



SGX Posts Net Profit of \$74.6 million in Third Quarter FY2010

- **Net Profit: Up 35% to \$74.6 million (3Q FY2009: \$55.3 million)**
- **Operating Revenue: Up 28% to \$153.3 million (\$119.8 million) Net Profit Margin: 48% (46%)**
- **Return on Equity: 10.2% (annualised 40.8%)**

16 April 2010 - Singapore Exchange (SGX) today announced a net profit of \$74.6 million for the third quarter of its financial year 2010, up 35% from 3Q FY2009. This brings profit for the first nine months to \$240.4 million, up 12% from \$214.5 million a year ago.

Earnings per share for the quarter was 7.01 cents, bringing the total to 22.60 cents for the fiscal year to date. Directors have declared a quarterly base dividend of 3.75 cents, amounting to a total to 11.25 cents for the fiscal year as at 31 March 2010.

Mr Magnus Bocker, SGX CEO said, "The market outlook continues to improve. Our IPO pipeline is strong and we expect continued interest in capital raising. Increased investment flows in Asia support our Asian Gateway positioning. This gives us more opportunities to work with key market constituents in extending our global reach."

Please refer to SGX Interim Report for the third quarter FY2010 for full details. The report is also available on our website at www.sgx.com. (SGX SP, SGXL.SI)

SGX INTERIM REPORT: THIRD QUARTER FINANCIAL YEAR 2010

- **Net Profit: Up 35% to \$74.6 million (3Q FY2009: \$55.3 million)**
- **Operating Revenue: Up 28% to \$153.3 million (\$119.8 million)**
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CEO's Statement

Global capital markets staged a strong rebound during 2009 and this carried over in the first quarter of 2010 with increased trading activity compared to the same period a year ago. The renewed optimism is now reflected in stronger GDP forecasts.

In 3Q FY2010, SGX made progress in product development in many different areas. Besides the newly launched fuel oil and gold contracts, SGX has announced plans to roll out more Indian equity derivatives and STOXX Index contracts to meet the needs of local and international market participants. The distribution network was strengthened during the third quarter with seven new members joining SGX's securities and derivatives markets. These product development and membership expansion efforts will further bolster SGX Asian Gateway revenue, which contributed 53% (45%) of total revenue in 3Q FY2010.

Financial Performance and Interim Dividend

SGX recorded a net profit of \$74.6 million (3Q FY2009: \$55.3 million) in 3Q FY2010, bringing SGX's profit for the first nine months ended 31 March 2010 to \$240.4 million (\$214.5 million). Operating revenue rose 28% to \$153.3 million (\$119.8 million) following a strong recovery in the securities market.

Operating expenses rose 17% to \$63.6 million (\$54.2 million) mainly due to: higher variable bonus provision, \$4.3 million; step-up in technology-related costs, \$2.2 million, stemming from ongoing technology investment; and higher cost for processing and royalties on increased market activities, \$2.0 million. SGX has a total of 604 (595) staff as at 31 March 2010.

Net profit margin improved two percentage points to 48% (46%) in 3Q FY2010 and the earnings per share was 35% higher at 7.0 cents (5.2 cents). The 3Q FY2010 return on equity was 10% or annualised 41% (8% or annualised 32%).

Our net equity stood at \$731.2 million (\$682.4 million) with a strong operating net cashflow of \$97.9 million (\$52.8 million).

SGX Board has declared a quarterly base dividend of 3.75 cents per share, payable on 17 May 2010, in accordance with our dividend policy.

New Revenue Classification

We have recently revised our revenue classifications to better reflect our business lines. These include: Securities; Derivatives; Market Data; Member Services and Connectivity; Depository Services; and Issuer Services. (Please refer to SGXNet for a restated classification of our historic revenues).

Securities

Revenues in this business area are generated through trading and clearing of securities products, and the related processing services.

Securities revenue in 3Q FY2010 grew 65% to \$70.2 million from \$42.6 million in the corresponding quarter in FY2009. Improved investor confidence saw securities daily average trading value (SDAV) of \$1.5 billion with an annualised average turnover velocity of 58% (\$914 million in SDAV with an annualised turnover velocity of 61%).

The trading value of Exchange Traded Funds (ETFs) in 3Q FY2010 rose 52% year-on-year to \$884 million in this quarter. SGX continues to work with issuers to expand the suite of ETFs to provide investors access to different asset classes and countries. There are now 57 ETFs listed on SGX, compared to 31 ETFs a year ago.

Derivatives

Revenues in this business area are generated through trading, clearing & settlement of derivatives and commodities products, as well as the related services.

Derivatives revenue in 3Q FY2010 was \$31.9 million, an increase of 2% over the \$31.2 million in 3Q FY2009. The increase in Futures and Options (F&O) revenue helped offset the fall in structured warrants clearing revenue and income from the management of margin funds, which was affected by low interest rates and reduced fund balances due to lower volatility.

Total F&O daily average volume increased 15% year-on-year to 234,325 contracts, compared to 203,931 contracts in 3Q FY2009. Open interest as at end March 2010 was 620,147 contracts (500,265 contracts). Facilitating high frequency trading remained a key focus with this group contributing 26% (15%) of the overall F&O trading volume in 3Q FY2010.

With the introduction of fuel oil and gold contracts, we have successfully expanded our commodities offering in 3Q FY2010. Another new contract, Robusta coffee, will be added to SGX's suite of commodities when it is launched on 22 April 2010.

AsiaClear saw a 76% increase to 35,782 contracts (20,312 contracts) cleared in 3Q FY2010. AsiaClear's trading and clearing community now reaches out to 467 counterparties, compared to 285 a year ago.

Market Data

Revenues in this business area are generated by selling and distributing market information on SGX-listed securities, derivatives and commodities.

Market Data revenue slipped 5% to \$8.4 million (\$8.8 million) in 3Q FY2010 due to the lower number of derivatives end users, notwithstanding an increase in the number of end users for securities information.

Member Services and Connectivity

Revenues in this business area are generated through the provision of technology related connectivity services, as well as the different membership categories to access SGX's marketplace.

Member Services and Connectivity revenue rose 12% to \$7.7 million (\$6.8 million) in 3Q FY2010 due to the additional sign-ups for enhanced API connectivity services to the securities and derivatives markets.

Our efforts to expand SGX's membership base paid off with seven new securities and derivatives members planning to join SGX. These include: Goldman Sachs and MF Global, already approved, and the following with approval-in-principle: Cantor Fitzgerald; Deutsche Bank; IIFL (India); Standard Chartered; and United Overseas Bank. In addition, we added the following: 32 Trading Members (Individual); 9 Trading Members (Proprietary); and 156 Trading Representatives. SICOM added five new commodities members.

Depository Services

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

Revenues from Depository Services increased 19% to \$19.2 million (\$16.2 million) due to higher revenue from post-trade services on increased securities market activity.

Issuer Services

Revenues in this business area are generated through listing of equity, debt and structured securities and other issuer-related services.

Issuer services revenue rose 12% to \$15.0 million (\$13.4 million) in 3Q FY2010.

Seven new listings joined the SGX Mainboard, raising a total of \$522.3 million in 3Q FY2010. This includes Tiger Airways and the dry bulk carrier, Golden Ocean Group, the first dual listing issuer from Oslo Bors (4 new listings, raised \$19.1 million).

Market capitalization as at 31 March 2010, comprising 631 Mainboard and 132 Catalist listed securities¹ stood at \$682 billion.

Market Outlook

As the market outlook continues to improve, albeit slowly, we remain committed to ongoing investments for our market development. We, therefore, expect the operating expenses, excluding variable costs, to increase in the quarters ahead.

Our IPO pipeline remains strong and we expect to see continued interest in capital raising activity. Increased investment flows in Asia support our Asian Gateway positioning. This gives us more opportunities to work with all our key constituents: issuers; members; and investors, to create innovative products and extend our market reach.

Financial Highlights of FY2010 Results – 1 July 2009 to 31 March 2010						
S\$ Million	9 Months FY2010	9 Months FY2009	Change	3Q FY2010	3Q FY2009	Change
Operating revenue	477.4	424.8	12.4%	153.3	119.8	28.0%
Operating expenses	(190.5)	(163.4)	16.6%	(63.6)	(54.2)	17.4%
Operating profit	286.9	261.4	9.7%	89.7	65.6	36.7%
Other gains/(losses)	2.3	(1.7)	NM	0.8	(0.6)	NM
Profit before tax and share of results of joint ventures and associated companies	289.2	259.7	11.4%	90.5	65.0	39.3%
Share of results of joint ventures and associated companies	(1.0)	0.0	NM	(0.9)	0.1	NM
Tax	(47.8)	(45.2)	5.6%	(15.0)	(9.8)	52.9%
Profit attributable to equity holders	240.4	214.5	12.1%	74.6	55.3	34.9%
Basic earnings per ordinary share (in cents)	22.60	20.17	2.43	7.01	5.20	1.81
Interim base (tax exempt one tier) dividend per share (in cents)	11.25	10.50	0.75	3.75	3.50	0.25

NM: Not Meaningful.

¹Exclude Global Depository Receipts (GDRs), Hedge Funds, Inactive Secondary Listings and Debt Securities.