



NEWS RELEASE

SGX Maintains Net Profit Margin for 1H FY2005 Despite Lower Market Activity

Singapore Exchange Limited (SGX) today announced its half year financial results for FY2005 (1H FY2005).

In the six months ended 31 December 2004, SGX Group registered a net profit after tax and minority interests of S\$52.4m. This was achieved on the back of total operating revenue of S\$132.4m, which was 19.0% lower than that for the first half of FY2004 (1H FY2004), but also lower operating expenses of S\$68.0m, which was down 16.5% from S\$81.5m in 1H FY2004.

Through careful cost management, SGX Group was able to maintain a strong net profit margin of 38.9% in 1H FY2005 compared with 37.9% in 1H FY2004.

In line with the downturn in market activity, securities clearing fees of S\$48.7m in 1H FY2005 were down 36.5% compared with S\$76.7m in 1H FY2004, as trading value and volume declined by 23.0% and 48.6%, respectively. On the other hand, despite a 36.3% fall in trading volume, net derivatives clearing revenue declined 9.2% to S\$22.1m in 1H FY2005 compared with S\$24.4m recorded in the previous corresponding half year.

One business highlight for 1H FY2005 is the growing number of IPOs, which was a record of 46 companies, of which 30 were foreign companies. Funds raised were also a record at S\$2,464m. The SGX Quest engine was launched for our derivatives market in August 2004 following which, our electronic Nikkei 225 was successfully launched on 1 November 2004.

The SGX Board of Directors is committed to a dividend policy of 5.6 cents net dividend per share, and has raised the minimum dividend payout ratio to 80% of its net profit after tax from FY2005 (previously it was at 50%). For 1H FY2005, an interim net dividend of 2.8 cents per share (equivalent to 3.5 cents gross dividend per share) has been declared, which is payable on 21 February 2005.

Mr Hsieh Fu Hua, Chief Executive Officer of SGX said, "Despite the challenging first half of FY2005, we continue to believe that SGX is a growing business. This confidence underlines our dividend policy. We will continue to achieve superior return on equity for our shareholders and grow as a hub for regional listings and Asian derivatives. We will strive to build SGX as an enduring marketplace, maintaining fair play and upholding high standards."

Highlights of FY2005 Half Year Financial Results – 1 July 2004 to 31 December 2004

S\$m	1H FY2005	1H FY2004	2Q FY2005	2Q FY2004
Operating revenue	132.4	163.5	65.9	78.2
Operating expenses	(68.0)	(81.5)	(32.8)	(41.9)
Profit from operating activities	64.4	82.0	33.1	36.3
Net non-operating revenue/(loss)	2.2	(1.7)	1.7	0.7
Profit before tax and minority interests	66.6	80.3	34.8	37.0
Tax	(14.2)	(19.2)	(7.5)	(8.6)
Minority interests	-	0.2	-	-
Profit attributable to shareholders	52.4	61.3	27.3	28.4
Net profit margin	38.9%	37.9%	40.3%	36.0%
Basic earnings per share (cents)	5.08	6.04	2.64	2.78
Interim gross dividend per share (cents)	3.500	2.925	-	-

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(For complete half year financial statements and dividend announcement, please refer to SGXNET or the Investor Relations page of our website at www.sgx.com. A PowerPoint presentation to analysts is also available on our website.) (SGX SP, SGXL.SI)

Issue date: 20 January 2005

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