



## NEWS RELEASE

### SGX Announces First Half Profit of \$165.8 million for FY2010

*SGX results for 1H FY2010 (July to December 2009) versus 1H FY2009*

- **Net profit: \$165.8 million, against \$159.2 million a year ago**  
**\$71.8 million in 2Q FY2010 compared to \$74.7 million in 2Q FY2009**
- **Operating revenue: 6% increase to \$324.0 million**
- **Securities Daily Average Value up 34% to \$1.6 billion and derivatives volume down 16%**
- **Primary and secondary capital raising increased to \$13.7 billion\*, up from \$1.8 billion\*\***

18 January 2010 - Singapore Exchange Limited (SGX) today announced a net profit of \$165.8 million for the first half of its financial year 2010. Excluding non-recurring items, net profit was 7% higher compared to 1H FY2009 (\$159.2 million). In the second quarter of the financial year 2010, excluding the non-recurring items, net profit of \$77.0 million was 3% higher than a year ago. Operating revenue increased 6% to \$324.0 million (1H FY2009: \$304.9 million).

The recovery in equity markets is reflected in our securities daily average trading value increasing to \$1.6 billion (1H FY2009: \$1.2 billion) and a good start to trading in 2010. With a return of capital markets activity, the IPO side of our business is expected to see a better year. Our derivatives business, while affected by a decline in volatility resulting in lower trading volume (27.4 million contracts), held up well with the addition of new market participants and supporting technology.

Please refer to the "CEO's Statement" and "Financial Highlights", as attached, for details.

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

- End -

\*Primary funds raised include three Reverse Takeovers (RTOs).

\*\*Primary funds raised include two Reverse Takeovers (RTOs). Secondary funds raised are from placements and rights issues.

<b>Media:</b> Amy Balan, Corporate Communications Tel: 65-6236 8190 Email: <a href="mailto:amy.balan@sgx.com">amy.balan@sgx.com</a>	<b>Investor Relations:</b> John Gollifer, Investor Relations Tel: 65-6236 8540 Email: <a href="mailto:johngollifer@sgx.com">johngollifer@sgx.com</a>
Magdalyn Liew, Corporate Communications Tel: 65-6236 8157 Email: <a href="mailto:magdalynliew@sgx.com">magdalynliew@sgx.com</a>	Lau Mei Seong, Investor Relations Tel: 65-6236 8356 Email: <a href="mailto:meiseong@sgx.com">meiseong@sgx.com</a>



## CEO's Statement

SGX announced a net profit of \$165.8 million in 1H FY2010. Excluding the non-recurring CEO transition cost of \$6.3 million, this half-year's profit of \$171.1 million was 7% higher than a year ago (1H FY2009: \$159.2 million).

In 2Q FY2010, net profit was \$71.8 million, 4% lower compared to a year ago (2Q FY2009: \$74.7 million). Excluding the non-recurring CEO transition cost, this quarter's net profit stood at \$77.0 million, 3% higher than a year ago.

In line with our dividend policy, the directors are pleased to declare a quarterly base dividend of 3.75 cents per share, payable on 17 February 2010, on a tax exempt one-tier basis.

## Financials

Operating revenue rose 6% in 1H FY2010 to \$324.0 million (1H FY2009: \$304.9 million) on the back of a recovery in the securities market. This was, however, offset by a slowdown in the derivatives trading as market volatility subsided.

Operating expenses amounted to \$126.9 million (1H FY2009: \$109.2 million), lifted by the non-recurring CEO transition cost of \$6.3 million, an increase in the provision for variable bonus and the continued step-up in technology-related expenses. The latter includes the successful implementation of the Quest-ST (securities) and Quest-DT (derivatives) trading engines. In addition, we launched SGX-Prime, a pre-settlement matching platform for the securities market and SGXClear, a clearing platform, as well as an upgraded market data service for the derivatives market.

## Securities Market

The securities market staged a strong recovery in 1H FY2010 compared to the previous year's weak market during the financial crisis. The securities daily average trading value (SDAV) increased by 34% to \$1.6 billion in 1H FY2010 (1H FY2009: \$1.2 billion) and the annualised turnover velocity for 1H FY2010 was 62% (1H FY2009: 61%).

Primary capital raising activities improved with 23 new listings<sup>1</sup> (1H FY2009: 14 new listings), including CapitaMalls Asia which raised \$2.8 billion. Together, the primary and secondary markets raised \$13.7 billion in 1H FY2010 (1H FY2009: \$1.8 billion). As at 31 December 2009, total market capitalisation of the 762 companies listed on SGX was \$669.0 billion, an increase of 77% (31 December 2008: 756 companies, \$378.6 billion).

---

<sup>1</sup> 1H FY2010: 20 IPOs and 3 reverse takeover (RTOs) and 1H FY2009: 12 IPOs and 2 RTOs.



In response to market demand, issuers continue to list new market access products on SGX. With the addition of 10 ETFs, including one offering access to the China A-share market, SGX has a total of 49 ETFs providing investors access to different asset classes across developed and emerging markets. We also added the first Exchange Traded Note (ETN) in Asia ex-Japan that offers investors exposure to a broad range of commodities. The total value traded of ETFs rose 50% to \$2.3 billion (1H FY2009: \$1.5 billion).

### **Derivatives Market**

Our Asian Gateway strategy has been strengthened by extending derivative trading hours beyond the Asian time zone into European and US markets. Remaining open until 1.00am, SGX has the longest trading hours of any exchange in Asia.

Derivatives market activities were generally subdued in 1H FY2010 as a result of the declining volatility. Futures and options trading volume dropped 16% to 27.4 million contracts from 32.6 million contracts when SGX achieved record volumes in 1H FY2009. However, as at 31 December 2009, the open interest was 676,603 contracts, 32% higher than a year ago (511,631 contracts).

SGX continues to attract new algorithmic traders. This has helped mitigate the lower trading activities from Investment Banks' proprietary trading desks. Algorithmic trading accounted for about 25% of the derivatives volume in 1H FY2010 (1H FY2009: 15%).

The launch of SGXClear in December 2009 marked a key milestone for SGX's derivatives market. The fully upgraded derivatives infrastructure, from trading to clearing and data services, enables SGX to roll out more complex and diverse products to meet the needs of our customers.

### **Commodities and Over-the-Counter (OTC) Clearing**

SGX continues to expand in the commodities market. In 1H FY2010, AsiaClear - reaching out to 424 counterparty accounts globally - cleared 57,283 OTC contracts, more than double the previous year's volume. (1H FY2009: 25,893 contracts and 260 counterparty accounts). SGX plans to launch bunker fuel oil futures and clear OTC-traded interest rate swaps and foreign exchange forwards.

SICOM plans to trade coffee and gold contracts on the new e-SICOM platform during the current financial year.



## **Risk Management and Regulation**

SGX issued a consultation paper seeking the public's comments on proposed new measures to strengthen corporate governance practices to safeguard shareholders' interests, as well as to foster clearer disclosure by listed companies. This includes clarification on the role of boards of directors, key officers and auditors.

We have made good progress in moving Catalyst Non-Sponsored companies to the new sponsored-regime. To date, 122 out of 134 Catalyst companies have found a sponsor.

SGX implemented new securities settlement processes in December 2009 for failed settlement resulting in an immediate and significant reduction in the number of such trades. SGX has also announced initiatives for compulsory marking of all short-selling orders to increase transparency of the extent of aggregate short-selling activities in individual securities.

## **Market Outlook**

If, as the market expects, a low interest rate environment prevails in 2010, this should continue to underpin turnover in Asian securities and derivatives markets, including Singapore. At the same time, we recognize that greater volatility and weaker sentiment toward our markets can quickly result in changing funds flow. Nevertheless, our stronger IPO pipeline suggests that the issuance side of our business is expected to see a better year across our markets and key sectors, including: shipping and maritime services; resources; property and business trusts; manufacturing; and other service sectors.

Our recently announced joint venture, Chi-East, a pan-Asian crossing network, is on track for a mid-2010 launch following some key hirings. Our commodities business and SGX AsiaClear are building a critical mass of end users, traders and counterparties to ensure the success of these businesses.

Our efforts to develop new distribution channels for our increasingly international customer base are expected to show further results over the coming years. Our expectation is that our customer mix will change as we extend our market reach beyond the Asian time zone. Investment in technology remains a priority, leading to a higher operating expense base, but this is necessary to improve our competitive edge.



**Financial Highlights of First Half FY2010 Results – 1 July 2009 to 31 December 2009**

<b>S\$ Million</b>	<b>1H FY2010</b>	<b>1H FY2009</b>	<b>Change</b>	<b>2Q FY2010</b>	<b>2Q FY2009</b>	<b>Change</b>
Operating Revenue	324.0	304.9	6.3%	150.7	146.7	2.7%
Operating Expenses	(126.9)	(109.2)	16.2%	(67.2)	(55.8)	20.3%
Profit from Operating Activities	197.1	195.7	0.7%	83.5	90.9	(8.1%)
Other Gains/(Losses)	1.5	(1.0)	NM	1.0	0.6	74.2%
Profit Before Tax and Share of Results of Joint Ventures and Associated Companies	198.6	194.7	2.0%	84.5	91.5	(7.6%)
Share of Results of Joint Ventures and Associated Companies	(0.1)	(0.1)	(13.6%)	(0.1)	(0.1)	NM
Tax	(32.7)	(35.4)	(7.5%)	(12.6)	(16.7)	(24.4%)
<b>Profit Attributable to Equity Holders</b>	<b>165.8</b>	<b>159.2</b>	<b>4.2%</b>	<b>71.8</b>	<b>74.7</b>	<b>(3.9%)</b>
Basic earnings per share (in cents)	15.59	14.97	0.62	6.75	7.02	(0.27)
Interim base dividend per share (Tax exempt one-tier) (in cents)	7.50	7.00	0.50	3.75	3.50	0.25

NM : Not meaningful