



**Financial Results
For the Second Quarter ended
31 December 2015**

Singapore Exchange Limited
Incorporated in the Republic of Singapore
Company Registration Number: 199904940D

SINGAPORE EXCHANGE

Financial Results for the Second Quarter Ended 31 December 2015

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The financial results set out in Sections 2 to 6, 8 to 12, 14 to 19 of this announcement have been extracted from the interim financial report that has been prepared in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting.

1. Performance Summary

Financial Overview

- Revenue: \$195 million, unchanged from a year earlier
- Operating profit: \$98 million, down 4%
- Net profit: \$84 million, down 3%
- Earnings per share: 7.8 cents, down 3%
- Interim dividend per share: 5 cents¹, up from 4 cents

All figures are for the year except for figures in brackets which are for the year earlier, unless otherwise stated

SGX recorded operating profit of \$97.5 million (\$101.6 million) and a net profit of \$83.7 million (\$86.6 million) in 2Q FY2016, with earnings per share of 7.8 cents (8.1 cents). The Board of Directors has declared an interim dividend of 5 cents (4 cents) per share, payable on 4 February 2016, in line with the stated dividend policy.

Revenue was largely unchanged at \$194.6 million (\$195.1 million). Expenses increased \$3.5 million or 4% to \$97.1 million (\$93.5 million).

Please refer to the Business Performance and Expense Overviews below for more details.

Cash from operating activities was \$76.0 million (\$88.7 million).

Total equity was \$883.5 million (\$833.5 million) as of 31 December 2015.

Business and Expenses Overview

Securities

Securities revenue decreased \$5.1 million or 10% to \$46.6 million (\$51.7 million) and accounted for 24% (26%) of total revenue.

- Clearing revenue: \$36.2 million, down 11% from \$40.4 million
- Access revenue: \$8.1 million, down 11% from \$9.2 million
- Collateral management, membership and other revenue: \$2.3 million, up 12% from \$2.1 million

Securities daily average traded value (SDAV) decreased 11% to \$0.93 billion (\$1.04 billion), following a decline in market activities. Total traded value decreased 9% to \$59.5 billion (\$65.7 billion).

Average clearing fee was 2.93 basis points, down 2% from 3.00 basis points a year earlier. Turnover velocity for the quarter was 35% (36%).

Table 1: Key Metrics for Securities Market

	2Q FY2016	2Q FY2015	Change
Securities total traded value (\$ billion)	59	66	-9%
· Mainboard	56	61	-8%
· Catalist	2	3	-32%
· Exchange-traded funds, Structured Warrants and others	1	2	-18%
Period-end total market capitalisation (\$ billion)	905	998	-9%
· Primary-listed	601	694	-13%
· Secondary-listed	304	304	0%
Turnover velocity (primary-listed)	35%	36%	-3%
Securities total traded volume (shares in billion)	87	93	-7%

Note: Figures are rounded to the nearest number

¹ From FY2016 onwards, SGX's dividend policy is to declare a base dividend of 5 cents per share per quarter, an increase of 1 cent per share. For each financial year, SGX will pay as dividend an amount which is no less than 80% of the annual net profit after tax or 20 cents per share, whichever is higher.

Derivatives

Derivatives revenue increased \$1.1 million or 1% to \$77.6 million (\$76.4 million), and now accounts for 40% (39%) of total revenue.

- Equity and Commodities revenue: \$56.3 million, down 3% from \$58.0 million
- Collateral management, licence, membership and other revenue: \$21.2 million, up 15% from \$18.4 million

Equity and Commodities revenue declined \$1.7 million or 3%. Total volumes dropped by 0.7 million or 2% to 39.3 million contracts (40.0 million contracts), following a decline in the volumes of the Japan Nikkei 225 futures and options. Our global commodities benchmarks performed well, led by Iron Ore volumes increasing 121% to 2.6 million contracts. Average fee per contract was \$1.28 (\$1.30).

Collateral management, licence, membership and other revenue increased 15%. Average month-end open interest for equities and commodities derivatives was 3.5 million contracts, up 6% from 3.3 million contracts a year earlier.

In December 2015, SGX was named Global Exchange of the Year at the Futures & Options World (FOW) International Awards ceremony. This award reflected the SGX's strong derivatives volume growth through 2015 and continued innovation across its product portfolio.

Table 2: Derivatives Volumes

	2Q FY2016	2Q FY2015	Change
SGX FTSE China A50 Index futures	17,497,215	17,449,776	0%
Japan Nikkei 225 Index futures	5,647,004	8,536,001	-34%
CNX India Nifty Index futures	4,725,549	4,734,917	0%
MSCI Taiwan Index futures	4,056,741	4,426,824	-8%
MSCI Singapore Index futures	1,382,943	836,804	65%
MSCI Indonesia Index futures	91,832	68,150	35%
Japan Nikkei 225 Index options	1,242,698	1,874,148	-34%
CNX India Nifty Index options	94,655	31,638	199%
FX futures	1,364,524	402,321	Not meaningful
Iron Ore futures	1,900,841	953,326	99%
Rubber futures	164,583	161,790	2%
Iron Ore swaps	96,135	107,344	-10%
Iron Ore options	563,276	98,554	Not meaningful
Others	474,525	281,636	68%
Total	39,302,521	39,963,229	-2%

Market Data and Connectivity

Market Data and Connectivity revenue increased \$1.6 million or 8% to \$21.6 million (\$20.0 million), accounting for 11% (10%) of total revenue.

- Market data revenue: \$9.5 million, up 8% from \$8.8 million
- Connectivity revenue: \$12.1 million, up 9% from \$11.1 million

Market data revenue grew 8%, on the back of increased derivatives market data sales.

Connectivity revenue increased 9%, following continued growth of our colocation services business.

Depository Services

Depository Services revenue increased \$3.5 million or 14% to \$29.3 million (\$25.8 million), accounting for 15% (13%) of total revenue.

- Securities settlement revenue: \$23.6 million, up 16% from \$20.4 million
- Contract processing revenue: \$3.8 million, up 3% from \$3.7 million
- Depository management revenue: \$1.9 million, up 13% from \$1.7 million

Securities settlement revenue increased 16%, following higher volumes of institutional securities settlement.

Depository management revenue increased 13%, following an increase in the number of new accounts opened by Depository Agents.

Issuer Services

Issuer Services revenue decreased \$1.7 million or 8% to \$19.3 million (\$21.0 million), accounting for 10% (11%) of total revenue.

- Listing revenue: \$11.4 million, down 13% from \$13.0 million
- Corporate actions and other revenue: \$7.9 million, unchanged

Listing revenue decreased 13% following lower number of new listings. There were a total of 5 new listings which raised \$410.8 million, compared to 14 new listings raising \$709.7 million a year earlier. Secondary equity funds raised were \$0.8 billion (\$1.9 billion). There were 73 bond listings raising \$36.5 billion, compared to 131 listings raising \$47.5 billion a year earlier.

Expenses

Expenses increased 4% to \$97.1 million (\$93.5 million) primarily due to higher staff, technology, and processing and royalties expenses.

Staff costs increased \$1.9 million or 5% to \$38.4 million (\$36.5 million). Fixed staff costs increased 16% to \$26.9 million (\$23.3 million). We increased average headcount for the quarter by 48 to 742 (694) to support business growth and strengthen operational resilience. Provisions for variable staff costs decreased 13% to \$11.4 million (\$13.2 million).

Technology expenses increased \$2.0 million or 7% to \$30.8 million (\$28.7 million), following higher system maintenance and operating costs as new systems became operational.

Processing and royalties increased \$1.1 million or 9% to \$12.7 million (\$11.6 million), following higher royalty payments as a result of changes in the mix of Derivatives contracts traded.

Professional fees decreased \$1.8 million or 45% to \$2.2 million (\$3.9 million), due to a number of one-off expenses incurred in the same quarter a year earlier.

Tax expense for the quarter was \$16.7 million (\$17.4 million). The effective tax rate was 17% (17%), unchanged from a year earlier.

Technology-related capital expenditure was \$17.2 million (\$13.4 million). These investments are mainly for the on-going development of a new post-trade system, and an upgraded Derivatives trading and clearing platform.

Regulatory Overview

In October 2015, we announced the launch of a review of Mainboard companies' compliance with the Code of Corporate Governance. We will publish the results of the review, which we have engaged KPMG to conduct, and will follow up with individual companies to address the shortcomings identified.

Following market feedback from formal public consultations and stakeholder engagements, a number of regulatory initiatives and rule changes were introduced in the quarter. These were aimed at improving existing rules and procedures.

The initiatives included the following:

- We extended by 6 months to 1 September 2016, the review of companies' compliance with the Minimum Trading Price requirement so long as they consolidate their shares to meet the rule before 1 March 2016. This followed feedback and recent market developments.
- We refined our approach to "Trade with Caution" alerts, to contain greater detail but to be issued only where necessary on a case-by-case basis.
- We implemented additional safeguards for the trading of newly consolidated shares. These include indicators to inform investors when stocks are undergoing a share consolidation and when the consolidation has taken place, and a reference price which will be used to trigger trading safeguards such as dynamic circuit breakers.
- We extended the privy list requirement from only certain significant transactions to all material transactions after respondents to our public consultation expressed general support for the list, recognising it as a useful regulatory tool when SGX conducts an investigation into unusual trading.
- To enhance transparency and address trends which are of regulatory concern, we published on our website, for the first time, case studies of private disciplinary actions, guidelines for Catalist sponsors and a toolkit to aid companies in common corporate actions.

During the quarter, we publicly reprimanded two listed companies for rule breaches.

Commitment to Clearing Funds

SGX's commitment to the CDP clearing fund was unchanged at \$60 million. SGX's commitment to the SGX-DC clearing fund was increased by \$50 million to \$200 million in October 2015. The total CDP clearing fund was \$100 million and the total SGX-DC clearing fund was \$780 million as of 31 December 2015.

Outlook

Our results this quarter reflect persistent weak market sentiment. The outlook for global markets remains uncertain as market participants adjust to the recent change in US interest rate policy, slower growth in China and volatile commodity prices.

While we have successfully launched a number of new initiatives this past quarter, including SGX Bond Pro, their initial contribution to business performance will be marginal. We remain committed to our long term growth strategy.

We are focused on managing our costs, and operating expenses for FY2016 are now expected to be between \$415 million and \$425 million. This is lower than the previously announced range of between \$425 million and \$435 million. Technology-related capital expenditure is now expected to be between \$70 million and \$75 million, lower than the previously announced range of between \$75 million and \$80 million, as we re-prioritise our projects.

2. Income Statement - Group

2Q			1H			
FY2016	FY2015	Change		FY2016	FY2015	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
Operating revenue						
Securities						
36,162	40,445	(10.6)	- Securities clearing	79,519	79,006	0.6
8,120	9,161	(11.4)	- Access	18,304	17,811	2.8
2,334	2,076	12.4	- Collateral management, membership and other	4,734	4,006	18.2
46,616	51,682	(9.8)		102,557	100,823	1.7
Derivatives						
56,310	58,018	(2.9)	- Equity and Commodities	123,389	98,084	25.8
21,240	18,394	15.5	- Collateral management, licence, membership and other	45,027	32,069	40.4
77,550	76,412	1.5		168,416	130,153	29.4
Market Data and Connectivity						
9,512	8,842	7.6	- Market data	19,158	17,468	9.7
12,097	11,125	8.7	- Connectivity	24,032	21,769	10.4
21,609	19,967	8.2		43,190	39,237	10.1
Depository Services						
23,590	20,381	15.7	- Securities settlement	46,962	38,687	21.4
3,833	3,729	2.8	- Contract processing	8,261	7,679	7.6
1,908	1,682	13.4	- Depository management	3,791	3,288	15.3
29,331	25,792	13.7		59,014	49,654	18.9
Issuer Services						
11,377	13,047	(12.8)	- Listing	23,203	26,505	(12.5)
7,877	7,926	(0.6)	- Corporate actions and other	17,424	17,159	1.5
19,254	20,973	(8.2)		40,627	43,664	(7.0)
247	265	(6.8)	Other	433	437	(0.9)
194,607	195,091	(0.2)	Operating revenue	414,237	363,968	13.8
Operating expenses						
38,352	36,463	5.2	Staff	80,362	69,925	14.9
30,774	28,749	7.0	Technology	61,314	56,636	8.3
12,670	11,576	9.5	Processing and royalties	28,192	19,293	46.1
6,071	5,796	4.7	Premises	12,044	10,861	10.9
2,185	3,947	(44.6)	Professional fees	4,273	6,888	(38.0)
7,007	6,999	0.1	Others	13,172	11,841	11.2
97,059	93,530	3.8	Operating expenses	199,357	175,444	13.6
97,548	101,561	(4.0)	Profit from operating segments	214,880	188,524	14.0
Other gains/(losses)						
2,758	1,122	NM	- Other revenue including interest income	4,889	2,877	69.9
(104)	962	NM	- Net foreign exchange gain/(loss)	(213)	1,175	NM
2,654	2,084	27.4	Other gains/(losses)	4,676	4,052	15.4
100,202	103,645	(3.3)	Profit before tax and share of results of associated companies	219,556	192,576	14.0
215	374	(42.5)	Share of results of associated companies	531	1,090	(51.3)
(16,684)	(17,420)	(4.2)	Tax	(37,078)	(29,506)	25.7
83,733	86,599	(3.3)	Net profit after tax	183,009	164,160	11.5
Attributable to:						
83,733	86,599	(3.3)	Equity holders of the Company	183,009	164,160	11.5

NM: Not meaningful

3. Statement of Comprehensive Income - Group

2Q			1H			
FY2016	FY2015	Change		FY2016	FY2015	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
83,733	86,599	(3.3)	Net profit after tax	183,009	164,160	11.5
			Other comprehensive income/(expense):			
			Items that may be reclassified subsequently to profit or loss:			
(142)	308	NM	Net currency translation differences of financial statements of subsidiary and associated company	44	225	(80.4)
1,524	(218)	NM	Fair value gains/(losses) arising from cash flow hedges	(885)	(1,263)	(29.9)
1,382	90	NM	Other comprehensive income/(expense) for the period, net of tax	(841)	(1,038)	(19.0)
85,115	86,689	(1.8)	Total comprehensive income for the period	182,168	163,122	11.7
			Total comprehensive income attributable to:			
85,115	86,689	(1.8)	Equity holders of the Company	182,168	163,122	11.7

4. Detailed Notes on Expenses - Group

2Q			1H			
FY2016	FY2015	Change		FY2016	FY2015	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
			Operating expenses			
			Staff			
26,922	23,294	15.6	- Fixed staff costs (excluding variable bonus)	54,660	44,800	22.0
9,584	10,295	(6.9)	- Variable bonus (including CPF)	21,567	19,242	12.1
1,846	2,874	(35.8)	- Variable share-based payment	4,135	5,883	(29.7)
38,352	36,463	5.2		80,362	69,925	14.9
			Technology			
16,986	15,330	10.8	- System maintenance and rental	33,284	30,015	10.9
12,949	12,630	2.5	- Depreciation and amortisation	26,083	24,869	4.9
839	789	6.3	- Communication charges	1,947	1,752	11.1
30,774	28,749	7.0		61,314	56,636	8.3
12,670	11,576	9.5	Processing and royalties	28,192	19,293	46.1
			Premises			
4,368	4,418	(1.1)	- Rental and maintenance of premises	8,642	8,345	3.6
1,703	1,378	23.6	- Depreciation of furniture and fittings and leasehold improvements	3,402	2,516	35.2
6,071	5,796	4.7		12,044	10,861	10.9
2,185	3,947	(44.6)	Professional fees	4,273	6,888	(38.0)
			Others			
1,780	2,065	(13.8)	- Marketing	3,370	3,704	(9.0)
835	851	(1.9)	- Travelling	1,190	1,193	(0.3)
187	63	NM	- Allowance/(reversal) for impairment of trade receivables (net)	386	30	NM
165	-	NM	- Net write-off/impairment of property, plant and equipment and software	165	-	NM
(48)	-	NM	- Net (gain)/loss on disposal of property, plant and equipment and software	(48)	-	NM
522	457	14.2	- Directors' fee	1,111	1,020	8.9
1,045	1,075	(2.8)	- Regulatory fee	2,083	1,448	43.9
226	226	-	- Amortisation of intangible asset	452	226	100.0
2,295	2,262	1.5	- Miscellaneous	4,463	4,220	5.8
7,007	6,999	0.1		13,172	11,841	11.2
97,059	93,530	3.8	Operating expenses	199,357	175,444	13.6

5. Earnings Per Share - Group

2Q			1H	
FY2016	FY2015		FY2016	FY2015
Earnings per ordinary share for the period (cents)				
7.8	8.1	(a) Based on weighted average number of ordinary shares in issue	17.1	15.3
7.8	8.1	(b) On a fully diluted basis	17.0	15.3
1,071,604	1,071,054	Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,071,116	1,070,659
3,285	3,314	Adjustment for assumed vesting of shares granted under share plans ('000)	2,879	2,938
1,074,889	1,074,368	Weighted average number of ordinary shares for diluted earnings per share ('000)	1,073,995	1,073,597

6. Statement of Financial Position - Group

	As at	
	31 Dec 2015 S\$'000	30 Jun 2015 S\$'000
Assets		
Current assets		
Cash and cash equivalents	718,873	789,902
Trade and other receivables	385,657	653,508
Derivative financial instruments	52	311
Securities clearing fund	60,000	60,000
	1,164,582	1,503,721
Non-current assets		
Available-for-sale financial asset	50,956	50,956
Property, plant and equipment	62,349	61,169
Software	144,501	139,977
Intangible asset	26,010	26,462
Goodwill	9,614	9,614
Club memberships	287	287
Investments in associated company	9,993	9,426
	303,710	297,891
Total assets	1,468,292	1,801,612
Liabilities		
Current liabilities		
Trade and other payables	422,831	718,326
Dividend payable	53,580	-
Derivative financial instruments	1,073	84
Taxation	78,943	76,802
Provisions	9,717	9,433
	566,144	804,645
Non-current liabilities		
Trade and other payables	1,287	1,807
Deferred tax liabilities	17,336	18,764
	18,623	20,571
Total liabilities	584,767	825,216
Net assets	883,525	976,396
Equity		
Capital and reserves attributable to the Company's equity holders		
Share capital	426,445	428,568
Treasury shares	(315)	(12,049)
Cash flow hedge reserve	(739)	146
Currency translation reserve	(791)	(835)
Derivatives clearing fund reserve	34,021	34,021
Securities clearing fund reserve	25,000	25,000
Share-based payment reserve	13,662	19,695
Retained profits	386,242	310,625
Proposed dividends	-	171,225
Total equity	883,525	976,396

7. Net Asset Value - Group

	As at	
	31 Dec 2015 Cents	30 Jun 2015 Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period	82.5	91.2

8. Borrowings and Debt Securities - Group

(a) Aggregate amount of the Group's borrowings and debt securities

	As at 31 Dec 2015		As at 30 Jun 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	Nil	Nil	Nil	Nil
Amount repayable after one year	Nil	Nil	Nil	Nil

(b) Details of any collaterals

None.

9. Statement of Cash Flows - Group

2Q			1H	
FY2016	FY2015		FY2016	FY2015
S\$'000	S\$'000		S\$'000	S\$'000
Cash flows from operating activities				
100,202	103,645	Profit before tax and share of results of associated companies	219,556	192,576
Adjustments for:				
14,915	14,271	Depreciation and amortisation	30,012	27,686
(48)	-	Net (gain)/loss on disposal of property, plant and equipment and software	(48)	-
165	-	Net write-off/impairment of property, plant and equipment and software	165	-
1,846	2,874	Variable share-based payment	4,135	5,883
(555)	-	Dividend income	(555)	(415)
(2,231)	(1,119)	Interest income	(4,362)	(2,399)
114,294	119,671	Operating cash flow before working capital change	248,903	223,331
Change in working capital				
326	-	Cash committed for NEMS	656	-
556,636	436,912	Trade and other receivables	268,375	149,074
(562,993)	(442,171)	Trade and other payables	(295,722)	(165,682)
3,400	6,792	Reversal/(accrual) of property, plant and equipment and software	(2,009)	8,326
111,663	121,204	Cash generated from operations	220,203	215,049
(35,628)	(32,498)	Income tax paid	(36,743)	(31,729)
76,035	88,706	Net cash provided by operating activities	183,460	183,320
Cash flows from investing activities				
(20,823)	(20,396)	Purchases of property, plant and equipment and software	(33,421)	(35,433)
50	-	Proceeds from disposal of property, plant and equipment and software	50	-
555	-	Dividend received from other investments	555	415
2,221	1,613	Interest received	4,020	2,116
-	(18,550)	Acquisition of a subsidiary, net of cash acquired	-	(18,550)
(17,997)	(37,333)	Net cash used in investing activities	(28,796)	(51,452)
Cash flows from financing activities				
(225,037)	(214,203)	Dividends paid	(225,037)	(214,203)
(225,037)	(214,203)	Net cash used in financing activities	(225,037)	(214,203)
(166,999)	(162,830)	Net decrease in cash and cash equivalents held	(70,373)	(82,335)
729,227	687,338	Cash and cash equivalents at the beginning of the period	632,601	606,843
(50,000)	-	Increase in cash committed for SGX-DC Clearing Fund	(50,000)	-
512,228	524,508	Cash and cash equivalents at the end of the period	512,228	524,508

2Q			1H	
FY2016	FY2015		FY2016	FY2015
S\$'000	S\$'000		S\$'000	S\$'000
For the purposes of the Statement of Cash Flows, the cash and cash equivalents comprised the following:				
718,873	674,529	Cash and cash equivalents (as in Statement of Financial Position - Group)	718,873	674,529
Less :				
(200,021)	(150,021)	- Cash committed for SGX-DC Clearing Fund	(200,021)	(150,021)
(6,624)	-	- Cash committed for NEMS	(6,624)	-
512,228	524,508	Cash and cash equivalents per Statement of Cash Flows	512,228	524,508

NEMS: National Electricity Market of Singapore

10. Statement of Changes in Equity - Group

	Attributable to equity holders of the Company								Total S\$'000
	Share capital	Treasury shares	Cash flow hedge reserve *	Currency translation reserve *	Derivatives clearing fund reserve *	Securities clearing fund reserve *	Share-based payment reserve *	Retained profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
(i) Group - 2Q FY2016									
Balance at 1 October 2015	426,445	(315)	(2,263)	(649)	34,021	25,000	11,816	356,321	850,376
Changes in equity for period									
Dividends paid									
- FY2015 - Under provision of final base and variable dividends	-	-	-	-	-	-	-	(232)	(232)
Dividend payable									
- 2Q FY2016 - Interim base dividend	-	-	-	-	-	-	-	(53,580)	(53,580)
Employee share plan - Value of employee services	-	-	-	-	-	-	1,846	-	1,846
	-	-	-	-	-	-	1,846	(53,812)	(51,966)
Total comprehensive income for the period	-	-	1,524	(142)	-	-	-	83,733	85,115
Balance at 31 December 2015	426,445	(315)	(739)	(791)	34,021	25,000	13,662	386,242	883,525
(ii) Group - 2Q FY2015									
Balance at 1 October 2014	428,641	(4,878)	(654)	(1,128)	34,021	25,000	9,333	296,663	786,998
Changes in equity for period									
Dividends paid									
- FY2014 - Under provision of final base and variable dividends	-	-	-	-	-	-	-	(178)	(178)
Dividend payable									
- 2Q FY2015 - Interim base dividend	-	-	-	-	-	-	-	(42,843)	(42,843)
Employee share plan - Value of employee services	-	-	-	-	-	-	2,874	-	2,874
Vesting of shares under share-based compensation plans	(73)	494	-	-	-	-	(421)	-	-
Tax effect on treasury shares ^^	-	(12)	-	-	-	-	-	-	(12)
	(73)	482	-	-	-	-	2,453	(43,021)	(40,159)
Total comprehensive income for the period	-	-	(218)	308	-	-	-	86,599	86,689
Balance at 31 December 2014	428,568	(4,396)	(872)	(820)	34,021	25,000	11,786	340,241	833,528

* 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 variable share-based payment to employees.

10. Statement of Changes in Equity - Group

	Attributable to equity holders of the Company									
	Share capital	Treasury shares	Cash flow hedge reserve *	Currency translation reserve *	Derivatives clearing fund reserve *	Securities clearing fund reserve *	Share-based payment reserve *	Retained profits	Proposed dividends	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
(iii) Group - 1H FY2016										
Balance at 1 July 2015	428,568	(12,049)	146	(835)	34,021	25,000	19,695	310,625	171,225	976,396
Changes in equity for period										
Dividends paid										
- FY2015 - Final base and variable dividends	-	-	-	-	-	-	-	-	(171,225)	(171,225)
- FY2015 - Under provision of final base and variable dividends	-	-	-	-	-	-	-	(232)	-	(232)
- 1Q FY2016 - Interim base dividend	-	-	-	-	-	-	-	(53,580)	-	(53,580)
Dividend payable										
- 2Q FY2016 - Interim base dividend	-	-	-	-	-	-	-	(53,580)	-	(53,580)
Employee share plan - Value of employee services	-	-	-	-	-	-	4,135	-	-	4,135
Vesting of shares under share-based compensation plans	(2,123)	12,291	-	-	-	-	(10,168)	-	-	-
Tax effect on treasury shares [^]	-	(557)	-	-	-	-	-	-	-	(557)
	(2,123)	11,734	-	-	-	-	(6,033)	(107,392)	(171,225)	(275,039)
Total comprehensive income for the period	-	-	(885)	44	-	-	-	183,009	-	182,168
Balance at 31 December 2015	426,445	(315)	(739)	(791)	34,021	25,000	13,662	386,242	-	883,525
(iv) Group - 1H FY2015										
Balance at 1 July 2014	428,332	(13,865)	391	(1,045)	34,021	25,000	16,116	261,943	171,184	922,077
Changes in equity for period										
Dividends paid										
- FY2014 - Final base and variable dividends	-	-	-	-	-	-	-	-	(171,184)	(171,184)
- FY2014 - Under provision of final base and variable dividends	-	-	-	-	-	-	-	(178)	-	(178)
- 1Q FY2015 - Interim base dividend	-	-	-	-	-	-	-	(42,841)	-	(42,841)
Dividend payable										
- 2Q FY2015 - Interim base dividend	-	-	-	-	-	-	-	(42,843)	-	(42,843)
Employee share plan - Value of employee services	-	-	-	-	-	-	5,883	-	-	5,883
Vesting of shares under share-based compensation plans	236	9,977	-	-	-	-	(10,213)	-	-	-
Tax effect on treasury shares [^]	-	(508)	-	-	-	-	-	-	-	(508)
	236	9,469	-	-	-	-	(4,330)	(85,862)	(171,184)	(251,671)
Total comprehensive income for the period	-	-	(1,263)	225	-	-	-	164,160	-	163,122
Balance at 31 December 2014	428,568	(4,396)	(872)	(820)	34,021	25,000	11,786	340,241	-	833,528

* 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 variable share-based payment to employees.

11. Segment Information - Group

2Q FY2016				2Q FY2015				
Securities Market	Derivatives Market	Other Operations	Group	Reporting by Market	Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				Segment revenue				
46,616	-	-	46,616	Securities	51,682	-	-	51,682
-	77,550	-	77,550	Derivatives	-	76,412	-	76,412
8,066	9,319	4,224	21,609	Market Data and Connectivity	8,019	8,279	3,669	19,967
29,331	-	-	29,331	Depository services	25,792	-	-	25,792
19,254	-	-	19,254	Issuer services	20,973	-	-	20,973
150	37	60	247	Others	142	11	112	265
103,417	86,906	4,284	194,607	External revenue	106,608	84,702	3,781	195,091
134	119	34	287	Inter-segment revenue	149	144	-	293
103,551	87,025	4,318	194,894		106,757	84,846	3,781	195,384
(134)	(119)	(34)	(287)	Less: Consolidation elimination	(149)	(144)	-	(293)
103,417	86,906	4,284	194,607	Segment revenue	106,608	84,702	3,781	195,091
				Results				
54,800	39,064	3,684	97,548	Profit from operating segments	59,583	36,062	5,916	101,561
			2,654	Other gains/ (losses) (Unallocated)				2,084
			215	Share of results of associated companies				374
			(16,684)	Tax				(17,420)
			83,733	Net profit after tax				86,599
				Segment assets				
502,495	577,508	7,179	1,087,182	Segment assets	674,171	599,923	8,122	1,282,216
			381,110	Unallocated assets				361,509
			1,468,292	Consolidated total assets				1,643,725
				Segment liabilities				
250,444	181,773	640	432,857	Segment liabilities	396,130	233,598	41,779	671,507
			151,910	Unallocated liabilities				138,690
			584,767	Consolidated total liabilities				810,197
				Other information				
6,584	10,839	-	17,423	Additions to property, plant and equipment and software	10,985	2,619	-	13,604
8,283	6,632	-	14,915	Depreciation and amortisation	7,254	7,017	-	14,271

11. Segment Information - Group

1H FY2016				1H FY2015				
Securities Market	Derivatives Market	Other Operations	Group	Reporting by Market	Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				Segment revenue				
102,557	-	-	102,557	Securities	100,823	-	-	100,823
-	168,416	-	168,416	Derivatives	-	130,153	-	130,153
16,321	18,632	8,237	43,190	Market Data and Connectivity	15,570	16,536	7,131	39,237
59,014	-	-	59,014	Depository services	49,654	-	-	49,654
40,627	-	-	40,627	Issuer services	43,664	-	-	43,664
230	77	126	433	Others	215	11	211	437
218,749	187,125	8,363	414,237	External revenue	209,926	146,700	7,342	363,968
155	237	68	460	Inter-segment revenue	170	144	-	314
218,904	187,362	8,431	414,697		210,096	146,844	7,342	364,282
(155)	(237)	(68)	(460)	Less: Consolidation elimination	(170)	(144)	-	(314)
218,749	187,125	8,363	414,237	Segment revenue	209,926	146,700	7,342	363,968
				Results				
120,634	86,707	7,539	214,880	Profit from operating segments	114,257	64,784	9,483	188,524
			4,676	Other gains/ (losses) (Unallocated)				4,052
			531	Share of results of associated companies				1,090
			(37,078)	Tax				(29,506)
			183,009	Net profit after tax				164,160
				Segment assets				
502,495	577,508	7,179	1,087,182	Segment assets	674,171	599,923	8,122	1,282,216
			381,110	Unallocated assets				361,509
			1,468,292	Consolidated total assets				1,643,725
				Segment liabilities				
250,444	181,773	640	432,857	Segment liabilities	396,130	233,598	41,779	671,507
			151,910	Unallocated liabilities				138,690
			584,767	Consolidated total liabilities				810,197
				Other information				
10,198	25,232	-	35,430	Additions to property, plant and equipment and software	22,014	5,093	-	27,107
15,925	14,087	-	30,012	Depreciation and amortisation	15,207	12,479	-	27,686

12. Statement of Financial Position - Company

	As at	
	31 Dec 2015 S\$'000	30 Jun 2015 S\$'000
Assets		
Current assets		
Cash and cash equivalents	310,260	436,437
Trade and other receivables	14,290	14,996
Derivative financial instruments	-	86
	324,550	451,519
Non-current assets		
Available-for-sale financial asset	50,956	50,956
Property, plant and equipment	45,856	52,395
Software	26,710	29,735
Club memberships	287	287
Investments in subsidiaries	614,490	534,990
Investments in associated companies	4,389	4,389
	742,688	672,752
Total assets	1,067,238	1,124,271
Liabilities		
Current liabilities		
Trade and other payables	249,747	419,115
Dividend payable	53,580	-
Taxation	4,233	2,714
Provisions	6,472	6,172
	314,032	428,001
Non-current liabilities		
Deferred tax liabilities	6,719	5,687
	6,719	5,687
Total liabilities	320,751	433,688
Net assets	746,487	690,583
Equity		
Capital and reserves attributable to the Company's equity holders		
Share capital	426,445	428,568
Treasury shares	(315)	(12,049)
Cash flow hedge reserve	-	71
Share-based payment reserve	13,662	19,695
Retained profits	306,695	83,073
Proposed dividends	-	171,225
Total equity	746,487	690,583

13. Net Asset Value - Company

	As at	
	31 Dec 2015 Cents	30 Jun 2015 Cents
Net asset value per ordinary share based on total number of issued shares excluding treasury shares as at the end of the reporting period	69.7	64.5

14. Statement of Changes in Equity - Company

	Attributable to equity holders of the Company					Total S\$'000
	Share capital	Treasury shares	Cash flow hedge reserve *	Share-based payment reserve *	Retained profits	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
(i) Company - 2Q FY2016						
Balance at 1 October 2015	426,445	(315)	-	11,816	281,706	719,652
Changes in equity for period						
Dividends paid						
- FY2015 - Under provision of final base and variable dividends	-	-	-	-	(232)	(232)
Dividend payable						
- 2Q FY2016 - Interim base dividend	-	-	-	-	(53,580)	(53,580)
Employee share plan - Value of employee services	-	-	-	1,846	-	1,846
	-	-	-	1,846	(53,812)	(51,966)
Total comprehensive income for the period	-	-	-	-	78,801	78,801
Balance at 31 December 2015	426,445	(315)	-	13,662	306,695	746,487
(ii) Company - 2Q FY2015						
Balance at 1 October 2014	428,641	(4,878)	-	9,333	233,785	666,881
Changes in equity for period						
Dividends paid						
- FY2014 - Under provision of final base and variable dividends	-	-	-	-	(178)	(178)
Dividend payable						
- 2Q FY2015 - Interim base dividend	-	-	-	-	(42,843)	(42,843)
Employee share plan - Value of employee services	-	-	-	2,874	-	2,874
Vesting of shares under share-based compensation plans	(73)	494	-	(421)	-	-
Tax effect on treasury shares ^^	-	(12)	-	-	-	(12)
	(73)	482	-	2,453	(43,021)	(40,159)
Total comprehensive income for the period	-	-	202	-	51,255	51,457
Balance at 31 December 2014	428,568	(4,396)	202	11,786	242,019	678,179

* 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 variable share-based payment to employees.

14. Statement of Changes in Equity - Company

	Attributable to equity holders of the Company						Total S\$'000
	Share capital	Treasury shares	Cash flow hedge reserve *	Share-based payment reserve *	Retained profits	Proposed dividends	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
(iii) Company - 1H FY2016							
Balance at 1 July 2015	428,568	(12,049)	71	19,695	83,073	171,225	690,583
Changes in equity for period							
Dividends paid							
- FY2015 - Final base and variable dividends	-	-	-	-	-	(171,225)	(171,225)
- FY2015 - Under provision of final base and variable dividends	-	-	-	-	(232)	-	(232)
- 1Q FY2016 - Interim base dividend	-	-	-	-	(53,580)	-	(53,580)
Dividend payable							
- 2Q FY2016 - Interim base dividend	-	-	-	-	(53,580)	-	(53,580)
Employee share plan - Value of employee services	-	-	-	4,135	-	-	4,135
Vesting of shares under share-based compensation plans	(2,123)	12,291	-	(10,168)	-	-	-
Tax effect on treasury shares ^^	-	(557)	-	-	-	-	(557)
	(2,123)	11,734	-	(6,033)	(107,392)	(171,225)	(275,039)
Total comprehensive income for the period	-	-	(71)	-	331,014	-	330,943
Balance at 31 December 2015	426,445	(315)	-	13,662	306,695	-	746,487
(iv) Company - 1H FY2015							
Balance at 1 July 2014	428,332	(13,865)	-	16,116	124,233	171,184	726,000
Changes in equity for period							
Dividends paid							
- FY2014 - Final base and variable dividends	-	-	-	-	-	(171,184)	(171,184)
- FY2014 - Under provision of final base and variable dividends	-	-	-	-	(178)	-	(178)
- 1Q FY2015 - Interim base dividend	-	-	-	-	(42,841)	-	(42,841)
Dividend payable							
- 2Q FY2015 - Interim base dividend	-	-	-	-	(42,843)	-	(42,843)
Employee share plan - Value of employee services	-	-	-	5,883	-	-	5,883
Vesting of shares under share-based compensation plans	236	9,977	-	(10,213)	-	-	-
Tax effect on treasury shares ^^	-	(508)	-	-	-	-	(508)
	236	9,469	-	(4,330)	(85,862)	(171,184)	(251,671)
Total comprehensive income for the period	-	-	202	-	203,648	-	203,850
Balance at 31 December 2014	428,568	(4,396)	202	11,786	242,019	-	678,179

* 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 variable share-based payment to employees.

15. Bank Facilities, Contingent Liabilities and Commitments - Group

Bank Facilities

- As at 31 December 2015, the Group had \$919 million (30 June 2015: \$974 million) of bank credit facilities, comprising \$200 million (30 June 2015: \$200 million) committed share financing and \$719 million (30 June 2015: \$774 million) committed unsecured credit lines, for prudent risk management and maintaining adequate liquidity resources.

Contingent Liabilities and Other Commitments

- Singapore Exchange Derivatives Clearing Limited (SGX-DC) has committed cash of \$200 million (30 June 2015: \$150 million) as disclosed in Section 9 Statement of Cash Flows - Group to support the SGX-DC Clearing Fund (Fund). The Fund is made up of the following:
 - \$152 million (30 June 2015: \$102 million) of its share capital;
 - \$34 million (30 June 2015: \$34 million) derivatives clearing fund reserve; and
 - \$14 million (30 June 2015: \$14 million) of its cash.
- Energy Market Company Pte Ltd (EMC) has committed \$7 million (30 June 2015: \$7 million) of its cash for the operation of National Electricity Market of Singapore (NEMS). The manner in which the cash can be used is defined by the Singapore Electricity Market Rules issued by the Energy Market Authority of Singapore. The committed \$7 million (30 June 2015: \$7 million) is not available to EMC for its operations.
- As at 31 December 2015, the Group had contingent liabilities to banks for US\$200 million (30 June 2015: US\$354 million) of unsecured standby letters of credit issued to Chicago Mercantile Exchange as margin and performance bond for futures trading.

16. Dividend - Company

Interim Base Dividend

	2Q FY2016	2Q FY2015
Name of Dividend	Interim Base - tax-exempt	Interim Base - tax-exempt
Dividend Type	Cash	Cash
Dividend Rate - Base	5.0 cents per ordinary share	4.0 cents per ordinary share
Books Closure Date	28 January 2016, 5pm	29 January 2015, 5pm
Date Payable/Paid	4 February 2016	5 February 2015

17. Share Capital - Company

The total number of issued ordinary shares as at 31 December 2015 was 1,071,642,400 (31 December 2014: 1,071,642,400), of which 38,040 (31 December 2014: 567,077) were held by the Company as treasury shares.

The Company did not purchase any of its ordinary shares during the three months ended 31 December 2015 (2Q FY2015: Nil). During the three months ended 31 December 2015, no shares under the Company's share-based compensation plans have vested (2Q FY2015: 59,000).

The movement of treasury shares for the period is as follows:

2Q			1H	
FY2016	FY2015		FY2016	FY2015
38,040	626,077	Balance at beginning of period	1,487,077	1,741,438
-	(59,000)	Shares transferred to employees pursuant to SGX share-based compensation plans	(1,449,037)	(1,174,361)
38,040	567,077	Balance at end of period	38,040	567,077

The Company holds the shares bought back as treasury shares and plans to use the shares to fulfill its obligations under the Company's share-based compensation plans.

18. Accounting Policies - Group

Accounting policies applicable to SGX

The same accounting policies and methods of computation as in the FY2015 audited annual financial statements have been applied for the current reporting period.

19. Taxation

2Q			1H			
FY2016	FY2015	Change	FY2016	FY2015	Change	
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
16,684	17,420	(4.2)	Tax	37,078	29,506	25.7

Tax expense for 2Q FY2016 included a \$0.1 million (2Q FY2015: Nil) write back of prior years' tax provisions. Tax expense for 1H FY2016 included a \$0.1 million write back of prior years' tax provisions (1H FY2015: \$3.2 million tax write-back).

20. Other Appendix 7.2 Listing Manual Requirements

Interested Person Transactions - Group

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

Ding Hui Yun
Company Secretary
20 January 2016

21. Listing Manual Compliance Checklist

The following table sets out the requirements in Appendix 7.2 of the Listing Manual and the sections in the SGX quarter announcement in compliance with the Listing Manual requirements.

Listing Manual Paragraph	Summary of Listing Manual Requirements	Compliance in SGXNet Section
1	Income Statement - Group Statement of Comprehensive Income - Group Statement of Financial Position - Group and Company Borrowings and Debt Securities - Group Statement of Cash Flows - Group Statement of Changes in Equity - Group and Company Changes in Share Capital - Company Number of shares that may be issued on conversion of all outstanding convertibles, as well as the number of treasury shares Total number of issued shares excluding treasury shares as at the end of the current financial period and immediately preceding year Statement of sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on	2 3 6 and 12 8 9 10 and 14 17 17 17 17
2	Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice	Cover page and attached auditors' report.
3	Where the figures have been audited/reviewed, the auditors' report	Attached auditors' report.
4 and 5	Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied. To state reasons and effect of change, if any	18
6	Earnings per ordinary share - Group: (a) Weighted average number of ordinary shares on issue; and (b) On a fully diluted basis	5
7	Net asset value per ordinary share based on the total number of issued shares excluding treasury shares - Group and Company	7 and 13
8	A review of the performance of the Group	1 - Performance Summary
9	Variance between a previously disclosed forecast or prospect statement and actual results	Update of guidance on FY2016 operating expenses and technology-related capital expenditure is provided in the performance summary.
10	A commentary of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months	1 - Performance Summary, paragraph on "Outlook".
11 and 12	Information on dividend	16
13	Interested person transactions	20
14	Negative confirmation pursuant to Rule 705(5) of the Listing Manual	Attached negative confirmation by SGX's Board by Directors
15	Confirmation pursuant to Rule 720(1) of the Listing Manual	Required only after the transition period ending on 30 April 2016
16	Segment information	11
17	In the review of performance, factors leading to any material changes in contributions to turnover and earnings.	1 - Performance Summary
18	Breakdown of first and second half year results for sales and operating profit	Required only for full year announcement
19	Breakdown in total annual dividend in dollar value by ordinary and preference shares	Required only for full year announcement
20	Confirmation pursuant to Rule 704(13) of the Listing Manual	Required only for full year announcement
NA	Not required (Additional information provided by SGX)	15 - Bank Facilities, Contingent Liabilities and Commitments - Group

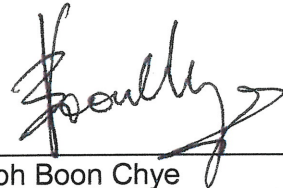
CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the second quarter ended 31 December 2015 to be false or misleading.

On behalf of the Board of Directors

A handwritten signature in black ink, appearing to read "CS", written over a horizontal line.

Chew Choon Seng
Director

A handwritten signature in black ink, appearing to read "Loh Boon Chye", written over a horizontal line.

Loh Boon Chye
Director

20 January 2016

The extract of the review report dated 20 January 2016, on the condensed interim financial information of the Company and its subsidiaries for the quarter ended 31 December 2015 which has been prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting, is as follows



**To the Shareholders of
Singapore Exchange Limited (“Company”) and its subsidiaries (“Group”)**

**Report on Review of Interim Financial Information
For the three-month and half-year period ended 31 December 2015**

Introduction

We have reviewed the accompanying condensed statement of financial position of the Company as of 31 December 2015 and the related condensed statements of changes in equity of the Company for the three-month and half-year period then ended, the consolidated condensed statement of financial position of the Group as of 31 December 2015 and the related consolidated condensed income statement, statements of comprehensive income, changes in equity and cash flows of the Group for the three-month and half-year period then ended, and other explanatory notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Financial Reporting Standard (“FRS”) 34, “*Interim Financial Reporting*”. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with FRS 34.

A handwritten signature in blue ink, appearing to read 'PricewaterhouseCoopers', is written over a horizontal line.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 20 January 2016

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