercial Limited (Chairman) CapitaLand Financial Limited (Chairman) CapitaLand Financial Services Limited CapitaLand ILEC Pte Ltd (Chairman) CapitaLand Limited CapitaLand Malaysia Pte Ltd (Chairman) CapitaLand Residential Singapore Pte Ltd (Chairman) CapitaLand UK Holdings Limited CapitaMall Trust Management Limited (Deputy Chairman) CapitaMalls Asia Limited (Chairman) CapitaRetail China Trust Management Limited (Deputy Chairman) CapitaValue Homes Limited (Chairman) LFIE Holding Limited (Deputy Chairman) Surbana Corporation Pte Ltd (now known as CapitaLand Township Holdings Pte Ltd) TCC Capital Land Limited

	Ng Kee Choe, 69	**Robert Owen, 73**
Role	Non-Executive and Independent Director	Non-Executive and Independent Director
Appointment	**Date of first appointment as a director:** 22 October 2003 **Date of last re-election as a director:** 20 September 2012 **Length of service as a director:** 9 years 8 months (on 30 June 2013)	**Date of first appointment as a director:** 17 September 2004 **Date of last re-appointment as a director:** 20 September 2012 **Date of next re-appointment as a director:** N.A.[1] **Length of service as a director:** 8 years 9 months (on 30 June 2013)
Board committee(s) served on	Nominating Committee (Chairman) Audit Committee (Member) Remuneration Committee (Member)	Regulatory Conflicts Committee (Chairman) Risk Management Committee (Member)
Academic & Professional Qualification(s)	Bachelor of Science (Honours), University of Singapore	Master of Arts (First Class Honours), Oxford University
Present Directorships	*Listed companies* CapitaLand Limited (Chairman) CapitaMalls Asia Limited (Chairman) PT Bank Danamon Indonesia, Tbk (President-Commissioner) SP AusNet (Chairman) *Others* Fullerton Financial Holdings Pte Ltd NTUC Income Insurance Cooperative Limited (Chairman) Tanah Merah Country Club (Chairman)	*Listed companies* Crosby Capital Limited *Others* Citibank (Hong Kong) Ltd International Securities Consultancy Ltd (Chairman) KASB Funds Ltd (Chairman) Repton Dubai Sir John Port's Charity The Dubai Financial Services Authority
Major Appointments (other than Directorships)	International Advisory Council of China Development Bank (Member) Temasek Advisory Panel of Temasek Holdings (Pte) Limited (Member)	Repton School UK (Governor)
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	S Daniels Plc Singapore Airport Terminal Services Limited Singapore Power Limited (Chairman)	Crosby Asset Management Inc. (Chairman) Crosby China Chips Fund Ltd IB Daiwa Corporation (Chairman)

1 Mr Robert Owen is retiring under section 153(6) of the Companies Act, Chapter 50 of Singapore, at the Fourteenth Annual General Meeting, and has decided not to offer himself for re-appointment to office.

	Quah Wee Ghee, 52	Davinder Singh, 55
Role	Non-Executive and Non-Independent Director	Non-Executive and Non-Independent Director
Appointment	**Date of first appointment as a director:** 6 October 2011 **Length of service as a director:** 1 year 9 months (on 30 June 2013)	**Date of first appointment as a director:** 6 October 2011 **Length of service as a director:** 1 year 9 months (on 30 June 2013)
Board committee(s) served on	Risk Management Committee (Chairman)[1]	Nominating Committee (Member) Risk Management Committee (Member)[1]
Academic & Professional Qualification(s)	Bachelor of Engineering (Civil) (First Class Honours), National University of Singapore Chartered Financial Analyst, Association for Investment Management & Research (United States) Stanford Executive Program, Stanford University	LL.B. (Hons), National University of Singapore
Present Directorships	*Listed companies* OCBC Ltd *Others* Cypress Holdings Pte Ltd Economics Development Board Investment Pte Ltd Grand Alphine Enterprise Ltd Great Eastern Life Assurance Company Ltd Singapore Labour Foundation SLF Strategic Advisers Pte Ltd (Chairman)	*Listed companies* Petra Foods Limited Singapore Technologies Engineering Ltd *Others* Drew & Napier LLC DrewCorp Services Pte Ltd PSA International Pte Ltd Onslow Ventures Inc.
Major Appointments (other than Directorships)	Government of Singapore Investment Corporation Pte Ltd (Member of Investment Board) MOH Holdings Pte Ltd (Chairman of Investment Committee & Evaluation Committee) Singapore University Technology & Design (Chairman of Investment Committee)	National University of Singapore (Member of Board of Trustees)
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	Central Provident Fund Board Equivest Pte Ltd Euthalia Real Strategies Pte Ltd Government of Singapore Investment Corporation Pte Ltd GIC Asset Management Pte Ltd GIC Group Executive (Advisor) GIC Investment Review (Advisor) India Business Group & Natural Resource Group (Chairman)	Nil

1 Appointed on 20 September 2012.

	Ng Kok Song, 65
Role	Proposed Director
Proposed date of appointment as a director	19 September 2013
Academic & Professional Qualification(s)	Bachelor of Science (Physics), University of Singapore Master of Science (Management), Stanford University
Present Directorships (as at 30 June 2013)	*Listed companies* Nil *Others* GIC Asset Management Private Limited GIC Special Investments Private Limited GIC Real Estate Private Limited Hon Sui Sen Endowment CLG Limited Wealth Management Institute Pte Ltd
Major Appointments (other than Directorships)	Makena Capital Management LLC
Past Principal Directorships held over the preceding three years (from 30 June 2010 to 29 June 2013)	Government of Singapore Investment Corporation Private Limited

Corporate Governance Report

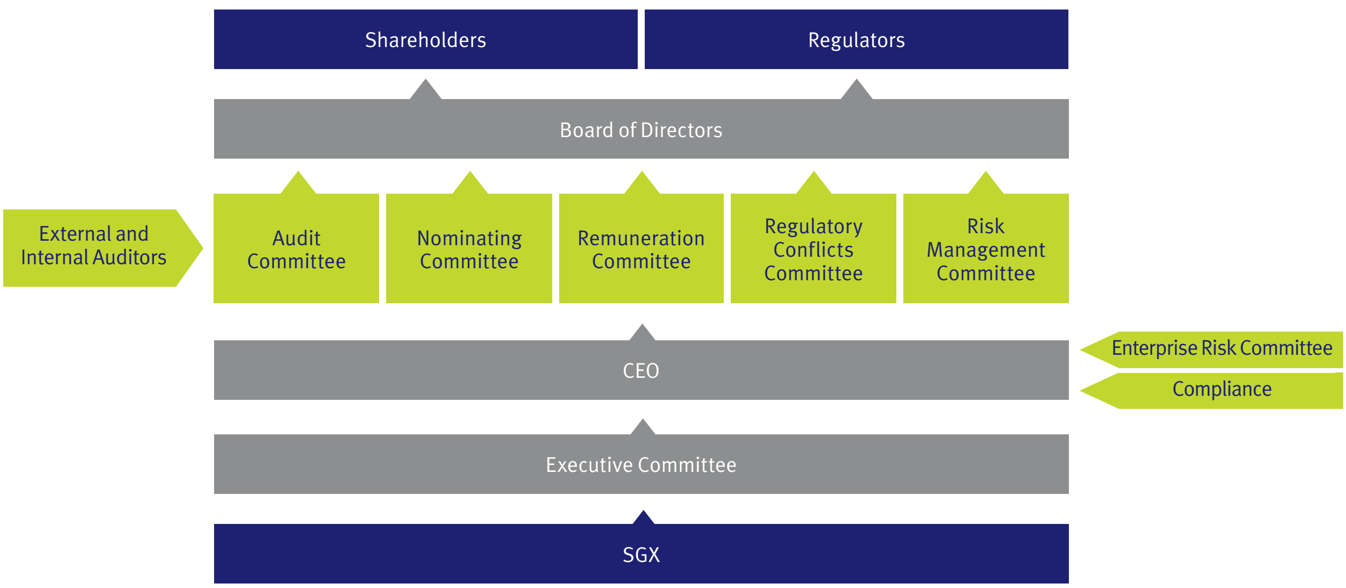
Corporate Governance Practices

Singapore Exchange (SGX) is committed to high standards of corporate governance, business integrity and professionalism in all its activities. SGX's corporate governance practices conform to and have been compliant with both the Securities and Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005 (SFR 2005) and the Code of Corporate Governance 2005 (Code) throughout the financial year ended 30 June 2013. In late 2012, SGX commenced the implementation of various measures to comply with the requirements of the Code of Corporate Governance 2012 (CG 2012). SGX will be fully compliant with CG 2012 from the financial year commencing 1 July 2013.

Self-Regulatory Organisation Governance

This Corporate Governance Report is to be read in conjunction with the Self-Regulatory Organisation (SRO) Governance Report, which sets out SGX's corporate governance as a self-regulatory organisation. Unless specified otherwise, references to independence of directors are references to independence as defined under SFR 2005.

SGX Corporate Governance Framework



Highlights

Awards and Accolades	
✓	Ranked 1st in the Governance & Transparency Index 2013, launched by the Business Times and the Centre for Governance, Institutions and Organisations (CGIO) of NUS Business School, National University of Singapore
	Joint Silver Award at the Best Managed Board 2013 awards as judged by the Singapore Institute of Directors' Award Judging Panel
Transparency	
✓	Quarterly financial reports
	Quarterly briefings to analysts and media webcasts
	Daily updates of volumes and values of Singapore Securities Market displayed on website
	Monthly publications on volumes and values traded on key products provide guidance to our final financial results
Strong Risk Management	
✓	Risk tolerance levels for all SGX's key risks are endorsed by the Board
	Please refer to section on 'Risk Management Report'
Shareholders' Rights	
✓	Voluntarily limits the percentage of share capital to be offered other than on a pro-rata basis to not exceed 10%
Board Succession Planning	
✓	Board renewal & refreshment: ▪ Proposed appointment of new independent and non-executive director ▪ Retirement of long-serving director Mr Robert Owen

Board matters

The Board's conduct of its affairs
Principle 1

Principal Duties of the Board

The Board oversees SGX's affairs and is accountable to shareholders for the management of SGX and its performance.

The principal duties of the Board include:

(a) approving the appointment of the CEO, directors and succession planning process;

(b) approving broad policies, strategies and objectives of SGX;

(c) approving annual budgets, major funding proposals, investment and divestment proposals;

(d) approving the adequacy of internal controls, risk management, financial reporting and compliance;

(e) approving the policy for managing and/or mitigating perceived or actual conflicts of interest between SGX's regulatory accountabilities and commercial interests; and

(f) considering sustainability issues of policies and proposals.

Independent Judgement

All directors exercise due diligence and independent judgement and make decisions objectively in the best interests of SGX. In determining the independence of directors, our definition of independence adheres to the requirements under SFR 2005. To be independent under SFR 2005, a director must be independent from management and business relationships with SGX, and also be independent from any substantial shareholder of SGX. Furthermore, a director must not be a director or substantial shareholder of an SGX (or any of its subsidiaries) member firms or any related corporation of an SGX (or any of its subsidiaries) member firm.

In addition, consideration is given to Guideline 2.4 of CG 2012 which requires that the independence of any director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review.

Delegation by the Board

Board committees, namely the Audit Committee (AC), Nominating Committee (NC), Regulatory Conflicts Committee (RCC), Remuneration Committee (RC) and Risk Management Committee (RMC), have been constituted to assist the Board in the discharge of specific responsibilities. Clear written terms of reference (TOR) set out the duties, authority and accountabilities of each committee as well as qualifications for committee membership, in line with the SFR 2005 and the Code, where applicable. The TORs are reviewed on a regular basis, along with the committee structures and membership, to ensure their continued relevance. The detailed TORs of Board committees are available on SGX's website at www.sgx.com.

The RCC has been appointed by the Board to supervise the management of SGX's SRO conflicts. Please refer to the 'SRO Governance Report' in the Annual Report (AR) for more information on the activities of the RCC.

Please refer to Principles 4 to 5, 7 to 8, 11 and 12 in this Corporate Governance Report, for further information on the activities of the NC, RC, RMC and AC respectively.

Key Features of Board Processes

The schedule of all Board and Board committee meetings and the Annual General Meeting (AGM) for the next calendar year is planned well in advance, in consultation with the Board. The Board meets at least four times a year at regular intervals. Telephonic attendance at Board meetings is allowed under SGX's Articles of Association (Articles). The Board and Board committees may also make decisions by way of circulating resolutions.

Besides the scheduled Board meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances.

Board Approval

SGX has adopted and documented internal guidelines setting forth matters that require Board approval. Matters which are specifically reserved to the Board for approval are:

(a) matters involving a conflict of interest for a substantial shareholder or a director;

(b) material acquisitions and disposal of assets;

(c) corporate or financial restructuring;

(d) share issuances, interim dividends and other returns to shareholders;

(e) matters which require Board approval as specified under SGX's interested person transaction policy; and

(f) any investments or expenditures exceeding $10 million in total.

For expenditures of $10 million and below, SGX has internal guidelines which set out, among others, the authorisation limits granted to management for approval of capital and operating expenditures, specified financial transactions and supplementary budgets.

While matters relating to SGX's objectives, strategies and policies require the Board's direction and approval, the executive committee (EXCO) comprising senior management is responsible for overseeing the management of the SGX group and implementing the Board's strategic policies.

Board Orientation and Training

A formal letter of appointment is provided to every new director. The formal letter of appointment indicates the time commitment required and the role of directors (including directors' responsibilities). The new director will also receive a manual containing Board and SGX policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving SGX, prohibition on dealings in SGX's securities and restrictions on the disclosure of price-sensitive information.

SGX conducts a comprehensive orientation programme, which is presented by CEO and senior management, to familiarise new directors with its business and governance practices. The orientation programme gives directors an understanding of SGX's businesses to enable them to assimilate into their new roles. The programme also allows the new director to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management. The newly appointed directors for FY2013, Mr Kwa Chong Seng and Mr Kevin Kwok, were given a detailed and in-depth briefing and induction into SGX by the CEO, and senior management. The directors underwent the newly formalised induction programme, with presentations by senior management to introduce them to every aspect of the SGX business. The proposed new director will undergo the same induction programme upon his/her appointment.

The directors are provided with continuing briefings and updates in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties as Board or Board committee members. The scope of such continuous briefings and updates includes overview of industry trends and developments, governance practices and developing trends, and changes in trends in governance practices and regulatory requirements pertaining to SGX's business.

Briefings and updates provided for directors in FY2013

- At every AC meeting, the external auditor, PricewaterhouseCoopers LLP, brief the AC members on developments in accounting and governance standards.
- The CEO updates the Board at each meeting on business and strategic developments in the global exchange and clearing house industry.
- An external advisor was engaged to undertake a review of SGX's risk management practices, policy and structure and was invited to present his final report to the RMC.
- The Board attended a briefing on the electricity market in Singapore.

The directors may also attend other appropriate courses, conferences and seminars, at SGX's expense. These include programmes run by the Singapore Institute of Directors.

Directors can request for further explanations, briefings or information on any aspect of SGX's operations or business issues from management.

Board composition and guidance
Principle 2

Board Independence

The SFR 2005 provides that an independent director is one who is independent from any management and business relationship with SGX, and also independent from any substantial shareholder of SGX. Under this definition, more than half of the Board is considered independent.

Under the SFR 2005, it is mandatory for the NC to determine annually whether a director is independent.

In the course of the year, the NC assessed the independence of Board members in light of Guideline 2.4 of CG 2012 which requires that the independence of any director who has served on the Board beyond nine years, from the date of first appointment, be subject to particularly rigorous review. The following directors would have served on the Board for nine years or more by the Fourteenth AGM as non-executive independent directors:

(a) Mr Ng Kee Choe, who was appointed on 22 October 2003;

(b) Mr Robert Owen, who was appointed on 17 September 2004; and

(c) Mr Lee Hsien Yang, who was appointed on 17 September 2004.

Mr Chew Choon Seng, who was appointed on 1 December 2004, would have served on the Board as a non-executive independent director beyond nine years by 1 December 2013.

Mr Robert Owen is retiring under Section 153(6) of the Companies Act at the AGM and will not be offering himself for re-appointment to office.

To avoid an abrupt loss of members with experience and institutional memory of SGX, the Board wishes to pace the retirement of its directors and recommends that:

(a) Mr Ng Kee Choe, and

(b) Mr Lee Hsien Yang,

continue on the Board as non-independent directors, each for a term not exceeding three years.

Mr Chew Choon Seng, who became the Chairman of the Board on 1 January 2011, is retiring by rotation under Article 99A of the Company's Articles of Association. For continuity and stability in the management and direction of SGX, the Board recommends that Mr Chew continues to serve as the Chairman of the Board. Mr Chew has given his consent, and being eligible, offers himself for re-election at the AGM. If re-elected, under CG 2012, he will be deemed a non-independent director with effect from 1 December 2013, on account of his having been a director for more than nine years on that date. The Board will appoint a lead independent director from 1 December 2013.

Board composition and size

Each year, the NC reviews the composition and size of the Board and each Board committee and the skills and core competencies of its members to ensure an appropriate balance and diversity of skills and experience. Core competencies include banking, finance, accounting, business acumen, management experience, exchange industry knowledge, familiarity with regulatory requirements and knowledge of risk management. The directors are continually updated on company affairs by management. The Board, taking into account the views of the NC, considers that its directors possess the necessary competencies and knowledge to lead and govern SGX effectively.

Directors' Meeting Attendance Report for FY2013

				No. of Meetings Attended					
	Meeting		No. of Meetings Held	Chew Choon Seng	Magnus Böcker	Thaddeus Beczak	Jane Diplock AO	Euleen Goh^	Kwa Chong Seng*
1.	Annual General Meeting	Scheduled	1	1	1	1	1	1	1
2.	Extraordinary General Meeting	Scheduled	1	1	1	1	1	1	1
3.	Board Meeting	Scheduled	4	4	4	4	4	1	3*
		Ad-hoc	3	3	3	3	3	–	3
(a)	Nominating Committee Meeting	Scheduled	2	2	–	–	–	–	2
(b)	Remuneration Committee Meeting	Scheduled	2	2	2#	–	–	–	–
(c)	Audit Committee Meeting	Scheduled	4	4#	4#	–	3*	–	–
(d)	Regulatory Conflicts Committee Meeting	Scheduled	2	2	2#	–	2	–	–
		Ad-hoc	1	1	1#	–	1	–	–
(e)	Risk Management Committee Meeting	Scheduled	3	3#	3#	3	1•	–	3
		Ad-hoc	2	2#	2#	2	–	1	1*

• Observer.

\# By invitation.

* Appointed on 20 September 2012.

^ Stepped down on 20 September 2012.

Taking into account the nature and scope of SGX's businesses and the number of Board committees, the Board, taking into account the views of the NC, considers that a board size of at least 12 directors, with the majority of members being independent is necessary. The NC has reviewed the existing composition of the Board committees in light of the loss of independence of four directors by the end of 2013 and has recommended that the Board committees be reconstituted to ensure that the requirements of CG 2012 and SFR 2005 continue to be met and that a diversity of skills and experience is maintained.

Board Guidance

An effective and robust Board, whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve set objectives.

For this to happen, the Board, in particular Non-Executive Directors (NEDs), must be kept well informed of SGX's businesses and be knowledgeable about the exchange industry. To ensure that NEDs are well supported by accurate, complete and timely information, NEDs have unrestricted access to management. NEDs also receive periodic information papers and board briefings on latest market developments and trends, and key business initiatives. Regular informal meetings are held for management to brief directors on prospective deals and potential developments in the early stages, before formal Board approval is sought. Board papers are provided to directors not less than a week in advance of the meeting to afford the directors sufficient time to review the board papers prior to the meeting. If a director is unable to attend a Board or Board committee meeting, the director may nevertheless provide his/her comments to the Chairman or relevant Board committee Chairman separately.

The four regular Board sessions in a year are organised to focus on:

(a) risk management strategies;

(b) strategic issues and directions for SGX;

(c) budget considerations for the financial year; and

(d) end-of-financial year review.

Meeting of Directors without Management

Executive sessions are available for the NEDs to meet without the presence of management or executive directors at each Board meeting, where necessary.

Chairman and Chief Executive Officer Principle 3

Separation of the Role of Chairman and the Chief Executive Officer

The roles of Chairman and CEO are separate to ensure a clear division of responsibilities, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO. The division of responsibilities and functions between the two has been demarcated with the concurrence of the Board.

The Chairman manages the business of the Board and monitors the translation of the Board's decisions and wishes into executive action. He approves the agendas for the Board meetings and ensures sufficient allocation of time for thorough discussion of each agenda item. He promotes an open environment for debate, and ensures that NEDs are able to speak freely and contribute effectively. He exercises control over the quality and quantity of the information as well as the timeliness of the flow of information between the Board and management. In addition, he provides close oversight, guidance, advice and leadership to the CEO and management.

Kevin Kwok*	Lee Hsien Yang	Liew Mun Leong	Loh Boon Chye^	Ng Kee Choe	Robert Owen	Quah Wee Ghee	Davinder Singh	Total No. of Meetings Held
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
3*	4	4	1	4	4	4	2	7
3	2	3	–	2	3	3	3	
–	2	–	–	2	–	–	2	2
–	2	1	–	2	–	–	–	2
3*	4	2	–	4	–	–	–	4
2	–	–	–	–	2	–	1•	3
1	–	–	–	–	1	–	–	
–	–	–	–	–	3	3	1	5
–	–	–	1	–	2	2	1*	

GOVERNANCE & SUSTAINABILITY

Assessment of Independence of Individual Directors

All references to Regulations are a reference to the SFR 2005, which can be obtained from www.agc.gov.sg

All references to Guidelines are references to the Code or CG 2012 (as applicable), which can be obtained from www.mas.gov.sg

Name of Director		Independence status under the Code	Independence status under the SFR 2005	Reg 3(1)(a) Independent from management relationship	Reg 3(1)(b) Independent from business relationship	Reg 4 Independent from substantial shareholder
1.	Chew Choon Seng	Yes	Yes	Yes	Yes	Yes
2.	Magnus Böcker	No[1]	No[2]	No	Yes	Yes
3.	Thaddeus Beczak	Yes	Yes	Yes	Yes	Yes
4.	Jane Diplock AO	Yes	Yes	Yes	Yes	Yes
5.	Kwa Chong Seng	Yes	Yes	Yes	Yes	Yes
6.	Kevin Kwok	Yes	Yes	Yes	Yes	Yes
7.	Lee Hsien Yang	Yes	Yes	Yes	Yes	Yes
8.	Liew Mun Leong	Yes	Yes	Yes	Yes	Yes
9.	Ng Kee Choe	Yes	Yes	Yes	Yes	Yes
10.	Robert Owen	Yes	Yes	Yes	Yes	Yes
11.	Quah Wee Ghee	Yes	No[3]	Yes	No	Yes
12.	Davinder Singh	No[4]	No[5]	Yes	No	Yes

1 As CEO of SGX, Magnus Böcker is considered employed by SGX and deemed non-independent by virtue of Guideline 2.3(a).

2 As CEO of SGX, Magnus Böcker is non-independent from management relationship.

3 With effect from 9 January 2012, Quah Wee Ghee is deemed non-independent by virtue of Regulation 3(3)(c)(ii), due to his directorship held with OCBC Ltd, which is a related corporation of an SGX member firm.

4 With effect from 9 March 2012, Davinder Singh is deemed non-independent by virtue of Guideline 2.3(d), due to Drew & Napier LLC's engagement to advise Singapore Exchange Securities Trading Limited in relation to the judicial review on the issuance of a public reprimand against a director of a listed company.

5 Davinder Singh is deemed non-independent by virtue of Regulation 3(3)(a), due to Drew & Napier LLC's engagement as disclosed above.

At AGMs and other shareholder meetings, the Chairman plays a pivotal role in fostering constructive dialogue between shareholders, the Board and management.

The CEO manages and develops the businesses of SGX and implements the Board's decisions. He chairs the EXCO.

EXCO, which comprises senior management executives, meets weekly to oversee the management of the SGX group and implement the Board's strategic policies.

Board interaction with, and independent access to, senior management is encouraged. EXCO members are invited to attend all Board meetings, and relevant Board committee meetings.

Board membership
Principle 4

Continuous Board Renewal

The Board, in conjunction with the NC, reviews the composition of the Board and Board committees annually, taking into account the performance and contribution of each individual director. Board composition is also evaluated to ensure diversity of skills and experience is maintained within the Board and Board committees.

Based on the NC's assessment of independence of each individual director and his or her relevant expertise, and with the aim of ensuring compliance with the requirements of SFR 2005 and the Code, the Board reviews, and reconstitutes as appropriate, the membership of the Board committees.

NC Composition

The NC is chaired by Mr Ng Kee Choe, and comprises Mr Chew Choon Seng, Mr Lee Hsien Yang, Mr Davinder Singh and Mr Kwa Chong Seng. In compliance with the SFR 2005 requirements, the NC has five members (including the NC Chairman), four of whom are independent directors.

Recommendation of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment, re-appointment or termination of directors and Board committee members, taking into account the Monetary Authority of Singapore's (MAS) fit and proper criteria for such appointments, the director's independence status, his or her participation and contributions during and outside board meetings, the SFR 2005, the Code and other relevant factors as may be determined by the NC. All directors of SGX are approved by the MAS, based on its fit and proper criteria, before they are appointed by the Board or at the AGM (as the case may be).

The Articles provide that at each AGM, one-third of the directors, including the CEO who also serves on the Board (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. Effectively, this results in all directors having to retire at least once in three years or even earlier. Directors appointed by the Board during the financial year, without shareholders' approval at the AGM, shall only hold office until the next AGM, and thereafter be eligible for re-election at the AGM.

Continuous Review of Directors' Independence

Under the SFR 2005, it is mandatory for the NC to conduct an annual review of each director's independence, based on the SFR 2005 requirements. SGX has procedures in place for enhanced controls and to ensure continuous monitoring of SGX directors' independence. The NC has ascertained that a majority of the Board members are independent according to these criteria. If at any time the MAS is not satisfied that a director is independent, notwithstanding any determination by the NC, the MAS may direct SGX to rectify the composition of the Board or Board committees, as the case may be.

Since November 2011, a new policy was implemented whereby directors must consult the Chairman of the Board and the NC Chairman prior to accepting new director appointments. Directors must also immediately report any changes in their external appointments, including any corporate developments relating to their external appointments, which may affect their independence status under the SFR 2005. This ensures directors continually meet the stringent requirements of independence under the SFR 2005.

Directors' Time Commitments

The NC assesses the effectiveness of the Board as a whole and takes into account, each director's contribution and devotion of time and attention to SGX. The NC also assesses nominees identified for recommendation to the Board, on their individual credentials and their ability to devote appropriate time and attention to SGX.

The NC is of the view that the effectiveness of each of the directors is best assessed by a qualitative assessment of the director's contributions as well as by taking into account each director's listed company board directorships, and any other relevant time commitments. While having a numerical limit on the number of directorships may be considered by some other companies to be suitable for their circumstances, at present SGX considers the assessment as described above to be more effective for its purposes. SGX also does not wish to omit from consideration outstanding individuals who, despite the demands on their time, have the capacity to participate and contribute as new members of the Board.

For now, the NC believes that SGX's qualitative assessment and the existing practice, which requires each director to confirm annually to the NC, his/her ability to devote sufficient time and attention to SGX's affairs, having regard to his/her other commitments, are effective.

Composition Requirements for the Board and Board Committees as per the SFR 2005

			Composition requirements				
	Board/Board Committee	SFR 2005 Reg No.	Independent from management and business relationships	Independent Directors*	Independent from any single substantial shareholder	Additional requirements	Composition requirements fulfilled
1.	Board of Directors	6	Majority	One-third	Majority	N.A.	Yes
2.	Risk Management Committee	7	N.A.	One-third	Majority	N.A.	Yes
3.	Nominating Committee	9	Majority (including NC Chairman)	One-third	Majority	Must comprise at least 5 directors	Yes
4.	Remuneration Committee	13	Majority (including RC Chairman)	One-third	Majority	Must comprise at least 3 directors, matters referred to in regulation 3(3)(c), (d) and (e) do not apply to all directors	Yes
5.	Audit Committee	14	All	Majority (including AC Chairman)	N.A.	Must comprise at least 3 directors	Yes
6.	Regulatory Conflicts Committee	15	All	N.A.	Majority (including RCC Chairman)	Must comprise at least 3 directors	Yes

* Independent from management and business relationships, and from any substantial shareholder.

SGX will continue to disclose each director's listed company board directorships and principal time commitments, which may be found on pages 40-46.

The Board is satisfied that all directors have discharged their duties adequately for FY2013. The Board also expects that the directors (including the directors to be newly appointed) will continue to (or will) discharge their duties adequately in FY2014.

Succession Planning for the Board and Senior Management

Succession planning is an important part of the governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

The NC reviews the succession and leadership development plans for senior management, which are subsequently approved by the Board. As part of this annual review, the successors to key positions are identified, and development plans instituted for them.

Criteria and Process for Nomination and Selection of New Directors

SGX adopts a comprehensive and detailed process in the selection of new directors. Candidates are first sourced through an extensive network of contacts and identified based on the needs of SGX and the relevant expertise required. After the NC Chairman, the SGX Chairman and the other NC members have interviewed the candidates, the candidates are further shortlisted for the NC's formal consideration for appointment to the Board.

The NC complies with the SFR 2005 criteria when reviewing a nomination for a proposed Board appointment.

The criteria are as follows:

(a) a determination of the candidate's independence;

(b) his appointment will not result in non-compliance with any of the SFR 2005 composition requirements for the Board and Board Committees; and

(c) whether the candidate is a fit and proper person in accordance with MAS' fit and proper guidelines, taking into account his track record, age, experience and capabilities and such other relevant experience as may be determined by the NC.

The MAS' fit and proper guidelines broadly take into account the candidate's honesty, integrity and reputation; competence and capability; and financial soundness.

Adopting this rigorous selection process, the Board recommends that the shareholders approve the appointment of Mr Ng Kok Song as a proposed new director at the AGM 2013.

Please refer to the Notice of AGM for the resolution put forth for the proposed appointment of the new director.

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the directors and proposed directors. The Notice of AGM sets out the directors proposed for re-election, appointment or re-appointment at the AGM. Key information on directors is also available on www.sgx.com.

Board Performance
Principle 5

Board Evaluation Policy

The Board has implemented a process carried out by the NC, for assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board. Please refer to the Board Evaluation Policy, which is available on www.sgx.com.

Board Evaluation Process

(a) The NC will assess and discuss the performance of the Board as a whole every year, and will ascertain key areas for improvement and requisite follow-up actions;

(b) Every two years, independent consultants will be appointed to assist in the Board evaluation process. This process includes a questionnaire designed to assess the performance of the Board and enhance the overall effectiveness of directors; and

(c) The Board and Board committees' performance will be evaluated by each director and each EXCO member.

The Board believes that the use of an external independent consultant greatly enhances the quality and objectivity of the evaluation.

Once every two years, the Board engages an external independent consultant to conduct SGX's Board Evaluation. The Board last engaged such external independent consultant for FY2012. The external consultant had no connection with SGX or the Board. Questionnaires were developed through incorporating the best practices in the market on board evaluation and revised based on key issues and areas the Board wanted to focus on. In years when independent consultants are not engaged, the Chairman of the NC will have conversations with every director individually to complement the evaluation and report his findings to the Board.

Board Performance Criteria

The Board reviews its performance against qualitative and quantitative targets on an annual basis. This remains unchanged from the previous year.

The Board is required to ensure that a proper balance is maintained between its commercial objectives and its regulatory responsibilities. Therefore, the Board performance criteria include a measure to capture the performance of its regulatory responsibilities as a SRO.

In line with the Code's recommendation of using quantitative financial indicators, the Board has adopted performance measures which align its interests with shareholders' interests, such as (a) Return on Equity, (b) absolute minimum SGX Total Shareholder Return (TSR), and (c) SGX's TSR performance against the TSR of the FTSE/MV Exchanges Index, which is an index of 18 listed exchanges, in order to benchmark its relative performance against other exchanges.

Individual Director Evaluation

There is an individual assessment of each NED's contribution by the Chairman, and the results of the assessment are discussed with the NC Chairman. Some factors considered in the individual review are directors' attendance and participation in and outside meetings, the quality of directors' interventions and special skills and contributions made by directors.

The performance of individual directors is taken into account in their re-appointment or re-election. Specific needs which arise from time to time are taken into account in any appointment of new directors.

The assessment of CEO's performance is undertaken by the RC, together with the NC Chairman, and the results are reviewed by the Board. The NEDs, led by the NC Chairman, assess the Chairman's performance, and the NC Chairman provides the feedback to the Chairman.

Access to information
Principle 6

Complete, Adequate and Timely Information

Management recognises that the flow of complete, adequate and timely information on an on-going basis to the Board is essential to the Board's effective and efficient discharge of its duties. To allow directors sufficient time to prepare for the meetings, all scheduled Board and Board committee papers are distributed not less than a week in advance of the meeting to directors. This enables the discussion during the meeting to focus on questions that directors may have. Any additional material or information requested by the directors is promptly furnished.

Management's proposals to the Board for approval provide background and explanatory information such as facts, resources needed, risk analysis and mitigation strategies, financial impact, expected outcomes, conclusions and recommendations. Any material variance between any projections and the actual results of budgets is disclosed and explained to the Board. Employees, who can provide additional insight into matters to be discussed, will be present at the relevant time during the Board and Board committee meetings.

To facilitate direct and independent access to the senior management, directors are also provided with the names and contact details of the management team. Draft agendas for Board and Board committee meetings are circulated to EXCO and Board committee chairmen respectively, in advance, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

In order to keep directors abreast of sell-side analysts' views on SGX's performance, the Board is updated once a year on the market view which includes a summary of analysts' feedback and recommendations following the full-year and half-year results. A monthly financial performance report is also provided to the Board. This report includes the financial and management accounts, accompanied by an analysis of SGX's performance and supporting data. It also contains operational metrics and identifies SGX's key risks.

The quarterly and year-end financial statements are reviewed and recommended by the AC to the Board for approval. In addition, the Board receives a monthly risk dashboard which provides an overview of SGX's key risks. This includes clearing and settlement risks, regulatory and compliance risks, technology and operations service availability, and other competition risks.

Company Secretary

Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed and that SGX's memorandum and the Articles, relevant rules and regulations, including requirements of the SFA, Companies Act and Listing Manual, are complied with. The Company Secretary also assists the Chairman and the Board to implement and strengthen corporate governance practices and processes, with a view to enhancing long-term shareholder value.

The Company Secretary assists the Chairman to ensure good information flows within the Board and its committees and between senior management and NEDs, as well as facilitating orientation and assisting with professional development as required. The Company Secretary is responsible for training, designing and implementing a framework for management's compliance with the Listing Rules, including advising management to ensure that material information is disclosed on a prompt basis. The Company Secretary attends and prepares minutes for all Board meetings. As secretary to all the other Board committees, the Company Secretary assists to ensure coordination and liaison between the Board, the Board committees and management. The Company Secretary assists the Chairman, the Chairman of each Board committee and management in the development of the agendas for the various Board and Board committee meetings.

The appointment and the removal of the Company Secretary are subject to the Board's approval as a whole.

Independent Professional Advice

The Board has a process for directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at SGX's expense.

Remuneration matters

Procedures for developing remuneration policies Principle 7

Remuneration Committee

The RC is chaired by Mr Chew Choon Seng, an independent non-executive director, and comprises four members (including the RC Chairman), all of whom are independent non-executive directors based on the Code's criteria. The members are Mr Lee Hsien Yang, Mr Liew Mun Leong and Mr Ng Kee Choe. The Board considers that Mr Chew Choon Seng, who has many years of experience in senior management positions and on various boards dealing with remuneration issues, is well qualified to chair the RC and that the members of the RC collectively have strong management experience and expertise on remuneration issues.

No member of the RC is involved in deliberations in respect of any remuneration, compensation, options or any form of benefits to be granted to him.

The RC reviews and recommends to the Board for approval, matters concerning remuneration of the Board, CEO and senior management and employees. The RC approves the framework of remuneration for the entire organisation including the structuring of incentive schemes. The RC also approves the annual salary increment pool, market adjustments and total incentive pool for distribution to staff of all grades. The RC's recommendations are submitted for the Board's discussion or, as the case may be, approval.

The RC Chairman, together with the NC, reviews and recommends to the Board the specific remuneration packages for executive directors and the CEO upon recruitment. Subsequently, annual increments, variable bonuses, performance share grants and other incentive awards or benefits in kind, will be reviewed by the RC against the achievement of prescribed goals and targets for executive directors and the CEO, for recommendation to the Board. Please refer to 'Remuneration Report' in the AR for further information on SGX's compensation philosophy and actual performance targets for the award of long-term incentives.

The RC has access to appropriate advice from the Head of Human Resources, who attends all RC meetings. The RC may seek expert advice inside and/or outside SGX on remuneration of directors and staff.

The RC reviews the terms of compensation and employment for executive directors and key management personnel at the time of their respective employment or renewal (where applicable) including considering SGX's obligations in the event of termination of services.

Level and mix of remuneration Principle 8

The RC administers the Performance Share Plan (PSP). The performance-related elements of remuneration are designed to align interests of executive directors, EXCO and staff with those of shareholders and link rewards to corporate and individual performance. Details of SGX's compensation philosophy and the compensation framework including the PSP awards made thereunder, and the performance conditions for the vesting of the awards, are found under 'Remuneration Report' in the AR.

Non-executive Directors' Remuneration

Having regard to the scope and extent of a director's responsibilities and obligations, the prevailing market conditions and referencing directors' fees against comparable benchmarks, the Board agreed with the RC's recommendation that the current fee structure for NEDs remains unchanged from FY2012. The fee structure was last revised in FY2011, and the Basic fee and Attendance fee have remained unchanged since FY2008.

The SGX Chairman receives fees for being Chairman of the Board, together with the provision to him of a car with a driver, as approved by a separate resolution at each AGM. Director fees and additional fees for serving on Board committees and attendance fees are paid to the NEDs in accordance with the following framework:

Fee Structure	FY2013
NED – Basic Fee	$55,000
Audit Committee – Chairman	$40,000
Audit Committee – Member	$30,000
Other Committee – Chairman	$30,000
Other Committee – Member	$20,000
Attendance Fee (per meeting)	$1,500

Since 2008, SGX has been seeking shareholders' approval to pay the directors' fees on a current-year basis, at the AGM. SGX thus pays the NED fees on a quarterly basis in arrears, instead of 16 months after the past financial year. The NED fees which are paid on a current year basis, will be payable to the director if he/she is in service at the end of the current year quarter, or if the term of appointment ends within the quarter. Overseas directors are reimbursed for out-of-pocket travelling and accommodation expenses in Singapore.

Executive Directors' Remuneration

Executive directors do not receive directors' fees.

Long-term Incentive Scheme

Please refer to the 'Remuneration Report' and 'Directors' Report' in the AR for further information on the long-term incentive scheme.

Disclosure of remuneration
Principle 9

For disclosure of the remuneration of the executive and non-executive directors and the five top-earning executives and a breakdown of the fees payable to each director, please refer to 'Remuneration Report' in the AR. The 'Remuneration Report' further sets out the performance conditions applicable to the EXCO's entitlements to short-term and long-term incentives. SGX has also disclosed in the Remuneration Report the remuneration of the five top-earning executives in actual figures, in line with best practices, with a breakdown in terms of fixed pay, variable bonus, long-term incentive and benefits-in-kind. The Remuneration Report also discloses the employee share schemes that SGX has in place and how remuneration paid is varied according to SGX's performance.

None of the current employees are related to the directors.

Accountability & audit

Accountability
Principle 10

The Board provides shareholders with quarterly and annual financial reports. Results for the first three quarters are released to shareholders no later than 25 days from the end of the quarter. Annual results are released within 30 days from the financial year-end. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of SGX's position and prospects.

For the financial year under review, the CEO and the Chief Financial Officer (CFO) have provided assurance to the Board on the integrity of the financial statements for SGX and its subsidiaries. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with the Listing Rules. For the full year financial statements, the Board provides an opinion that the SGX group's internal controls, addressing financial, operational and compliance risks are adequate. This is based on the internal controls established and maintained by the SGX group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board. This, in turn, is supported by a negative assurance statement from the CEO. Management provides directors with a monthly financial performance report either within 10 business days from month-end or on the day when the annual or quarterly financial results are released.

SGX also provides to its regulator, MAS, an annual report on the RCC's activities in relation to SGX's SRO conflicts management, and an annual self-assessment report of its discharge of its responsibilities as an exchange and a clearing house. MAS also conducts an annual on-site inspection of SGX.

Risk management and internal controls
Principle 11

The RMC assists the Board in the oversight of risk management in SGX. Its responsibilities include reviewing and recommending to the Board the type and level of business risk that SGX undertakes on an integrated basis to achieve its business strategy and the appropriate framework and policies for managing risks that are consistent with SGX's risk appetite.

SGX has in place an enterprise-wide risk management framework to enhance its risk management capabilities. This is administered by the Enterprise Risk Management team (ERM), which reports to the Chief Regulatory and Risk Officer. The key risks facing SGX have been identified and action plans are in place to mitigate these risks. In addition, the key risks at the process level have been identified via risk self-assessment exercises. Risk awareness and ownership of risk treatments are also continuously fostered across the organisation. Please refer to the 'Risk Management Report' in the AR for further information on the identification and management of these risks.

The Board has received assurance from the CEO on SGX group's financial records and the effectiveness of SGX's risk management and internal controls. The Board also receives a separate quarterly representation on SGX's financial information and controls, including that the financial records have been properly maintained and the financial statements give a true and fair view of SGX group's operations and finances, from the CEO and CFO.

Based on the internal controls established and maintained by SGX, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are of the opinion that SGX's internal controls, addressing financial, operational and compliance risks, are adequate as at 30 June 2013.

The system of internal controls and risk management established by SGX provides reasonable, but not absolute, assurance that SGX will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee
Principle 12

Composition of the AC

The AC is chaired by Mr Lee Hsien Yang and comprises five members (including the AC Chairman), all of whom are independent NEDs based on the Code's criteria. The other four members are Mr Liew Mun Leong, Mr Ng Kee Choe, Ms Jane Diplock AO and Mr Kevin Kwok.

In compliance with the requirements of SFR 2005, all members of the AC are independent directors who are free from management and business relationships, and from any substantial shareholder.

The Board considers that Mr Lee Hsien Yang, who has extensive and practical financial management knowledge and experience, is well qualified to chair the AC.

The members of the AC collectively have strong accounting and related financial management expertise and experience.

Authority and Duties of the AC

The AC's primary role is to investigate any matter within its TOR. It has full access to, and the co-operation of, management and full discretion to invite any director or officer to attend its meetings. The AC has adequate resources, including access to external consultants and auditor, to enable it to discharge its responsibilities properly.

The AC reviews the scope and results of audit work, the cost effectiveness of the audit, and the independence and objectivity of the external auditor. The AC also undertakes quarterly reviews of the nature, extent and costs of non-audit services provided by the external auditor, seeking to balance the maintenance of objectivity of the external auditor and their ability to provide value-for-money services.

The AC meets on a quarterly basis to review the integrity of the financial statements including the relevance and consistency of the accounting principles adopted. The AC reviews and recommends the financial statements and corresponding SGXNET announcements to the Board for approval.

The AC reviews and assesses the adequacy and effectiveness of SGX's system of internal controls and regulatory compliance through discussions with management, the Head of Internal Audit, the Head of Compliance and the external auditor, at its quarterly AC meetings.

The AC met four times during the financial year under review. The Chairman, CEO, CFO, President, Chief Operations & Technology Officer, Chief Information Officer, Heads of Operation, Internal Audit, Compliance, and the external auditor were invited to attend these meetings. The AC considered and reviewed with management, the Head of Internal Audit and the Head of Compliance (where applicable) the following:

(a) significant internal audit observations and management's responses thereto;

(b) regulatory breaches;

(c) planned scope of the annual internal and external audit plans to ensure that the plans covered sufficiently a review of the internal controls of SGX;

(d) planned scope of the annual compliance plans; and

(e) budget and staffing for Internal Audit and Compliance functions.

External Auditor

The AC recommends to the Board the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor. The re-appointment of the external auditor is always subject to shareholder approval at SGX's annual general meeting.

During the financial year, the external auditor held a meeting with the AC, and separately with the AC Chairman, without the presence of management. The AC reviewed the independence and objectivity of the external auditor through discussions with them as well as a review of the volume and nature of non-audit services provided by the external auditor during the financial year under review. Based on this information, the AC is satisfied that the financial, professional and business relationships between SGX and the external auditor will not prejudice their independence and objectivity. Accordingly, the AC has recommended the re-appointment of the external auditor at the coming AGM.

In the review of the financial statements for the financial year ended 30 June 2013, the AC discussed with management and the external auditor the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. Following the review and discussions, the AC recommended to the Board the release of the full-year financial statements.

The total fees paid to our external auditor, PricewaterhouseCoopers LLP, are as disclosed in the table below:

External Auditor Fees for FY2013	S$'000	% of total audit fees
Total Audit Fees	464	–
Total Non-Audit Fees	140	30%
Total Fees Paid	604	–

SGX has complied with Rule 712 and Rule 715 in the appointment of its auditor.

Whistleblowing Policy

SGX has a whistleblowing policy in place which encourages employees and vendors to report malpractices and misconduct in the workplace. SGX will protect employees, who have acted in good faith, from victimisation and harassment by their colleagues. SGX will treat all information received confidentially and protect the identity and the interest of all whistle-blowers. Anonymous disclosures will be accepted and anonymity honoured. Reports can be lodged by calling the hotline at 6236 8585 or via email at whistleblowing@sgx.com.

The policy allows a single, confidential line to report concerns about possible improprieties to the Head of Internal Audit in good faith and in confidence. The policy defines the processes clearly to ensure independent investigation of such matters and appropriate follow-up action, and provides assurance that staff will be protected from reprisals.

There have been no established incidents pertaining to whistle-blowing for FY2013.

Interested Person Transactions Policy

SGX has procedures in place to comply with the Listing Manual requirements relating to interested person transactions. All new directors are briefed on the relevant provisions that they need to comply with. All interested person transactions, if any, are reported to and monitored by the Finance department, and reviewed by the AC.

There were no Interested Person Transactions in FY2013.

Material Contracts (Rule 1207(8) of the Listing Manual)

Except as disclosed above, there were no material contracts entered into by SGX or any of its subsidiaries involving interests of any Director or controlling shareholder during FY2013.

Internal Audit
Principle 13

Internal Audit

On an annual basis, Internal Audit prepares and executes a risk-based audit plan, which complements that of the external auditor, so as to review the adequacy and effectiveness of the system of internal controls of SGX. These include operational, financial and compliance controls. In addition, the external auditor will highlight any material internal control weaknesses which have come to their attention in the course of their statutory audit. All audit findings and recommendations made by the internal and external auditors are reported to the AC. Significant issues are discussed at AC meetings. Internal Audit follows up on all recommendations by the internal and external auditors to ensure management has implemented them in a timely and appropriate fashion and reports the results to the AC every quarter.

Compliance

The Compliance function executes an annual risk-based compliance program, focusing on regulatory risk arising from SGX's own obligations to comply with applicable laws and regulations. The program comprises a combination of regulatory risk assessments and responses, compliance training (including mandatory annual e-learning), monitoring and testing through functional self-assessments and independent compliance reviews, and regular reporting to senior management, the AC and regulators on breaches, significant compliance issues and relevant action plans. Compliance is independent of the business and reports directly to the CEO. However, Compliance remains an integral part of overall management, and is actively engaged in providing compliance advice across all SGX businesses and support functions, including formal training as required.

Line of Reporting and Activities

Internal Audit is an independent function within SGX. The Head of Internal Audit reports directly to the AC and administratively to the CEO. The AC approves matters relating to the Internal Audit Charter, risk assessment and related audit plans and results and follows up on internal audit activities. The AC approves the hiring, removal, evaluation and compensation of the Head of Internal Audit. The AC Chairman meets the Head of Internal Audit at least four times a year, without the presence of management. Internal Audit has unfettered access to all of SGX's documents, records, properties and personnel including the Chairman and the AC.

Internal Audit operates within the framework stated in its Internal Audit Charter which is approved by the AC. The primary role is to assist the Board and senior management to meet the strategic and operational objectives of SGX, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes.

All audit reports are circulated to the AC, the CEO, the external auditor and relevant senior management representatives. The progress of corrective actions on outstanding audit issues is monitored through a company-wide issue management system. Information on outstanding issues is categorised according to severity and quarterly reports are sent to senior management and AC.

Adequacy of the Internal Audit Function

Internal Audit's annual plan is established in consultation with, but independent of, management and is aligned with the risk management framework of SGX. The plan is submitted to and approved by the AC. The AC is satisfied that Internal Audit has adequate resources to perform its functions, and has appropriate standing within SGX.

Professional Standards and Competency

Internal Audit is a member of The Institute of Internal Auditors (IIA) and has adopted the Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the IIA. SGX Internal Audit continues to meet or exceed the requirements of the IIA Standards in all key aspects. Quality assessment reviews are carried out at least once in five years by external qualified professionals. The last review was completed in 2013 and the next review will be due by 2017.

The professional competence of the internal auditor is maintained or upgraded through training programmes, conferences and seminars that provide updates on auditing techniques, regulations, financial products and services. Internal Audit is staffed with suitably qualified experienced professionals with diverse operational and financial experience.

Shareholder rights and responsibilities

Shareholder rights
Principle 14

SGX group's corporate governance practices promote the fair and equitable treatment of all shareholders. To facilitate shareholders' ownership rights, SGX ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET. SGX recognises that the release of timely and relevant information is central to good corporate governance and enables shareholders to make informed decisions in respect of their investments in SGX.

All shareholders are entitled to attend the AGM and are afforded the opportunity to participate effectively in the AGM. The Articles allow a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the AGM. The Articles also allow shareholders, who hold shares through nominees such as CPF and custodian banks, to attend the AGM as observers without being constrained by the two-proxy rule, subject to availability of seats.

Communication with shareholders
Principle 15

Disclosure of Information on a Timely Basis

SGX is committed to disclosing to its shareholders as much relevant information as is possible, in a timely, fair and transparent manner.

In addition to comprehensive, accurate and timely disclosure of material information on SGXNET, SGX adopts the practice of regularly communicating major developments in its businesses and operations through the appropriate media. Such channels include news releases, annual reports, shareholder circulars, shareholders' meetings, and direct announcements.

SGX notifies investors in advance of the date of release of its financial results, through an SGXNET announcement, and a media release. Results for the first three quarters are released to shareholders no later than 25 days from the end of the quarter. Annual results are released within 30 days from the financial year-end.

Briefings to present quarterly and full-year results are held for the media and analysts. "Live" video webcasts of briefing, accessible by the public, is also available at www.sgx.com.

Interaction with Shareholders

The Investor Relations (IR) team presents to the SGX Board an information paper, providing an overview of market feedback (including investors' concerns), updates on the shareholder register, share price performance and other IR matters, on an annual basis.

Dividend Policy

The Board aims to declare a base dividend of 4 cents per share every quarter. For each financial year, the Board aims to pay, as dividend, an amount which is no less than (a) 80% of the annual net profit after tax; or (b) 16 cents per share, whichever is higher. The difference between the targeted dividend and the interim base dividend will be declared and paid as final dividend of each financial year. This policy continues to apply for FY2014.

Corporate Website

SGX adopts transparent, accountable and effective communication practices as key means to enhance standards of corporate governance. We aim to provide clear and continuous disclosure of our Corporate Governance practices through efficient use of technology. SGX's website has much to offer its shareholders and other stakeholders. The following information can be accessed from our corporate website:

(a) Board of Directors and EXCO profiles;

(b) Minutes and Summary of Proceedings of AGM and/or Extraordinary General Meeting (EGM);

(c) Audiocasts of AGM and/or EGM;

(d) Annual Reports;

(e) Letter/Circular to Shareholders;

(f) Company announcements;

(g) Press releases;

(h) Notice to Substantial Shareholders;

(i) Financial Results; and

(j) Calendar of Events.

The latest AR, financial results (including webcasts of the quarterly and full-year results briefings for media and analysts and press releases) and company announcements are posted on the website following their release to the market, to ensure fair and equal dissemination to shareholders. SGX also makes available speeches and presentations given by the Chairman, CEO, and senior management, and a range of other information considered to be of interest to investors.

SGX's website has a clearly dedicated 'Investor Relations' link, which features prominently the latest and past financial results and related information. The contact details of the IR team are available on the dedicated link, as well as in the AR, to enable shareholders to contact SGX easily. IR has procedures in place for addressing investors' queries or complaints as soon as possible.

Conduct of shareholder meetings
Principle 16

Shareholders are informed of shareholders' meetings through published notices and reports or circulars sent to all shareholders or at the shareholder's election, made available electronically. The AGM procedures provide shareholders the opportunity to ask questions relating to each resolution tabled for approval. Opportunities are given to shareholders to participate, engage, and openly communicate their views on matters relating to SGX to the directors.

Shareholders are given the opportunity to vote at the AGM. However, as the authentication of shareholder identity information and other related security issues still remain a concern, SGX has decided, for the time being, not to implement voting in absentia by mail, email or fax.

The Chairman of each of the AC, NC, RC, RCC and RMC, external auditor, management and legal advisors (where necessary), are also present to address shareholders' queries.

SGX provides for separate resolutions at general meetings on each distinct issue. All the resolutions at the general meetings are single item resolutions. Detailed information on each item in the AGM agenda is in the explanatory notes to the AGM Notice in the AR.

The Company Secretary prepares minutes of shareholder meetings which captures the essence of the comments and queries from shareholders and responses to them from the Board and management. These documents are publicly available on www.sgx.com. The composition of the Board and Board committees are also made available on SGXNET following the AGM.

With effect from the 2009 AGM, SGX has conducted electronic poll voting for all the resolutions passed at the AGM and EGM for greater transparency in the voting process. Votes cast for, or against, each resolution will be tallied and displayed live-on-screen to shareholders immediately at the meeting. The total numbers of votes cast for or against the resolutions are also announced after the meeting via SGXNET.

Securities dealing

To guard against insider trading, SGX's Code of Dealing in Securities (Code of Dealing) adopts a "black-out" policy similar to that prescribed in the Listing Manual. The Code of Dealing prohibits dealings in SGX's securities by its directors and staff and their "related persons" for a period of two weeks before the announcement of its quarterly or half-yearly financial results, and one month before the announcement of its year-end results.

SGX issues a quarterly circular to its directors and officers informing them that SGX and its officers must not deal in SGX's securities before the release of results and at any time they are in possession of unpublished material price-sensitive information.

In addition to the black-out policy on SGX shares, staff and their "related persons" who want to trade securities of any company listed on Singapore Exchange Securities Trading Limited must seek prior approval from their approving authority. Directors and staff are prohibited at all times from trading if they are in possession of material non-public information. Staff are also discouraged from dealing in SGX Securities on short-term considerations.

Since 2009, all SGX employees are required to complete an annual online refresher module as part of SGX's mandatory compliance training, and submit a certification of their understanding and compliance with the Code of Dealing.

The Board and management believe that SGX has not only complied with the Listing Manual, but with industry best practices.

Other Codes

Code of Confidentiality

The SGX group of companies deals with confidential information on a daily basis. Hence, protecting the confidentiality of information is of paramount importance to creating and maintaining the trusted marketplace envisaged in SGX's Mission. SGX is also obligated by law under the Securities and Futures Act to maintain confidentiality of user information, which refers to transaction information of a member or its customer. SGX has a Code of Confidentiality which aims to provide clear guidance to its staff on the proper management, use and disclosure of the different types of confidential information.

Code of Conduct & Ethics for Employees

SGX has a Code of Conduct & Ethics for Employees (Code of Conduct & Ethics) that sets the standards and ethical conduct expected of employees. The Code of Conduct & Ethics covers all aspects of the business operations of SGX such as confidentiality of information, related party transactions, gifts, gratuities or bribes and dishonest conduct. Employees are required to observe and maintain high standards of integrity, as well as compliance with laws and regulations, and company policies.

Self-Regulatory Organisation Governance Report

We operate a marketplace for trading, clearing and settling securities and derivatives products and act as the frontline regulator of our markets. We pursue our commercial objectives in a manner that is consistent with our regulatory responsibilities, maintaining trust and confidence through high standards and robust systems. The diagram below describes some of our key regulatory responsibilities as an operator of Approved Exchanges and Designated Clearing Houses under the Securities and Futures Act.

Our regulatory and risk management activities

Our regulatory and risk management activities are directed at achieving a fair, orderly and transparent market, having high quality market intermediaries and issuers and maintaining safe and efficient clearing and settlement facilities. To meet these objectives, we establish business rules that meet internationally accepted standards, and undertake frontline regulatory activities to monitor and enforce compliance with these rules.

Upholding a fair, orderly and transparent market

Our activities to maintain fair, orderly and transparent markets include requiring timely and accurate disclosure of information to enable informed decision making, conducting real-time market surveillance to detect possible trading misconduct and taking regulatory actions against breaches of rules. For potential breaches of the law, we work with relevant authorities such as the MAS and the Commercial Affairs Department on the appropriate actions to be taken.

Maintaining high quality market intermediaries and issuers

The quality of our member firms' performance is critical to our market's integrity and success. We impose, via our trading and clearing rules, robust admission criteria to be fulfilled by applicants for membership which assures that the firms admitted possess the necessary financial, operational and compliance abilities needed to safeguard the market's integrity. We also mandate standards of conduct for these firms in relation to their client dealings. We monitor their compliance with these criteria on an ongoing basis post-admission, with appropriate disciplinary action should there be failures to comply with our trading and clearing rules. This can include sanctions such as reminders, warnings, reprimands, composition fines or, in serious cases, escalation to the Disciplinary Committee for deliberation and further action.

We also maintain high standards in our listing criteria, procedures and guidelines to assure the quality of issuers, who are subject to our listing rules. Our listing admission requirements are benchmarked against global exchanges. We are also responsible for promulgating and administering corporate disclosure and other continuing listing requirements for listed companies. Breaches of our listing rules may result in private warning or public reprimands.

Approved Exchange	Designated Clearing House
Ensure fair, orderly and transparent markets	Operate safe and efficient clearing facility
Enforce compliance with rules, including listing rules	
Not act contrary to the interests of the public	

Maintaining safe and efficient clearing and settlement clearing facilities

To assure the operation of safe and efficient clearing and settlement facilities, we impose stringent requirements on our clearing members' financial resources, operational capacity and internal controls. We also have robust default management processes and procedures which have been upgraded following our compliance with the Principles for Financial Market Infrastructures described later in this report. For more details on our risk management activities, please refer to our Risk Management Report.

Strong Self Regulatory Organisation (SRO) Governance Framework

The Regulatory Conflicts Committee (RCC), a Board committee comprising independent directors, assists the Board in supervising the management of any actual or potential conflicts between our regulatory responsibilities and its commercial interests (SRO conflicts), and in reviewing the adequacy of resources allocated to our regulatory functions. The RCC also makes decisions on specific cases of SRO conflicts, as needed, and reviews the regulatory implications of our strategic initiatives. The RCC assists the Board in seeking to ensure that our SRO conflicts management processes are functioning appropriately and that resources are sufficient to allow us to meet our regulatory obligations and objectives.

In the year under review, the RCC oversaw enhancements to the SRO governance framework focusing on the following matters:

- Review of the SRO conflicts management framework, notably a revision of the SRO Conflicts Guidelines. The revision will further enhance organisational understanding of SRO conflicts and improve consistency of approach among units with similar profiles.
- Continued focus on maintaining adequacy of regulatory resources and assuring quality regulatory outcomes through initiatives to enhance prioritisation of projects and manpower resource allocation.
- In keeping with the Board's direction, increasing communication efforts to promote understanding of our regulatory role. This is described in more detail below.

Alignment with global clearing and settlement best practices

In line with our growing global footprint and our role as the Asian Gateway, we adopted the Principles for Financial Market Infrastructures set out by the Committee on Payment and Settlement Systems and the International Organization of Securities Commissions (IOSCO) in January 2013. As one of the first clearing houses in the world to do so, this has reinforced our standing as a trusted and safe clearing house.

A number of key regulatory enhancements were implemented in adopting the Principles. One such enhancement was the introduction of a margin framework for securities cleared through CDP. This further bolsters CDP's risk management practices. Other changes instituted include providing for additional clarity on the rights and obligations of participants (e.g. when settlement is final) on our markets, clearing houses and depository through refinements to the relevant rules and handbooks. A comprehensive Disclosure Document setting out our observance of the relevant Principles has been published. This will enhance transparency of our clearing house processes.

Expanding our global presence

To further strengthen and expand our overseas presence, chiefly in the US and Europe, we are seeking overseas recognition of our markets and clearing houses. The surge in jurisdiction-specific rules and regulations and the lack of consensus among international lawmakers have made this process challenging. Nevertheless, we completed and furnished our application for recognition as a Designated Clearing Organisation to the US Commodities and Futures Trading Commission (CFTC). With respect to Europe, the implementation of the European Markets Infrastructure Regulation in March 2013 will also require us to seek recognition for our clearing houses. This will be done in good time.

Against this backdrop, we intensified our global regulatory engagement through participation in various international seminars, forums and discussions. Chief among these are Intermarket Surveillance Group meetings, the CFTC Annual Symposium and Training Seminar, and the IOSCO Enforcement Training Program. A multitude of formal and informal meetings with regulators and counterparts were also conducted.

Regulatory engagement

During the year, communication initiatives to promote and enhance understanding of our regulatory role were implemented.

Our objectives include promoting trust in our frontline regulation, providing greater transparency on our regulatory processes and decisions, increasing the frequency and modes of communication with our stakeholders and paying close attention to their evolving expectations.

A milestone in our efforts was the publication of a Regulatory Monograph on our website. The document sets out our regulatory approach and philosophy, and explains our guiding principles in conducting regulation of the market. The Regulatory Monograph provides the foundation for public understanding of our role as a regulator.

We also took steps towards engaging the media more actively. Briefing sessions with local and international media on various regulatory and risk-related topics were conducted. Our role as a central counterparty and clearing house received particular attention in this regard. The frequency of the Regulator's Column on our website was increased and the content made more investor-centric, covering topics such as stapled securities and the function of surveillance queries by SGX. These efforts yielded useful inputs on our regulatory function from the media, adding to the inputs received from our regular dialogue sessions with issue managers and Catalist sponsors.

In the coming year, the breadth of our regulatory communications will expand with various planned activities, including the publication of more statistics on our regulatory activities.

Improving the quality of our marketplace

We recalibrated the criteria for listing admission. Companies which are able to meet higher measures of profit and market capitalisation will qualify for admission to the Mainboard, while smaller companies able to meet our regulatory requirements will qualify for a Catalist listing. We also consulted on a number of initiatives to allow for greater participation of retail investors in initial public offers; among the proposals was a requirement for a minimum allotment of shares of 5% of total invitation shares to the public.

On our securities market, we introduced marking of short-selling orders, which will increase transparency of short-selling activities. We conducted a public consultation on revised circuit breakers as a securities market safeguard which will provide additional protection to participants against potential disorderliness in trading. Finally, we are seeking to provide greater certainty to market participants as to the validity of their executed trades by proposing a no-cancellation range in our error trade policy.

Surveillance and enforcement developments

Our surveillance and investigations on possible market misconduct led to referrals that resulted in successful prosecutions by MAS. In particular, one of the cases referred resulted in the successful prosecution of three individuals for contravention of insider trading provisions under Section 219(2)(a) of the Securities and Futures Act in relation to trades made in shares of Kencana Agri Limited. We are continuing to enhance our surveillance capabilities with a planned upgrade of our derivatives market surveillance systems.

Educating the investing public

Continuing on our efforts to improve understanding of Specified Investment Products, we published a supplemental guide on ETFs to help investors gain a more in-depth understanding of the product focusing on recent developments in our market, with specific attention paid to potential risks arising from synthetic ETFs and securities lending transactions.

A series of web-clips focused on industry sectors in our market were also produced, following on the success of the web-clips previously produced for new listings in our market. These featured presentations given by analysts from brokerage firms and research houses touching on telecommunications, commodities, property, real estate investment trusts and oil and gas services.

Web clips were also produced on the topic of sustainability, along with the publication of an investor's guide to reading sustainability reports. With increasing investor expectations that sustainability reporting be done by companies in the spirit of risk disclosure, our initiatives will facilitate better understanding of the relevance of sustainability issues and disclosures by companies.

Together with our retail investor outreach efforts, various other investor education initiatives such as our setting up of a Investor Centre within the Tampines Branch of the National Library Board, growing investment-related collections in libraries, the development of an investor education roadmap toolkit, and production of independent research reports for investors were implemented during the year. These initiatives were funded by our Investor Education Fund, which is constituted by the fines imposed in disciplinary proceedings that we initiated. For more information on our investor education initiatives, please refer to our Sustainability Report from page 76.

Risk Management Report

SGX is committed to high standards of corporate governance and prudent risk management to safeguard the integrity of our markets. Risk management practices are constantly reviewed for relevance against new international standards.

This year, our risk management capabilities have been strengthened. SGX has worked on several fronts to meet new international risk management standards for clearing infrastructure set by CPSS-IOSCO, released in April 2012. In meeting these new and more demanding risk requirements, we assure our users that they can continue to expand their dealings and confidently manage their risks.

SGX is proactive in our monitoring of market developments. We are quick to address any situation that may have an adverse impact on our products or participants. Our broad spectrum of risk management mechanisms, comprising comprehensive frameworks, systems, policies and procedures, empowers us to operate a resilient clearing system.

Enterprise risk management continues to be at the core of accountability and assurance for risk. A holistic enterprise risk framework and management philosophy is intended to maximise business opportunities while minimising adverse outcomes. Risks are systematically assessed, monitored and mitigated via our top-down and bottom-up review processes.

Governing for Performance

SGX's risk governance framework allows effective management of risks, at the Board, management and unit levels.

The Board oversees risk management within the organisation. The Risk Management Committee (RMC), a Board committee comprising non-executive directors, assists the Board in its review of the type and level of risks that SGX undertakes to achieve its objectives. The RMC approves the various risk frameworks within SGX, and gives the go-ahead for major new projects undertaken. As part of its mandate, the RMC also assesses the adequacy of resources in the areas of risk management and technology.

At the management level, the Enterprise Risk Committee (ERC), a subset of the EXCO, presides over risk policy implementation. The ERC is chaired by the CRRO, and the committee comprises the President, the CFO and the Chief Operations and Technology Officer. Other officers are also included for their relevant expertise.

The figure below illustrates SGX's Risk Governance Structure.

Risk Governance Structure

Meeting New Global Risk Management Standards

SGX is among the first in the world to meet the new global risk standards promulgated by CPSS-IOSCO. In adopting global best practice, SGX completed various initiatives to enhance our risk management capabilities, particularly in the areas of margining, liquidity risk management and clearing fund adequacy.

SGX introduced margining for the securities market to enhance the robustness of our clearing system, according investors greater protection against insolvency of clearing members. For SGX-DC, the margin methodology was refined to be responsive to market movements and credit cycles without unduly exacerbating financial stress in times of high volatility. SGX is committed to ensuring that each of the clearing houses has sufficient resources to meet its individual obligations. The management of liquidity was given more importance, benchmarked to the new CPSS-IOSCO standards, to ensure sufficient liquid resources to withstand extreme but plausible situations. Extensive stress test scenarios were also added to our repertoire of scenarios to assure adequate sizing of clearing funds under conceivably unlikely situations. The public and our customers can continue to have confidence in the quality of our clearing services.

Managing Clearing and Settlement Risks

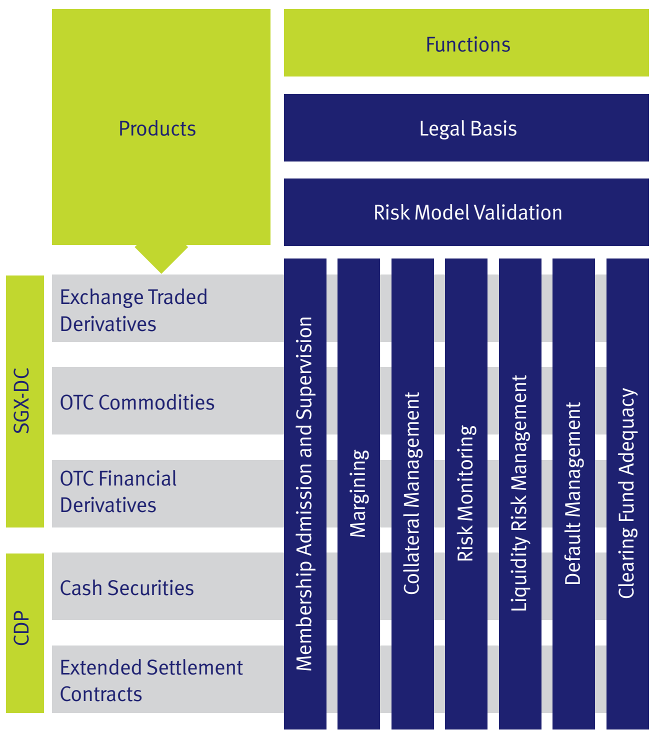
SGX actively monitors market developments and is quick to address any situation that may have an adverse impact on our products or participants. Our clearing and settlement risk management is anchored upon the core guiding principles, illustrated in the figure on the left below. These principles guide systematic and consistent risk management action across the organisation. Together with our comprehensive risk toolkit, comprising the various components illustrated in the figure on the right below, we are confident of a highly resilient clearing and settlement system.

To maintain high standards we admit only members who meet rigorous admission criteria. An extensive review of applicants covers financial, operational, systems, business standing and reputational criteria. Additionally, SGX continuously monitors the financial strength, operational capability and conduct of members to ensure compliance with continuing membership requirements.

On a day-to-day basis, comprehensive risks controls are employed to manage risks arising from trading, clearing and settlement. Such controls include real-time surveillance for unusual trading practices, proactive risk monitoring, timely collection of collateral, backtesting for adequacy of margins and daily stress testing of the Clearing Fund. Default management procedures are regularly tested for their effectiveness in responding quickly to crisis situations. Policies and procedures are reviewed for continued relevance and compliance with global best practices.

Guiding Principles for the Management of Clearing and Settlement Risks

Framework for the Management of Clearing and Settlement Risks



Managing Risks at an Enterprise Level

Enterprise risk management remains a key priority within SGX. The EXCO assisted by the management committee, proactively identifies existing and emerging risks, and manages them at the enterprise level within SGX's established risk appetite. These risks include strategic risks, as well as risks pertaining to regulatory matters, reputation, staffing, operations and technology. Our holistic risk management program embodies the following two key processes:

(i) Key Risks Assessment (top-down); and

(ii) Risk Self Assessment (bottom-up)

Key risks are identified by the EXCO annually and presented to the Board for approval, through the RMC. The related risk tolerance levels, which the Board approves, define the risk boundaries within which the organisation operates. Key risk indicators (KRIs) are also drawn up to serve as early alerts to help us keep within the risk tolerance levels. Additionally, risk heatmaps and action plans are drawn up to facilitate the management of risks. These actions are monitored to closure. The figure below illustrates our enterprise risk management framework.

The performance of KRIs and progress on actions are reported to the RMC semi-annually. A risk dashboard summarising SGX's performance in relation to key risk tolerance levels is also provided to the Board monthly.

Unit level risk self assessments are conducted to identify and assess risks within the various business and support areas. The adequacy of internal controls is also assessed, and actions drawn up, where necessary. Similar to the key risks assessment, the actions are monitored to closure. SGX's organisation-wide risk self assessment process instills a strong corporate risk and responsibility culture across SGX.

SGX's systematic identification and management of risks across the organisation reduces uncertainties associated with the execution of our strategies, and allows us to promptly harness business opportunities as they arise.

Enterprise Risk Management Framework

GOVERNANCE & SUSTAINABILITY

Disciplinary and Appeals Committees

A. Overview

1. With effect from November 2011, the SGX Disciplinary Committee and SGX Appeals Committee panels, consisting of twelve and eight members respectively, were established to provide an efficient way of organising the disciplinary process, and involves drawing members from the two panels (as applicable) prior to each hearing.
2. The SGX Disciplinary Committee hears charges brought by SGX against Regulated Persons[1] who are alleged to have violated any of SGX's Rules and Regulations ("Rules"). If the SGX Disciplinary Committee decides that the charges have been established by SGX, it will decide on the appropriate penalty. Penalties that may apply are reprimands, fines, restrictions or conditions on activities, suspension, expulsion, revocation of authorisation, deregistration, undertaking an educational or compliance programme, ordering directors to relinquish their day-to-day roles, and confirming, changing or discharging the appointment of a manager by the member.
3. A Regulated Person may appeal to the SGX Appeals Committee against the decision of the SGX Disciplinary Committee. The decision of the SGX Appeals Committee is final.
4. The SGX Disciplinary Committee and SGX Appeals Committee are managed out of the Legal unit, and the Head of Legal is the Secretary of both the SGX Disciplinary Committee and SGX Appeals Committee.

B. Independence of the SGX Disciplinary Committee and SGX Appeals Committee

5. In order to ensure independence of the SGX Disciplinary Committee and SGX Appeals Committee and that due process is observed in the hearings:
   (a) the members of the two panels are industry experts and professionals;
   (b) no director, officer or employee of SGX may be appointed as a member of either panel; and
   (c) the process of managing the hearings or meetings by the SGX Disciplinary Committee and SGX Appeals Committee is undertaken by the Legal unit, which is a separate entity from the Enforcement unit which refers charges to be brought by SGX against Regulated Persons. The Legal unit reports to the Chief Financial Officer, while the Enforcement unit reports to the Chief Regulatory & Risk Officer.
6. For the purposes of transparency, the Grounds of Decision for each SGX Disciplinary Committee hearing and each SGX Appeals Committee hearing are published on the SGX website.

1 Regulated Persons include a trading or clearing member registered with SGX or SICOM under the Rules, or any of the member's directors, trading representatives, officers, employees or agents, or a Sponsor or Regulated Person registered with Catalist.

C. SGX Disciplinary Committee Panel Members

7. The current members of this panel are:

Name	Designation/Profession
Eddie Tan (Chairman)	Regional Treasurer, Asia Pacific, Citibank N.A.
Hamidul Haq (Deputy Chairman)	Partner, Rajah & Tann LLP
Leong Mun Wai (Deputy Chairman)	Chief Executive Officer, Timbre Capital Pte Ltd
Francis Mok Lip Wee	Lawyer, Allen & Gledhill LLP
Hemant Bhatt	Chief Executive Officer – Commercial, Golden Agri-Resources Ltd
Kan Shik Lum	Corporate Finance Practitioner, DBS Bank Ltd
Mah Kah Loon	Deputy Head, Corporate Finance, ASEAN Head, Corporate Finance, CIMB Bank Berhad, Singapore Branch
Tan Kah Gee	Private Investor
Paul Davies	Managing Director, Goldman Sachs Futures Singapore
Steve Ng Kuan Kuen	Private Investor[2]
Petrus Huang Yen San	Director, Drew & Napier LLC
Lam Chee Kin	Global Head, Wholesale Banking Compliance, Standard Chartered Bank PLC

2 With effect from 4 July 2013, Chief Executive Officer, Roots Capital Partners Pte Ltd.

D. SGX Appeals Committee Panel Members

8. The current members of this panel are:

Name	Designation/Profession
Sydney Michael Hwang (Chairman)	Senior Counsel & Arbitrator, Michael Hwang Chambers
Lawrence Ang Boon Kong	Former Principal Senior State Counsel, Attorney-General's Chambers
Colin Ng Teck Sim	Lawyer, Colin Ng & Partners LLP
Michael Wong Ping Seng	Former Executive Director, Phillip Futures Pte Ltd
Hugh Young	Fund Manager, Aberdeen Asset Management Asia Ltd
Lim How Teck	Chairman, Certis Cisco Security Pte Ltd
Tracey Woon	Vice Chairman, Investment Banking, Citigroup Global Markets Singapore Pte Ltd
George Lee	Former Corporate Finance Practitioner and current Head of Global Corporate Banking, OCBC Bank Ltd

E. Cases heard by the SGX Disciplinary Committee and SGX Appeals Committee in FY2013

9. In FY2013, there were no cases brought before the SGX Disciplinary Committee or the SGX Appeals Committee.

Remuneration Report

The Remuneration Committee (RC) reviews and recommends to the Board for approval, matters concerning remuneration of the Board, CEO and senior management and employees. The RC comprises the following independent directors:

Chew Choon Seng
Chairman

Lee Hsien Yang
Liew Mun Leong
Ng Kee Choe

Compensation philosophy

SGX adopts a compensation philosophy that is directed towards the attraction, retention and motivation of talent to achieve its business vision and create sustainable value for its shareholders.

It emphasises pay-for-performance by linking total compensation to the achievement of organisational and individual performance objectives, and considers relevant comparative compensation in the market to maintain market competitiveness.

Compensation mix and components

Total compensation is made up of fixed and variable compensation. The fixed compensation comprises annual basic salary, fixed allowances and annual wage supplement. The variable or "at risk" compensation is subject to achievement of corporate and individual performance objectives. Consistent with market best practice, variable compensation may be paid in a combination of cash-based short-term incentives and share-based long-term incentives. By design the proportion of variable compensation to total compensation increases with job level.

In July 2011, the RC engaged Mercer Singapore to conduct a comprehensive review of SGX's compensation framework to ensure greater alignment of its pay policies and practices with the market and current regulatory standards. The review was concluded in February 2012 with the changes fully implemented from FY2013. In alignment with current regulatory standards, the mix of fixed and variable compensation for staff in Regulatory, Risk Management, Compliance and Internal Audit functions (collectively known as "control functions") is weighted in favour of fixed compensation, to lessen the relationship between the compensation of staff in control functions and the company's financial performance. Additionally, a greater proportion of senior management's variable compensation is deferred in the form of long-term incentives.

Fixed pay

Fixed pay comprises base salary, fixed allowances and annual wage supplement. Base salary is pegged to the 50th percentile of market pay data in the Singapore banking and financial services industry.

The annual salary review is in July of each year. The salary structure of SGX is benchmarked against the financial industry and the RC approves the salary increment budget taking into account the profitability of SGX as a whole.

Total Incentives Funding

The total incentives pool funds the annual variable bonus for non-sales and non-control functions and long-term incentive plans and is computed using the following formula:

Total Incentives (TI) Pool = A percentage of [Profit before Variable Bonus less Corporate Tax less Cost of Equity]

Short-term incentives

Short-term incentives take the form of an annual variable bonus and sales incentive payment for employees performing sales roles.

Each year, the RC reviews and approves the variable bonus pool for distribution. The management moderates and allocates the variable bonus based on the individual performance of employees and their contributions towards the achievement of SGX's performance. The sales incentive pool is generated by the achievement of sales targets and distributed to employees based on the achievement of team and individual sales targets and objectives.

With effect from FY2013, the short-term incentives of the control functions will be delinked from the profitability of the company and generated outside the TI pool based on achievement of control and regulatory key performance indicators (KPIs).

Long-term incentives

Long-term incentives (LTI) create value for the company by aligning employees' long-term incentives to the achievement of SGX's long-term results. Furthermore, due to its time-based vesting characteristic, it carries a retention element that strengthens SGX's ability to reward and retain key employees.

In alignment with current regulatory standards, a claw-back mechanism in LTIs was introduced in FY2013 for exceptional circumstances of misstatement of financial results or of misconduct resulting in financial or other losses to the company.

The SGX Performance Share Plan

The Plan is a share-based incentive scheme administered by the RC.

It was established with the objective of rewarding, motivating, and retaining key senior executives to achieve superior performance. Through the Plan, SGX will be able to recognise and reward past contributions and services, and motivate Participants# to continue to strive for SGX's long-term success.

The RC may decide to make an award under the Plan, wholly or partly, in SGX shares or in cash (based on the market value of shares on vesting date).

Defined under the Plan as "A Group Employee or an Associated Company Employee who has been granted an award".

Restrictions

The total number of new SGX shares which may be issued pursuant to awards granted under the Plan on any date, when added to the total number of new shares issued and issuable in respect of all awards granted under the Plan, and all options granted under the SGX Share Option Plan (which was terminated after the adoption of the Plan), shall not exceed 10% of SGX's issued shares on the day preceding the relevant date of award.

Participants are required to retain 50% of the total number of shares that are released to them for at least one calendar year from the vesting date. Unless otherwise decided by the RC, the entitlement to this award is conditional on the Participant remaining in service up to the specified vesting date.

Eligibility

Selected members of senior management who have attained the rank of Vice President, job grade 2 and above are eligible to participate in the Plan.

Performance Share Plans for FY2011, FY2012, and FY2013

The RC has approved the Plan for FY2011, FY2012 and FY2013 and has absolute discretion in the granting of performance shares. Details are as follows:

FY2011 Grant

The FY2011 grant will vest upon achievement of the following measures over a three-year performance period from 1 July 2010 to 30 June 2013:

(i) ROE;
(ii) Absolute TSR;
(iv) SGX TSR against FTSE/MV TSR

	ROE (Weight = 50%)		+ **Absolute TSR* (Weight = 25%)**		+ **SGX TSR against FTSE/MV TSR (Weight = 25%)**	
Performance Level	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)
Above Target	≥47.5%	150%	≥ 17%	150%	≥ 7.0% points	150%
At Target	42.5%	100%	13%	100%	4.5% points	100%
Threshold	37.5%	50%	10%	50%	2.0% points	50%
Below Threshold	< 37.5%	Nil	< 10%	Nil	< 2.0% points	Nil

* Absolute TSR is benchmarked against the Cost of Equity of 10%.

The shares awarded on the vesting date could range from 0% to 150%, depending on the level of achievement against the performance targets. There shall be no award if the achievement falls below the threshold performance level. For an achievement between the Threshold and Above Target performance levels, the payout percentage will be pro-rated on a straight-line basis.

GOVERNANCE & SUSTAINABILITY

The performance shares will vest on 1 September 2013. Details of the shares granted to the Participants are as follows:

Participants (as defined under the Plan)		Balance as at 01.07.2012	Shares lapsed during financial year	Balance as at 30.06.2013
EXCO members	Magnus Böcker[1]	192,200	–	192,200
	Muthukrishnan Ramaswami[1]	96,000	–	96,000
	Yeo Lian Sim[1]	82,000	–	82,000
	Lawrence Wong Liang Ying[1]	62,000	–	62,000
	Chew Sutat[1]	62,000	–	62,000
	Bob Caisley	48,000	–	48,000
Other staff		258,000	–	258,000
	Benjamin Foo[2]	43,000	(43,000)	–
		843,200	**(43,000)**	**800,200**

1 Received more than 5% of the 1,153,000 shares granted under the FY2011 grant.
2 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013.

FY2012 Grant

The FY2012 grant will vest upon achievement of the following measures over a three-year performance period from 1 July 2011 to 30 June 2014:

(i) ROE;
(ii) Absolute TSR;
(iv) SGX TSR against FTSE/MV TSR

	ROE (Weight = 50%)		**+ Absolute TSR * (Weight = 25%)**		**+ SGX TSR against FTSE/MV TSR (Weight = 25%)**	
Performance Level	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)	Average over 3FYs	Payout (% of base allocation)
Above Target	≥45.0%	150%	≥ 17%	150%	≥ 7.0% points	150%
At Target	40.0%	100%	13%	100%	4.5% points	100%
Threshold	35.0%	50%	10%	50%	2.0% points	50%
Below Threshold	< 35.0%	Nil	< 10%	Nil	< 2.0% points	Nil

* Absolute TSR is benchmarked against the Cost of Equity of 10%.

The shares awarded on the vesting date could range from 0% to 150%, depending on the level of achievement against the performance targets. There shall be no award if the achievement falls below the threshold performance level. For an achievement between the Threshold and Above Target performance levels, the payout percentage will be pro-rated on a straight-line basis.

The performance shares will vest on 1 September 2014. Details of the shares granted to the Participants are as follows:

Participants (as defined under the Plan)		Balance as at 01.07.2012	Shares lapsed during financial year	Balance as at 30.06.2013
EXCO members	Magnus Böcker[3]	353,100	–	353,100
	Muthukrishnan Ramaswami[3]	107,000	–	107,000
	Yeo Lian Sim[3]	82,000	–	82,000
	Chew Sutat[3]	72,000	–	72,000
	Lawrence Wong Liang Ying[3]	64,000	–	64,000
	Bob Caisley	53,000	–	53,000
Other staff		309,000	–	309,000
	Benjamin Foo[4]	48,000	(48,000)	–
		1,088,100	**(48,000)**	**1,040,100**

3 Received more than 5% of the 1,088,100 shares granted under the FY2012 grant.
4 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013.

FY2013 Grant

The FY2013 grant will vest upon achievement of the following measures over a three-year performance period from 1 July 2012 to 30 June 2015:

(i) ROE;
(ii) Absolute TSR;
(iv) SGX TSR against FTSE/MV TSR

	ROE (Weight = 50%)		+	Absolute TSR * (Weight = 25%)		+	SGX TSR against FTSE/MV TSR (Weight = 25%)	
Performance Level	Average over 3FYs	Payout (% of base allocation)		Average over 3FYs	Payout (% of base allocation)		Average over 3FYs	Payout (% of base allocation)
Above Target	≥45.0%	150%		≥ 17%	150%		≥ 7.0% points	150%
At Target	40.0%	100%		13%	100%		4.5% points	100%
Threshold	35.0%	50%		10%	50%		2.0% points	50%
Below Threshold	< 35.0%	Nil		< 10%	Nil		< 2.0% points	Nil

* Absolute TSR is benchmarked against the Cost of Equity of 10%.

The shares awarded on the vesting date could range from 0% to 150%, depending on the level of achievement against the performance targets. There shall be no award if the achievement falls below the threshold performance level. For an achievement between the Threshold and Above Target performance levels, the payout percentage will be pro-rated on a straight-line basis.

The performance shares will vest on 1 September 2015. Details of the shares granted to the Participants are as follows:

Participants (as defined under the Plan)		Shares granted during financial year[1]	Shares lapsed during financial year	Balance as at 30.06.2013
EXCO members	Magnus Böcker[2]	174,500	–	174,500
	Muthukrishnan Ramaswami[2]	69,000	–	69,000
	Yeo Lian Sim[2]	48,800	–	48,800
	Chew Sutat[2]	45,600	–	45,600
	Lawrence Wong Liang Ying[2]	36,100	–	36,100
	Bob Caisley	33,700	–	33,700
	Chng Lay Chew	15,900		15,900
	Arulraj Devadoss	15,900		15,900
Other staff		230,800	–	230,800
	Benjamin Foo[3]	31,700	(31,700)	–
		702,000	**(31,700)**	**670,300**

1 Represents the number of shares required if Participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions. There shall be no award if the achievement falls below the threshold performance condition.

2 Received more than 5% of the 702,000 shares granted under the FY2013 grant.

3 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013.

Special Award to the former CEO, Hsieh Fu Hua

A conditional award of 436,485 SGX shares was granted to Hsieh Fu Hua on 30 November 2009 and vested on 30 November 2012 on the fulfilment of the condition that he did not, directly or indirectly, carry on or be engaged in, or be concerned with any activity or business which SGX might deem to be in competition with the business of the Company and its subsidiaries, for a period of one year from the grant date.

The SGX Deferred Long-Term Incentives Scheme

The LTI Scheme was approved by the RC in July 2006. It recognises past contributions and services, and strengthens the company's ability to reward and retain high-performing Recipients# who have the potential for higher level jobs.

The RC may determine to grant an award, wholly or partly, in SGX shares or in cash (based on the market value of shares on vesting date) subject to a vesting schedule.

Defined under the LTI Scheme as "A Group Employee or an Associate Company Employee who has been granted an award".

Restrictions

Unless otherwise decided by the RC, the entitlement to the award is conditional on the Recipient remaining in service up to the specified vesting date.

Eligibility

Selected staff who have attained the rank of Associate, job grade 9 up to Vice President, job grade 2 and who are not Participants of the SGX Performance Share Plan are eligible to be considered for the award under the LTI Scheme prior to FY2013. From FY2013, selected staff in the rank of Assistant Vice President and above including selected members of senior management who are Participants of the SGX Performance Share Plan may be considered for the award.

FY2011 Award

There were two awards in FY2011. Both awards were given in the form of SGX shares. One award had a one-year vesting period which vested on 1 November 2011. Another will vest in three equal instalments over a period of three years with the first instalment vested on 1 November 2011.

Below are the details of shares awarded:

Recipients (as defined under the LTI Scheme)	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2013
Award with three-year vesting period	247,000	(21,450)	(116,600)	108,950
Total	**247,000**	**(21,450)**	**(116,600)**	**108,950**

FY2012 Award

There were two awards in FY2012. Both awards were given in the form of SGX shares. One award had a one-year vesting period which vested on 1 November 2012. Another will vest in three equal instalments over a period of three years with the first instalment vested on 1 November 2012.

Below are the details of shares awarded:

Recipients (as defined under the LTI Scheme)	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2013
Award with three-year vesting period	210,800	(18,900)	(65,300)	126,600
Award with one-year vesting period	6,500	–	(6,500)	–
Total	**217,300**	**(18,900)**	**(71,800)**	**126,600**

FY2013 Award

The award will vest in three equal instalments over a period of three years with the first instalment vesting on 1 September 2013.

Below are the details of shares awarded:

Recipients (as defined under the LTI Scheme)		Shares granted during financial year	Shares lapsed during financial year	Balance as at 30.06.2013
EXCO members	Magnus Böcker[1]	174,500	–	174,500
	Muthukrishnan Ramaswami[1]	69,000	–	69,000
	Yeo Lian Sim	48,800	–	48,800
	Chew Sutat	45,600	–	45,600
	Lawrence Wong Liang Ying	36,100	–	36,100
	Bob Caisley	33,700	–	33,700
Other Staff		605,000	(17,400)	587,600
	Benjamin Foo[2]	31,700	(31,700)	–
Total		**1,044,400**	**(49,100)**	**995,300**

1 Received more than 5% of the 1,044,400 shares granted under the FY2013 grant.

2 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013.

Disclosure on Directors' Remuneration

The tables below show the gross remuneration of the Executive Directors and Non-Executive Directors of SGX for FY2013.

Executive Director	Fixed pay $	Bonus* $	Ex-gratia payment $	Long-term incentives^ $	Benefits-in-kind $	Total gross remuneration $
Magnus Böcker	1,006,908	2,300,000	714,000	–	80,112	4,101,020

* The bonus was determined by the Board after taking into account the achievement of specific quantitative and qualitative targets and objectives set for FY2013.

^ None of the shares granted have vested in FY 2013.

Non-Executive Directors	Directors' fees $
Chew Choon Seng[1]	830,500
Thaddeus Beczak	96,000
Jane Diplock AO	120,815
Euleen Goh[2]	22,712
Lee Hsien Yang	159,000
Liew Mun Leong	123,000
Loh Boon Chye[3]	29,397
Ng Kee Choe	159,000
Robert Owen	130,500
Quah Wee Ghee	103,772
Davinder Singh	107,043
Kwa Chong Seng[4]	94,831
Kevin Kwok[5]	102,603
Total	**2,079,173**

1 Excluding the provision of a car with a driver.

2 Ms Goh stepped down as Non-Executive Director on 20 September 2012.

3 Mr Loh stepped down as Non-Executive Director on 20 September 2012.

4 Mr Kwa was appointed as Non-Executive Director on 20 September 2012.

5 Mr Kwok was appointed as Non-Executive Director on 20 September 2012.

(Directors' fees are subject to shareholders' approval at the Annual General Meeting. Please refer to the Corporate Governance Report on page 47 for the remuneration framework of Non-Executive Directors.)

Disclosure on Five Top-Earning Executives' Remuneration

The table below shows the gross remuneration of the five top-earning executives for the financial year ended 30 June 2013.

	Fixed pay $	Bonus for FY2013[6] $	Ex-gratia Payment	Long-term incentives[7] $	Benefits-in-kind $	Total gross remuneration $
Muthukrishnan Ramaswami	509,079	975,000	–	236,676	4,099	1,724,854
Tim Utama[8]	284,900	410,000	950,000	–	1,238	1,646,138
Chew Sutat	413,608	690,000	–	153,872	8,958	1,266,438
Yeo Lian Sim	555,908	500,000	–	201,468	7,888	1,265,264
Lawrence Wong Liang Ying	408,783	500,000	–	153,872	6,462	1,069,117

6 The bonuses for SGX senior management were determined by the RC after taking into account the achievement of specific individual and organisational targets and objectives set for FY2013.

7 Vesting of the Plan for FY2010 based on the fair value on grant date. The shares vested on 1 September 2012.

8 Mr Utama joined SGX as Chief Operations and Technology Officer on 1 December 2012.

Benefits

Benefits provided for employees are comparable with local market practices. These include medical, dental, and group insurances.

Sustainability Report

For FY2013, we have moved towards the Global Reporting Initiative (GRI) G4 guideline requirements while in previous years the GRI G3.1 guidelines were used. We believe this year's report meets the requirements of a G4 "core" report and follows G4's prescription for an emphasis on materiality and the organisation's management of sustainability.

The data included in this report was collected by the members of our Sustainability Working Group. SGX's regulation of corporate governance is closely monitored by external organisations and we must adhere to the elevated standards of governance stipulated by the Securities and Futures Act. Due to this existing, stringent performance review, we have opted not to engage a third party assurance provider for the data in the sustainability section of this report.

The data in this report is for our operations in Singapore only, excluding global representative offices which have negligible impacts on sustainability. Please direct any questions or queries about our sustainability report to Darrell Lim at darrell.lim@sgx.com.

CEO sustainability statement

Over the next decade consumers will exercise greater influence on the sustainability agenda and our marketplace will change as a consequence. In the current decade it is predicted that over one billion people will join the middle classes in Asia and this demographic will be more vocal than previous generations on sustainability issues. This change is at the core of the journey that SGX is taking towards greater sustainability in our operations and in influencing others to do the same. We are a trusted partner positioned as the gateway to Asia whose competence, awareness and rigour makes people choose to do business with us. Sustainability has an important role to play in ensuring that we maintain that reputation.

The sustainability agenda continues to evolve. In the past year we have seen the dialogue on integrated reporting grow in profile and GRI recently launched G4, the latest iteration of reporting guidelines. In this report, you will find that we have moved in the direction of G4 and embraced its drive to show greater depth on material issues. We see this revision as a good thing and an opportunity not just to refine our own reporting, but more importantly to focus our thinking and build momentum towards a marketplace which is fully conversant in and cognisant of its sustainability impacts.

In the past year, we made real progress on some ambitious targets. For example, we challenged ourselves to meet a target of 40% female representation on our management team. We achieved 36%, a little short of our target but importantly we are in a materially stronger position than in previous years thanks to our efforts.

The disclosure of sustainability indicators and approach is a valuable activity for any organisation to undertake. For SGX this process has resulted in a new and improved approach to community engagement, a more flexible approach to family and maternity leave, a workplace that manages resources to minimise waste, and more. But, it has also resulted in a changed mind-set within our business. We are talking about things and making decisions in a way that we didn't before and this is the real benefit. For example, when deciding to allow oil and gas exploration companies to list on SGX, we included specific disclosure requirements and asked questions of those companies that are informed by our own increased awareness.

As I said in my opening comments, the future will bring great change. When contemplating whether or not SGX should become part of the 'sustainable stock exchange' movement, I find myself fully aligned with what that process has achieved for other exchanges and the valuable insights it has provided to the sector. It is clear to me is that we need to persistently raise the bar, challenge our listed businesses and help companies to keep moving along this path. Two years ago we launched sustainability disclosure guidelines and in March 2013 at Responsible Investor Asia, I outlined a 'comply or explain' approach to sustainability disclosure. This approach is already part of the revised Singapore Code of Corporate Governance. I believe it is the natural next step on sustainability reporting.

What we can do at SGX is encourage businesses to report on their sustainability performance. It is then investors and other stakeholders that must judge the quality of that reporting and performance. To support them in this effort, we published this year a guide to sustainability reporting tailored to the investor community. We believe a more demanding tone from investors and shareholders will undoubtedly accelerate change.

This is an agenda that is evolving. Priorities will change and in this business we frequently remind ourselves of the need to remain open and responsive. My overriding view is that sustainability is not just coming. It is here. Let's get used to the idea and continue working together to determine our approach to sustainability.

Sustainability context

At SGX we are in a uniquely influential position in terms of our ability to encourage listed companies in Singapore to disclose data on sustainability performance. In addition, Singapore is a country renowned for high standards of governance and an intolerance of bribery and corruption. As regulator, we play an important role in upholding these standards amongst listed companies.

As an exchange, we play a significant role in the economic stability and sustainability of Singapore. As regulator, it is also our responsibility to encourage good governance in over 770 listed companies. And finally, as one of the larger service-based companies in Singapore, SGX is expected by stakeholders to take a lead in its environmental performance and reporting.

According to the World Federation of Exchanges, "regulated exchanges remain critical providers of liquidity to the world's capital markets"[1] In addition, the economist Roger Farmer says of exchanges and economies, "tied together as they are, they can never get too far apart"[2]. In short, exchanges play an important role in the economies of their host countries as platforms for trade and capital flow. However, exchanges have an increasingly important dimension to their role; that of custodian of corporate governance and corporate responsibility. As regulators of their listed issuers, exchanges are in a strong position to influence – or, in some cases, mandate – greater transparency and disclosure of governance, sustainability and corporate responsibility data. From this disclosure comes leadership and improved performance. This is how exchanges can become "sustainable" and position themselves as centres for lower-risk investment.

Singapore is renowned as a centre of good governance with a jurisdiction intolerant of bribery and corruption and an important cornerstone to its status as a key financial centre in Asia. We are therefore well-positioned as the Asian Gateway for international investors. Building on Singapore's reputation for good governance, we can further increase investors' confidence through robust regulation of listed companies. This combination of a corruption-free culture and robust regulation aims to maximise the economic performance of both SGX and Singapore's economy.

As regulator, we encourage greater transparency amongst our listed issuers. Building on the publication of sustainability reporting guidelines for listed companies in 2011, we are moving towards a 'comply or explain' approach to sustainability disclosure. With the understanding that SGX's responsibilities reach further than regulating listed companies, we are also committed to investor education. Last year, web clips and the "Investor's Guide to Reading Sustainability Reports" was published to guide investors in reading sustainability reports. In addition, SGX is a founding member of the Investor Relations Professional Association of Singapore, which works to build capacity and capability in this profession. SGX also hosts a myriad of investor education initiatives which are described in detail in the Governance section, under 'Case Studies and Specific Actions'.

1 www.world-exchanges.org

2 "The Stock Market and the Economy's Apparent Disconnect", Bloomberg, 14.03.13.

Materiality & stakeholder engagement

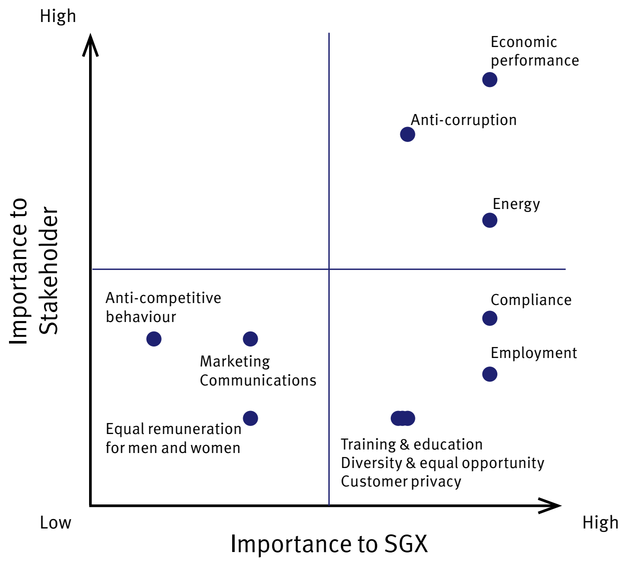
In our 2012 sustainability report, SGX committed to engage with specific stakeholders – namely the listed companies, member firms, advocacy groups and community partners in 2013. These stakeholders were convened to identify their priorities for sustainability at SGX and for a facilitated discussion around key areas of sustainability (economic contribution, environment, people practices, governance, society, and, responsible business):

Stakeholders asked that SGX:	Reference to SGX's response or position
▪ prioritises which companies should report on sustainability, such as indicating companies of certain size or asset classes	We communicated publicly in March 2013 that we are moving towards a "comply or explain" approach to sustainability reporting. This builds on the publication of sustainability reporting guidelines in 2011.
▪ should give an indication of the direction in which they are moving on sustainability reporting	
▪ should maintain its 'comply or explain' policy on sustainability reporting	
▪ set an example in environmental reporting	Refer to the environment section of the report for details of our performance. We also launched a partnership with Trucost to help listed companies better understand and report their environmental performance.
▪ establishes a list of suggested indicators for reporting labour practices. In particular, a prescriptive approach to help companies manage the reporting across different territories and legal requirements. However, they supported drawing from existing frameworks, and cautioned against establishing a new reporting framework for labour practices, which would complicate the issue	We believe that international frameworks for social responsibility, such as the Global Reporting Initiative or ISO 26000 provide a good reference for companies wishing to report on labour practices. We encourage the use of either framework in our sustainability reporting guidelines for listed companies.
▪ publishes clear definitions of bribery and corruption and an anti-corruption policy, which should be communicated both internally and externally	We will draft and publish an anti-bribery and corruption policy for listed companies in 2013.
▪ demonstrate a commitment to sustainability in their engagement with listed companies	We will continue to host a variety of seminars, briefings and conferences on sustainability for listed companies to attend.

Materiality matrix

The materiality matrix on the five most material aspects of sustainability for SGX is based on voting by the stakeholders we engaged and by our senior management.

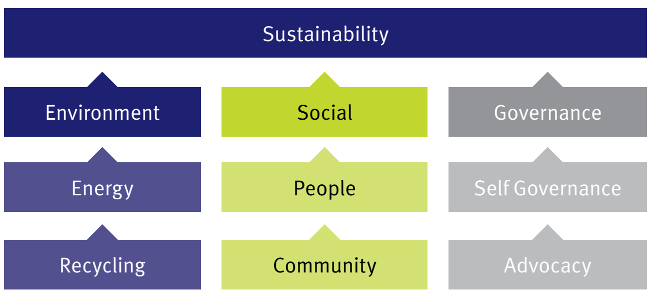
Based on the issues raised by stakeholders in the stakeholder engagement and the mapping of material issues in the matrix above, this sustainability report will focus primarily on our financial performance, anti-corruption and energy. In addition, we will describe our performance in terms of compliance, employment, training, diversity and customer privacy.



Governance of Sustainability at SGX

Our sustainability goals and direction are set by the Sustainability Committee, which aims to meet quarterly. Led by our Chief Executive Officer, Magnus Böcker, the Committee is comprised of our Chief Regulatory & Risk Officer, Chief Financial Officer (CFO), Head of Marketing & Communications and Head of Human Resources.

Our Sustainability Committee is supported by a Sustainability Working Group to implement the strategy. The Working Group is headed by our CFO, and includes representatives from Facilities Management, Human Resources, Investor Relations, and Risk Management and Regulation.



At a glance – Performance Against 2012 Targets

Governance	Performance	Comments
Clear articulation of SGX's dual role as regulator and exchange	🟢	Described in FY 2012 Annual Report.
Principles of engagement (stakeholder engagement plan)	🟢	Described in FY 2012 Annual Report.
Deliver 4 training sessions per year to listed companies on sustainability	🟢	Sustainability and Financial Performance Sustainability Management and Reporting Seminar Expect the Unexpected: Non-financial Disclosure; Financial Markets and Climate Change.
SGX facilities to be used twice a year for sustainability-related events (in addition to the training above)	🟢	Launch of Integrated Reporting Consultation; Responsible Investor (RI) Asia conference.
Host 4 forums on Corporate Governance per year	🟢	Singapore Corporate Awards; Singapore Listed Company Director Essentials Programme in Mandarin (twice); and, SGX Listed Company Director Certification programme.
Conduct/commission 'thought leadership' research on Corporate Governance	🟢	We will announce the outcome of this research in 2013.
Social	**Performance**	**Comments**
Draft community policy ▪ Establish KPIs for fund-raising initiatives ▪ Include employee volunteering guidelines ▪ Honour existing community partnerships and commitments responsibly until 2015	🟢	Completed, posted online in July 2013.
Track employee diversity (with a view to achieving management team diversity target)	🟢	Management team diversity increased to 36% women by June 2013.
Measure employee training	🟢	Existing, on-going.
Increase by 10% year-on-year the number of employees attending at least one seminar/briefing on lifestyle topics per year	🟢	Target achieved. The Sustainability Committee agreed that reporting on this activity is no longer material, however due to high levels of participation, the activities will continue.
Diversity target for management committee: 40% female	🟡	Increased to 36% by June 2013.
Disclose pay-by-gender ratio	🟢	Women get paid 1.14% more than men, on average.
Compile HIV/AIDS policy	🟢	Posted on the company intranet in 2012.
Compile lifelong learning policy	🟢	Completed, posted online in June 2013.
Environment	**Performance**	**Comments**
Develop environmental policy and publish on intranet	🟢	Completed, and to be published on intranet by October 2013.
Assess employee training needs (to achieve environmental goals)	🔴	We established an environment committee to track and manage the performance against environmental goals. Targeted training not required.
Complete employee training	🔴	(See above).
Communicate green data centre efficiency savings	🟢	Communicated in 2012 report.
Reduce 'energy' (includes electricity and waste) by 3%, year on year for the next 2 years. ▪ All cost savings from energy reduction will go towards SGX Bull Charge fund-raising	🟢	Energy saved in FY2012 amounted to 98,032 kWh. This translates to a total cost saving of $24,920.
Recycling facilities ▪ Install recycling bins throughout offices ▪ Review paper recycling options ▪ Appoint paper collector (and establish volume of paper needed to 'sell' – not pay for – collection) ▪ All savings from recycling to go to the SGX Bull Charge fund-raising	🟢	Completed in 2012.
All paper procured by SGX is to be from recycled sources	🟡	All paper used for internal purposes is recycled. However, for external business correspondence, SGX uses higher grade non-recycled paper.
Install energy saving settings on all laptops and computers	🟢	Completed in 2012.
Annual report to be printed on recycled paper	🟢	Achieved in 2013.
Annual report summary to be printed on recycled paper	🟢	Achieved in 2013.
Post annual report online	🟢	Achieved and ongoing.

Key

Achieved 🟢 Partially achieved 🟡 Not achieved 🔴

2013 Key Performance Data

Aspect/indicator	GRI Indicator (if applicable)	2011
Governance		
Number of cases of bribery or corruption in SGX	SO4	Nil
Number of cases of anti-competitive behaviour in SGX	SO7	Nil
Amount ($) of fines SGX paid for non-compliance with the law	SO8	Nil
Social		
Total number of employees	NA	590
SGX Gender pay gap (M/F), by job grade	LA13	Not reported
SGX Employees by Seniority ▪ Management Committee ▪ Executive staff ▪ Non-Executive staff	LA1	Not reported
SGX Employees by Gender (M:F)	LA12	44:56
SGX Employees by Contract Type ▪ Full time ▪ Part time	LA1	Not reported
SGX Employees by Age ▪ Below 30 years old ▪ Between 30 and 50 ▪ Over 50 years old	LA1	 ▪ 20% ▪ 73% ▪ 7%
Training	LA9	Average 26 hours per employee
Voluntary Departure by Gender (M:F)	LA1	55:45
Voluntary Departure by Age ▪ Below 30 years old ▪ Between 30 and 50 ▪ Over 50 years old	LA1	 ▪ 21% ▪ 71% ▪ 7%
Bull Charge participants	NA	Not reported
Bull Charge charity beneficiaries	NA	Bright Hill Evergreen Home
Bull Charge fund-raising total	NA	$1,340,000
Environment		
Electricity	EN3	1,754,997 kWh
Office paper procured	EN1	24.4 ton
Paper recycling	EN2	111 ton
Water	EN8	Not reported

2012	2013	Comments
Nil	Nil	
Nil	Nil	
Nil	Nil	
594	591	
Not reported	Average -1.14%	See graph in 'Social' section for details of gender pay variance by job grade.
▪ 7% ▪ 86% ▪ 7%	▪ 8% ▪ 85% ▪ 7%	
45:55	44:56	
▪ 99% ▪ 1%	▪ 99.5% ▪ 0.5%	
▪ 16% ▪ 76% ▪ 8%	▪ 15% ▪ 76% ▪ 9%	
Average 18 hours per employee	Average 30 hours per employee	
54:46	53:47	
▪ 19% ▪ 75% ▪ 6%	▪ 12% ▪ 80% ▪ 8%	
>5,000	4,200	
Autism Association, Lions Befriender Service Association, and Tan Tock Seng Hospital	Asian Women's Welfare Association (AWWA), Autism Association, Fei Yue Community Services and Shared Services for Charities	In 2012, SGX formalised 3-year partnerships with our chosen charity beneficiaries, with a view to establishing longer term relationships.
$1,162,000	$1,388,000	
1,517,007 kWh	1,418,975 kWh	6% reduction in FY2012; 18% reduction in FY2013. (NOTE: figures pro-rated to account for different reporting periods)
31.5 ton		
22 ton	7.9 ton	Includes paper shredded and collected from recycling bins.
2,400m^3	1,225m^3	In the absence of individual water meters, this figure is a pro-rata number based on the area occupied in the building.

Governance

Our focus on governance is two-pronged: our own corporate governance is exemplary and listed companies comply with the Singapore Code of Corporate Governance. Our activities contribute to raising corporate awareness and investor education. We are also active in thought leadership and policy development for corporate governance.

Communicating our position on Governance

"Our role is twofold; as a business and as a regulator. Last year our engagement with stakeholders showed us that on both fronts stronger communication was needed to signpost the resources and policies that we have within our organisation. In response, our communication and education activity has been significantly enhanced to reach out to investors, member companies and listed businesses.

Our research projects, training, background briefings and joint programmes with key partners have reaped substantial benefits in adding to the developing dialogue in Singapore on sustainability.

As a regulator, our intention is to progress awareness amongst listed companies. We recognise that demand from investors and shareholders for more information will really accelerate the process of change. In support of this development, we have published guidance for investors on reading sustainability reports.

The engagement that we have conducted in the past year gives us a full agenda going forward."

Yeo Lian Sim, Chief Regulatory & Risk Officer and governance sustainability lead

Addressing Stakeholders' Concerns

Three of the most material sustainability aspects identified by stakeholders sit within the 'governance' pillar; namely, anti-corruption, compliance and customer privacy.

- We have a robust policy on anti-money laundering and conducts regular training on the topic for our employees. Equally, we expect listed companies to assume a clear anti-corruption position when doing business. However, given the increase in international bribery legislation and guidelines and the diversity of countries and cultures in which listed companies operate, we have decided to clarify our position on the issue. We will compile a policy which defines bribery and corruption, what are considered acceptable cultural practices and which frameworks are considered most appropriate for listed companies. The policy will be published by June 2014.
- We have not faced any cases of non-compliance in our operations; these operations are closely monitored and regulated by the MAS.
- We are well positioned to meet the latest international regulatory and risk management standards set by IOSCO and CPSS-IOSCO. This has been achieved after an extensive review and sharpening of SGX's risk management and operational processes, and the addition of new rules and procedures to enhance the safety and efficiency of its subsidiaries.
- Customer privacy is essential for many reasons, not least for instilling confidence in the users of the Exchange that their details and data will be secure. We have had no breaches of data protection or customer privacy in the reporting period.

Policies

There are various ways in which we articulate our expectations and standards for good governance. Internally, employees are equipped with documentation and training on key areas such as: conduct and ethics; conflict of

interest disclosure; whistle-blowing; fraud awareness and ethical decision-making. Externally the companies listed on SGX must meet the requirements of the Listing Manual and the Singapore Code of Corporate Governance.

Commitments and Targets

The sustainability targets for 2013/14, which sit under the governance pillar, are:

- Codify and publish anti-corruption policy for employees and listed companies by June 2014.
- Deliver training on anti-corruption policy to employees.
- Develop an Investor Guide on Board Diversity by June 2014.
- Host three public seminars on corporate governance by June 2014.

Responsibilities and Resources

The Board and CEO are responsible for ensuring we meet the requirements of the Singapore Code of Corporate Governance. As a front-line regulator, listed companies answer to Issuer Regulation and Catalist Regulation departments, while surveillance of market trading is conducted by the Market Surveillance department. The RMR team comprises 115 people as at June 2013. The adequacy of resources for regulation and risk management is overseen by the RCC.

Case Studies and Specific Actions

In the reporting period, we commissioned research on Sustainability Reporting in Singapore, to compare the levels of reporting before and after the publication of SGX's Sustainability Reporting Guidelines in 2011. The headlines of this research will be made public in 2013.

Over the last eighteen months there have been discussions, in which we have participated, about board composition in Singapore. The conclusions drawn from this dialogue will be communicated in 2014.

As part of its growing investor education initiative, we issued "An Investor's Guide to Reading Sustainability Reports". The aim of this Guide – and the accompanying web video – is to empower investors with the ability to understand the non-financial risks communicated in sustainability reports.

Investor Education

We support on-going initiatives to educate and empower investors. The aim of these activities is to increase the financial literacy of investors through these engagements.

- SGX Academy organises about 250 events every year, covering both securities and derivatives products.
- SGX My Gateway was introduced in January 2012 to provide both new and existing investors with a one-stop investor portal to learn and complement their existing resources. There are over 158,000 subscribers to date.
- We ran an online investing competition called 'StockWhiz', from September to November 2012 with over 13,000 participants. The competition objective was to engage both new and existing investors to learn more about the securities market in a fun and lively manner.
- We have programmes for individuals who are looking to trading as a profession. And, two programmes for retail investors which are Basics of Investing and Sector Connect seminar series.
- In addition, we partner other organisations, such as SIAS and NLB to extend their educational outreach to students and members of the community.

Social

SGX has always had strong employment policies and a good track record in employee development. We are building on this strength by increasing our focus on equal opportunities and gender diversity. In addition, as a leading corporate citizen SGX takes a leadership position in organising the annual fund-raising Bull Charge run. We have strengthened our relationship with the Bull Charge beneficiaries by agreeing to longer term partnerships.

Keeping talent at the top of its game

"At SGX we have a highly skilled workforce. We aim to keep our employees highly motivated and maintain a low turnover. In the past year, there were notable changes to the employment landscape in Singapore with modifications in family care leave, lifetime learning and paternity leave. This has served as a prompt for us to not just align these practices but also to go beyond what is required.

On the community front, we had also strengthened our relationship with community partners by committing to a three-year term and focusing on areas directly linked to our business – financial literacy. Based on feedback received from our stakeholder engagement, our community partners conveyed that the revised three year term of our relationships, the inclusion of a financial literacy component and continuity in our relationships outside of the Bull Charge period is significantly more beneficial to them."

Arulraj Devadoss, Head of Human Resources and social sustainability lead

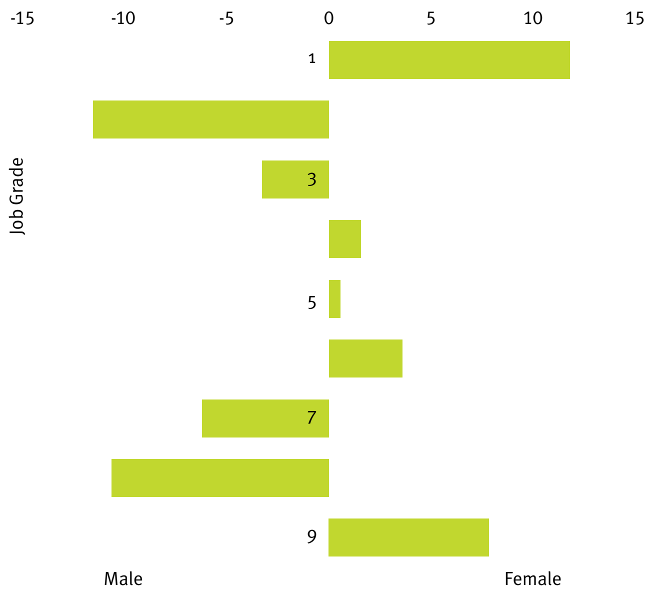
Addressing Stakeholders' Concerns

Through stakeholder engagement, SGX has identified three material sustainability aspects for SGX's social sustainability: employment practices, training and education, and diversity and equal opportunities.

- SGX's employment practices and training and education commitments are described in detail in FY2012 Annual Report. We continue to invest heavily in training our people in both the technical and soft skills.
- We have taken significant steps forward in terms of diversity and equal opportunities. We introduced part-time employment or no-pay leave entitlement to female employees for infant care and a guaranteed return to a similar role or job function. We are also one of very few companies globally to disclose gender pay. The figure below illustrates our gender pay ratio by job grade. This demonstrates SGX's commitment to ensure male and female employees are valued equally. We have also set ourselves a target to have females represent 40% of the management team, which creates a top-down culture of diversity and shows women in leadership positions.

Gender Pay Ratio

% variance (Male/Female) in total compensation, by job grade



Policies

SGX develops policies to outline the beliefs and principles which guide our decisions. We advocate continuous learning, supporting our staff in building a family, employment equality, contribution to local charity partners and focusing on financial literacy. We have developed policies for lifelong learning, maternity leave, HIV/AIDS in the workplace and our community investment. All employees, regardless of seniority, gender, or contract status, have access to SGX's employment policies, via the SGX intranet.

To articulate our community development activities, we produced a Community Investment policy. Our focus is on financial literacy, and we have defined our commitment to local charity partners along with our fund-raising targets for the annual Bull Charge.

Commitments and Targets

To improve further our employment and community practices, the following social goals were set:

- Report on gender pay gap in a quarterly report to the EXCO and Board.
- Ensure that gender pay ratio for total compensation is within 10% at all employment categories.
- Achieve gender diversity target for the management committee (40% female) by June 2014.
- To celebrate the 10th anniversary of the event, increase the Bull Charge fund-raising for 2013 from $1.388m to $3m.

Responsibilities and Resources

The Head of Human Resources, Arulraj Devadoss, is the lead on the social sustainability pillar. The employment, training and diversity activities sit naturally within the HR department's remit. Quarterly HR reports, including gender pay gap statistics are provided to the EXCO.

The Bull Charge organising committee has expanded its purview beyond the Bull Charge and the committee now manages the community partnerships which SGX has committed to.

Specific Actions

SGX set itself a target last year to report on the gender pay ratio within the company.

At SGX, the gender pay ratio in job grades 9 to 1 (for executive roles) is -1.14%, which means that women get paid an average of 1.14% more than men across these nine job grades. The data shows there is no systemic pay discrimination when comparing total compensation packages by gender. The variance arises from the different nature of roles across the different parts of the business. We report the gender pay ratio quarterly to the EXCO and we also aim to report to the Board going forward and monitor for any trends which might suggest discrimination. We aim also to reduce the gender pay variance to less than 10% in all job grades.

Environment

We believe we can demonstrate leadership in environmental sustainability. By investing in green technologies, reviewing procurement practices and encouraging behaviour changes in the workplace, we have already achieved greater efficiencies. All cost savings from these efficiencies are donated to the SGX Bull Charge fund-raising. We are cognisant that the move towards having two office locations and the continuing expansion of our businesses may increase our environmental footprint. Therefore we are developing mitigation practices and policies to minimise their impacts.

A quiet evolution

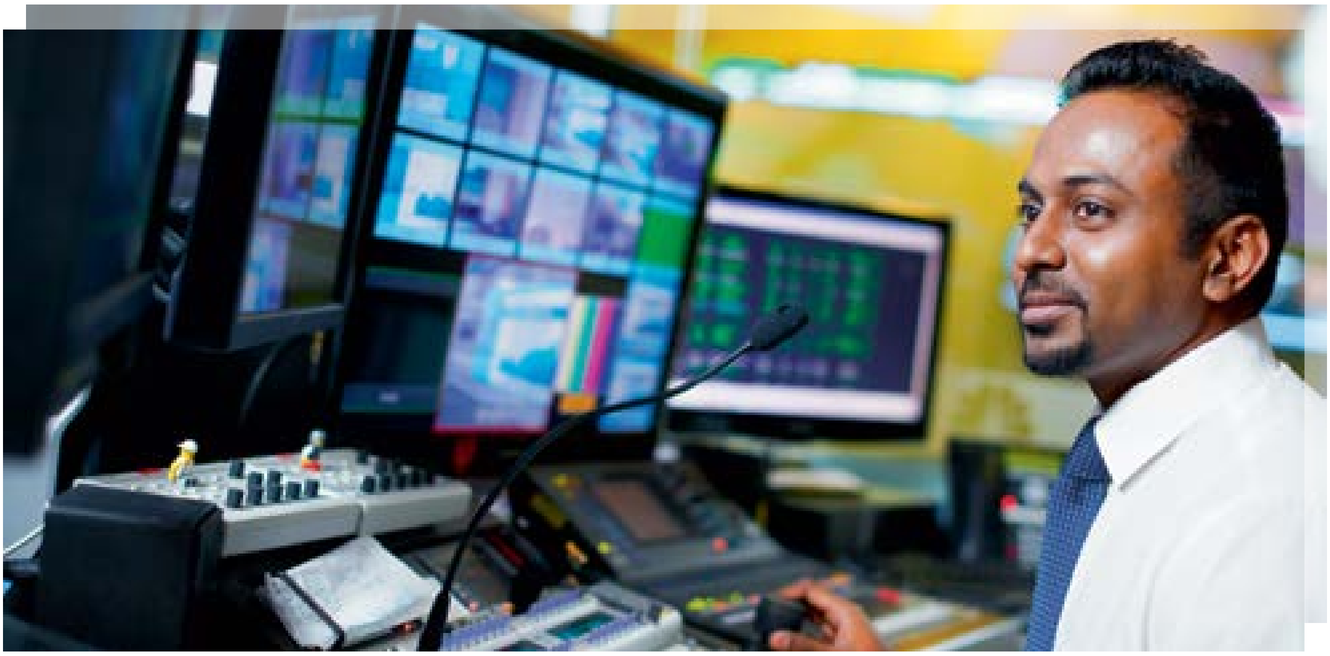
"The last year has been one of quiet, but visible, change. We increased the air-conditioning temperature throughout the office by 1°C as an energy saving measure and also installed recycling bins. These actions have been welcomed by our employees. We had assumed that colleagues were ambivalent about our environmental footprint, but our stakeholder engagement with employees and with external parties told us otherwise.

The continued investment in server virtualisation technology, coupled with monitoring and optimisation of our data centre efficiency, have allowed us to achieve notable reduction in energy consumption. We will continue to invest in data centre technologies to ensure we maintain an optimal operating efficiency.

We have plans for growth at SGX and we understand that this will affect our environmental footprint. For this reason, the Sustainability Committee has agreed to start measuring the 'energy footprint per manhour', since the number of employees is correlated with the size of our business. This will entail new measurement techniques and closely monitoring the number of manhours worked by employees and contractors.

In 2014, we will move 70% of our employees to Metropolis Tower 2, with the rest remaining in SGX Centre. This move represents a significant opportunity to introduce new, green features and technologies at conception, and to review our business practices and use of space. We believe that we can further reduce our environmental footprint by measuring, understanding and mitigating our impacts."

Chng Lay Chew, Chief Financial Officer and environmental sustainability lead



Addressing Stakeholders' Concerns

As an exchange, we are expected to demonstrate leadership in managing the environmental footprint as a responsible organisation. We will measure our energy footprint, establish a green business travel policy, reduce, reuse and recycle where possible.

Policies

Last year, we drafted an environmental policy for our operations. We will also be producing two more environmental policies: on the procurement of paper and green business travel.

Commitments and Targets

Going forward, we are committed to do the following:

- Take steps to meet the BCA Green Mark Platinum accreditation for our new premises at Metropolis Tower 2, and bring up the standard of the SGX Centre to BCA Green Mark Gold Plus.
- Establish and implement a procurement policy for all paper by December 2013, which will include a commitment to print the Annual Report on recycled paper.
- Establish a green business travel policy, incorporating overseas travel and inter-office commuting.
- Measure energy footprint per manhour[1] of our business, where energy includes electricity, water and paper.
- Maintain the target to reduce energy footprint per manhour by an average of 3% year-on-year from FY2012 to FY2014.

Responsibilities and Resources

The Environment Committee was established to ensure we meet our environmental goals. The Committee comprises representatives from Facilities Management, Technology and Investor Relations. Specialist advisors on sustainability have also been engaged to work with us on best practices and policies for our new premises.

Specific Actions

In this reporting period, our Environment Committee reviewed employee practices regarding electricity and paper consumption throughout our organisation. This allowed the Committee to identify wastage hot spots and address them immediately. Outcomes from this process included:

- Reduction of the usage of gallery lighting and ticker board.
- Re-engineering business processes to reduce dependency on paper. This entails finding solutions for electronic document management.
- Enabling power-saving settings on all laptops and computers.

We also launched the SGX Environmental Benchmark Insights (SEBI) to provide a service to our listed issuers. SEBI supports our listed issuers in responding to environmental issues and related impacts by providing an instant overview of the companies' environmental performance.

1 Manhour is defined as the hours worked for SGX by both full-time and part-time employees

Financials

Directors' Report

For the financial year ended 30 June 2013

The directors present their report to the shareholders together with the audited financial statements of Singapore Exchange Limited ("the Company" or "SGX") and of the Group for the financial year ended 30 June 2013.

Directors

The directors of the Company in office at the date of this report are as follows:

Chew Choon Seng (Chairman)
Magnus Böcker (Chief Executive Officer)
Thaddeus Beczak
Jane Diplock AO
Kwa Chong Seng (appointed on 20 September 2012)
Kevin Kwok (appointed on 20 September 2012)
Lee Hsien Yang
Liew Mun Leong
Ng Kee Choe
Robert Owen
Quah Wee Ghee
Davinder Singh

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share plans" in this report.

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Number of ordinary shares registered in name of director or nominee		Number of ordinary shares in which director is deemed to have an interest	
Singapore Exchange Limited	At 30.06.2013	At 01.07.2012 or date of appointment, if later	At 30.06.2013	At 01.07.2012 or date of appointment, if later
Kwa Chong Seng	20,000	20,000	–	–
Kevin Kwok	70,000	70,000	70,000	70,000

(b) There are no interests in options to subscribe for ordinary shares of the Company granted pursuant to the SGX Share Option Plan for Group Employees, which was terminated in 2005.

(c) According to the register of directors' shareholdings, one director holding office at the end of the financial year had interests in the shares of the Company granted pursuant to the SGX Performance Share Plan and SGX Deferred Long-Term Incentives Scheme as set out below:

Subject to the terms and conditions of the SGX Performance Share Plan and SGX Deferred Long-Term Incentives Scheme, 894,300 shares granted to Magnus Böcker will vest between 1 September 2013 and 1 September 2015.

(d) There was no change in any of the abovementioned interests in the Company or in related corporations between the end of the financial year and 21 July 2013.

Directors' contractual benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements or in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

Share plans

The Company offers the following share plans to its employees:

(a) SGX Performance Share Plan ("the Plan")
(b) SGX Deferred Long-Term Incentives Scheme ("the Scheme")

All share plans are administered by the Remuneration Committee ("RC").

(a) SGX Performance Share Plan

The Plan was approved at the 2005 Extraordinary General Meeting. It recognises and rewards past contributions and services, and motivates key senior management to ensure the long-term success of the Company.

Eligibility

Selected senior management who have attained the rank of Vice President, job grade 2 and above are eligible to participate in the Plan.

The RC may determine to grant a reward, wholly or partly, in the form of SGX shares, which will be free of charge, or in the form of cash. The amount released, if in the form of cash, is based on the market value of such shares on vesting date.

Unless otherwise decided by the RC, the entitlement to this award is conditional on the participant remaining in service up to the specified vesting date.

Restrictions

The total number of new SGX shares which may be issued pursuant to awards granted under the Plan on any date, when added to the total number of new shares issued and issuable in respect of all awards granted under the Plan, shall not exceed 10% of SGX's issued share capital on the day preceding the relevant date of award.

Participants are required to retain 50% of the total number of shares that are released to them for at least one calendar year from the vesting date.

Share plans (continued)

(a) SGX Performance Share Plan (continued)

Share grant and vesting

The RC approves every grant of the Plan, and has absolute discretion in the granting and award of performance shares.

The performance shares grant for financial years ("FY") 2006 to 2010 had vested by 30 June 2008, 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013 respectively.

(i) FY2010 Grant

The number of SGX shares awarded to each participant was based on the achievement of certain prescribed performance targets, over a three-year performance period from 1 July 2009 to 30 June 2012. The performance shares vested on 3 September 2012 and these performance shares were fulfilled by the delivery of shares previously purchased from the market.

The details of shares granted to the participants are as follows:

Participants (as defined under the Plan)	Shares granted at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year[1]	Balance as at 30.06.2013
Executive Committee ("EXCO") members					
Muthukrishnan Ramaswami[2]	96,800	96,800	(60,500)	(36,300)	–
Yeo Lian Sim[2]	82,300	82,300	(51,400)	(30,900)	–
Lawrence Wong Liang Ying[2]	62,900	62,900	(39,300)	(23,600)	–
Chew Sutat[2]	62,900	62,900	(39,300)	(23,600)	–
Robert Ian Caisley	48,400	48,400	(30,300)	(18,100)	–
					–
Other staff	328,500	249,900	(156,800)	(93,100)	–
					–
Other participants					–
Hsieh Fu Hua[2,3]	310,000	310,000	(193,800)	(116,200)	–
Seck Wai Kwong[2,4]	82,300	–	–	–	–
Chang Kuan Aun[5]	43,600	–	–	–	–
Gan Seow Ann[2,6]	96,800	–	–	–	–
Benjamin Foo[7]	25,300	25,300	(15,800)	(9,500)	–
	1,239,800	**938,500**	**(587,200)**	**(351,300)**	**–**

1 The number of shares vested during the financial year represents the level of achievement against the performance conditions.

2 Received more than 5% of the 1,239,800 shares granted under the FY2010 grant.

3 Hsieh Fu Hua was SGX's former Chief Executive Officer ("CEO") and his contract ended on 30 November 2009. Under his contract, he is eligible to receive the award at the vesting date, based on the level of achievement against the performance conditions.

4 Seck Wai Kwong resigned as SGX's Chief Financial Officer ("CFO") and his last day of service was 10 June 2011. All his unvested shares lapsed at the end of his employment.

5 Chang Kuan Aun resigned as SGX's Chief Human Resource Officer and his last day of service was 21 October 2011. All his unvested shares lapsed at the end of his employment.

6 Gan Seow Ann resigned as SGX's Co-President and his last day of service was 26 May 2012. All his unvested shares lapsed at the end of his employment.

7 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013. All his unvested shares lapsed at the end of his employment.

(ii) Special award to the former CEO, Hsieh Fu Hua

A conditional award of 436,485 shares was granted to Hsieh Fu Hua on 30 November 2009 and vested on 30 November 2012. These shares vested on the fulfillment of the condition that he did not, directly or indirectly, carry on or be engaged in, or be concerned with any activity or business which SGX may deem to be in competition with the business of the Company and its subsidiaries, for a period of one year from the grant date.

(iii) FY2011 Grant

The number of SGX shares to be awarded to each participant will be based on the achievement of certain prescribed performance targets, over a three-year performance period from 1 July 2010 to 30 June 2013. The performance shares will vest on 1 September 2013.

The details of shares granted to the participants are as follows:

Participants (as defined under the Plan)	Shares granted at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Balance as at 30.06.2013[1]
EXCO members				
Magnus Böcker[2]	192,200	192,200	–	192,200
Muthukrishnan Ramaswami[2]	96,000	96,000	–	96,000
Yeo Lian Sim[2]	82,000	82,000	–	82,000
Lawrence Wong Liang Ying[2]	62,000	62,000	–	62,000
Chew Sutat[2]	62,000	62,000	–	62,000
Robert Ian Caisley	48,000	48,000	–	48,000
Other staff	346,800	258,000	–	258,000
Other participants				
Seck Wai Kwong[2,3]	82,000	–	–	–
Chang Kuan Aun[4]	43,000	–	–	–
Gan Seow Ann[2,5]	96,000	–	–	–
Benjamin Foo[6]	43,000	43,000	(43,000)	–
	1,153,000	**843,200**	**(43,000)**	**800,200**

1 Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

2 Received more than 5% of the 1,153,000 shares granted under the FY2011 grant.

3 Seck Wai Kwong resigned as SGX's CFO and his last day of service was 10 June 2011. All his unvested shares lapsed at the end of his employment.

4 Chang Kuan Aun resigned as SGX's Chief Human Resource Officer and his last day of service was 21 October 2011. All his unvested shares lapsed at the end of his employment.

5 Gan Seow Ann resigned as SGX's Co-President and his last day of service was 26 May 2012. All his unvested shares lapsed at the end of his employment.

6 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013. All his unvested shares lapsed at the end of his employment.

Share plans (continued)

(a) SGX Performance Share Plan (continued)

(iv) FY2012 Grant

The number of SGX shares to be awarded to each participant will be based on the achievement of certain prescribed performance targets, over a three-year performance period from 1 July 2011 to 30 June 2014. The performance shares will vest on 1 September 2014.

The details of shares granted to the participants are as follows:

Participants (as defined under the Plan)	Shares granted at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Balance as at 30.06.2013[1]
EXCO members				
Magnus Böcker[2]	353,100	353,100	–	353,100
Muthukrishnan Ramaswami[2]	107,000	107,000	–	107,000
Yeo Lian Sim[2]	82,000	82,000	–	82,000
Chew Sutat[2]	72,000	72,000	–	72,000
Lawrence Wong Liang Ying[2]	64,000	64,000	–	64,000
Robert Ian Caisley	53,000	53,000	–	53,000
Other staff	309,000	309,000	–	309,000
Other participants				
Benjamin Foo[3]	48,000	48,000	(48,000)	–
	1,088,100	**1,088,100**	**(48,000)**	**1,040,100**

1 Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

2 Received more than 5% of the 1,088,100 shares granted under the FY2012 grant.

3 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013. All his unvested shares lapsed at the end of his employment.

(v) FY2013 Grant

The number of SGX shares to be awarded to each participant will be based on the achievement of certain prescribed performance targets, over a three-year performance period from 1 July 2012 to 30 June 2015. The performance shares will vest on 1 September 2015.

The details of shares granted to the participants are as follows:

Participants (as defined under the Plan)	Shares granted during the financial year	Shares lapsed during financial year	Balance as at 30.06.2013[1]
EXCO members			
Magnus Böcker[2]	174,500	–	174,500
Muthukrishnan Ramaswami[2]	69,000	–	69,000
Yeo Lian Sim[2]	48,800	–	48,800
Chew Sutat[2]	45,600	–	45,600
Lawrence Wong Liang Ying[2]	36,100	–	36,100
Robert Ian Caisley	33,700	–	33,700
Chng Lay Chew	15,900	–	15,900
Arulraj Maria Devadoss	15,900	–	15,900
Other staff	230,800	–	230,800
Other participants			
Benjamin Foo[3]	31,700	(31,700)	–
	702,000	**(31,700)**	**670,300**

1 Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

2 Received more than 5% of the 702,000 shares granted under the FY2013 grant.

3 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013. All his unvested shares lapsed at the end of his employment.

(vi) Summary of the Plan

The summary of the total number of shares granted, lapsed, vested and outstanding as at 30 June 2013 are as follows:

	Shares granted during financial year	Aggregate shares granted since commencement of the Plan to 30.06.2013	Aggregate shares lapsed since commencement of the Plan to 30.06.2013	Aggregate shares vested since commencement of the Plan to 30.06.2013	Aggregate shares outstanding as at 30.06.2013
Participants who received more than 5% of the total grants available					
Hsieh Fu Hua[1]	–	2,712,485	(676,900)	(2,035,585)	–
Gan Seow Ann[2]	–	902,100	(357,500)	(544,600)	–
Seck Wai Kwong[3]	–	845,600	(335,900)	(509,700)	–
Yeo Lian Sim	48,800	810,200	(181,100)	(416,300)	212,800
Magnus Böcker	174,500	719,800	–	–	719,800
Participants who received less than 5% of the total grants available					
Other staff	478,700	6,270,850	(2,249,800)	(2,443,050)	1,578,000
	702,000	**12,261,035**	**(3,801,200)**	**(5,949,235)**	**2,510,600**

1 Hsieh Fu Hua was SGX's former CEO and his contract ended on 30 November 2009.

2 Gan Seow Ann resigned as SGX's Co-President and his last day of service was 26 May 2012. All his unvested shares lapsed at the end of his employment.

3 Seck Wai Kwong resigned as SGX's CFO and his last day of service was 10 June 2011. All his unvested shares lapsed at the end of his employment.

No shares were granted to Associated Company Employees (as defined under the Plan) since the commencement of the Plan.

(b) SGX Deferred Long-Term Incentives Scheme

The Scheme was approved by the RC in July 2006. It recognises past contributions and services, and strengthens the Company's ability to reward and retain high-performing executives and key senior employees.

Eligibility

Selected executives who have attained the rank of Associate, job grade 9 up to Vice President, job grade 2 and who are not participants of the Plan are eligible to be considered for the award under the Scheme. From financial year 2013, the Scheme has been revised to selected executives from the level of Assistant Vice President up to CEO.

The entitlement to the award is conditional on the Recipient remaining in service up to the specified vesting date.

The RC may determine to grant an award, wholly or partly, in the form of SGX shares, which will be free of charge, or in the form of cash. If the award is in the form of SGX shares, the Scheme only allows the delivery of SGX shares held in treasury by the Company to fulfill its obligations to recipients. If the award is in the form of cash, the amount released is based on the market value of such shares on vesting date.

Share plans (continued)

(b) SGX Deferred Long-Term Incentives Scheme (continued)

Share award and vesting

(i) FY2010 Award

There were two awards in FY2010. Both awards were in the form of SGX shares. One award had a one-year vesting period which vested on 3 November 2010. The other vested in three equal instalments over a period of three years with the first instalment having vested on 3 November 2010. The final instalment of this award vested on 5 November 2012.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2013
Recipients (as defined under the Scheme)	433,500	110,300	(5,950)	(104,350)	–
Total	**433,500**	**110,300**	**(5,950)**	**(104,350)**	**–**

(ii) FY2011 Award

There were two awards in FY2011. Both awards were in the form of SGX shares. One award had a one-year vesting period which vested on 1 November 2011. The other award will vest in three equal instalments over a period of three years with the first instalment having vested on 1 November 2011.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2013
Recipients (as defined under the Scheme)	435,600	247,000	(21,450)	(116,600)	108,950
Total	**435,600**	**247,000**	**(21,450)**	**(116,600)**	**108,950**

(iii) FY2012 Award

There were two awards in FY2012. Both awards were in the form of SGX shares. One award had a one-year vesting period which vested on 1 November 2012. The other award will vest in three equal instalments over a period of three years with the first instalment having vested on 1 November 2012.

The details of shares awarded are as follows:

	Shares awarded at grant date	Balance as at 01.07.2012	Shares lapsed during financial year	Shares vested during financial year	Balance as at 30.06.2013
Recipients (as defined under the Scheme)	225,000	217,300	(18,900)	(71,800)	126,600
Total	**225,000**	**217,300**	**(18,900)**	**(71,800)**	**126,600**

No recipient has been awarded 5% or more of the total shares available under the Scheme for FY2012 award and before.

(iv) FY2013 Award

FY2013 had one award and was in the form of SGX shares. The award will vest in three equal instalments over a period of three years with the first instalment vesting on 1 September 2013.

The details of shares awarded are as follows:

Recipients (as defined under the Scheme)	Shares awarded during financial year	Shares lapsed during financial year	Balance as at 30.06.2013
EXCO members			
Magnus Böcker[1]	174,500	–	174,500
Muthukrishnan Ramaswami[1]	69,000	–	69,000
Yeo Lian Sim	48,800	–	48,800
Chew Sutat	45,600	–	45,600
Lawrence Wong Liang Ying	36,100	–	36,100
Robert Ian Caisley	33,700	–	33,700
Other staff	605,000	(17,400)	587,600
Other participants			
Benjamin Foo[2]	31,700	(31,700)	–
Total	**1,044,400**	**(49,100)**	**995,300**

1 Received more than 5% of the 1,044,400 shares granted under the FY2013 award.

2 Benjamin Foo resigned as SGX's Head of Operations and his last day of service was 11 January 2013. All his unvested shares lapsed at the end of his employment.

Board opinion on the adequacy of internal controls addressing financial, operational and compliance risks

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Company's internal controls, addressing financial, operational and compliance risks, were adequate as at 30 June 2013.

The system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit Committee

The Audit Committee comprises the following Non-Executive Directors at the date of this report:

Lee Hsien Yang (Chairman)
Jane Diplock AO (appointed on 20 September 2012)
Kevin Kwok (appointed on 20 September 2012)
Liew Mun Leong
Ng Kee Choe

Based on the criteria prescribed in the Singapore Code of Corporate Governance, all the Audit Committee members are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Regulation 14(2) of the Securities & Futures (Corporate Governance of Approved Exchanges, Designated Clearing Houses and Approved Holding Companies) Regulations 2005, the Singapore Code of Corporate Governance, and the SGX-ST Listing Manual. These functions include a review of the financial statements of the Company and of the Group for the financial year and the independent auditor's report thereon.

Accordingly, the Audit Committee has also undertaken a review of the nature and extent of non-audit services provided by the firm acting as the auditor. In the opinion of the Audit Committee, these services would not affect the independence of the auditor.

The Audit Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP be nominated for re-appointment at the forthcoming Annual General Meeting.

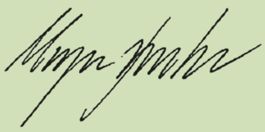
In appointing the auditor of the Company and the subsidiaries, the Group has complied with Rule 712 and Rule 715 of the SGX-ST Listing Manual. The Group has no significant associated companies.

Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Chew Choon Seng
Director



Magnus Böcker
Director

23 July 2013

Statement by Directors

For the financial year ended 30 June 2013

In the opinion of the directors,

(a) the statement of comprehensive income, statement of financial position and statement of changes in equity of the Company and the consolidated financial statements of the Group as set out on pages 98 to 155 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2013, of the results of the business and changes in equity of the Company and of the Group for the financial year then ended, and of the cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors

Chew Choon Seng
Director

Magnus Böcker
Director

23 July 2013

Independent Auditor's Report to the Members of Singapore Exchange Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Exchange Limited (the "Company") and its subsidiaries (the "Group") set out on pages 98 to 155, which comprise the statements of financial position as at 30 June 2013, the statements of comprehensive income, the statements of changes in equity of the Group and the Company and the consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013, and of the results, changes in equity of the Group and the Company and the cash flows of the Group for the financial year ended on that date.

Report on other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore, of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 23 July 2013

Statements of Financial Position

As at 30 June 2013

		The Group		The Company	
	Note	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Assets					
Current assets					
Cash and cash equivalents	3	**763,007**	697,681	**427,420**	470,127
Trade and other receivables	4	**756,656**	779,475	**14,580**	14,061
Securities clearing fund	6	**60,000**	35,000	**–**	–
		1,579,663	1,512,156	**442,000**	484,188
Non-current assets					
Available-for-sale financial asset	7	**50,956**	65,956	**50,956**	65,956
Trade and other receivables	4	**–**	–	**17,989**	–
Property, plant and equipment	8	**24,089**	26,325	**23,056**	25,000
Software	9	**111,949**	118,697	**31,188**	22,157
Club memberships		**287**	287	**287**	287
Investments in subsidiaries	10	**–**	–	**493,501**	393,501
Investments in joint venture	11	**–**	–	**–**	–
Investments in associated companies	12	**27,432**	5,968	**4,389**	4,389
		214,713	217,233	**621,366**	511,290
Total assets		**1,794,376**	1,729,389	**1,063,366**	995,478
Liabilities					
Current liabilities					
Trade and other payables	13	**783,285**	796,411	**340,976**	320,771
Derivative financial instruments	5	**885**	269	**–**	–
Taxation	14	**92,001**	70,138	**5,144**	2,305
Provisions	15	**7,345**	7,336	**4,889**	4,888
		883,516	874,154	**351,009**	327,964
Non-current liabilities					
Trade and other payables	13	**7,593**	6,608	**–**	–
Deferred tax liabilities	14	**14,646**	15,579	**1,737**	1,531
		22,239	22,187	**1,737**	1,531
Total liabilities		**905,755**	896,341	**352,746**	329,495
Net assets		**888,621**	833,048	**710,620**	665,983
Equity					
Capital and reserves attributable to the Company's equity holders					
Share capital	16	**426,298**	422,864	**426,298**	422,864
Treasury shares	16	**(20,010)**	(26,357)	**(20,010)**	(26,357)
Cash flow hedge reserve		**(736)**	(224)	**–**	–
Currency translation reserve		**(704)**	(510)	**–**	–
Derivatives clearing fund reserve	17	**34,021**	34,021	**–**	–
Securities clearing fund reserve	6	**25,000**	25,000	**–**	–
Share-based payment reserve		**12,525**	13,394	**12,525**	13,394
Retained profits		**241,161**	204,648	**120,741**	95,870
Proposed dividends	26	**171,066**	160,212	**171,066**	160,212
Total equity		**888,621**	833,048	**710,620**	665,983

Statements of Comprehensive Income

For the financial year ended 30 June 2013

	Note	The Group		The Company	
		2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Operating revenue					
Management fees from subsidiaries		**–**	–	**160,495**	144,029
Gross dividends from subsidiaries		**–**	–	**331,000**	280,000
Securities	18	**269,628**	248,464	**–**	–
Derivatives	18	**200,823**	163,191	**–**	–
Market data	18	**33,924**	35,044	**26**	44
Member services and connectivity	18	**47,832**	47,137	**10,210**	8,841
Depository services	18	**94,266**	91,255	**12,501**	12,022
Issuer services	18	**65,272**	61,544	**–**	–
Others		**3,399**	1,289	**905**	701
Operating revenue		**715,144**	647,924	**515,137**	445,637
Operating expenses					
Staff	19	**122,529**	105,869	**96,721**	81,046
Technology	20	**101,533**	104,381	**41,912**	42,255
Processing and royalties		**27,241**	27,814	**401**	242
Premises	21	**17,754**	17,285	**14,806**	14,409
Professional fees		**13,596**	12,968	**10,057**	10,689
Others	22	**18,290**	15,715	**12,074**	10,094
Operating expenses		**300,943**	284,032	**175,971**	158,735
Profit from operating segments	23	**414,201**	363,892	**339,166**	286,902
Other losses – net	24	**(9,794)**	(5,904)	**(12,299)**	(17,851)
Profit before tax and share of results of joint venture and associated companies		**404,407**	357,988	**326,867**	269,051
Share of results of joint venture and associated companies	11,12	**3,629**	(2,706)	**–**	–
Profit before tax		**408,036**	355,282	**326,867**	269,051
Tax	14	**(72,136)**	(63,528)	**(2,609)**	(2,522)
Net profit after tax		**335,900**	291,754	**324,258**	266,529
Attributable to:					
Equity holders of the Company		**335,900**	291,754	**324,258**	266,529
Earnings per share based on net profit attributable to the equity holders of the Company (in cents per share)					
– Basic	25	**31.43**	27.32		
– Diluted	25	**31.32**	27.24		

	Note	The Group		The Company	
		2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Net profit after tax		**335,900**	291,754	**324,258**	266,529
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Net currency translation differences of financial statements of associated company	12	**(194)**	241	**–**	–
Fair value losses arising from cash flow hedges	14(e)	**(512)**	(970)	**–**	–
Reclassification of fair value losses from fair value reserve to profit or loss on impairment of available-for-sale financial asset	24	**–**	3,700	**–**	3,700
Other comprehensive (expense)/income for the financial year, net of tax		**(706)**	2,971	**–**	3,700
Total comprehensive income for the financial year		**335,194**	294,725	**324,258**	270,229
Total comprehensive income attributable to:					
Equity holders of the Company		**335,194**	294,725	**324,258**	270,229

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2013

The Group

	Note	Share capital $'000	Treasury shares $'000	Cash flow hedge reserve* $'000	Currency translation reserve* $'000	Derivatives clearing fund reserve* $'000	Securities clearing fund reserve* $'000	Share-based payment reserve* $'000	Retained profits $'000	Proposed dividends $'000	Total $'000
2013											
Balance at 1 July 2012		**422,864**	**(26,357)**	**(224)**	**(510)**	**34,021**	**25,000**	**13,394**	**204,648**	**160,212**	**833,048**
Dividends paid											
– Financial year 2012											
– Final dividend	26	–	–	–	–	–	–	–	–	**(160,212)**	**(160,212)**
– Financial year 2012											
– Underprovision of final dividend		–	–	–	–	–	–	–	**(52)**	–	**(52)**
– Financial year 2013											
– Interim dividends	26	–	–	–	–	–	–	–	**(128,269)**	–	**(128,269)**
Proposed dividend											
– Financial year 2013											
– Final dividend	26	–	–	–	–	–	–	–	**(171,066)**	**171,066**	–
Employee share plan											
– value of employee services	19	–	–	–	–	–	–	**9,366**	–	–	**9,366**
Vesting of shares under share plans		**3,434**	**6,801**	–	–	–	–	**(10,235)**	–	–	–
Tax effect on treasury shares**	16(a)	–	**(454)**	–	–	–	–	–	–	–	**(454)**
Total comprehensive income for the financial year		–	–	**(512)**	**(194)**	–	–	–	**335,900**	–	**335,194**
Balance at 30 June 2013		**426,298**	**(20,010)**	**(736)**	**(704)**	**34,021**	**25,000**	**12,525**	**241,161**	**171,066**	**888,621**

* These reserves are not available for distribution as dividends to the equity holders of the Company.

** The tax effect relates to the deferred tax benefit/(liability) on the difference between consideration paid for treasury shares and share-based payment to employees.

	Note	Share capital $'000	Treasury shares $'000	Cash flow hedge reserve* $'000	Currency translation reserve* $'000	Derivatives clearing fund reserve* $'000	Fair value reserve* $'000	Securities clearing fund reserve* $'000	Share-based payment reserve* $'000	Retained profits $'000	Proposed dividends $'000	Total $'000
2012												
Balance at 1 July 2011		419,553	(31,156)	746	(751)	34,021	(3,700)	25,000	18,855	201,321	160,090	823,979
Dividends paid												
– Financial year 2011												
– Final dividend		–	–	–	–	–	–	–	–	–	(160,090)	(160,090)
– Financial year 2011												
– Underprovision of final dividend		–	–	–	–	–	–	–	–	(46)	–	(46)
– Financial year 2012												
– Interim dividends	26	–	–	–	–	–	–	–	–	(128,169)	–	(128,169)
Proposed dividend												
– Financial year 2012												
– Final dividend	26	–	–	–	–	–	–	–	–	(160,212)	160,212	–
Issue of ordinary shares		174	–	–	–	–	–	–	(51)	–	–	123
Employee share plan – value of employee services	19	–	–	–	–	–	–	–	2,664	–	–	2,664
Vesting of shares under share plans		3,137	4,937	–	–	–	–	–	(8,074)	–	–	–
Tax effect on treasury shares**	16(a)	–	(138)	–	–	–	–	–	–	–	–	(138)
		3,311	4,799	–	–	–	–	–	(5,461)	(288,427)	122	(285,656)
Total comprehensive income for the financial year		–	–	(970)	241	–	3,700	–	–	291,754	–	294,725
Balance at 30 June 2012		422,864	(26,357)	(224)	(510)	34,021	–	25,000	13,394	204,648	160,212	833,048

* These reserves are not available for distribution as dividends to the equity holders of the Company.

** The tax effect relates to the deferred tax benefit/(liability) on the difference between consideration paid for treasury shares and share-based payment to employees.

Statement of Changes in Equity

For the financial year ended 30 June 2013

The Company

	Note	Share capital $'000	Treasury shares $'000	Fair value reserve* $'000	Share-based payment reserve* $'000	Retained profits $'000	Proposed dividends $'000	Total $'000
2013								
Balance at 1 July 2012		**422,864**	**(26,357)**	**–**	**13,394**	**95,870**	**160,212**	**665,983**
Dividends paid								
– Financial year 2012 – Final dividend	26	**–**	**–**	**–**	**–**	**–**	**(160,212)**	**(160,212)**
– Financial year 2012 – Underprovision of final dividend		**–**	**–**	**–**	**–**	**(52)**	**–**	**(52)**
– Financial year 2013 – Interim dividends	26	**–**	**–**	**–**	**–**	**(128,269)**	**–**	**(128,269)**
Proposed dividend								
– Financial year 2013 – Final dividend	26	**–**	**–**	**–**	**–**	**(171,066)**	**171,066**	**–**
Employee share plan – value of employee services	19	**–**	**–**	**–**	**9,366**	**–**	**–**	**9,366**
Vesting of shares under share plans		**3,434**	**6,801**	**–**	**(10,235)**	**–**	**–**	**–**
Tax effect on treasury shares**	16(a)	**–**	**(454)**	**–**	**–**	**–**	**–**	**(454)**
Total comprehensive income for the financial year		**–**	**–**	**–**	**–**	**324,258**	**–**	**324,258**
Balance at 30 June 2013		**426,298**	**(20,010)**	**–**	**12,525**	**120,741**	**171,066**	**710,620**
2012								
Balance at 1 July 2011		419,553	(31,156)	(3,700)	18,855	117,768	160,090	681,410
Dividends paid								
– Financial year 2011 – Final dividend		–	–	–	–	–	(160,090)	(160,090)
– Financial year 2011 – Underprovision of final dividend		–	–	–	–	(46)	–	(46)
– Financial year 2012 – Interim dividends	26	–	–	–	–	(128,169)	–	(128,169)
Proposed dividend								
– Financial year 2012 – Final dividend	26	–	–	–	–	(160,212)	160,212	–
Issue of ordinary shares		174	–	–	(51)	–	–	123
Employee share plan – value of employee services	19	–	–	–	2,664	–	–	2,664
Vesting of shares under share plans		3,137	4,937	–	(8,074)	–	–	–
Tax effect on treasury shares**	16(a)	–	(138)	–	–	–	–	(138)
		3,311	4,799	–	(5,461)	(288,427)	122	(285,656)
Total comprehensive income for the financial year		–	–	3,700	–	266,529	–	270,229
Balance at 30 June 2012		422,864	(26,357)	–	13,394	95,870	160,212	665,983

* These reserves are not available for distribution as dividends to the equity holders of the Company.

** The tax effect relates to the deferred tax benefit/(liability) on the difference between consideration paid for treasury shares and share-based payment to employees.

Consolidated Statement of Cash Flows
For the financial year ended 30 June 2013

	Note	**2013 $'000**	2012 $'000
Cash flows from operating activities			
Profit before tax and share of results of joint venture and associated companies		**404,407**	357,988
Adjustments for:			
– Depreciation and amortisation	23	**40,386**	40,532
– Net write-off/impairment of property, plant and equipment and software	22	**–**	654
– Net gain on disposal of property, plant and equipment and software	22	**–**	(3)
– Grant income for property, plant and equipment and software	22	**(546)**	(832)
– Share-based payment to employees	19	**9,366**	2,664
– Impairment loss on investment in joint venture	24	**–**	1,127
– Impairment loss on available-for-sale financial asset	24	**15,000**	11,000
– Dividend income	24	**(683)**	(562)
– Interest income	24	**(3,903)**	(4,269)
Operating cash flow before working capital change		**464,027**	408,299
Change in working capital			
– Trade and other receivables		**22,712**	171,111
– Trade and other payables		**(12,132)**	(187,510)
– (Accrual)/Reversal of accrual for property, plant and equipment and software		**(4,205)**	9,998
Cash generated from operations		**470,402**	401,898
Income tax paid	14(c)	**(51,555)**	(56,618)
Net cash provided by operating activities		**418,847**	345,280
Cash flows from investing activities			
Purchases of property, plant and equipment and software		**(27,636)**	(50,831)
Proceeds from disposal of property, plant and equipment and software		**–**	57
Grant received for property, plant and equipment and software		**985**	396
Dividend received from other investments		**683**	562
Dividend received from associated company	12	**1,960**	–
Interest received		**4,009**	3,599
Investment in joint venture	11	**–**	(1,263)
Investment in associated company	12	**(19,989)**	–
Net cash used in investing activities		**(39,988)**	(47,480)
Cash flows from financing activities			
Net proceeds from issue of ordinary shares		**–**	123
Contributions to securities clearing fund	6	**(25,000)**	(5,000)
Dividends paid		**(288,533)**	(288,305)
Net cash used in financing activities		**(313,533)**	(293,182)
Net increase in cash and cash equivalents		**65,326**	4,618
Cash and cash equivalents at beginning of financial year	3	**547,660**	544,782
Increase in cash set aside for Singapore Exchange Derivatives Clearing Limited's Clearing Fund		**–**	(1,740)
Cash and cash equivalents at end of financial year	3	**612,986**	547,660

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is incorporated and domiciled in Singapore. On 23 November 2000, the Company was admitted to the Official List of Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of the registered office is:

2 Shenton Way
#19-00 SGX Centre 1
Singapore 068804

The principal activities of the Group are to operate the only integrated securities exchange and derivatives exchange in Singapore and related clearing houses.

The principal activities of the Company are those of investment holding, treasury management, provision of management and administrative services to related corporations, provision of contract processing and technology connectivity services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant change in the principal activities of the Company and its subsidiaries during the financial year.

2. Significant accounting policies

(a) Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention except as disclosed in the accounting policies below. The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions, based on management's best knowledge, that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Information about significant areas of estimation uncertainty and critical judgements in applying the accounting policies that have significant effect on the amount recognised in the financial statements are included in the following notes:

Notes 7 and 36	– Available-for-sale financial asset
Note 14	– Income taxes

From 1 July 2012, the Group has adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are applicable for the financial year. These financial statements have been prepared and amended as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The new or amended FRS that are relevant to the Group are as follows:

Amendment to FRS 1 Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).

The amendment requires items presented in other comprehensive income to be separated into two groups based on whether or not they may be recycled to profit or loss in the future.

The adoption of the amendment does not have an impact on the accounting policies and measurement bases adopted by the Group.

(b) Group accounting

(1) Subsidiaries

(i) Consolidation

Subsidiaries are entities over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, intercompany transactions, balances and unrealised gains and losses on transactions between group companies are eliminated unless losses cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interest is that part of the net results of operations and of net assets of a subsidiary attributable to interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interest based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

Please refer to Note 2(g) for the Company's accounting policy on investments in subsidiaries.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. Please refer to Note 2(i)(1) for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific FRS.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2(g) for the Company's accounting policy on investments in subsidiaries.

(2) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments. Please refer to Note 2(i)(1) for the Group's accounting policy on goodwill, on acquisition of associated companies.

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distribution received from associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the assets transferred. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to Note 2(g) for the Company's accounting policy on investments in associated companies.

(3) Joint ventures

Joint ventures are those equity investments in companies, in which the Group has a long-term interest and has, by way of contractual arrangements, joint control in the companies' operational and financial affairs.

Joint ventures are accounted for under the equity method whereby the Group's share of profit or losses and other comprehensive income of joint ventures is included in the consolidated statement of comprehensive income and the Group's share of net assets or liabilities is included in the consolidated statement of financial position. Where the accounting policies of joint ventures do not conform with those of the Group, adjustments to the Group's financial statements are made for the amounts which are considered significant to the Group.

Please refer to Note 2(g) for the Company's accounting policy on investments in joint ventures.

(c) Currency translation

(1) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The presentation currency of the consolidated financial statements is Singapore Dollars ("SGD"), which is also the functional currency of the Company.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss.

Foreign currency monetary assets and liabilities are translated into the functional currency at the rates of exchange at the balance sheet date. Currency translation differences are recognised in profit or loss.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

2. Significant accounting policies (continued)

(c) Currency translation (continued)

(2) Transactions and balances (continued)

The results and financial position of foreign operations, associates and joint ventures that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) Revenue and expenses are translated at average exchange rates; and

(iii) All resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the foreign operations, associates and joint ventures that give rise to such reserve.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits with banks which are subject to an insignificant risk of change in value.

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. An allowance for impairment of trade and other receivables is recognised when there is objective evidence that the Group will not be able to collect amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate and is recognised in profit or loss.

The allowance for impairment loss is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(f) Available-for-sale financial assets

Investments, which are designated in this category, are initially recognised at fair value plus transaction costs and are subsequently carried at fair value. Purchase and sales of investments are recognised on trade date, on which the Group commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investment have expired or all risks and rewards of ownership have been transferred. Changes in fair values of available-for-sale equity securities are recognised in the fair value reserve, together with the related currency translation differences. The fair value of investments not traded in an active market are determined by using valuation techniques, such as discounted cash flow analysis.

Dividends on available-for-sale financial assets are recognised in profit or loss when the right to receive payment is established.

When financial assets classified as available-for-sale are sold, the difference between the carrying amount and the sales proceeds is recognised in the profit or loss. The accumulated fair value adjustments recognised in the fair value reserve within equity are reclassified to profit or loss.

The Group assesses at each balance sheet date whether there is objective evidence that the financial assets are impaired. A significant or prolonged decline in the fair value of the asset below its cost is considered an indicator that the equity security is impaired. When there is objective evidence that an available-for-sale financial asset is impaired, the cumulative loss that has been recognised directly in the fair value reserve is removed from the fair value reserve within equity and recognised in profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses previously recognised in profit or loss on available-for-sale financial assets are not reversed through profit or loss.

(g) Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are stated at cost less accumulated impairment losses in the statement of financial position. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. Impairment losses are recognised in the profit or loss in the year in which it is determined.

On disposal of an investment, the difference between the net proceeds and its carrying amount is recognised in profit or loss.

Please refer to Note 2(t)(2) for the Company's accounting policy on impairment of investments in subsidiaries, joint ventures and associated companies.

(h) Property, plant and equipment

(1) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently stated at cost less accumulated impairment losses. Buildings and leasehold land are subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

(2) Other property, plant and equipment

All other property, plant and equipment are initially recognised at cost and subsequently stated at cost less accumulated depreciation and accumulated impairment losses.

(3) Components of costs

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition and bringing the asset to the condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is required to be incurred for the purpose of acquiring and using the asset.

(4) Depreciation of property, plant and equipment

No depreciation is provided on freehold land and work-in-progress.

Depreciation is calculated on a straight-line basis to allocate the cost of property, plant and equipment over their expected useful lives as follows:

	Useful lives
Buildings and leasehold land	Lower of 30 years or remaining lease period
Leasehold improvements	Remaining lease period ranging from 1 to 7 years
Furniture, fittings and office equipment	3 to 10 years
Computer hardware	1 to 7 years
Motor vehicles	5 years

Fully depreciated assets still in use are retained in the financial statements.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each financial year end. The effects of any revision are recognised in profit or loss when the changes arise.

(5) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Group and the cost can be reliably measured. All other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(6) Disposal

On disposal or retirement of a property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

(i) Intangible assets

(1) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

(2) Software

Costs that are directly associated with identifiable software controlled by the Group that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Costs incurred for maintaining computer software programmes are recognised as an expense when incurred.

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and other directly attributable costs of preparing the software for its intended use. Expenditures including employee costs, which enhance or extend the performance of computer software programmes beyond their original specifications, are recognised as a capital improvement and added to the original cost of the software.

Computer software costs and acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives, a period not exceeding 7 years. Where an indication of impairment exists, the carrying amount is assessed and written down immediately to its recoverable amount.

The period and method of amortisation of the software are reviewed at least at each balance sheet date. The effects of any revision of the amortisation period or method are included in profit or loss for the period in which the changes arise.

(j) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(k) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

(l) Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

2. Significant accounting policies (continued)

(l) Derivative financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair value or cash flows of the hedged items.

Derivatives that are designated as hedging instrument are designated by the Group as cash flow hedge. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

Currency forwards – cash flow hedge

The Group has entered into currency forwards that qualify as cash flow hedges against highly probable forecasted transactions in foreign currencies. The fair value changes on the effective portion of the currency forwards designated as cash flow hedges are recognised in the hedging reserve and transferred to either the cost of a hedged non-monetary asset upon acquisition or profit or loss when the hedged forecast transactions are recognised.

The fair value of currency forward contracts purchased or sold is based on the quoted bid price or offer price respectively at the balance sheet date. The notional principal amounts of the currency forward contracts are recorded as off-balance sheet items.

The fair value changes on the ineffective portion of currency forwards are recognised immediately in profit or loss. When a forecasted transaction is no longer expected to occur, the gains and losses that were previously recognised in the hedging reserve are transferred to profit or loss immediately.

(m) Share capital and treasury shares

Ordinary shares are classified as equity.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid, including any directly attributable incremental costs, net of income taxes, is deducted from equity attributable to the Company's equity holders and presented as "treasury shares" within equity, until they are cancelled, sold or reissued.

When treasury shares are cancelled, the cost of the treasury shares is deducted against the share capital account, if the shares are purchased out of capital of the Company, or against the retained profits of the Company, if the shares are purchased out of profits of the Company.

When treasury shares are subsequently sold or reissued pursuant to the share-based compensation plan, the cost of the treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is taken to the share capital account of the Company.

(n) Dividends

Interim dividends are deducted from retained profits during the financial year in which they are declared payable.

Final dividends are transferred from retained profits to a proposed dividend reserve when they are proposed by the directors. The amount will be transferred from the proposed dividend reserve to dividend payable when the dividends are approved by the shareholders.

(o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable. Revenue is presented net of goods and services tax and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured and it is probable that the collectability of the related receivables is reasonably assured. The recognition criteria below must be met before revenue is recognised:

(i) securities clearing revenue, futures, options and over-the-counter clearing revenue, net of rebates, on a due date basis;

(ii) listing revenue, membership revenue, connectivity revenue and rental income on a time proportion basis;

(iii) access revenue, market data revenue, depository services revenue, corporate actions and other revenue, when the services are rendered;

(iv) interest income, on a time proportion basis using the effective interest method;

(v) dividend income, when the right to receive payment is established; and

(vi) management fees, when the services are rendered.

(p) Income taxes

Current income tax liabilities (and assets) for current and prior periods are recognised at the amounts expected to be paid to (or recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets and liabilities are measured at:

(i) the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date; and

(ii) the tax consequence that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax jurisdiction.

(q) Leases

(1) Where a group company is the lessee:

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised at the inception of the lease at the lower of fair value of the leased property or the estimated present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in finance lease liabilities. The interest element of the finance charge is charged to profit or loss over the lease period. Plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset.

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease period.

When a finance or operating lease is terminated before the expiry of the lease period, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which the lease is terminated.

(2) Where a group company is the lessor:

Operating lease rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(r) Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are offset against the related expenses. Government grants relating to assets are deducted against the carrying amount of the assets.

(s) Employee benefits

Employee benefits are recognised as employee compensation expense when they are due, unless they can be capitalised as an asset.

(1) Defined contribution plans

The Group makes legally required contributions to the Central Provident Fund ("Fund"). The Group's obligation, in regard to the defined contribution plan, is limited to the amount it contributes to the Fund. The Group's contributions are recognised as employee compensation expense when they are due.

(2) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(3) Long-term incentive scheme (cash-based)

The Group awards long-term incentive to employees. The entitlement to this benefit is conditional on the employee remaining in service up to the specified service period. The expected costs of this benefit are accrued over the specified service period.

(4) Share-based compensation

(i) Share options

The fair value of the employee services received in exchange for the grant of the share options is recognised as share-based payment to employees in profit or loss with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the share options on grant date and the expected number of shares under options to be vested on vesting date.

The expected number of shares under options to be vested is fixed unless they have been forfeited or have lapsed prior to vesting date. Any changes to the expected number of shares under options to be vested will entail a corresponding adjustment to the share-based payment to employees and share-based payment reserve. The Group assesses this change at the end of each financial reporting period.

The proceeds received net of any directly attributable transaction costs and the related balance previously recognised in the share-based payment reserve are credited to share capital when the options are exercised.

(ii) Performance share plan/ Deferred long-term incentives scheme (share-based)

The fair value of the employee services received in exchange for the grant of shares is recognised as share-based payment to employees in profit or loss with a corresponding increase in the share-based payment reserve over the vesting period. The amount is determined by reference to the fair value of the shares on grant date and the expected number of shares to be vested on vesting date.

At the end of each financial reporting period, the Company revises its estimates of the expected number of shares that the participants are expected to receive. Any changes to the expected number of shares to be vested will entail a corresponding adjustment to the share-based payment to employees and share-based payment reserve.

Upon vesting of a share-based compensation plan, the portion of share-based payment previously recognised in the share-based payment reserve is reversed against treasury shares. Differences between share-based payment and cost of treasury shares are taken to the share capital of the Company.

2. Significant accounting policies (continued)

(t) Impairment of non-financial assets

(1) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Goodwill included in the carrying amount of an investment in associated company is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(2) Intangible assets
Property, plant and equipment
Investment in subsidiaries, associated companies and joint ventures

Intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are reviewed for impairment whenever there is any objective evidence or indication that the carrying amount may not be fully recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of an asset's net selling value and its value in use. The impairment loss is recognised in profit or loss.

The recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee who are responsible for allocating resources and assessing performance of the operating segments.

(v) Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

3. Cash and cash equivalents

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Cash at bank and on hand	**28,321**	30,225	**10,020**	10,693
Fixed deposits with banks	**734,686**	667,456	**417,400**	459,434
	763,007	697,681	**427,420**	470,127

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	The Group	
	2013 $'000	2012 $'000
Cash and bank balances (as above)	**763,007**	697,681
Less: Cash set aside for Singapore Exchange Derivatives Clearing Limited ("SGX-DC") Clearing Fund (Note 29)	**(150,021)**	(150,021)
Cash and cash equivalents per consolidated statement of cash flows	**612,986**	547,660

The carrying amounts of cash and cash equivalents approximate their fair values.

Fixed deposits have the following average maturity from the end of the financial year with the following weighted average effective interest rates:

	The Group		The Company	
	2013	2012	**2013**	2012
Average maturity (days)	**123**	129	**84**	112
Effective weighted average interest rate (% per annum)	**0.51**	0.59	**0.51**	0.60

The exposure of cash and cash equivalents to interest rate risks is disclosed in Note 36.

4. Trade and other receivables

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Current				
Trade receivables (net) (Note (a))	**733,019**	752,928	**4,147**	3,617
Other receivables (Note (b))	**23,637**	26,547	**10,433**	10,444
	756,656	779,475	**14,580**	14,061
(a) Trade receivables comprise:				
Receivables from clearing members and settlement banks				
– Daily settlement of accounts for due contracts and rights	**638,482**	685,139	**–**	–
Trade receivables	**96,634**	69,169	**4,147**	3,624
	735,116	754,308	**4,147**	3,624
Less: Allowance for impairment of trade receivables (Note 36)	**(2,097)**	(1,380)	**–**	(7)
	733,019	752,928	**4,147**	3,617
(b) Other receivables comprise:				
Interest receivable	**9,483**	9,521	**800**	1,115
Prepayments	**12,322**	10,978	**8,088**	7,582
Deposits	**335**	264	**177**	116
Staff advances	**28**	61	**26**	53
Government grants receivable	**800**	4,830	**800**	800
Others (non-trade)	**669**	893	**542**	778
	23,637	26,547	**10,433**	10,444
Non-Current				
Trade and other receivables – Amount due from subsidiary (non-trade)	**–**	–	**17,989**	–

The carrying amounts of trade and other receivables approximate their fair values.

5. Derivative financial instruments

The table below sets out the notional principal amounts of the outstanding currency forward contracts of the Group and their corresponding fair values at the balance sheet date:

	Contract notional principal		Fair value liability	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
The Group				
Currency forwards				
– Cash flow hedges	**38,739**	36,887	**885**	269
Total	**38,739**	36,887	**885**	269

As at 30 June 2013, the settlement dates on currency forward contracts range between 1 and 9 months (2012: 1 and 9 months).

Currency forwards designated as cash flow hedges are entered to hedge transactions denominated in United States Dollar ("USD"). Expected future gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to profit or loss in the month the transaction takes place.

The fair value measurement of these derivative financial instruments is disclosed in Note 36.

6. Securities Clearing Fund

The securities clearing fund was established under the clearing rules of the securities clearing subsidiary, The Central Depository (Pte) Limited ("CDP"). The clearing fund is to provide resources to enable CDP to discharge its obligations and the liabilities of defaulting clearing members arising from transactions in approved securities and futures.

The CDP Clearing Fund uses a scalable structure to better align members' contributions to their clearing risk exposure with CDP. Contributions by clearing members will vary with value of the securities and futures traded.

The CDP Clearing Fund comprised contributions from both CDP and its clearing members as follows:

(a) Contribution by CDP

	The Group	
	2013 $'000	2012 $'000
Cash at bank – contributed by CDP	**60,000**	35,000

Cash contributions by CDP are denominated in SGD and placed in interest bearing accounts with a bank. The initial $25,000,000 contribution by CDP into the CDP Clearing Fund is recorded in the securities clearing fund reserve.

(b) Contribution by Clearing Members

The cash contributions from CDP clearing members are not recorded in the consolidated statement of financial position of the Group as these contributions are held in trust by the Group.

	The Group	
	2013 $'000	2012 $'000
Contributions by CDP clearing members		
– cash at bank, held in trust	**41,527**	48,724

The CDP clearing fund is a trust asset held subject to the trust purposes set out in CDP Clearing Rule 7.1.2.

Payments out of the CDP Clearing Fund shall be made in the following order:

(1) Contributions by defaulting clearing members;

(2) Contributions by CDP of an amount not less than 15% of the CDP Clearing Fund size or $30,000,000, whichever is higher;

(3) Collateralised contributions by all other non-defaulting clearing members on a pro-rata basis in the proportion of each clearing member's required Collateralised Contribution to the total required Collateralised Contributions of all other non-defaulting clearing members at the time of default;

(4) Contingent contributions by all other non-defaulting clearing members on a pro-rata basis in the proportion of each clearing member's required Contingent Contributions to the total required Contingent Contributions of all other non-defaulting clearing members;

(5) Insurance (if any); and

(6) Any other contributions (In the current financial year, CDP has contributed additional $25,000,000 (2012: $5,000,000) of cash to the CDP Clearing Fund. The last layer of the CDP Clearing Fund amounts to $35,000,000 (2012: $10,000,000)).

7. Available-for-sale financial asset

	The Group and The Company	
	2013 $'000	2012 $'000
Unlisted equity security – BSE Limited ("BSE")		
Balance at beginning of financial year	**65,956**	73,256
Impairment losses (Note 24)	**(15,000)**	(7,300)
Balance at end of financial year	**50,956**	65,956

As of 30 June 2013, the fair value of the unlisted equity security has been determined by discounting the future estimated cash flows at the weighted average discount rate of 13% (2012: 14%). The discount rate used reflected the specific risks relating to operating an exchange in India. Future cash flows are forecasted based on past financial performance and after considering factors such as macroeconomics, general market and industry-specific conditions and other relevant information.

While the estimated fair value is sensitive to any change in key assumptions and inputs to the valuation model such as future cash flows and discount rate, the change in the fair value estimate is not likely to be material to the overall financial position of the Group or the Company. A sensitivity analysis of price and currency risk has been included in Note 36.

During the financial year, the Group and the Company recognised an impairment loss of $15,000,000 (2012: $11,000,000) against the unlisted equity security. The impairment loss arose mainly due to a decline in the fair value of the equity security and depreciation of the Indian Rupee ("INR") against the SGD. In the prior year, the impairment arose mainly due to a prolonged depreciation of the INR.

In May 2010, BSE's shareholders approved a preferential allotment of new shares and the Board of BSE has decided to issue and allot one million new shares. In line with the Company's entitlement to anti-dilution rights, BSE has offered SGX to subscribe for additional shares to maintain SGX's stake at 5%. The subscription of the new shares is approximately $1.1 million and SGX has expressed interest in accepting the share offer on 27 July 2010. The allotment and subscription of new shares were pending regulatory approvals in India. This offer for subscription of new shares has lapsed following expiration of the resolution approved by BSE's shareholders.

8. Property, plant and equipment

	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Computer hardware $'000	Motor vehicles $'000	Work-in-progress[a] $'000	Total $'000
The Group						
2013						
Cost						
At 1 July 2012	**38,071**	**2,797**	**39,164**	**750**	**1,442**	**82,224**
Reclassification	**–**	**–**	**856**	**–**	**(856)**	**–**
Additions	**59**	**44**	**845**	**–**	**5,256**	**6,204**
Disposals	**–**	**–**	**(14)**	**–**	**–**	**(14)**
At 30 June 2013	**38,130**	**2,841**	**40,851**	**750**	**5,842**	**88,414**
Accumulated depreciation						
At 1 July 2012	**32,359**	**2,268**	**21,084**	**188**	**–**	**55,899**
Depreciation charge[b]	**2,842**	**302**	**5,143**	**150**	**–**	**8,437**
Disposals	**–**	**–**	**(11)**	**–**	**–**	**(11)**
At 30 June 2013	**35,201**	**2,570**	**26,216**	**338**	**–**	**64,325**
Net book value						
At 30 June 2013	**2,929**	**271**	**14,635**	**412**	**5,842**	**24,089**

(a) Work-in-progress comprises mainly systems infrastructure under development and leasehold improvements under construction.

(b) Depreciation of leasehold improvements in SGX's data centres amounting to $818,000 (2012: $673,000) is classified as depreciation and amortisation expense under Technology cost.

8. Property, plant and equipment (continued)

	Leasehold improvements $'000	Furniture, fittings and office equipment $'000	Computer hardware $'000	Motor vehicles $'000	Work-in-progress[a] $'000	Total $'000
The Group (continued)						
2012						
Cost						
At 1 July 2011	37,003	2,541	37,557	750	523	78,374
Reclassification	324	–	1,322	–	(1,646)	–
Additions	744	256	309	–	2,565	3,874
Disposals	–	–	(22)	–	–	(22)
Write-off	–	–	(2)	–	–	(2)
At 30 June 2012	38,071	2,797	39,164	750	1,442	82,224
Accumulated depreciation						
At 1 July 2011	29,971	2,080	16,480	38	–	48,569
Depreciation charge[b]	2,388	188	4,612	150	–	7,338
Disposals	–	–	(6)	–	–	(6)
Write-off	–	–	(2)	–	–	(2)
At 30 June 2012	32,359	2,268	21,084	188	–	55,899
Net book value						
At 30 June 2012	5,712	529	18,080	562	1,442	26,325
The Company						
2013						
Cost						
At 1 July 2012	**37,888**	**1,202**	**25,039**	**750**	**796**	**65,675**
Reclassification	**–**	**–**	**177**	**–**	**(177)**	**–**
Additions	**59**	**–**	**845**	**–**	**5,224**	**6,128**
At 30 June 2013	**37,947**	**1,202**	**26,061**	**750**	**5,843**	**71,803**
Accumulated depreciation						
At 1 July 2012	**32,182**	**698**	**7,607**	**188**	**–**	**40,675**
Depreciation charge[b]	**2,838**	**280**	**4,804**	**150**	**–**	**8,072**
At 30 June 2013	**35,020**	**978**	**12,411**	**338**	**–**	**48,747**
Net book value						
At 30 June 2013	**2,927**	**224**	**13,650**	**412**	**5,843**	**23,056**
2012						
Cost						
At 1 July 2011	36,825	956	24,118	750	293	62,942
Reclassification	324	–	690	–	(1,014)	–
Additions	739	246	233	–	1,517	2,735
Write-off	–	–	(2)	–	–	(2)
At 30 June 2012	37,888	1,202	25,039	750	796	65,675
Accumulated depreciation						
At 1 July 2011	29,808	530	3,228	38	–	33,604
Depreciation charge[b]	2,374	168	4,381	150	–	7,073
Write-off	–	–	(2)	–	–	(2)
At 30 June 2012	32,182	698	7,607	188	–	40,675
Net book value						
At 30 June 2012	5,706	504	17,432	562	796	25,000

(a) Work-in-progress comprises mainly systems infrastructure under development and leasehold improvements under construction.

(b) Depreciation of leasehold improvements in SGX's data centres amounting to $818,000 (2012: $673,000) is classified as depreciation and amortisation expense under Technology cost.

9. Software

	Software $'000	Work- in-progress $'000	Total $'000
The Group			
2013			
Cost			
At 1 July 2012	**205,996**	**28,167**	**234,163**
Reclassification	**17,071**	**(17,071)**	**–**
Additions	**8,903**	**16,734**	**25,637**
Disposals	**(790)**	**–**	**(790)**
Write-off	**(20,885)**	**–**	**(20,885)**
At 30 June 2013	**210,295**	**27,830**	**238,125**
Accumulated amortisation			
At 1 July 2012	**115,466**	**–**	**115,466**
Amortisation charge	**31,949**	**–**	**31,949**
Disposals	**(354)**	**–**	**(354)**
Write-off	**(20,885)**	**–**	**(20,885)**
At 30 June 2013	**126,176**	**–**	**126,176**
Net book value			
At 30 June 2013	**84,119**	**27,830**	**111,949**
2012			
Cost			
At 1 July 2011	160,091	41,828	201,919
Reclassification	48,072	(48,072)	–
Additions	2,182	34,777	36,959
Disposals	(3,305)	–	(3,305)
Write-off	(1,044)	(366)	(1,410)
At 30 June 2012	205,996	28,167	234,163
Accumulated amortisation			
At 1 July 2011	83,855	–	83,855
Amortisation charge	33,194	–	33,194
Disposals	(827)	–	(827)
Write-off	(756)	–	(756)
At 30 June 2012	115,466	–	115,466
Net book value			
At 30 June 2012	90,530	28,167	118,697

9. Software (continued)

	Software $'000	Work- in-progress $'000	Total $'000
The Company			
2013			
Cost			
At 1 July 2012	**26,117**	**14,775**	**40,892**
Reclassification	**2,545**	**(2,545)**	**–**
Additions	**1,608**	**10,575**	**12,183**
Write-off	**(594)**	**–**	**(594)**
At 30 June 2013	**29,676**	**22,805**	**52,481**
Accumulated amortisation			
At 1 July 2012	**18,735**	**–**	**18,735**
Amortisation charge	**3,152**	**–**	**3,152**
Write-off	**(594)**	**–**	**(594)**
At 30 June 2013	**21,293**	**–**	**21,293**
Net book value			
At 30 June 2013	**8,383**	**22,805**	**31,188**
2012			
Cost			
At 1 July 2011	20,441	3,772	24,213
Reclassification	5,534	(5,534)	–
Additions	1,186	16,537	17,723
Write-off	(1,044)	–	(1,044)
At 30 June 2012	26,117	14,775	40,892
Accumulated amortisation			
At 1 July 2011	16,616	–	16,616
Amortisation charge	2,875	–	2,875
Write-off	(756)	–	(756)
At 30 June 2012	18,735	–	18,735
Net book value			
At 30 June 2012	7,382	14,775	22,157

10. Investments in subsidiaries

	The Company	
	2013 $'000	2012 $'000
Equity investments at cost		
Balance at beginning of financial year	**393,501**	393,501
Capital injection (Note 29)	**100,000**	–
Balance at end of financial year	**493,501**	393,501

Details of the subsidiaries are as follows:

Name of subsidiary	Note	Principal activities	Country of business and incorporation	Equity held by The Company **2013** **%**	Equity held by The Company 2012 %	Equity held by Subsidiaries **2013** **%**	Equity held by Subsidiaries 2012 %
Singapore Exchange Securities Trading Limited	(a)	Operating a securities exchange	Singapore	**100**	100	**–**	–
Singapore Exchange Derivatives Trading Limited	(a)	Operating a derivatives exchange	Singapore	**100**	100	**–**	–
The Central Depository (Pte) Limited	(a)	Providing clearing, counterparty guarantee, depository and related services for securities transactions	Singapore	**100**	100	**–**	–
Singapore Exchange Derivatives Clearing Limited	(a)	Providing clearing, counterparty guarantee and related services for derivatives transactions	Singapore	**100**	100	**–**	–
Singapore Exchange IT Solutions Pte Limited	(a)	Providing computer services and maintenance, and software maintenance	Singapore	**100**	100	**–**	–
Asian Gateway Investments Pte Ltd	(a)	Investment holding	Singapore	**100**	100	**–**	–
Singapore Commodity Exchange Limited	(a)	Inactive	Singapore	**100**	100	**–**	–
SGX International Pte. Ltd.	(a)	Dormant	Singapore	**100**	100	**–**	–
Securities Clearing and Computer Services (Pte) Limited	(a)	Dormant	Singapore	**100**	100	**–**	–
Asia Converge Pte Ltd	(a)	Dormant	Singapore	**–**	–	**100**	100
Asiaclear Pte Ltd	(a)	Dormant	Singapore	**–**	–	**100**	100
CDP Nominees Pte Ltd	(a)	Dormant	Singapore	**–**	–	**100**	100
Globalclear Pte Ltd	(a)	Dormant	Singapore	**–**	–	**100**	100
Joint Asian Derivatives Pte. Ltd.	(a)	Dormant	Singapore	**–**	–	**100**	100
SGX America Ltd	(b)	Dormant	United States of America	**–**	–	**100**	100

(a) Audited by PricewaterhouseCoopers LLP, Singapore.
(b) Not required to be audited in the United States of America.

11. Investments in joint venture

	The Group
	2012 $'000
Investments at cost	
Balance at beginning of financial year	3,613
Capital injection	1,263
Share of results	(3,749)
Impairment loss (Note 24)	(1,127)
Balance at end of financial year	–

There is no movement for investments in joint venture in the current financial year.

Name of joint venture	Principal activities	Country of business and incorporation	Equity holding 2013 %	Equity holding 2012 %
Chi-East Pte. Ltd. ("Chi-East")	Operate an electronic securities trading platform	Singapore	**50**	50

In May 2012, the Board of Chi-East decided to cease operations of Chi-East due to commercial considerations and expectations of continued weak business prospects. The Group has assessed that the carrying amount may not be recoverable and has recorded an impairment loss relating to the investment in Chi-East in financial year 2012.

The Group has not recognised its share of losses in Chi-East amounting to $299,000 (2012: $395,000) as the Group has fully impaired its investment in Chi-East in financial year 2012. The cumulative unrecognised losses amounts to $694,000 (2012: $395,000) at the balance sheet date. The Group has not taken up its share of the net assets of Chi-East as the joint venture is the process of liquidation.

The following amounts represent the Group's 50% share of the assets and liabilities and results of the joint venture as at 30 June 2012. The amounts for financial year 2012 have been equity accounted for in the consolidated statement of financial position and statement of comprehensive income up till May 2012, the impairment date.

	The Group
	2012 $'000
Statement of financial position	
Assets:	
Current assets	694
Non-current assets	11
	705
Liabilities:	
Current liabilities	86
Net assets	619
Statement of comprehensive income	
Revenue	24
Expenses	(4,168)
Loss before tax	(4,144)
Tax	–
Loss after tax	(4,144)
Cash flow	
Operating cash outflows	(3,812)
Investing cash outflows	(14)
Financing cash inflows	1,271
Total cash outflows	(2,555)
Capital commitments in relation to interest in joint venture	–
Proportionate interest in joint venture's commitments	–

12. Investments in associated companies

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Equity investment at cost			**4,389**	4,389
Balance at beginning of financial year	**5,968**	4,684		
Acquisition of associate	**19,989**	–		
Share of results	**3,629**	1,043		
Dividends received	**(1,960)**	–		
Currency translation differences	**(194)**	241		
Balance at end of financial year	**27,432**	5,968		

During the financial year, the Group acquired a 49% equity interest in Energy Market Company Pte Ltd.

Details of the associated companies held by the Group are as follows:

			Equity holding	
Name of company	Principal activity	Country of business and incorporation	**2013 %**	2012 %
Philippine Dealing System Holdings Corp.[a]	Investment holding	Philippines	**20**	20
Energy Market Company Pte Ltd[b]	Operating a wholesale electricity market	Singapore	**49**	–

(a) Audited by SyCip Gorres Velayo & Co, Philippines
(b) Audited by Ernst & Young LLP, Singapore

The summarised financial information of the associated companies is as follows:

	The Group	
	2013 $'000	2012 $'000
The Group's proportionate share		
– Assets	**139,109**	6,003
– Liabilities	**126,909**	610
– Revenue	**17,259**	3,990
– Net profit	**3,629**	1,043
Share of associated companies' contingent liabilities incurred jointly with other investors	**–**	–
Contingent liabilities in which the Group is severally liable	**–**	–

Goodwill amounting to $15,232,000 (2012: $575,000) is included in the carrying amount of the investments in associated companies.

13. Trade and other payables

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Current				
Trade payables (Note (a))	**682,531**	716,283	**192**	–
Other payables (Note (b))	**100,754**	80,128	**59,706**	46,690
Amount due to subsidiaries (non-trade) (Note (c))	**–**	–	**281,078**	274,081
	783,285	796,411	**340,976**	320,771
Non-current				
Trade and other payables:				
– Accrual for operating expenses	**7,593**	6,608	**–**	–
(a) Trade payables comprise:				
Payables to clearing members and settlement banks – Daily settlement of accounts for due contracts and rights	**638,482**	685,139	**–**	–
Other trade payables	**44,049**	31,144	**192**	–
	682,531	716,283	**192**	–
(b) Other payables comprise:				
Accrual for operating expenses	**46,324**	34,695	**23,003**	18,341
Accrual for bonus	**39,995**	30,944	**31,993**	23,653
Central Provident Fund payable	**991**	964	**654**	627
Advance receipts	**6,016**	7,553	**93**	83
Others (non-trade)	**7,428**	5,972	**3,963**	3,986
	100,754	80,128	**59,706**	46,690

(c) The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

The carrying amounts of trade and other payables approximate their fair values.

14. Income taxes

(a) Income tax expense

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Tax expense attributable to profit is made up of:				
– current income tax	**73,418**	60,343	**2,857**	1,114
– deferred income tax	**(1,282)**	3,185	**(248)**	1,408
	72,136	63,528	**2,609**	2,522

(b) Tax reconciliation

The tax expense on profit differs from the amount that would arise using the Singapore rate of income tax due to the following:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Profit before tax and share of results of joint venture and associated companies	**404,407**	357,988	**326,867**	269,051
Tax calculated at a tax rate of 17% (2012: 17%)	**68,749**	60,858	**55,567**	45,739
Tax effect of:				
Singapore statutory income exemption	**(157)**	(146)	**(26)**	(26)
Income not subject to tax	**(116)**	(316)	**(56,386)**	(47,818)
Tax rebate	**(158)**	–	**(30)**	–
Expenses not deductible for tax purposes	**2,774**	2,487	**2,724**	4,042
Others	**1,044**	645	**760**	585
	72,136	63,528	**2,609**	2,522

(c) Movements in provision for tax

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**70,138**	66,413	**2,305**	265
Income tax (paid)/recovered	**(51,555)**	(56,618)	**(18)**	926
Tax expense on profit for the financial year	**73,418**	60,343	**2,857**	1,114
Balance at end of financial year	**92,001**	70,138	**5,144**	2,305

In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses.

The Group has open tax assessments at the year-end. As management believes that the tax positions are sustainable, the Group has not recognised any additional tax liability on these uncertain positions.

(d) Deferred income tax

The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Deferred tax assets:				
– to be recovered within 12 months	**1,273**	1,716	**1,123**	1,671
– to be recovered after 12 months	**875**	929	**875**	929
	2,148	2,645	**1,998**	2,600
– Effect of offsetting	**(2,148)**	(2,645)	**(1,998)**	(2,600)
	–	–	**–**	–
Deferred tax liabilities:				
– to be settled within 12 months	**6,343**	6,441	**1,386**	1,244
– to be settled after 12 months	**10,451**	11,783	**2,349**	2,887
	16,794	18,224	**3,735**	4,131
– Effect of offsetting	**(2,148)**	(2,645)	**(1,998)**	(2,600)
	14,646	15,579	**1,737**	1,531

FINANCIALS

14. Income taxes (continued)

The movements in the gross deferred tax assets and liabilities during the financial year are as follows:

The Group – deferred tax assets

	Cash flow hedge reserve		Employee share plan		Total	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**45**	–	**2,600**	3,657	**2,645**	3,657
Charged to profit or loss	**–**	–	**(148)**	(919)	**(148)**	(919)
Credited/(charged) to equity	**105**	45	**(454)**	(138)	**(349)**	(93)
Balance at end of financial year	**150**	45	**1,998**	2,600	**2,148**	2,645

The Group – deferred tax liabilities

	Cash flow hedge reserve		Accelerated tax depreciation		Total	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**–**	153	**18,224**	15,958	**18,224**	16,111
(Credited)/charged to profit or loss	**–**	–	**(1,430)**	2,266	**(1,430)**	2,266
Credited to equity	**–**	(153)	**–**	–	**–**	(153)
Balance at end of financial year	**–**	–	**16,794**	18,224	**16,794**	18,224

The Company – deferred tax assets

	Employee share plan	
	2013 $'000	2012 $'000
Balance at beginning of financial year	**2,600**	3,657
Charged to profit or loss	**(148)**	(919)
Charged to equity	**(454)**	(138)
Balance at end of financial year	**1,998**	2,600

The Company – deferred tax liabilities

	Accelerated tax depreciation	
	2013 $'000	2012 $'000
Balance at beginning of financial year	**4,131**	3,642
(Credited)/charged to profit or loss	**(396)**	489
Balance at end of financial year	**3,735**	4,131

Deferred tax assets have not been recognised in respect of the following items:

	The Group	
	2013 $'000	2012 $'000
Tax losses	**22,777**	22,777
Unutilised capital allowances	**615**	615

These items principally relate to four entities within the Group which are dormant. Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The tax losses and unutilised capital allowances are subject to the relevant provisions of the Singapore Income Tax Act and confirmation by the tax authorities.

(e) Tax effects on other comprehensive income

	The Group			The Company		
	Before tax $'000	**Tax benefit/ (liability) $'000**	**Net of tax $'000**	**Before tax $'000**	**Tax benefit/ (liability) $'000**	**Net of tax $'000**
2013						
Other comprehensive income						
Net currency translation differences of financial statements of associated company	**(194)**	**–**	**(194)**	**–**	**–**	**–**
Fair value losses arising from cash flow hedges	**(617)**	**105**	**(512)**	**–**	**–**	**–**
	(811)	**105**	**(706)**	**–**	**–**	**–**
2012						
Other comprehensive income						
Net currency translation differences of financial statements of associated company	241	–	241	–	–	–
Reclassification of fair value losses from fair value reserve to profit or loss on impairment of available-for-sale financial asset	3,700	–	3,700	3,700	–	3,700
Fair value losses arising from cash flow hedges	(1,168)	198	(970)	–	–	–
	2,773	198	2,971	3,700	–	3,700

15. Provisions

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Provision for SGX-MAS Market Development Scheme (Note (a))	**1,802**	1,802	**–**	–
Provision for unutilised leave (Note (b))	**2,622**	2,613	**1,968**	1,967
Provision for dismantlement, removal or restoration of property, plant and equipment (Note (c))	**2,921**	2,921	**2,921**	2,921
	7,345	7,336	**4,889**	4,888

(a) Provision for SGX-MAS Market Development Scheme

Provision for SGX-MAS Market Development Scheme is used to fund projects that will raise awareness of the securities and derivatives market among investors.

Movements in this provision are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**1,802**	1,864	**–**	–
Utilisation of provision	**–**	(62)	**–**	–
Balance at end of financial year	**1,802**	1,802	**–**	–

15. Provisions (continued)

(b) Provision for unutilised leave

Provision for unutilised leave is the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Movements in this provision are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**2,613**	2,662	**1,967**	2,110
Provision made/(utilised) during the financial year, net	**9**	(49)	**1**	(143)
Balance at end of financial year	**2,622**	2,613	**1,968**	1,967

(c) Provision for dismantlement, removal or restoration of property, plant and equipment

Provision for dismantlement, removal or restoration is the estimated cost of dismantlement, removal or restoration of leased premises. The provision is expected to be utilised upon return of the leased premises at SGX Centre.

Movements in this provision are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Balance at beginning of financial year	**2,921**	2,996	**2,921**	2,916
Provision (utilised)/made during the financial year, net	**–**	(75)	**–**	5
Balance at end of financial year	**2,921**	2,921	**2,921**	2,921

16. Share capital of Singapore Exchange Limited

(a) Share capital and treasury shares

The Company

	Number of shares		Amount	
	Issued share capital '000	Treasury shares '000	Share capital $'000	Treasury shares $'000
2013				
Balance at beginning of financial year	**1,071,642**	**3,561**	**422,864**	**(26,357)**
Tax effect on treasury shares	**–**	**–**	**–**	**(454)**
Vesting of shares under share plans	**–**	**(1,080)**	**3,434**	**6,801**
Balance at end of financial year	**1,071,642**	**2,481**	**426,298**	**(20,010)**
2012				
Balance at beginning of financial year	1,071,566	4,297	419,553	(31,156)
Issue of shares under employee share option plans	76	–	174	–
Tax effect on treasury shares	–	–	–	(138)
Vesting of shares under share plans	–	(736)	3,137	4,937
Balance at end of financial year	1,071,642	3,561	422,864	(26,357)

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company, except for shares held as treasury shares.

The Company did not purchase any of its ordinary shares during the financial year pursuant to the Share Purchase Mandate approved by shareholders (2012: Nil). Shares bought back previously are held as treasury shares. The Company plans to use these shares to fulfil its obligations under the Company's share-based compensation plans.

(b) Share options

(i) Outstanding options

Share options are granted to executive directors and employees.

At the Extraordinary General Meeting held on 22 September 2005, the Remuneration Committee terminated the SGX Share Option Plan ("the Option Plan"), with regard to grant of further options, following the adoption of the SGX Performance Share Plan. Options granted and outstanding prior to the termination continued to be valid and were subjected to the terms and conditions of the Option Plan. All options granted under the Option Plan had expired on 1 November 2011.

The movements in the number of unissued ordinary shares under option and their exercise prices in financial year 2012 were as follows:

The Group and The Company

Number of unissued ordinary shares under options	01.11.2004 grant
Exercise period	02.11.2006 to 01.11.2011
Exercise price	$1.60
2012	
Balance at beginning of financial year	76,500
Exercised	(76,500)
Balance at end of financial year	–

All outstanding options have been exercised as at 30 June 2012 and the average share price of SGX's ordinary shares for financial year 2012 was $6.65.

(ii) Options exercised during financial year 2012

During financial year ended 30 June 2012, options for 76,500 shares were exercised as follows:

Number of ordinary shares under options	Exercise price $	Proceeds $'000	Exercise month
54,000	1.60	87	October 2011
22,500	1.60	36	November 2011
76,500		123	

(iii) Fair value of share options

The fair value of the options was estimated by adopting the Cox-Ross-Rubinstein (1979) binomial tree model, based on the following information and assumptions on expected dividend yield, risk-free interest rate, expected volatility and time to maturity:

Date of grant	Exercise period	Number of unissued shares under options	Fair value of option at grant date $	Exercise price $*	Expected dividend yield %	Risk-free interest rate %	Expected volatility rate %
01.11.2004	02.11.2006 to 01.11.2011	–	0.43	1.60	3.15	2.64	27.94

* The exercise price has been adjusted following special dividends paid in 2003 and 2005.

16. Share capital of Singapore Exchange Limited (continued)

(c) Performance share plans ("the Plan")

(i) Outstanding performance shares

Details of performance shares awarded to participants at the balance sheet date are as follows:

	The Group and The Company						
Number of shares	FY2009 grant	FY2010 grant*	FY2010 Special award to Hsieh Fu Hua	FY2011 Grant**	FY2012 Grant**	FY2013 Grant**	Total
2013							
Balance at beginning of financial year	**–**	**938,500**	**436,485**	**843,200**	**1,088,100**	**–**	**3,306,285**
Granted	**–**	**–**	**–**	**–**	**–**	**702,000**	**702,000**
Vested	**–**	**(351,300)**	**(436,485)**	**–**	**–**	**–**	**(787,785)**
Lapsed	**–**	**(587,200)**	**–**	**(43,000)**	**(48,000)**	**(31,700)**	**(709,900)**
Balance at end of financial year	**–**	**–**	**–**	**800,200**	**1,040,100**	**670,300**	**2,510,600**

Number of shares	FY2009 grant*	FY2010 grant**	FY2010 Special award to Hsieh Fu Hua	FY2011 Grant**	FY2012 Grant**	FY2013 Grant	Total
2012							
Balance at beginning of financial year	1,636,500	1,143,500	436,485	1,033,400	–	–	4,249,885
Granted	–	–	–	–	1,088,100	–	1,088,100
Vested	(306,700)	–	–	–	–	–	(306,700)
Lapsed	(1,329,800)	(205,000)	–	(190,200)	–	–	(1,725,000)
Balance at end of financial year	–	938,500	436,485	843,200	1,088,100	–	3,306,285

* The number of shares vested represents the level of achievement against the performance conditions.

** Represents the number of shares required if participants are to be awarded at 100% of the grant. However, the shares to be awarded at the vesting date may range from 0% to 150% of the grant, depending on the level of achievement against the performance conditions.

The terms of the Plan are set out in the Directors' Report under the caption "SGX Performance Share Plan".

(ii) Fair value of performance shares

The fair value of performance shares at grant date and the key assumptions of the fair value model for the grants were as follows:

	FY2013 grant	FY2012 grant	FY2011 Grant	FY2010 grant	FY2009 grant
Date of grant	15.08.2012	04.04.2012	01.07.2010	02.07.2009	07.07.2008
Vesting date	01.09.2015	01.09.2014	01.09.2013	03.09.2012	01.09.2011
Number of performance shares at grant date	702,000	1,088,100	1,153,000	1,239,800	1,834,000
Fair value per performance share at grant date	$5.19	$5.27	$6.36	$6.52	$5.52
Assumption under Monte-Carlo Model					
Expected volatility					
Shares of Singapore Exchange Limited	19.82%	27.36%	43.19%	46.75%	44.15%
Straits Times Index	NA	NA	NA	28.59%	16.56%
FTSE Mondo Visione	23.02%	28.29%	38.07%	34.64%	28.68%
Historical volatility period	36 months	36 months	36 months	36 months	36 months
Risk-free interest rate	0.28%	0.37%	0.53%	0.81%	1.49%
Date on which yield of Singapore government bond was based	15.08.2012	03.04.2012	30.06.2010	01.07.2009	04.07.2008
Term (years)	3	3	3	3	3
Cost of funding					
Fixed deposit/risk-free interest rate	0.28%	0.37%	0.53%	0.81%	1.49%
Expected dividend yield based on management's forecast	4.91%	3.73%	4.03%	2.75%	5.41%
Share price reference	$6.90	$6.63	$7.44	$7.40	$6.68

NA: Not applicable.

FY2010 Special award to Hsieh Fu Hua

The fair value of the performance shares was estimated by the present value of the share price adjusted for future expected dividends and funding cost. The fair value of shares at grant date and the key assumptions of the fair value model for the grant was as follows:

Date of grant	30.11.2009
Vesting date	30.11.2012
Number of performance shares at grant date	436,485
Fair value per performance share at grant date	$6.95
Assumption used in fair value model	
Risk-free interest rate	0.78%
Date on which yield of Singapore government bond was based	26.11.2009
Cost of funding	
Risk-free interest rate	0.78%
Expected dividend yield based on management's forecast	4.53%
Share price reference	$7.90

16. Share capital of Singapore Exchange Limited (continued)

(d) Deferred long-term incentives scheme ("the Scheme")

(i) Outstanding deferred long-term incentives shares

Details of deferred long-term incentives shares awarded to recipients at the balance sheet date are as follows:

	The Group and The Company					
Number of shares	FY2009 grant	FY2010 grant	FY2011 grant	FY2012 grant	FY2013 grant	Total
2013						
Balance at beginning of financial year	**–**	**110,300**	**247,000**	**217,300**	**–**	**574,600**
Granted	**–**	**–**	**–**	**–**	**1,044,400**	**1,044,400**
Lapsed	**–**	**(5,950)**	**(21,450)**	**(18,900)**	**(49,100)**	**(95,400)**
Vested	**–**	**(104,350)**	**(116,600)**	**(71,800)**	**–**	**(292,750)**
Balance at end of financial year	**–**	**–**	**108,950**	**126,600**	**995,300**	**1,230,850**

	The Group and The Company					
Number of shares	FY2009 grant	FY2010 grant	FY2011 grant	FY2012 grant	FY2013 grant	Total
2012						
Balance at beginning of financial year	185,600	236,100	396,950	–	–	818,650
Granted	–	–	–	225,000	–	225,000
Lapsed	(4,900)	(10,650)	(16,350)	(7,700)	–	(39,600)
Vested	(180,700)	(115,150)	(133,600)	–	–	(429,450)
Balance at end of financial year	–	110,300	247,000	217,300	–	574,600

The terms of the Scheme are set out in Directors' Report under the caption "SGX Deferred Long-Term Incentives Scheme".

(ii) Fair value of deferred long-term incentives shares

The fair value of deferred long-term incentives shares was estimated by the present value of the share price adjusted for future expected dividends and funding cost. The fair value of shares at grant date and the key assumptions of the fair value model for the grants were as follows:

FY2013 Grant

Date of grant	←	15.08.2012	→
Vesting date	**01.09.2013**	**01.09.2014**	**01.09.2015**
Number of shares at grant date	**348,092**	**348,092**	**348,216**
Fair value per deferred long-term incentives share at grant date	**$6.68**	**$6.65**	**$6.61**
Assumption used in fair value model			
Risk-free interest rate	**0.22%**	**0.25%**	**0.28%**
Date on which yield of Singapore government bond was based	**14.08.2012**	**14.08.2012**	**14.08.2012**
Cost of funding			
Fixed deposit/risk-free interest rate	**0.22%**	**0.25%**	**0.28%**
Expected dividend yield based on management's forecast	**4.44%**	**4.90%**	**5.54%**
Share price reference	**$6.96**	**$6.96**	**$6.96**

FY2012 Grant			
Date of grant	←	05.08.2011	→
Vesting date	01.11.2012	01.11.2013	01.11.2014
Number of shares at grant date	77,900	73,550	73,550
Fair value per deferred long-term incentives share at grant date	$7.09	$7.06	$7.04
Assumption used in fair value model			
Risk-free interest rate	0.18%	0.14%	0.33%
Date on which yield of Singapore government bond was based	04.08.2011	04.08.2011	04.08.2011
Cost of funding			
Fixed deposit/risk-free interest rate	0.18%	0.14%	0.33%
Expected dividend yield based on management's forecast	4.16%	4.54%	4.85%
Share price reference	$7.33	$7.33	$7.33

FY2011 Grant			
Date of grant	←	05.08.2010	→
Vesting date	01.11.2011	01.11.2012	01.11.2013
Number of shares at grant date	148,000	143,100	144,500
Fair value per deferred long-term incentives share at grant date	$7.52	$7.47	$7.40
Assumption used in fair value model			
Risk-free interest rate	0.43%	0.49%	0.54%
Date on which yield of Singapore government bond was based	04.08.2010	04.08.2010	04.08.2010
Cost of funding			
Fixed deposit/risk-free interest rate	0.43%	0.49%	0.54%
Expected dividend yield based on management's forecast	3.71%	4.40%	5.35%
Share price reference	$7.79	$7.79	$7.79

16. Share capital of Singapore Exchange Limited (continued)

(d) Deferred long-term incentives scheme ("the Scheme") (continued)

(ii) Fair value of deferred long-term incentives shares (continued)

FY2010 Grant

Date of grant	←	05.08.2009	→
Vesting date	03.11.2010	03.11.2011	05.11.2012
Number of shares at grant date	157,000	138,000	138,500
Fair value per deferred long-term incentives share at grant date	$8.39	$8.10	$7.71
Assumption used in fair value model			
Risk-free interest rate	0.48%	0.55%	0.67%
Date on which yield of Singapore government bond was based	04.08.2009	04.08.2009	04.08.2009
Cost of funding			
Fixed deposit/risk-free interest rate	0.48%	0.55%	0.67%
Expected dividend yield based on management's forecast	3.26%	4.17%	5.57%
Share price reference	$8.62	$8.62	$8.62

FY2009 Grant

Date of grant	←	14.08.2008	→
Vesting date	03.11.2009	03.11.2010	03.11.2011
Number of shares at grant date	272,900	235,400	241,900
Fair value per deferred long-term incentives share at grant date	$6.62	$6.31	$5.95
Assumption used in fair value model			
Risk-free interest rate	1.03%	1.19%	1.53%
Date on which yield of Singapore government bond was based	13.08.2008	13.08.2008	13.08.2008
Cost of funding			
Fixed deposit/risk-free interest rate	1.03%	1.19%	1.53%
Expected dividend yield based on management's forecast	4.44%	5.39%	6.38%
Share price reference	$6.72	$6.72	$6.72

17. Derivatives clearing fund reserve

Upon the dissolution of the SGX-DT Compensation Fund on 24 November 2007, the cash proceeds of $34,021,000 were set aside as the Group's derivatives clearing fund reserve to support the SGX-DC Clearing Fund (Note 29). This reserve is not available for distribution as dividend.

18. Operating revenue

Operating revenue comprised the following:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Securities				
– Securities clearing revenue	**214,894**	196,168	**–**	–
– Access revenue	**50,914**	48,666	**–**	–
– Collateral management and other revenue	**3,820**	3,630	**–**	–
	269,628	248,464	**–**	–
Derivatives				
– Futures, options and over-the-counter clearing revenue	**143,649**	113,367	**–**	–
– Collateral management, license and other revenue	**57,174**	49,824	**–**	–
	200,823	163,191	**–**	–
Market data	**33,924**	35,044	**26**	44
Member services and connectivity				
– Connectivity revenue	**40,446**	39,247	**10,210**	8,841
– Membership revenue	**7,386**	7,890	**–**	–
	47,832	47,137	**10,210**	8,841
Depository services				
– Securities settlement revenue	**68,780**	67,460	**–**	–
– Contract processing revenue	**19,213**	17,857	**12,501**	12,022
– Depository management revenue	**6,273**	5,938	**–**	–
	94,266	91,255	**12,501**	12,022
Issuer services				
– Listing revenue	**37,889**	35,031	**–**	–
– Corporate actions and other revenue	**27,383**	26,513	**–**	–
	65,272	61,544	**–**	–

19. Staff costs

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Salaries	**68,236**	65,491	**51,260**	48,664
Employer's contribution to Central Provident Fund on salaries	**5,183**	5,235	**3,592**	3,650
Variable bonus	**37,782**	31,042	**31,188**	24,959
Employer's contribution to Central Provident Fund on variable bonus	**1,962**	1,437	**1,315**	1,109
	39,744	32,479	**32,503**	26,068
Share-based payment to employees	**9,366**	2,664	**9,366**	2,664
	122,529	105,869	**96,721**	81,046

Included in staff costs is remuneration of key management and directors under the employment of the Group and the Company (Note 35).

20. Technology expenses

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
System maintenance and rental	**61,341**	62,878	**31,088**	31,675
Depreciation and amortisation	**37,910**	38,479	**8,774**	7,929
Communication charges	**2,282**	3,024	**2,050**	2,651
	101,533	104,381	**41,912**	42,255

21. Premises expenses

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Rental and maintenance of premises	**15,428**	15,382	**12,506**	12,540
Depreciation of furniture and fittings and leasehold improvements	**2,326**	1,903	**2,300**	1,869
	17,754	17,285	**14,806**	14,409

22. Other operating expenses

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Marketing	**6,615**	5,264	**3,481**	2,125
Travelling	**2,305**	2,270	**1,451**	1,407
Allowance/(reversal) for impairment of trade receivables (net)	**790**	229	**(7)**	7
Net write-off/impairment of property, plant and equipment and software	**–**	654	**–**	288
Net gain on disposal of property, plant and equipment and software	**–**	(3)	**–**	(2)
Directors' fee	**2,079**	2,034	**2,079**	2,034
MAS regulatory fee	**1,490**	1,491	**350**	350
Grant income for property, plant and equipment and software	**(546)**	(832)	**–**	–
Miscellaneous	**5,557**	4,608	**4,720**	3,885
	18,290	15,715	**12,074**	10,094

23. Profit from operating segments

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Profit from operating segments is arrived after:				
Charging:				
Audit services by Auditor of the Company				
– Current year	**464**	329	**277**	167
Other services by Auditor of the Company				
– Current year	**117**	72	**117**	5
– (Over)/under provision in prior year	**(2)**	13	**2**	3
Technology equipment rental expenses	**8,862**	10,191	**4,229**	4,984
Rental of premises – operating lease	**19,751**	19,884	**15,009**	15,559
Provision for/(utilisation of) unutilised leave	**9**	(49)	**1**	(143)
Depreciation and amortisation	**40,386**	40,532	**11,224**	9,948
And crediting:				
Grants from Financial Sector Development Fund	**1,066**	2,935	**266**	1,182
Collateral management revenue on collateral balances held in trust (net)	**32,064**	28,756	**–**	–

24. Other losses – net

	The Group		The Company	
	2013 $'000	2012 $'000	2013 $'000	**2012 $'000**
Other revenue including interest income (Note (a))	**4,586**	4,831	**2,791**	3,215
Net foreign exchange gain/(loss)	**620**	1,392	**(90)**	190
Impairment loss on investment in joint venture (Note (b))	**–**	(1,127)	**–**	–
Write-off of inter-company amount extended to a subsidiary (Note (c))	**–**	–	**–**	(10,256)
Impairment of available-for-sale financial asset				
– Impairment loss (Note 7)	**(15,000)**	(7,300)	**(15,000)**	(7,300)
– Reclassification of fair value losses from fair value reserve to profit or loss on impairment	**–**	(3,700)	**–**	(3,700)
	(15,000)	(11,000)	**(15,000)**	(11,000)
	(9,794)	(5,904)	**(12,299)**	(17,851)

(a) Other revenue including interest income

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Interest income:				
– Fixed deposits	**3,721**	4,102	**2,103**	2,643
– Current accounts	**71**	64	**1**	–
– Others	**111**	103	**4**	10
	3,903	4,269	**2,108**	2,653
Dividend income	**683**	562	**683**	562
	4,586	4,831	**2,791**	3,215

(b) The impairment loss on investment in joint venture in financial year 2012 reflected the write-down of the carrying amount of the Group's investment in Chi-East following the decision of the Board of Chi-East to cease operations.

(c) The Company had written off an inter-company amount extended to its subsidiary, AGI, in financial year 2012. This related to previous amounts extended to AGI to fund its investment in Chi-East. The write-off was in line with the Group's recognition of an impairment loss on the carrying amount of the investment in Chi-East.

25. Earnings per share

	The Group	
	2013 **$'000**	2012 $'000
Net profit attributable to the equity holders of the Company	**335,900**	291,754
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	**1,068,818**	1,067,856
Adjustments for ('000)		
– Shares granted under the Plan and the Scheme	**3,532**	3,194
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,072,350**	1,071,050
Earnings per share (in cents per share)		
– Basic	**31.43**	27.32
– Diluted	**31.32**	27.24

Basic earnings per share is calculated by dividing the net profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted for the effects of all dilutive potential ordinary shares. Shares granted under the Plan and the Scheme have potential dilutive effect on ordinary shares.

For the Plan and the Scheme, the adjustment made represents the number of shares expected to vest.

26. Dividends

	The Group and The Company	
	2013 **$'000**	2012 $'000
Interim tax exempt dividends of 12.00 cents per share (2012: 12.00 cents)	**128,269**	128,169
Proposed final tax exempt dividends of 16.00 cents per share (2012: 15.00 cents)	**171,066**	160,212
	299,335	288,381

The directors have proposed a final tax exempt one-tier dividend for 2013 of 16.00 cents (2012: 15.00 cents) per share amounting to a total of $171,066,000 (2012: $160,212,000). The proposed dividend has been transferred from retained profits to a proposed dividend reserve.

27. Segment information

Management determines the operating segments based on the reports reviewed and used by the EXCO for performance assessment and resources allocation. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into three main business segments as follows:

(i) Securities market – providing listing, trading, clearing, depository, market data, member services and connectivity and issuer services.

(ii) Derivatives market – providing trading, clearing, market data, member services and connectivity.

(iii) Other operations – providing other services apart from those listed in (i) and (ii) above.

The Group operates only in Singapore.

The Group's interest income on the cash balances and income taxes are managed on a group basis.

Inter-segment results include transfers between business segments. Such transfers are accounted for at competitive market prices charged to external parties for similar services. Such transfers are eliminated on consolidation.

Expenses which are common and cannot be meaningfully allocated to the business segments are presented under unallocated expenses.

2013	Securities market $'000	Derivatives market $'000	Other operations $'000	The Group $'000
Segment revenue				
External revenue	**469,497**	**234,452**	**11,195**	**715,144**
Inter-segment revenue	**252**	**–**	**–**	**252**
	469,749	**234,452**	**11,195**	**715,396**
Less: Consolidation elimination	**(252)**	**–**	**–**	**(252)**
Segment revenue	**469,497**	**234,452**	**11,195**	**715,144**
Results				
Profit from operating segments	**284,026**	**118,532**	**11,643**	**414,201**
Other gains/(losses)				
– Other revenue including interest income				**4,586**
– Net foreign exchange gain				**620**
– Impairment loss on available-for-sale financial asset				**(15,000)**
Share of results of associated companies				**3,629**
Tax				**(72,136)**
Net profit after tax				**335,900**
Segment assets				
Segment assets	**934,901**	**349,362**	**24,119**	**1,308,382**
Unallocated assets				**485,994**
Consolidated total assets				**1,794,376**
Segment liabilities				
Segment liabilities	**728,260**	**47,974**	**17,985**	**794,219**
Unallocated liabilities				**111,536**
Consolidated total liabilities				**905,755**
Other information				
Additions to property, plant and equipment and software	**17,155**	**14,686**	**–**	**31,841**
Depreciation and amortisation	**20,142**	**20,244**	**–**	**40,386**

27. Segment information (continued)

2012	Securities market $'000	Derivatives market $'000	Other operations $'000	The Group $'000
Segment revenue				
External revenue	443,987	196,102	7,835	647,924
Inter-segment revenue	274	–	–	274
	444,261	196,102	7,835	648,198
Less: Consolidation elimination	(274)	–	–	(274)
Segment revenue	443,987	196,102	7,835	647,924
Results				
Profit from operating segments	268,175	87,637	8,080	363,892
Other gains/(losses)				
– Other revenue including interest income				4,831
– Net foreign exchange gain				1,392
– Impairment loss on investment in joint venture				(1,127)
– Impairment loss on available-for-sale financial asset				(11,000)
Share of results of joint venture and associated company				(2,706)
Tax				(63,528)
Net profit after tax				291,754
Segment assets				
Segment assets	889,566	293,275	4,210	1,187,051
Unallocated assets				542,338
Consolidated total assets				1,729,389
Segment liabilities				
Segment liabilities	736,725	68,980	31	805,736
Unallocated liabilities				90,605
Consolidated total liabilities				896,341
Other information				
Additions to property, plant and equipment and software	27,468	13,365	–	40,833
Depreciation and amortisation	19,275	21,257	–	40,532

Management monitors the operating results of its business units separately for the purpose of making decisions on performance assessment and resource allocation. Segment performance is evaluated based on profit or loss from operating segment and excludes other gains/losses items.

Other information on segment assets and liabilities

Assets and liabilities which are common and cannot be meaningfully allocated to the business segments are presented as unallocated assets and liabilities. All assets and liabilities are allocated to the reportable segments except for the following:

	The Group	
	2013 $'000	2012 $'000
Segment assets for reportable segments	**1,308,382**	1,187,051
Unallocated:		
Cash and cash equivalents	**427,420**	470,127
Available-for-sale financial asset	**50,956**	65,956
Investment in associated company	**7,331**	5,968
Club memberships	**287**	287
Total assets	**1,794,376**	1,729,389
Segment liabilities for reportable segments	**794,219**	805,736
Unallocated:		
Taxation	**92,001**	70,138
Deferred tax liabilities	**14,646**	15,579
Provisions	**4,889**	4,888
Total liabilities	**905,755**	896,341

28. Securities and Derivatives Fidelity Funds

The Fidelity Funds are administered by Singapore Exchange Securities Trading Limited ("SGX-ST") and Singapore Exchange Derivatives Trading Limited ("SGX-DT"), as required by Section 176 of the Securities and Futures Act. The assets of the Funds are kept separate from all other assets, and are held in trust for the purposes set out in the Securities and Futures Act. The balances of the Fidelity funds are as follows:

	2013 $'000	2012 $'000
Securities Exchange Fidelity Fund	**34,929**	34,781
Derivatives Exchange Fidelity Fund	**23,757**	23,657
	58,686	58,438

The purposes of the fidelity funds pursuant to Section 186 of the Securities and Futures Act are as follows:

(a) to compensate any person (other than an accredited investor) who has suffered a pecuniary loss from any defalcation committed

(i) in the course of, or in connection with, dealing in securities, or the trading of a futures contract;

(ii) by a member of a securities exchange or a futures exchange or by any agent of such member; and

(iii) in relation to any money or other property entrusted to or received:

- by that member or any of its agents; or
- by that member or any of its agents as trustee or on behalf of the trustees of that money or property.

(b) to pay the Official Assignee or a trustee in bankruptcy within the meaning of the Bankruptcy Act (Cap. 20) if the available assets of a bankrupt, who is a member of SGX-ST or SGX-DT, are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the bankruptcy by creditors of the bankrupt member.

(c) to pay a liquidator of a member of SGX-ST or SGX-DT which is being wound up if the available assets of a member are insufficient to satisfy any debts arising from dealings in securities or trading in futures contracts which have been proved in the liquidation of the member.

Any reference to dealing in securities or trading of a futures contract refers to such dealing or trading through the exchange which establishes, keeps and administers the fidelity fund or through a trading linkage of the exchange with an overseas securities exchange or an overseas futures exchange.

No further provision has been made in the financial year ended 30 June 2013 for contribution to be paid to the securities and derivatives fidelity funds as the minimum sum of $20 million for each fund as currently required under the Securities and Futures Act has been met.

28. Securities and Derivatives Fidelity Funds (continued)

	2013 $'000	2012 $'000
The assets and liabilities of the Funds are as follows:		
Assets		
Fixed deposits with banks	**58,420**	58,023
Interest receivable	**22**	22
Bank balance	**324**	488
	58,766	58,533
Liabilities		
Other payables and accruals	**6**	11
Taxation	**70**	80
Deferred tax liabilities	**4**	4
	80	95
Net assets	**58,686**	58,438

The assets and liabilities of the Funds are not included in the consolidated statement of financial position of the Group as they are held in trust.

29. Singapore Exchange Derivatives Clearing Limited ("SGX-DC") Clearing Fund

The current SGX-DC Clearing Fund structure was implemented on 10 May 2010. With the launch of the Over-The-Counter ("OTC") financial derivatives clearing facility, further revisions were made on 3 November 2010 to the structure of the SGX-DC Clearing Fund.

The rules of SGX-DC enable SGX-DC to mobilise resources should any derivatives clearing member be unable to meet its obligations to SGX-DC. Under the SGX-DC Clearing Fund structure, the resources available to SGX-DC would be utilised in the following priority:

(a) the defaulting derivatives clearing member's collateral deposited with or provided to SGX-DC;

(b) contributions of SGX-DC of an amount equivalent to 15% of the SGX-DC Clearing Fund size or $136,000,000, whichever is higher;

(c) security deposits of non-defaulting derivatives clearing members participating in the same Contract Class as the defaulted derivatives clearing member, and the amounts applied will be in direct proportion of each derivatives member's security deposit requirement relative to other non-defaulting derivatives members' security deposit requirement;

(d) further assessments on non-defaulting derivatives clearing members participating in the same Contract Class as the defaulted derivatives clearing member, and the amounts applied will be in direct proportion of each derivatives member's further assessments requirement relative to other non-defaulting derivatives members' further assessments requirement;

(e) any contributions of SGX-DC or any of its related entities set aside for a specific Contract Class;

(f) security deposits of other non-defaulting derivatives clearing members not participating in the same Contract Class as the defaulted derivatives clearing member, and the amounts applied will be in direct proportion of each derivatives member's security deposit requirement relative to other non-defaulting derivatives members' security deposit requirement;

(g) further assessments on other non-defaulting derivatives clearing members not participating in the same Contract Class as the defaulted derivatives clearing member, and the amounts applied will be in direct proportion of each derivatives member's further assessments requirement relative to other non-defaulting derivatives members' further assessments requirement; and

(h) any other contributions to the SGX-DC Clearing Fund.

With effect from 7 August 2012, the rules of SGX-DC will also enable SGX-DC to continually draw down resources in the above sequence in the event of multiple defaults occurring within a period of 90 days. Upon utilisation of the SGX-DC Clearing Fund, SGX-DC will be obliged to contribute at least 15% of the SGX-DC Clearing Fund size in relation to paragraph 29(b) above.

The Group has set aside cash amounting to $150,021,000 (2012: $150,021,000) (Note 3) to support the SGX-DC Clearing Fund in relation to the following:

(i) SGX-DC capital, $102,000,000 (2012: $68,000,000);

(ii) Derivatives clearing fund reserve, $34,021,000 (2012: $34,021,000) (Note 17); and

(iii) SGX-DC's contributions for clearing of OTC financial derivatives contracts, $14,000,000 (2012: $14,000,000).

In December 2012, the Company has injected capital of $100,000,000 into SGX-DC. With this additional capital in place, a guarantee of $34,000,000 previously extended by the Company to SGX-DC to be utilised for the SGX-DC Clearing Fund is no longer required and has been revoked. SGX-DC has now set aside $102,000,000 of its share capital in support of SGX-DC Clearing Fund.

Except for the $150,021,000 (2012: $150,021,000) mentioned above, the other resources available for the SGX-DC Clearing Fund are not included in the consolidated statement of financial position of the Group. These are third party obligations towards the SGX-DC Clearing Fund and where they are held by SGX-DC, these resources are held in trust.

30. Security, margin and other deposits

The Group, in its normal course of business, through subsidiaries operating as clearing houses, holds assets in trust or contingent assets such as irrevocable letters of credit, government securities or on-demand guarantees. None of these assets or contingent assets, together with the corresponding liabilities, are included in the consolidated statement of financial position of the Group.

(a) Singapore Exchange Derivatives Clearing Limited ("SGX-DC")

(i) Margin deposits

As the clearing house for futures and options traded on SGX-DT, OTC commodities contracts and Over-The-Counter Financial ("OTCF") derivatives contracts, SGX-DC becomes the novated counterparty for these derivative instruments.

The rules of SGX-DC require its derivatives clearing members to provide collateral in the form acceptable to SGX-DC as margin deposits to guarantee the performance of the obligations associated with derivative instruments positions.

The total margins required by SGX-DC at 30 June 2013 were approximately $5,903,307,000 (2012: $3,382,867,000).

As at 30 June 2013, clearing members had lodged the following collateral with SGX-DC:

	2013 $'000	2012 $'000
Margin deposits		
Cash	**5,938,960**	4,120,693
Quoted government securities, at fair value	**1,201,117**	1,251,013
Irrevocable letters of credit	**–**	6,991

All cash deposits are placed in interest-bearing accounts with banks. Interest earned on the cash deposits is credited to the derivatives clearing members, with a portion retained by SGX-DC.

(ii) Performance deposits and deposits received for contract value

For commodities contracts which are physically-settled, the rules of SGX-DC and its contract specifications require its clearing members to provide collateral in the form acceptable to SGX-DC as performance deposits to secure the performance of a delivery contract. In its capacity as escrow agent to the physical delivery of the contract, SGX-DC also collects the contract value of the commodities to be delivered through the exchange.

As at 30 June 2013, the following were lodged with SGX-DC for performance deposits purposes:

	2013 $'000	2012 $'000
Performance deposits and deposits received for contract value		
Cash	**1,535**	4,113

30. Security, margin and other deposits (continued)

(iii) Security and Other deposits

The rules of SGX-DC require its clearing members to deposit security for their derivatives clearing obligations to SGX-DC:

(1) Clearing Members who clear exchange-traded derivatives and OTC commodities contracts are required to post the higher of $1,000,000 or 3.0% of the daily average of risk margin during the preceding three-month period, in cash, government securities or any forms of collateral acceptable to SGX-DC;

(2) Clearing Members who clear OTCF derivatives contracts are required to post the higher of US$5,000,000 or 3.0% of the daily average of risk margin during the preceding three-month period, in cash or government securities or any forms of collateral acceptable to SGX-DC;

(3) Clearing Members who clear exchange-traded derivatives, OTC commodities contracts and OTCF derivatives contracts will be required to post the aggregate of (1) and (2).

As at 30 June 2013, the following security and other deposits were lodged with SGX-DC for clearing fund purpose:

	2013 $'000	2012 $'000
Security and Other deposits		
Cash	**431,955**	298,953
Irrevocable letters of credit	**–**	20,369
Quoted government securities, at fair value	**6,499**	6,498

(iv) Collateral for Mutual Offset Settlement Agreement

As at 30 June 2013, irrevocable letters of credit amounting to approximately $454,718,000 (2012: $249,132,000) were lodged by The Chicago Mercantile Exchange with SGX-DC. This is to fulfill collateral requirements under the Mutual Offset Settlement Agreement.

(b) The Central Depository (Pte) Limited ("CDP")

(i) Margin and Other deposits

As the clearing house for securities and marginable futures contracts traded on SGX-ST, CDP becomes the novated counterparty for these instruments.

The rules of CDP require its clearing members to provide collateral in the form acceptable to CDP as margin deposits to guarantee the performance of the obligations associated with marginable futures contracts. Commencing 21 January 2013, the rules of CDP require its clearing members to provide collateral for all securities traded on SGX-ST. The total collateral required by CDP at 30 June 2013 were approximately $75,477,000 (2012: $240,000).

In addition, the CDP Clearing Rules provides that CDP may request its clearing members to place additional collateral with CDP in respect of its securities clearing activities from time to time.

Forms of collateral acceptable by CDP as margins include cash, government securities, selected common stocks and other instruments as approved by CDP from time to time.

As at 30 June 2013, clearing members had lodged the following collateral with CDP:

	2013 $'000	2012 $'000
Margin deposits		
Cash	**147,518**	3,431
Other collateral		
Cash	**–**	10,200
Irrevocable letters of credit	**20,000**	20,000

All cash deposits in the financial year are placed in interest-bearing accounts with banks. Interest earned on the cash deposits is credited to the securities clearing members, with a portion retained by CDP.

31. Financial requirements

(a) SGX-DC

The rules of SGX-DC impose financial requirements on its clearing members. As at 30 June 2013, clearing members had lodged the following collateral with SGX-DC to support their financial requirements:

	2013 $'000	2012 $'000
Cash	**532,471**	381,686
Irrevocable letters of credit	**30,950**	30,950

(b) CDP

The rules of CDP impose financial requirements on its clearing members. As at 30 June 2013, clearing members had lodged the following collateral with CDP to support their financial requirements:

	2013 $'000	2012 $'000
Cash	**10,000**	10,000

None of these assets or contingent assets nor the corresponding liabilities, are included in the consolidated statement of financial position of the Group.

32. Collaterals for Securities Borrowing and Lending

CDP offers Securities Borrowing and Lending ("SBL") services to its account holders and depository agents. SBL involves temporary transfer of securities from a lender to a borrower, via CDP, for a fee. The SBL Scheme requires the borrowers of securities to provide collateral in the form of cash, securities or irrevocable letters of credit.

As at 30 June 2013, borrowers had lodged the following collateral with CDP for SBL purpose:

	2013 $'000	2012 $'000
Cash	**35,647**	33,577
Irrevocable letters of credit	**7,000**	14,000
Securities, at fair value	**21,892**	–

None of these assets or contingent assets nor the corresponding liabilities, are included in the consolidated statement of financial position of the Group.

33. Contingent liabilities

At the balance sheet date, the Group and the Company have contingent liabilities as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Unsecured guarantees by SGX-DC to banks for standby letters of credit issued by the banks to Chicago Mercantile Exchange for members' open positions on these exchanges. These guarantees are supported by members' collateral balances (Note 30(a))	**404,194**	232,608	**–**	–
Cash set aside to support SGX-DC Capital for the SGX-DC Clearing Fund to be utilised in accordance with SGX-DC's Clearing Rules (Note 29)	**102,000**	68,000	**–**	–
Cash-backed guarantee provided to SGX-DC by the Company for the Clearing Fund (Note 29)	**–**	34,000	**–**	34,000
Cash set aside for Derivatives clearing fund reserve to support SGX-DC Clearing Fund (Note 29)	**34,021**	34,021	**–**	–
Cash set aside to support SGX-DC Clearing Fund with the launch of Over-The-Counter financial derivatives contracts (Note 29)	**14,000**	14,000	**–**	–
	554,215	382,629	**–**	34,000

34. Commitments

(a) Operating lease commitments – where the group and the company is a lessee

The Group and Company lease its office premises, data centre and equipment from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Not later than one financial year	**29,267**	29,396	**27,994**	28,095
Later than one financial year but not later than five financial years	**66,595**	41,914	**64,853**	38,899
Later than five financial years	**20,836**	1,738	**20,836**	1,738
	116,698	73,048	**113,683**	68,732

(b) Operating lease commitments – where the group and the company is a lessor

The Group and Company lease out office premises to non-related parties under non-cancellable operating lease. The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	The Group and The Company	
	2013 $'000	2012 $'000
Not later than one financial year	**123**	370
Later than one financial year but not later than five financial years	**–**	123
	123	493

(c) Capital commitments

Capital commitments contracted for at year end but not recognised in the financial statements are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Property, plant and equipment and software	**7,545**	5,291	**2,329**	–

35. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Provision of services

	The Group and The Company	
	2013 **$'000**	2012 $'000
Provision of staff related services to joint venture	**17**	470

(b) Directors' fees and key management's remuneration

Key management's remuneration included fees, salary, bonus, commission and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Group and the Company, and where the Group or the Company did not incur any costs, the value of the benefit is included. The directors' fees and key management's remuneration are as follows:

	The Group	
	2013 **$'000**	2012 $'000
Salaries and other short-term employee benefits	**15,097**	13,768
Employer's contribution to Central Provident Fund	**93**	70
Share-based payment to key management	**4,891**	431
	20,081	14,269

Included in the above is total remuneration to directors of the Company amounting to $8,225,000 (2012: $6,155,000).

During the financial year, 471,200 shares (2012: 779,100 shares) under SGX Performance Share Plan and 439,400 shares (2012: Nil) under SGX Deferred Long-Term Incentives Scheme were granted to key management of the Group. The shares were granted under the same terms and conditions as those offered to other employees of the Company.

36. Financial risk management

Financial risk management objectives and policies

The Group is exposed to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk arising from its business activities. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors has overall responsibility for the oversight of financial risk management for the Group. To assist the Board in discharging its oversight responsibility, a board committee, the Risk Management Committee ("RMC") was established. The RMC's primary function is to review, recommend to the Board for approval, and where appropriate approve:

(a) the type and level of business risks (risk appetite) that the Group undertakes on an integrated basis to achieve its business strategy; and

(b) the policies and frameworks for managing risks that are consistent with its risk appetite.

Management is responsible for identifying, monitoring and managing the Group's financial risk exposures.

The main financial risks that the Group is exposed to and how they are managed are set out below.

Market risk – Currency risk

The Group managed its main currency exposure as follows:

(a) Revenue receivable from clearing of derivative products

The Group's revenue from the clearing of derivative products are mainly in SGD and USD. For revenue denominated in USD, the Group manages the currency exposure through currency forward contracts. Upon settlement of the currency forward contracts and payment obligations denominated in foreign currency, any excess foreign currencies are converted back to SGD in a timely manner to minimise currency exposure. As at 30 June 2013 and 30 June 2012, there are no significant currency risk exposures arising from receivables. These receivables are also exposed to counterparty and credit risks.

(b) Investment in available-for-sale financial asset

The Company has invested in unlisted equity security in BSE. This investment is denominated in INR and forms part of the Group's long-term strategic investments in line with its strategy to position SGX as an Asian Gateway. Management monitors the Group's currency exposure by tracking the INR currency movement on a regular basis. As this investment is long-term in nature, the Group does not hedge the currency exposure of this investment. This investment is also exposed to price risk.

36. Financial risk management (continued)

Market risk – Currency risk (continued)

(c) Cash and cash equivalents

As at 30 June 2013, the cash balances of the Group and the Company are mainly denominated in SGD and USD. USD cash balances placed in banks to meet the short-term USD payment obligations were not hedged. The cash balances are also exposed to counterparty and credit risks.

The Group and Company's currency exposures are as follows:

	The Group At 30 June 2013					
	SGD[b] $'000	**USD $'000**	**INR $'000**	**HKD $'000**	**Others $'000**	**Total $'000**
Financial assets						
Cash and cash equivalents	**752,199**	**10,389**	**–**	**–**	**419**	**763,007**
Trade and other receivables						
– Daily settlement of accounts for due contracts and rights	**494,709**	**141,793**	**–**	**1,656**	**324**	**638,482**
– Others	**95,826**	**6,876**	**–**	**12**	**3,138**	**105,852**
Securities clearing fund	**60,000**	**–**	**–**	**–**	**–**	**60,000**
Available-for-sale financial asset	**–**	**–**	**50,956**	**–**	**–**	**50,956**
Financial liabilities						
Trade and other payables						
– Daily settlement of accounts for due contracts and rights	**(494,709)**	**(141,793)**	**–**	**(1,656)**	**(324)**	**(638,482)**
– Others	**(128,992)**	**(22,902)**	**(6)**	**–**	**(496)**	**(152,396)**
Currency exposure	**779,033**	**(5,637)**	**50,950**	**12**	**3,061**	**827,419**
Currency forward contracts[a]	**–**	**38,739**	**–**	**–**	**–**	**38,739**

(a) Currency forward contracts entered by the Group are to hedge future revenue receivables arising from clearing of various derivative products denominated in USD.

(b) The SGD balances have been included for completeness.

	The Group At 30 June 2012					
	SGD[b] $'000	USD $'000	INR $'000	HKD $'000	Others $'000	Total $'000
Financial assets						
Cash and cash equivalents	687,425	9,826	–	–	430	697,681
Trade and other receivables						
– Daily settlement of accounts for due contracts and rights	576,886	65,360	–	42,869	24	685,139
– Others	74,666	6,252	–	–	2,440	83,358
Securities clearing fund	35,000	–	–	–	–	35,000
Available-for-sale financial asset	–	–	65,956	–	–	65,956
Financial liabilities						
Trade and other payables						
– Daily settlement of accounts for due contracts and rights	(576,886)	(65,360)	–	(42,869)	(24)	(685,139)
– Others	(105,480)	(12,211)	–	(12)	(177)	(117,880)
Currency exposure	691,611	3,867	65,956	(12)	2,693	764,115
Currency forward contracts[a]	–	36,887	–	–	–	36,887

(a) Currency forward contracts entered by the Group were to hedge future revenue receivables arising from clearing of various derivative products denominated in USD.

(b) The SGD balances have been included for completeness.

	The Company At 30 June 2013				
	SGD[b] $'000	**USD $'000**	**INR $'000**	**Others $'000**	**Total $'000**
Financial assets					
Cash and cash equivalents	**425,524**	**1,844**	**–**	**52**	**427,420**
Trade and other receivables	**24,393**	**56**	**–**	**32**	**24,481**
Available-for-sale financial asset	**–**	**–**	**50,956**	**–**	**50,956**
Financial liabilities					
Trade and other payables	**(337,801)**	**(3,131)**	**(6)**	**(38)**	**(340,976)**
Currency exposure	**112,116**	**(1,231)**	**50,950**	**46**	**161,881**

(b) The SGD balances have been included for completeness.

	The Company At 30 June 2012				
	SGD[b] $'000	USD $'000	INR $'000	Others $'000	Total $'000
Financial assets					
Cash and cash equivalents	468,044	2,051	–	32	470,127
Trade and other receivables	6,456	–	–	23	6,479
Available-for-sale financial asset	–	–	65,956	–	65,956
Financial liabilities					
Trade and other payables	(320,619)	(143)	–	(9)	(320,771)
Currency exposure	153,881	1,908	65,956	46	221,791

(b) The SGD balances have been included for completeness.

A currency risk sensitivity analysis is not provided as the Group and the Company are not expected to have significant currency exposures other than from available-for-sale financial asset.

The currency risk sensitivity analysis for available-for-sale financial asset is included within the price risk sensitivity analysis.

Market risk – Price risk

The Group manages the price risk of its investment in available-for-sale financial asset as follows:

The investment in BSE is an unlisted long-term strategic investment. The management of SGX regularly monitors the latest developments and business performance of BSE and assesses the financial performance of BSE on an on-going basis.

The impact on profit after tax and other comprehensive income would be as follows should the fair value of BSE change by 10% (2012: 10%) with all other variables being held constant:

	Increase/(decrease)			
	2013		2012	
	Profit after tax $'000	**Other comprehensive income $'000**	Profit after tax $'000	Other comprehensive income $'000
The Group and The Company				
Fair value of BSE				
– increased by	**–**	**5,096**	–	6,596
– decreased by	**(5,096)**	**–**	(6,596)	–

FINANCIALS

36. Financial risk management (continued)

Market risk – Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group and the Company are not subject to significant cash flow and fair value interest rate risks as the Group's and the Company's fixed deposit placements are mainly short-term in nature. Fixed deposits are placed with banks that offer the most competitive interest rates.

The tables below set out the Group's and the Company's financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

The Group

	Variable rates		Fixed rates				
	Less than 6 months $'000	6 to 12 months $'000	Less than 6 months $'000	6 to 12 months $'000	Over 1 year $'000	Non-interest bearing $'000	Total $'000
At 30 June 2013							
Financial assets							
Cash and cash equivalents	**21,007**	**–**	**422,664**	**312,022**	**–**	**7,314**	**763,007**
Trade and other receivables	**–**	**–**	**14**	**9**	**5**	**744,306**	**744,334**
Securities clearing fund	**–**	**–**	**5,000**	**55,000**	**–**	**–**	**60,000**
Available–for–sale financial asset	**–**	**–**	**–**	**–**	**–**	**50,956**	**50,956**
Financial liabilities							
Trade and other payables	**–**	**–**	**–**	**–**	**–**	**(790,878)**	**(790,878)**
Net financial assets	**21,007**	**–**	**427,678**	**367,031**	**5**	**11,698**	**827,419**
At 30 June 2012							
Financial assets							
Cash and cash equivalents	19,117	–	341,434	326,022	–	11,108	697,681
Trade and other receivables	–	–	14	14	20	768,449	768,497
Securities clearing funds	–	–	5,000	30,000	–	–	35,000
Available–for–sale financial asset	–	–	–	–	–	65,956	65,956
Financial liabilities							
Trade and other payables	–	–	–	–	–	(803,019)	(803,019)
Net financial assets	19,117	–	346,448	356,036	20	42,494	764,115

The Company

	Variable rates		Fixed rates				
	Less than 6 months $'000	6 to 12 months $'000	Less than 6 months $'000	6 to 12 months $'000	Over 1 year $'000	Non-interest bearing $'000	Total $'000
At 30 June 2013							
Financial assets							
Cash and cash equivalents	**5,901**	**–**	**307,400**	**110,000**	**–**	**4,119**	**427,420**
Trade and other receivables	**–**	**–**	**11**	**9**	**5**	**24,456**	**24,481**
Available-for-sale financial asset	**–**	**–**	**–**	**–**	**–**	**50,956**	**50,956**
Financial liabilities							
Trade and other payables	**–**	**–**	**–**	**–**	**–**	**(340,976)**	**(340,976)**
Net financial assets	**5,901**	**–**	**307,411**	**110,009**	**5**	**(261,445)**	**161,881**
At 30 June 2012							
Financial assets							
Cash and cash equivalents	4,773	–	299,434	160,000	–	5,920	470,127
Trade and other receivables	–	–	10	11	17	6,441	6,479
Available-for-sale financial asset	–	–	–	–	–	65,956	65,956
Financial liabilities							
Trade and other payables	–	–	–	–	–	(320,771)	(320,771)
Net financial assets	4,773	–	299,444	160,011	17	(242,454)	221,791

As the Group and the Company are not exposed to significant interest rate risks, a sensitivity analysis is not provided for this risk.

Counterparty and credit risk

The Group manages its main counterparty and credit exposures as follows:

(a) Trade receivables (excluding balances arising from clearing and settlement of trade)

Trade receivables of the Group and the Company comprise receivables from trading and clearing members, listed companies and other entities. Exposure from these trade receivables is continuously monitored and followed up by Finance and relevant business units.

Management believes that the credit risk with respect to trade receivables is limited. Impairment allowances are made for debts that are outstanding above 360 days and debtors that are under judicial management, scheme of arrangement or other financial difficulties. Management believes that there is no other additional credit risk beyond the amount of allowance for impairment made in these financial statements.

The Group, excluding the balances arising from clearing and settlement of trade, has no significant concentration of credit risk on its trade receivables.

The Company, excluding the receivable from the Inland Revenue Authority of Singapore, has 8 (2012: 8) debtors that represented 43% (2012: 53%) of the remaining trade receivables.

36. Financial risk management (continued)

Counterparty and credit risk (continued)

(b) Cash deposits

Cash balances of the Group and the Company are mainly placed in fixed deposits with financial institutions with high credit quality. The Board has approved policies that limit the maximum credit exposure to each financial institution. Exposure and compliance with counterparty limits set by the RMC are monitored by the relevant business units and reported by the Risk Management unit to the RMC. The Group placed 66% (2012: 74%) of its cash and cash equivalents with 4 (2012: 3) banks. The Company placed 85% (2012: 89%) of its cash and cash equivalents with 4 (2012: 3) banks.

The maximum exposure to credit risk for trade receivables and cash deposits is the carrying amount of the financial assets presented on the statement of financial position as the Group and the Company do not hold any collateral against these financial assets.

As clearing houses, SGX-DC and CDP have general lien on all monies and other properties deposited by clearing members. The clearing house may combine any account of the clearing member with its liabilities to the clearing house. Such funds may be applied towards satisfaction of liabilities of the clearing member to the clearing house.

(c) Clearing and settlement

In the normal course of business as clearing houses, SGX-DC and CDP act as central counterparties ("CCP") for every transaction received by or matched through the Group's facilities. As CCP, each clearing house substitutes itself as the buyer to the selling clearing member, and seller to the buying clearing member, and assume all rights and obligations to the counterparty. As a result, each clearing house faces considerable credit risk exposure should any of its clearing member be unable to meet its settlement obligations, resulting in a default on the clearing house. The Group has in place a sound and transparent risk management and regulatory framework governing the operations of securities and derivatives markets. On an on-going basis, the Group mitigates its counterparty risk through active monitoring and management of its exposure to clearing members and has in place a system of financial safeguards.

Credit risk management practices

The Group mitigates its exposures to risk by admitting clearing members which meet prescribed capital and financial requirements and have risk management systems to monitor their exposures. On an on-going basis, a clearing member must continue to comply with the financial requirements, and also set aside capital commensurate with its risk exposures. In addition, it must ensure that it has the necessary systems and procedures to preserve sound liquidity and financial position at all times.

Both SGX-DC and CDP have well-established risk management systems to monitor and measure the risk exposures of its members. In addition, SGX-DC and CDP require all derivative positions, securities contracts and marginable futures contracts to be sufficiently collateralised at all times and these collaterals protect SGX-DC and CDP against potential losses. SGX-DC also revalues and settles the daily mark-to-market variations with clearing members to prevent losses from accumulating. CDP requires all positions in securities contracts and Extended Settlement Contracts, being marginable futures contracts, to be sufficiently collateralised and these collaterals protect CDP against cumulative mark-to-market and potential losses. CDP also requires clearing members to monitor compliance with risk management measures such as monitoring for large exposures.

Financial safeguards

A clearing fund has been established for each of the securities and derivatives markets to be used in support of the clearing houses' roles as CCP. The Group and the relevant clearing members are required to contribute to the respective clearing funds.

Trade receivables arising from settlement of securities trade

Settlement for all securities transactions of securities clearing members are effected through the Group's subsidiary, CDP. Such settlements can be effected through designated settlement banks.

The "receivables from clearing members and settlement bank" included in trade receivables represent the aggregate of net settlement obligations of each of the clearing members and settlement banks to CDP for the last three trading days of the financial year. At 30 June 2013, there were 25 (2012: 26) securities clearing members and 6 (2012: 6) designated settlement banks. The Group may have concentration risk exposure to these securities clearing members and settlement banks with regards to their net settlement obligations to CDP. The settlement exposure of CDP to each securities clearing member or settlement bank fluctuates daily according to the net trading position (net buy or net sell) of each securities clearing member and the extent to which these settlement obligations are effected through the settlement banks.

(d) Financial assets that are neither past due nor impaired

All of the Group's cash deposits are not impaired as the deposits are placed with banks of high credit quality.

Trade receivables that are neither past due nor impaired comprise companies with good payment track record with the Group. As at 30 June 2013, 99.1% (2012: 99.5%) and 95.6% (2012: 93.5%) of the Group's and the Company's trade receivables fall into this category.

(e) Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Past due up to 90 days	**3,624**	2,392	**162**	220
Past due 91 days to 360 days	**940**	284	**21**	9
	4,564	2,676	**183**	229

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Gross amount	**2,097**	1,380	**–**	7
Less: Allowance for impairment	**(2,097)**	(1,380)	**–**	(7)
	–	–	**–**	–
Balance at beginning of financial year	**1,380**	1,305	**7**	–
Allowance made	**1,215**	897	**14**	7
Allowance utilised	**(73)**	(245)	**–**	–
Allowance written back	**(425)**	(577)	**(21)**	–
Balance at end of financial year	**2,097**	1,380	**–**	7

Liquidity risk

(a) Liabilities related risk

The Group has minimal liquidity risk as it maintains sufficient cash for daily operations through prudent liquidity risk management. The Group has no external borrowings.

The financial liabilities of the Group and Company are analysed into the relevant maturity buckets based on their contractual maturity dates in the table below:

The Group

	Up to 3 months $'000	**› 3 months to 1 year $'000**	**Above 1 year $'000**	**Total $'000**
At 30 June 2013				
Financial liabilities				
Trade and other payables(c)	**783,285**	**–**	**7,593**	**790,878**

(c) Included $638,482,000 payable to clearing members and settlement banks for daily settlement of accounts for due contracts and rights with a corresponding amount in trade receivables.

The Group

	Up to 3 months $'000	› 3 months to 1 year $'000	Above 1 year $'000	Total $'000
At 30 June 2012				
Financial liabilities				
Trade and other payables(d)	796,411	–	6,608	803,019

(d) Included $685,139,000 payable to clearing members and settlement banks for daily settlement of accounts for due contracts and rights with a corresponding amount in trade receivables.

36. Financial risk management (continued)

Liquidity risk (continued)

(a) Liabilities related risk (continued)

The Company

	Up to 3 months $'000	› 3 months to 1 year $'000	Above 1 year $'000	Total $'000
At 30 June 2013				
Financial liabilities				
Trade and other payables	**340,976**	**–**	**–**	**340,976**
At 30 June 2012				
Financial liabilities				
Trade and other payables	46,690	274,081	–	320,771

As at 30 June 2013, the gross notional value of outstanding currency forward contracts held by the Group was $38,739,000 (2012: $36,887,000). The Group's outstanding currency forward contracts that would be settled on a gross basis are analysed into relevant maturity buckets based on the remaining contractual maturity dates as follows:

	At 30 June 2013			At 30 June 2012		
The Group	**Up to 3 months $'000**	**› 3 months to 1 year $'000**	**Total $'000**	Up to 3 months $'000	› 3 months to 1 year $'000	Total $'000
Currency forward contracts						
– gross outflows	**19,035**	**19,704**	**38,739**	20,096	16,791	36,887
– gross inflows	**18,592**	**19,293**	**37,885**	19,897	16,647	36,544

The amounts disclosed above are contractual undiscounted cash flows, which are different from the carrying amount disclosed in these financial statements.

(b) Contingent liabilities related risk

At the balance sheet date, the following guarantees may impact the Group's and the Company's liquidity positions in the earliest period in which the guarantees are called upon:

	The Group		The Company	
	2013 $'000	2012 $'000	**2013 $'000**	2012 $'000
Unsecured guarantees by SGX-DC to banks for standby letters of credit issued by the banks to Chicago Mercantile Exchange	**404,194**	232,608	**–**	–
Cash-backed guarantee provided to SGX-DC by the Company for the Clearing Fund	**–**	34,000	**–**	34,000
	404,194	266,608	**–**	34,000

The settlement obligation of the above contingent liabilities is not determinable as the obligation arises from the occurrence of future events that are not within the control of the Group and the Company. The guarantee provided for the Clearing Fund is supported by cash set aside by the Group and the Company.

(c) Clearing and settlement-related risk

The clearing houses of the Group, CDP and SGX-DC, act as the novated counterparty for transactions of approved securities and derivatives. The Group is exposed to liquidity risk should any Clearing Member default. The Group has secured sufficient committed bank credit facilities of $483,000,000 (2012: $450,000,000), comprising $200,000,000 (2012: $200,000,000) committed share financing and $283,000,000 (2012: $250,000,000) committed unsecured credit lines, to meet liquidity requirements arising from clearing members' default.

Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
The Group				
At 30 June 2013				
Assets				
Available-for-sale financial asset	**–**	**–**	**50,956**	**50,956**
Liabilities				
Derivative financial instruments	**–**	**885**	**–**	**885**
At 30 June 2012				
Assets				
Available-for-sale financial asset	–	–	65,956	65,956
Liabilities				
Derivative financial instruments	–	269	–	269
The Company				
At 30 June 2013				
Assets				
Available-for-sale financial asset	**–**	**–**	**50,956**	**50,956**
At 30 June 2012				
Assets				
Available-for-sale financial asset	–	–	65,956	65,956

The fair values of currency forward contracts have been calculated using the rates quoted by the Group's bankers to terminate the contracts at the balance sheet date.

The fair value of available-for-sale financial asset that are not traded in an active market is determined by using the valuation technique, the discounted cash flow analysis. The Group makes assumptions that are based on market conditions existing at each balance sheet date. As the valuation technique for the asset is based on significant unobservable inputs, this asset is included in Level 3. There were no transfers and purchases recognised in profit or loss in Level 3 instruments for the financial year ended 30 June 2013. Impairment loss recognised during the financial year on available-for-sale financial asset is disclosed in Notes 7 and 24.

37. Capital requirement and management

The Group's capital management objectives are to optimise returns to shareholders whilst supporting the growth requirements of the business and fulfilling its obligations to the relevant regulatory authorities and other stakeholders.

Effective 1 July 2008, the Group is required, under the Regulatory Capital Framework ("the Framework") formalised by the Monetary Authority of Singapore to maintain adequate financial resources to meet prudential requirements that commensurate with the operational risk, investment risk and the counterparty default risk arising from its central counterparty clearing and settlement activities. With respect to the counterparty default risk, each of the Group's clearing house subsidiaries is required to contribute capital to maintain a clearing fund that is sufficient to cover simultaneous default of three members including the member with the largest potential loss under simulated extreme but plausible market conditions. The Group has been in compliance with the Framework since 1 July 2008.

Given the dynamic nature of the Group's business and the framework, the Group regularly reviews and monitors its capital position to ensure that the business activities and growth are prudently funded. In addition, the Group will seek opportunities to optimise shareholders' returns by creating a more efficient capital structure to reduce the overall cost of capital. In line with its dividend policy, SGX maintains a base dividend commitment to its shareholders.

38. Comparatives

Statement of Comprehensive Income

Certain comparative figures have been reclassified for the Group and the Company as follows:

The Group

(a) Certain data and network connection revenue from market data, contract processing and depository management to connectivity revenue to better reflect the nature of the revenue to the business lines.

(b) Over-the-counter clearing revenue from collateral management, license and other revenue to futures, options and over-the-counter clearing revenue. This is due to the increased contribution by over-the-counter revenue to the overall Derivatives revenue.

(c) Structured warrants revenue and extended settlement revenue from collateral management, license and other revenue to securities clearing revenue as these revenues are cleared on the securities market.

The Company

(a) Certain network connection revenue from contract processing to connectivity revenue to better reflect the nature of the revenue to the business lines.

The Group

	As restated 2012 $'000	As previously disclosed 2012 $'000
Operating revenue		
Securities		
– Securities clearing revenue	196,168	191,827
Derivatives		
– Futures, options and over-the-counter clearing revenue	113,367	107,771
– Structured warrants revenue	–	4,290
– Collateral management, license and other revenue	49,824	55,471
Market data	35,044	36,084
Member services and connectivity		
– Connectivity revenue	39,247	35,287
Depository services		
– Contract processing revenue	17,857	19,564
– Depository management revenue	5,938	7,151
	457,445	457,445

The Company

	As restated 2012 $'000	As previously disclosed 2012 $'000
Operating revenue		
Member services and connectivity		
– Connectivity revenue	8,841	7,134
Depository services		
– Contract processing revenue	12,022	13,729
	20,863	20,863

38. Comparatives (continued)

Segment information

In relation to the reclassification of structured warrants and extended settlement revenues from the Derivatives market to Securities market, comparatives for segment information of the Group have been restated as follows:

	As restated 2012 $'000	As previously disclosed 2012 $'000	Increased/ (decreased) 2012 $'000
Segment revenue			
– Securities market	443,987	437,338	6,649
– Derivatives market	196,102	202,751	(6,649)
Profit from operating segments			
– Securities market	268,175	267,461	714
– Derivatives market	87,637	88,351	(714)
Segment assets			
– Securities market	889,566	892,019	(2,453)
– Derivatives market	293,275	290,822	2,453
Segment liabilities			
– Securities market	736,725	737,581	(856)
– Derivatives market	68,980	68,124	856
Other information			
Additions to property, plant and equipment and software			
– Securities market	27,468	26,704	764
– Derivatives market	13,365	14,129	(764)
Depreciation and amortisation			
– Securities market	19,275	18,977	298
– Derivatives market	21,257	21,555	(298)

The revised presentation does not result in a change in the net equity and net profit before and after tax of the Group and the Company.

39. New accounting standards and FRS interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2013 or later periods and which the Group has not early adopted:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 19	Employee Benefits	1 January 2013
Amendments to FRS 107	Financial Instruments: Disclosures – Offsetting of Financial Assets and Financial Liabilities	1 January 2013
FRS 113	Fair Value Measurement	1 January 2013
FRS 27	Separate Financial Statements	1 January 2014
FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	1 January 2014

The Group is presently assessing the impact of adopting these new accounting standards, amendments and interpretations. The Group has not considered the impact of accounting standards issued after the balance sheet date.

40. Authorisation of financial statements

These financial statements have been authorised for issue by the Board of Directors on 23 July 2013.

Statistics of Shareholdings

as at 31 July 2013

Share Capital	: $426,297,934
Number of Issued and Paid-up Shares	: 1,071,642,400
Class of Shares	: Ordinary shares
Voting Rights	: One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

Distribution of shareholdings

Size of shareholdings	No. of shareholders	%	No. of shares (excluding treasury shares)	%[1]
1 – 999	162	0.37	36,113	0.00
1,000 – 10,000	39,299	88.82	118,785,897	11.11
10,001 – 1,000,000	4,757	10.75	183,725,615	17.19
1,000,001 and above	29	0.06	766,614,010	71.70
Total	**44,247**	**100.00**	**1,069,161,635**	**100.00**

Based on information available to the Company as at 31 July 2013 approximately 99.90% of the issued ordinary shares of the Company are held by the public and, therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Twenty largest shareholders

No.	Name	No. of shares	%[1]
1.	SEL HOLDINGS PTE LTD[2]	249,991,184	23.38
2.	CITIBANK NOMINEES SINGAPORE PTE LTD	177,107,711	16.57
3.	DBSN SERVICES PTE LTD	80,850,609	7.56
4.	DBS NOMINEES PTE LTD	76,156,117	7.12
5.	HSBC (SINGAPORE) NOMINEES PTE LTD	44,022,831	4.12
6.	RAFFLES NOMINEES (PTE) LTD	31,651,138	2.96
7.	UNITED OVERSEAS BANK NOMINEES (PTE) LTD	23,193,622	2.17
8.	PHILLIP SECURITIES PTE LTD	14,076,476	1.32
9.	BNP PARIBAS SECURITIES SERVICES	10,207,193	0.95
10.	BANK OF SINGAPORE NOMINEES PTE LTD	7,658,292	0.72
11.	DB NOMINEES (SINGAPORE) PTE LTD	6,312,527	0.59
12.	UOB KAY HIAN PTE LTD	5,993,000	0.56
13.	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	4,971,582	0.46
14.	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	4,669,062	0.44
15.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	4,081,592	0.38
16.	OCBC NOMINEES SINGAPORE PRIVATE LTD	3,733,433	0.35
17.	LEONG KHUEN NYEAN	3,520,000	0.33
18.	WONG KONG CHOO	2,754,000	0.26
19.	OCBC SECURITIES PRIVATE LTD	2,573,647	0.24
20.	MAYBANK KIM ENG SECURITIES PTE LTD	2,248,100	0.21
	Total	**755,772,116**	**70.69**

1 Percentage is calculated based on the total number of issued shares, excluding treasury shares of the Company.

2 Pursuant to Section 11(2)(b) of the Exchanges (Demutualisation & Merger) Act 1999 (the "Merger Act"), SEL Holdings Pte Ltd ("SEL"), being the special purpose company set up under the Merger Act to hold the SGX shares for the benefit of the Financial Sector Development Fund, shall not exercise or control the exercise of votes attached to the SGX shares. Owing to the restriction in the exercise of votes attached to the shares, SEL is not regarded as a substantial shareholder of SGX.

Treasury shares

Number of ordinary shares held in treasury: 2,480,765

Percentage of such holding against the total number of issued ordinary shares (excluding ordinary shares held in treasury): 0.23%[1]

Substantial shareholders

According to the Register of Substantial Shareholders maintained by the Company, the Company had no substantial shareholders as at 31 July 2013.

Notice of Annual General Meeting

Singapore Exchange Limited Company Registration No. 199904940D
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Singapore Exchange Limited (the "Company") will be held at NTUC Auditorium, One Marina Boulevard, Level 7, Singapore 018989 on Thursday, 19 September 2013 at 10.00 a.m. to transact the following business:

A. Ordinary business

		Ordinary Resolution
1	To receive and adopt the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2013 and the Auditor's Report thereon.	Resolution 1
2	To declare a final tax exempt dividend amounting to 16 cents per share for the financial year ended 30 June 2013 ("Final Dividend"). (FY2012: 15 cents per share)	Resolution 2
3	To re-elect Mr Chew Choon Seng, who will be retiring by rotation under Article 99A of the Company's Articles of Association (the "Articles") and who, being eligible, offers himself for re-election as a director of the Company.	Resolution 3
4	To re-elect Mr Magnus Böcker, who will be retiring by rotation under Article 99A of the Articles, and who, being eligible, offers himself for re-election as a director of the Company.	Resolution 4
5	To re-elect Mr Thaddeus Beczak, who will be retiring by rotation under Article 99A of the Articles, and who, being eligible, offers himself for re-election as a director of the Company.	Resolution 5
6	To re-elect Ms Jane Diplock AO, who will be retiring by rotation under Article 99A of the Articles, and who, being eligible, offers herself for re-election as a director of the Company.	Resolution 6
Mr Robert Owen is retiring under section 153(6) of the Companies Act, Chapter 50 of Singapore (the "Companies Act") at the Fourteenth Annual General Meeting, and has decided not to offer himself for re-appointment to office.		
7	To approve (i) the sum of $750,000 to be paid to the Chairman as director's fees, and (ii) the provision to him of a car with a driver, for the financial year ending 30 June 2014. (Same as for FY2013: $750,000 and a car with a driver)	Resolution 7
8	To approve the sum of up to $1,500,000 to be paid to all directors (other than the Chief Executive Officer) as directors' fees for the financial year ending 30 June 2014. (FY2013: up to $1,400,000)	Resolution 8
9	To re-appoint PricewaterhouseCoopers LLP as Auditor of the Company and to authorise the directors to fix their remuneration.	Resolution 9

B. Special Business

Ordinary Resolution

To consider and, if thought fit, to pass with or without modifications, the following resolutions which will be proposed as Ordinary Resolutions:

10 That Mr Ng Kok Song be and is hereby appointed as a director of the Company pursuant to Article 104 of the Articles. Resolution 10

11 That authority be and is hereby given to the directors of the Company to: Resolution 11

(a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 10 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue or consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the Monetary Authority of Singapore) and the Articles for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

Ordinary Resolution

12 That: Resolution 12

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("Shares") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price or prices as may be determined by the directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) on the SGX-ST and/or any other securities exchange on which the Shares may for the time being be listed and quoted ("Other Exchange"); and/or

(ii) off-market purchase(s) (if effected otherwise than on the SGX-ST or, as the case may be, Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST or, as the case may be, Other Exchange, as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "Share Purchase Mandate");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held;

(ii) the date by which the next Annual General Meeting of the Company is required by law to be held; and

(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) in this Resolution:

"Average Closing Price" means the average of the closing market prices of a Share over the five consecutive trading days on which the Shares are transacted on the SGX-ST or, as the case may be, Other Exchange, immediately preceding the date of the market purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the off-market purchase, and deemed to be adjusted, in accordance with the listing rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period;

"date of the making of the offer" means the date on which the Company makes an offer for the purchase or acquisition of Shares from holders of Shares stating therein the relevant terms of the equal access scheme for effecting the off-market purchase;

"Maximum Percentage" means that number of issued Shares representing 10 per cent. of the total number of issued Shares as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date); and

"Maximum Price" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a market purchase of a Share, 105 per cent. of the Average Closing Price of the Shares; and

(ii) in the case of an off-market purchase of a Share, 110 per cent. of the Average Closing Price of the Shares; and

(d) the directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he/she may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Resolution.

C. To transact any other business as may properly be transacted at an Annual General Meeting

By Order of the Board

Ding Hui Yun
Company Secretary

Singapore Exchange Limited
28 August 2013

Explanatory Notes

Ordinary Resolution 3 is to re-elect Mr Chew Choon Seng who will be retiring by rotation under Article 99A of the Articles and if he is re-elected, he will remain as Chairman. Mr Chew, who will have served as an Independent Director beyond 9 years by the end of 2013, will be re-designated as Non-Independent Chairman with effect from 1 December 2013. Key information on Mr Chew is found on page 40 of the Annual Report.

Ordinary Resolution 4 is to re-elect Mr Magnus Böcker who will be retiring by rotation under Article 99A of the Articles and if he is re-elected, he will remain as Chief Executive Officer. Mr Böcker is considered a Non-Independent Director. Key information on Mr Böcker is found on page 40 of the Annual Report.

Ordinary Resolution 5 is to re-elect Mr Thaddeus Beczak who will be retiring by rotation under Article 99A of the Articles. Mr Beczak is considered an Independent Director. Key information on Mr Beczak is found on page 41 of the Annual Report.

Ordinary Resolution 6 is to re-elect Ms Jane Diplock AO who will be retiring by rotation under Article 99A of the Articles. Ms Diplock is considered an Independent Director. Key information on Ms Diplock is found on page 41 of the Annual Report.

Ordinary Resolution 7 is to seek approval for (i) the payment of $750,000 to the Chairman as directors' fees for undertaking duties and responsibilities as Chairman of the Board, and (ii) the provision to him of a car with a driver, for the financial year ending 30 June 2014 (which is the same as that approved for the preceding financial year). As in the preceding financial year, the sum of $750,000 does not include any directors' fees payable for serving as chairman or member of any Board committee(s) or attendance fees for any Board committee meetings.

Ordinary Resolution 8 is to seek approval for the payment of up to $1,500,000 to all directors (other than the Chief Executive Officer) as directors' fees for the financial year ending 30 June 2014 ($1,400,000 for the preceding financial year). The exact amount of director's fees received by each director for the financial year ended 30 June 2013 is disclosed in full in the Annual Report.

The increase of $100,000 over the sum approved for the previous year is to cater for any unforeseen circumstances, for example, the appointment of an additional director or additional unscheduled Board and/or Board Committee meetings. There are no changes to the rates of fees for the directors.

Ordinary Resolution 10 is to appoint Mr Ng Kok Song as an additional director pursuant to Article 104 of the Articles. Key information on Mr Ng is found on page 46 of the Annual Report.

Mr Ng has no shareholdings in the Company or any of its related corporations, and has no relationships (including immediate family relationships) with the Company, its 10% shareholders or its directors.

Ordinary Resolution 11 is to empower the directors to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding 50 per cent. of the total number of issued shares (excluding treasury shares) in the capital of the Company (the "50% Limit"), with a sub-limit ("Sub-Limit") of 10 per cent. for issues other than on a pro rata basis to shareholders. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Ordinary Resolution 11 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time that Ordinary Resolution 11 is passed, and (b) any subsequent bonus issue or consolidation or sub-division of shares.

Although the Listing Manual of the SGX-ST enables the Company to seek a mandate to permit its directors to issue shares up to the 50% Limit if made on a pro rata basis to shareholders, and up to a Sub-Limit of 20 per cent. if made other than on a pro rata basis to shareholders, the Company is nonetheless only seeking a Sub-Limit of 10 per cent. The Company believes that the lower limit sought for the issue of shares made other than on a pro rata basis to shareholders is adequate for the time being and will review this limit annually.

Ordinary Resolution 12 is to renew the mandate to allow the Company to purchase or otherwise acquire Shares, on the terms and subject to the conditions set out in the Resolution.

The Company intends to use its internal sources of funds to finance its purchase or acquisition of its Shares. The amount of financing required for the Company to purchase or acquire its Shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as these will depend on the number of Shares purchased or acquired and the price at which such Shares are purchased or acquired.

Based on the existing issued Shares as at 31 July 2013 (the "Latest Practicable Date"), and assuming no further Shares are issued or repurchased, and no Shares are held by the Company as treasury shares, on or prior to the Annual General Meeting, the purchase by the Company of up to the maximum limit of 10 per cent. of its issued Shares will result in the purchase or acquisition of 107,164,240 Shares.

In the case of market purchases by the Company, assuming that the Maximum Price is $7.97 for one Share (being the price equivalent to 5 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's share capital and cash and cash equivalents of approximately $426,298,000 and $427,420,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of capital to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 53,487,829 Shares representing 4.99 per cent. of the total issued ordinary share capital of the Company as at the Latest Practicable Date.

In the case of off-market purchases by the Company, assuming that the Maximum Price is $8.35 for one Share (being the price equivalent to 10 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's share capital and cash and cash equivalents of approximately $426,298,000 and $427,420,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of capital to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 51,053,653 Shares representing 4.76 per cent. of the total issued ordinary share capital of the Company as at the Latest Practicable Date.

In the case of market purchases by the Company, assuming that the Maximum Price is $7.97 for one Share (being the price equivalent to 5 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's retained profits and cash and cash equivalents of approximately $120,741,000 and $427,420,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of retained profits to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 15,149,435 Shares representing 1.41 per cent. of the total issued ordinary share capital of the Company as at the Latest Practicable Date.

In the case of off-market purchases by the Company, assuming that the Maximum Price is $8.35 for one Share (being the price equivalent to 10 per cent. above the Average Closing Price of the Shares immediately preceding the Latest Practicable Date), having regard to the Company's retained profits and cash and cash equivalents of approximately $120,741,000 and $427,420,000 respectively, the maximum number of Shares the Company is able to purchase or acquire out of retained profits to be held as treasury shares or to be cancelled for the duration of the proposed Share Purchase Mandate is 14,460,000 Shares representing 1.35 per cent. of the total issued ordinary share capital of the Company as at the Latest Practicable Date.

The financial effects of the purchase or acquisition of such Shares by the Company pursuant to the proposed Share Purchase Mandate on the consolidated financial statements of the Company and its subsidiaries for the financial year ended 30 June 2013 based on the assumptions set out above are set out in paragraph 2.7 of the Letter to Shareholders dated 28 August 2013.

Notes:

(1) The Chairman of the Annual General Meeting will be exercising his right under Article 66(a) of the Articles to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual General Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual General Meeting will be voted on by way of a poll.

(2) A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company. Completion and return of the proxy form by a member will not prevent him/her from attending and voting at the Annual General Meeting if he/she so wishes. In such an event, the appointment of the prox(ies) for the Annual General Meeting will be deemed to be revoked.

(3) The instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof) must, if sent personally or by post, be deposited at the office of Broadridge (Singapore) Private Limited at 8 Robinson Road #09-00, ASO Building, Singapore 048544 or, if submitted by electronic communication (where the member has signed up for the electronic service provided by the Company to its members to receive notices of meetings, annual reports and other shareholder communications electronically and for online proxy appointment (collectively "Electronic Service") and where such service has been made available), be received via the online proxy appointment process through the Electronic Service, in either case not less than 48 hours before the time appointed for holding the Annual General Meeting.

Books closure date and payment date for final dividend

Subject to the approval of the shareholders for the Final Dividend being obtained at the Annual General Meeting, the Register of Members and the Transfer Books of the Company will be closed from 5.00 p.m. on 27 September 2013 (Friday) up to (and including) 30 September 2013 (Monday), for the purpose of determining shareholders' entitlements to the proposed Final Dividend. The Register of Members and the Transfer Books will re-open on 1 October 2013 (Tuesday).

Duly completed transfers in respect of ordinary shares in the capital of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 27 September 2013 (Friday) will be registered before entitlements to the proposed Final Dividend are determined. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 27 September 2013 (Friday) will rank for the proposed Final Dividend.

The Final Dividend, if approved by shareholders at the Annual General Meeting, will be paid on 4 October 2013 (Friday).

Singapore Exchange
London ▪ Tokyo ▪ Beijing

2 Shenton Way, #19-00, SGX Centre 1, Singapore 068804
Main: (65) 6236 8888 Fax: (65) 6535 6994

www.sgx.com

FSC
www.fsc.org
RECYCLED
Made from recycled material
FSC™ C020316

Design and production by Black Sun Plc
Printed by Medialink Printing Services Pte Ltd