



NEWS RELEASE

Singapore Exchange Reports Strong Results

- **Net Profit: Up 5% to \$320.1 million (\$305.7 million)**
- **Revenue: Up 8% to \$639.7 million (\$594.8 million)**
- **Earnings per Share: 30.1 cents (28.7 cents)**
- **Return on Equity: 39.2% (39.3%)**
- **FY2011 Base Dividend per Share: 16.0 cents (15.0 cents)**

2 August 2010 – Singapore Exchange (SGX) today announced a net profit of \$320.1 million for its full financial year ended 30 June 2010, up 5% from FY2009. Excluding a goodwill impairment of \$2.7 million and write-back of property impairment of \$5.0 million, the FY2010 profit was \$317.8 million, the second highest profit level achieved since SGX's listing in November 2000.

Revenue grew 8% to \$639.7 million in FY2010 on increased equity trading and a revival in primary market activities. Earnings per share for FY2010 was 30.1 cents, with return on equity at 39.2%. The SGX Board has proposed a final dividend of 15.75* cents per share. This will bring the total dividend for FY2010 to 27.0 cents per share. In addition, the Board is pleased to increase SGX's base dividend commitment to 16.0 cents per share, payable on a quarterly basis, effective FY2011.

Mr Magnus Bocker, SGX CEO said, "Last year was the second best year for SGX. We will continue to expand our distribution network, products and services while maintaining Singapore's high regulatory standards. This will further strengthen our position as the Asian Gateway. We are committed to becoming one of the leading exchanges in the world."

Please refer to Financial Statements for the Year Ended 30 June 2010 for full details. The report is also available on our website at www.sgx.com. (SGX SP, SGXL.SI)

- End -

* Subject to shareholders' approval at the annual general meeting on 7 October 2010.

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SINGAPORE EXCHANGE RESULTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2010

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CEO's Statement

We had an eventful FY2010. The year witnessed a strong rebound of the global equity markets after the trough in March 2009. In the last few months, markets have been directionless, being overshadowed by the Euro debt crisis, the risk of a double-dip recession given mixed US economic data and a potential slowdown in China, amongst other negative factors. Closer to home, however, Singapore's benchmark index, Straits Times Index, climbed 22% in FY2010, outperforming most key Asian markets¹, on the back of a strong economic outlook².

Against this backdrop, in FY2010, SGX continued to deliver value to its customers with: an expanded membership base and product suite; enhanced trading, clearing and settlement infrastructure and a new organisation to better serve members and investors.

Financial Performance and Proposed Final Dividend

To enhance transparency, we have reclassified our revenues in 3Q FY2010 and expenses in 4Q FY2010. The new revenue classification now reflects SGX's six key business lines while the expense presentation is based on five categories.

SGX achieved a net profit of \$320.1 million, up 5% from the previous financial year (\$305.7 million). Earnings before interest, tax, depreciation and amortization was \$404.5 million (\$386.2 million). Excluding a goodwill impairment of \$2.7 million and write-back of property impairment of \$5.0 million, the FY2010 net profit was \$317.8 million, the second highest profit level achieved since SGX's listing in November 2000.

Revenue grew 8% to \$639.7 million in FY2010 (\$594.8 million) on the back of increased trading in the securities market and the revival of primary market activities. This offsets the lacklustre derivatives performance in the early part of the year before a stronger 4Q FY2010, lifted by increased volatility.

¹ China Shanghai Stock Exchange Composite Index -19%; Hong Kong Hang Seng Index +8%; India Sensex Index +20%; Japan Nikkei225 Index -6%; Korea KOSPI Index +22%; Taiwan TAIEX Index +14%; MSCI Asia APEX 50 Index +14%

² Singapore's gross domestic product (GDP) is expected to grow 13.0-15.0% in 2010 (Source: Ministry of Trade and Industry, 14 July 10), compared to International Monetary Fund's GDP growth estimation of 3.3% for the US, 1.0% for the European Union and 1.2% for the UK



Expenses increased 15% to \$261.4 million (\$227.5 million) mainly due to: staff costs up \$10.6 million on CEO transition cost and variable bonus provision following improved profitability; processing and royalties costs up \$3.6 million on increased market turnover; and technology expenses up \$16.7 million on implementation of new systems³. The latter includes \$1.5 million in accelerated depreciation of our securities and derivatives systems, in view of planned implementation of the Reach initiative announced on 3 June 2010. Staff cost, excluding variable bonus, remained unchanged at \$55.8 million (\$55.5 million), with the headcount at 602 (585) on 30 June 2010.

As at 30 June 2010, the total equity was \$815.9 million (\$778.1 million) and unrestricted cash reserve, including proposed final dividend of \$167.9 million, was \$536.6 million (\$470.7 million). SGX generated \$371.2 million (\$278.5 million) in cash from operations and incurred \$55.0 million (\$37.1 million) in capital expenditure, in support of our ongoing technology investments: SGXClear; OTC Financial Derivatives project; and the new Reach initiative.

For FY2010, SGX's return on equity was 39.2% (39.3%). On the back of earnings per share of 30.1 cents (28.7 cents), the Board has proposed a final dividend of 15.75 cents per share. Subject to shareholders' approval at the annual general meeting on 7 October 2010, this will bring the total dividend for FY2010 to 27.0 cents per share, a 91% payout of FY2010's net profit (26.0 cents per share and 91% payout). In addition, the Board is pleased to increase SGX's base dividend commitment to 16.0 cents (15.0 cents) per share, payable on a quarterly basis, effective FY2011.

Performance Review for the Year Ended 30 June 2010

Securities (46% of SGX's revenue)

Securities revenues are generated through trading and clearing of listed securities: 763 equity securities including Investment Trusts; 80 Company Warrants; and 73 Exchange Traded Funds/Notes

Securities revenue improved 24% to \$296.0 million (\$238.8 million) due to a 25% increase in daily average trading value to \$1.5 billion from \$1.2 billion a year ago. Turnover velocity for FY2010 was 59% (67%).

The proportion of trades below \$1.5 million in contract value increased two percentage points to 63% in FY2010.

Derivatives (21% of SGX's revenue)

Derivatives revenues are generated through trading, clearing & settlement of financial and commodities derivatives: 31 futures & options contracts; 233 structured warrants; and 31 Over-the-Counter contracts

³ Securities pre-settlement matching system, derivatives data engine and clearing system (SGXClear)



Derivatives revenue slipped 16% to \$131.2 million (\$156.0 million) mainly due to: a change in customer mix which led to a decline in yields; lower income from collateral management as a result of lower interest rates; depreciation of the US dollar; and reduced trading of structured warrants.

In FY2010, the daily average futures and options trading volume was 3% lower at 231,938 contracts (238,446 contracts) with high frequency trading accounting for 27% (15%). The average trading value of structured warrants was halved, at \$29 million per day (\$58 million).

On the commodities front, SICOM and AsiaClear[®] registered record volumes of 597,937 lots and 124,829 contracts, respectively, in FY2010 (343,259 lots and 66,934 contracts).

Market Data (5% of SGX's revenue)

Market data revenues are generated by sales and distribution of securities, derivatives and commodities market information

Market data revenue was 7% lower at \$32.6 million (\$35.0 million). The number of securities terminals increased 6% to 38,567 (36,509 terminals) while the number of derivatives terminals fell 11% to 23,957 (26,780 terminals).

Member Services and Connectivity (5% of SGX's revenue)

Revenues in these business areas are generated through the provision of membership, connectivity and network services to facilitate members' trading and clearing in SGX's markets

Member Services and Connectivity revenue rose 11% to \$29.5 million (\$26.6 million) mainly due to increased sign-ups for derivatives connectivity. FY2010 saw expanded distribution in our markets through the addition of: two Securities Trading Members; two Securities Clearing Members; 366 Securities Trading Representatives; one Derivatives Clearing Member; 18 Derivatives Trading Members (Proprietary); 33 Derivatives Trading Members (Individual); and six SICOM members.

Depository Services (13% of SGX's revenue)

Revenues in this business area are generated from depository and settlement services relating to listed and unlisted securities for depository agents and retail investors

Depository Services revenue rose 12% to \$82.4 million (\$73.7 million) due to higher securities settlement and contracts processing revenues following increased market activity.

SGX expanded its depository customer base to 1.50 million (1.44 million) accounts⁴ as at 30 June 2010.

⁴ Comprising both sub-accounts and direct account holders



Issuer Services (10% of SGX's revenue)

Revenues in this business area are generated through listing of equity, debt and structured securities and corporate action services

Issuer Services revenue increased 5% to \$64.1 million (\$61.2 million). Listings revenue rose 8% to \$37.0 million (\$34.3 million) as we saw the return of IPO and bond listings activities and an increase in market capitalisation. Our corporate action revenue remained steady at \$27.1 million (\$26.9 million).

In FY2010, there were 40 new primary listings on SGX Mainboard and Catalist, raising a total of \$4.6 billion (19 issues and \$442 million). This included: CapitaMalls Asia, one of the largest listed shopping mall owners, developers and managers in Asia; Cache Logistics REIT; K-Green Trust, a "green infrastructure" business trust; TigerAirways, a budget airline; China Minzhong Food; and Debao Property Development. We also saw an additional \$29.0 billion in market capitalisation through the secondary listings of Prudential Plc and Golden Ocean Group, a dry bulk carrier.

As at 30 June 2010, there were 763 (752) equity issues of which 304 (299) issues were from over 20 different countries; 73 (35) ETFs/ETNs; 80 (75) company warrants; 233 (312) structured warrants; and 1,229 (1,099) bonds listed on SGX markets.

Market Development

In FY2010, we completed the migration of all formerly SESDAQ-listed issuers to the Sponsor-based Catalist regime; implemented the revised securities settlement processes and penalty framework to reduce settlement failure; rolled out the new Derivatives Clearing Fund structure as well as increased the Securities Clearing Fund size to augment the financial safeguards for our clearing houses.

We are committed to becoming one of the leading exchanges in the world. We will continue to expand our distribution network, product and service offering and maintain trust in our marketplace through high regulatory standards. At the same time, we aim to be as efficient as possible and in doing so, reduce the cost of operating in our markets. Marking this transformation is the Reach initiative⁵ – developing one of the world's fastest securities trading engines supported by a state-of-the-art data centre with co-location facilities and establishing point of presence in data centres in four global liquidity hubs. The planned launch of a Depositary Receipt (DR) quotation programme will further broaden the suite of Asian-based products available for trading on our market, while the demand for block trading services will be met by the launch of our Chi-East joint venture, a pan-Asian crossing network for securities listed in Australia, Hong Kong, Japan and Singapore.

⁵ SGX Reach, the securities trading engine, is established to have an average order response time of 90-micro seconds "door-to-door" based on a benchmark test conducted, on 7 May 2010. SGX's four global liquidity hubs in Chicago, London, New York and Tokyo will significantly reduce cross border connectivity costs to SGX's markets for trading participants in these hubs



To anchor SGX as the Asian Gateway, we are committed to further investment in our infrastructure, including the Reach initiative. This will increase our capital expenditure to \$60.0-\$65.0 million in FY2011 while depreciation will be higher, with approximately \$9.0 million being the full year impact of SGXClear and accelerated depreciation of current platforms.

Outlook

As the prospect of economic recovery improves, the demand for capital should provide SGX the opportunity to attract more issuers seeking to raise capital. We are encouraged by the continued interest within Asia as well as from the US and Europe, where issuers wish to access capital from Singapore's growing pool of assets.

Financial Highlights: For the Financial Year Ended 30 June 2010

S\$ Million	FY2010	FY2009	Change
INCOME STATEMENT			
Revenue	640	595	8%
Expenses	261	228	15%
Earnings before interest, tax, depreciation and amortisation	404	386	5%
Net profit	320	306	5%
Adjusted net profit excluding impairment effects of goodwill and property ⁽¹⁾	318	306	4%
STATEMENT OF FINANCIAL POSITION			
Cash and cash equivalent (excluding restricted reserves)	537	471	14%
Capital expenditure	55	37	48%
Total equity	816	778	5%
PERFORMANCE INDICATORS			
Net profit margin			
- excluding impairment effects of goodwill and property ⁽¹⁾	49.3%	51.3%	(2)
- including impairment effects of goodwill and property ⁽¹⁾	49.7%	51.3%	(2)
Return on equity			
- excluding impairment effects of goodwill and property ⁽¹⁾	38.9%	39.3%	-
- including impairment effects of goodwill and property ⁽¹⁾	39.2%	39.3%	-
Dividend yield	3.7%	3.7%	-
PER SHARE (in cents)			
Earnings per share (Basic)			
- excluding impairment effects of goodwill and property ⁽¹⁾	29.86	28.74	1.12
- including impairment effects of goodwill and property ⁽¹⁾	30.08	28.74	1.34
Operating cash flow per share	35.19	26.21	8.98
Dividend per share			
Interim dividend paid	11.25	10.50	0.75
Proposed final dividend	15.75	15.50	0.25
Payout ratio (including proposed final dividend)	90.5%	90.5%	-

⁽¹⁾ Relate to \$5 million write-back of allowance for impairment on property and \$2.7 million impairment of goodwill.