THE DRIVING FORCE BEHIND MARITIME SINGAPORE

The Maritime and Port Authority of Singapore

ANNUAL REPORT 2013

MPA
SINGAPORE

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CHAIRMAN'S FOREWORD

IN 2013, Singapore's maritime sector continued to contribute 7 per cent to our nation's Gross Domestic Product (GDP), employing over 170,000 people in more than 5,000 companies.

The Port of Singapore registered good growth in 2013. We maintained our position as the world's busiest port, with vessel arrival tonnage reaching an all time high of 2.33 billion gross tonnes, an increase of 3.2 per cent from 2012.

Container throughput grew 2.9 per cent to reach another record high of 32.6 million TEUs, and Singapore also remained the world's top bunkering port, with 42.7 million tonnes in total bunker sales for the year.

The Maritime and Port Authority of Singapore (MPA) continues to ensure that the Port of Singapore has sufficient capacity to meet future demands. Reclamation works for Pasir Panjang Terminal Phases 3 and 4, as well as pre-reclamation works for Tuas Terminal Phase 1, are proceeding on track.

To enhance the competitiveness of the port, MPA consulted the shipping industry and other stakeholders, and conducted and completed a comprehensive review of Singapore's port dues structure and rates. The revised dues aim to generate cost savings to the shipping community.

MPA also took a significant step forward in terms of Liquefied Natural Gas (LNG) bunkering potential in South-East Asia. In 2013, we commenced development of LNG bunkering standards and procedures. With our appointed consultant Lloyd's Register, we completed a study on the Technical Standards and Procedures for LNG bunkering in the Port of Singapore.

As a leading International Maritime Centre, Singapore continues to attract a broad range of maritime players. Singapore's maritime cluster is home to over 130 international shipping groups, and 5,000 maritime service providers.

MPA also continues to grow its Singapore Registry of Ships (SRS) fleet, which reached 73.6 million gross tonnes in 2013. The SRS also enjoyed continued recognition as a quality flag by maintaining its "White List" status under the Tokyo and Paris Memorandum of Understanding (MOU).

On the international engagement front, MPA continues advancing and safeguarding Singapore's strategic maritime interests by playing an active role at the International Maritime Organization (IMO). Singapore was re-elected as an IMO Council member in 2013 for the 10th consecutive term since its first election in 1993. We were also re-elected as Vice-Chairman of the IMO Maritime Safety Committee.

To further advance international cooperation in the Straits of Malacca and Singapore (SoMS), MPA took over the Chairmanship of the Aids to Navigation Fund Committee in 2013 for a three-year term, and organised the 10th and 11th Committee Meetings. Additionally, MPA continued to participate in the Co-operative Mechanism on Safety of Navigation and Environmental Protection in the SoMS.

In the area of manpower development, MPA launched a new $25 million Productivity Programme to support initiatives that raise maritime productivity. We also launched the Global Internship Award to support maritime-focused internships, and to further enhance manpower development.

MPA also continued to brand Maritime Singapore and reach out to the maritime community and general public with the 8th successful annual run of Singapore Maritime Week. 2013 saw a turnout of more than 90,000 participants attending 25 events, which included Sea Asia, International Chemical and Oil Pollution Conference and Exhibition, Singapore International Maritime Awards, and the Singapore Maritime Lecture.

We were also recognised for the 15th time as the "Best Seaport in Asia" at the 25th Asian Freight and Supply Chain Awards. Adding to this, we were awarded the "Environmental Campaign of the Year" (for the Maritime Singapore Green Initiative) and "Port of the Year" at the Containerisation International Awards. Further, the Singapore Quality Class STAR Award was attained by MPA in 2013.

As every player in Maritime Singapore has a part to play in its continued success, we need to continue preparing ourselves for the future. In 2013, we launched a new MPA scheme of service, the MPA performance award, and the industry immersion programme.

I would like to take this opportunity to thank Mr Lam Yi Young, who has given his service and dedication to MPA since 2009 as Chief Executive. Under his helm and various efforts, MPA has flourished and become the dynamic organisation that it is today.

The Chief Executive appointment has since been taken over by Mr Andrew Tan, who assumed the post in January 2014. We warmly welcome him to the MPA family. I am confident that he will take us through the challenges ahead, and I look forward to working with him, and MPA's management and staff to continue Maritime Singapore's success.

"As every player in Maritime Singapore has a part to play in its continued success, we need to continue preparing ourselves for the future."

Mr Lucien WONG
Chairman,
Maritime and Port Authority of Singapore

> " Working closely with all our stakeholders from the maritime community, I am confident as the incoming Chief Executive, that we can transform MPA into a future ready organisation to take Maritime Singapore to its next level of achievements. "

Mr Andrew TAN
Chief Executive,
Maritime and Port Authority
of Singapore

CE'S FOREWORD

Singapore's maritime industry faces an increasingly complex and volatile environment. It is in these challenging times that Maritime Singapore has to tap on its twin driving forces – People and Partnerships – to propel forward.

In our efforts to enhance our status as a global hub port, we have been working hard to ensure sufficient capacity to meet future demand. Pasir Panjang Terminal Phases 3 will be operational by the end of 2014, and by the end of 2015, the terminal will be able to offer an added capacity of 14.2 million TEUs.

With future sustainability in mind, MPA also concluded the US$1 million Next Generation Container Port Challenge with the Singapore Maritime Institute (SMI), which sought innovative ideas on the planning and operation of the next generation of container ports. We also continued our work with SMI to channel efforts towards building a "Port of the Future".

In the area of port safety and security, MPA renewed our Memorandum of Understanding (MOU) with the International Tanker Owners Pollution Federation to speed up the process of oil spill compensation claims and to ensure necessary resources are available to handle oil spills. We also continue to share our insights at thought platforms such as the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP). 2013 also saw MPA's commissioning of a new buoy tender vessel "Panduan", allowing us to handle heavier and larger buoys. "Panduan" is also equipped to support efforts in responding to any oil spill cases.

In our efforts to promote environmentally-friendly shipping practices, MPA enhanced the Maritime Singapore Green Initiative in 2013 with increased port dues rebates and grant limits. As of December 2013, 103 Singapore-flagged ships have been recognised as Green Ships under the Green Ship Programme, 2007 vessel calls enjoyed port due concessions under the Green Port Programme, and $13.75 million of co-funding has been approved under the Green Technology Programme.

Singapore continued our development as an International Maritime Centre in 2013, with a growing pool of shipowners and maritime service providers, and more shipbrokers expanding their operations in Singapore.

Research and development (R&D) remains at the forefront of our efforts to develop Singapore as a global maritime knowledge hub. In 2013, projects totalling $15.2 million were approved under MPA's Maritime Innovation and Technology (MINT) Fund, an increase from 2012's $8.6 million. MPA also extended the validity of the MINT Fund for another 5 years, and added another $50 million to the fund.

MPA's $50 million Maritime Cluster Fund also supported the set up of two research centres here in Singapore. The first is a joint venture with FutureShip, Germanischer Lloyd's maritime engineering and consultancy subsidiary. The second, a Deepwater Technology Research Centre with Burea Veritas, is the first Technology Research Centre in the Asia-Pacific region.

We believe that the quality of our maritime workforce is most crucial to ensuring the continued success of Maritime Singapore. Our Maritime Cluster Fund continues to groom more talents for the industry, and has benefitted more than 20,000 students and professionals since 2007. Moving forward, we intend to identify and target other emerging areas such as offshore and LNG bunkering, so as to make the fund more relevant for its beneficiaries.

MPA will also continue attracting a pool of well-trained seafarers to Singapore. With the support of our partners, the shipping companies, as well as the unions, namely Singapore Maritime Officers' Union (SMOU) and Singapore Organisation of Seamen (SOS), we have awarded more than 100 scholarships under the Tripartite Maritime Scholarship Scheme since 2002.

As we continue to advance our strategic maritime interests, MPA will focus on maritime security and environmental protection, ensuring our global hub port stays relevant, and stepping up on our international relations and engagement. To this end, we will keep playing an active role in the International Maritime Organization (IMO), following Singapore's re-election to sit on the IMO Council for the 10^{th} consecutive time.

In 2013, Singapore was granted observer status to the Arctic Council, allowing us to monitor the way in which other states are developing a blueprint for managing and cooperating in the Arctic sea route.

Not least of all, MPA will need to invest in new systems and capabilities to strengthen our hub port and IMC competitiveness. MPA will also be paying greater attention to developing and retaining expertise in the organisation. We will be conducting a strategic review of the MPA Training Academy to take on a wider mandate of not only distilling our expertise and training our own people but also share our knowledge and experience with other countries in areas such as port management, port regulation, port development, and emergency response.

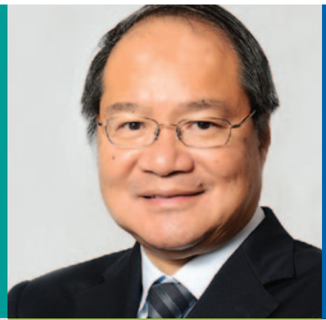
We will also be working closely with the Singapore Maritime Foundation (SMF) and the valuable MaritimeONE initiative to further brand and profile Maritime Singapore. Together, we aim to increase awareness of the exciting and diverse range of career opportunities our maritime industry offers, amongst students, professionals and members of the general public.

We can expect many challenges ahead as the strategic environment becomes more complex. Since joining MPA on 1 January, I have met very passionate people from the industry and our partners. This unique quality puts us in good stead to tackle the challenges together.

Working closely with all our stakeholders from the maritime community, I am confident as the incoming Chief Executive, that we can transform MPA into a future ready organisation to take Maritime Singapore to its next level of achievements.

BOARD OF DIRECTORS

Navigating the Waters



Mr Lucien WONG
Chairman and Senior Partner,
Allen & Gledhill LLP

Dato' Jude BENNY
Managing Partner,
Joseph Tan Jude Benny

BG (NS) Ishak ISMAIL
CEO – Defence Services,
CWT Limited

Mr James WONG
Deputy Secretary (Policy),
Prime Minister's Office,
Public Service Division

Mr Andrew TAN
Chief Executive,
Maritime and Port Authority
of Singapore

RADM NG Chee Peng
Chief of Navy,
Republic of Singapore Navy

Mr Patrick PHOON
President,
Singapore Shipping Association

Mr Vincent LIEN
Director,
Wah Hin & Company Pte Ltd

Dr Robert YAP
Chairman & CEO,
YCH Group

Mr Thomas TAY
Emeritus General Secretary,
Singapore Maritime
Officers' Union

Mr WONG Weng Sun
President / CEO,
SembCorp Marine Ltd

Mr Norifumi YAMAMOTO
Managing Director,
Celeste Holding Pte Ltd

BOARD COMMITTEES

INVESTMENT COMMITTEE

Chairman
Mr Lucien Wong

Members
Mr Lam Yi Young (up to 31 Dec 2013)
Mr Andrew Tan (wef 1 Jan 2014)
Mr Vincent Lien
Mr Patrick Phoon
Mr Wong Weng Sun

Secretary
Deputy Director (Corporate Services2)

AUDIT REVIEW COMMITTEE

Chairman
Dato' Jude Benny

Members
Mr Vincent Lien
RADM Ng Chee Peng
Mr James Wong
Dr Robert Yap

Secretary
Assistant Director (Internal Audit)

WELFARE COMMITTEE FOR SEAMEN

Chairman
Mr Norifumi Yamamoto

Members
Dato' Jude Benny
Mr Thomas Tay

SSA
Capt Anuraj Singh
Crew Personnel Manager
NYK Shipmanagement Pte Ltd

PSA Corporation
Mr Toh Kok Seng, Ronald
Keppel Terminal Manager

Jurong Port Pte Ltd
Capt Hemant Gupta
Senior Manager
Operations Department

Seamen's Missions
Rev Peter Manimuthu
Port Chaplain
Mission to Seafarers

Rev Eva Marie Jansvik
Senior Pastor/ Port Chaplain
Norwegian Seamen's Mission

MPA
Director (Corporate Services)
Director (Shipping)

Secretary
Assistant Director (Resource Management)

REGISTRATION COMMITTEE

Chairman
Mr James Wong

Members
BG(NS) Ishak Ismail
Mr Thomas Tay
Mr Norifumi Yamamoto

Secretary
Director (Shipping)

MINT FUND STEERING COMMITTEE

Chairman
Mr Wong Weng Sun

Members
Mr Lam Yi Young (up to 31 Dec 2013)
Mr Andrew Tan (wef 1 Jan 2014)
RADM Ng Chee Peng
Mr Patrick Phoon
Dr Robert Yap

Industry representative
Prof Lui Pao Chuen
Advisor
National Research Foundation

Secretary
Director (Technology)

SENIOR PERSONNEL BOARD

Chairman
Mr Lucien Wong

Members
Mr Lam Yi Young (up to 31 Dec 2013)
Mr Andrew Tan (wef 1 Jan 2014)
BG(NS) Ishak Ismail

Secretary
Director (Corporate Services)

SENIOR MANAGEMENT

All Hands on Deck

Mr TAN Suan Jow
Director, Shipping Division

Dr Parry OEI
Director, Port Services Division

Ms Wendy LOO
Director, Planning Division

Mr CHEONG Keng Soon
Director, Port Division

Ms Angela PNG
Director, International Division

Ms Bernice YEOH
Director, International Maritime Centre Division

Mr TAN Cheng Peng
Director, Port Policy Division

Mr TOH Ah Cheong
Director, Technology Division

Ms TAN Beng Tee
Assistant Chief Executive (Development)

Mr Andrew TAN
Chief Executive

Mrs Leanna LIM
Director, Corporate Services Division

Captain KHONG Shen Ping
Dean of MPA Academy

Captain M SEGAR
Assistant Chief Executive (Operations)

Ms Shirley TAN
Director, Communications & Community Division

MPA'S ORGANISATIONAL STRUCTURE

Chairman & Members of the Authority

Chief Executive

MPA Academy

- **Corporate Secretary**
- **Internal Audit Dept**
- **Legal Dept**

Operations Cluster

Shipping Division
- Flag State Control Dept
- Port State Control Dept
- Registry Dept
- Seafarers Management Dept
- Ship Investigation Dept
- Ship Regulation & Development Dept
- Training Standards Dept/ ISC

Port Services Division
- Hydrographic Dept
- Marine Licensing & Prosecution Dept
- Marine Services Dept

Port Division
- Marine Environment & Safety Dept
- Operations Planning Dept
- Port Security Dept
- Vessel Traffic Management Dept

Technology Division
- Electronics & Communications Dept
- Engineering & Planning Dept
- Information Technology Dept
- New Port Development Dept
- PPT Development Dept
- Research & Technology Development Dept

Communications & Community Division
- Community Engagement Dept
- Corporate Communications Dept
- Maritime Gallery Office

Corporate Services Division
- Financial Planning & Analysis Dept
- General Accounting Dept
- Human Resource Development Dept
- Human Resource Management Dept
- Organisational Excellence Dept
- Resource Management Dept

Development Cluster

IMC Division
- IMC Capability Development Dept
- IMC Promotion Dept
- IMC Services Development Dept

International Division
- International Dept

IMO Affairs Office

Port Policy Division
- Port Policy Dept

Planning Division
- Corporate Planning Dept
- Maritime Economics Dept
- Strategic Planning Dept

Our Mission

To develop and promote Singapore as a premier global hub port and an international maritime centre, and to advance and safeguard Singapore's strategic maritime interests.

Our Vision

A leading maritime agency driving Singapore's global maritime aspirations.

Our Values

Forward Thinking

To be proactive and innovative. We will harness the best technologies and practices so as to stay relevant, efficient and competitive.

Integrity

To act responsibly, honestly and to be morally courageous in carrying out our duties. We will be fair and above board in all our business dealings and relationships.

Respect

To respect the feelings of the individual and to appreciate his dignity and self-worth, his time and effort, and his need to balance work and family life.

Service Excellence

To strive to serve our customers competently, courteously and efficiently. We shall persevere to excel in all areas of our work through continual learning and a positive work attitude.

Teamwork

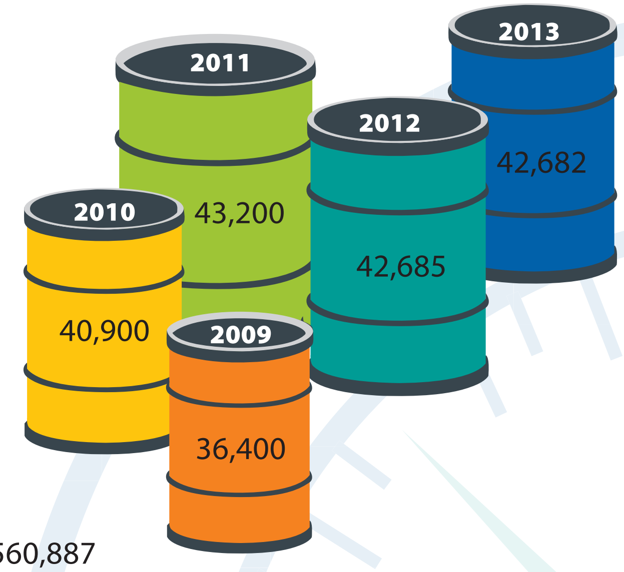
To value teamwork, harmony and unity in our working relationships. We shall do our work with steadfastness and consideration for our colleagues and customers.

SINGAPORE'S 2013 MARITIME PERFORMANCE

Charting Our Waters

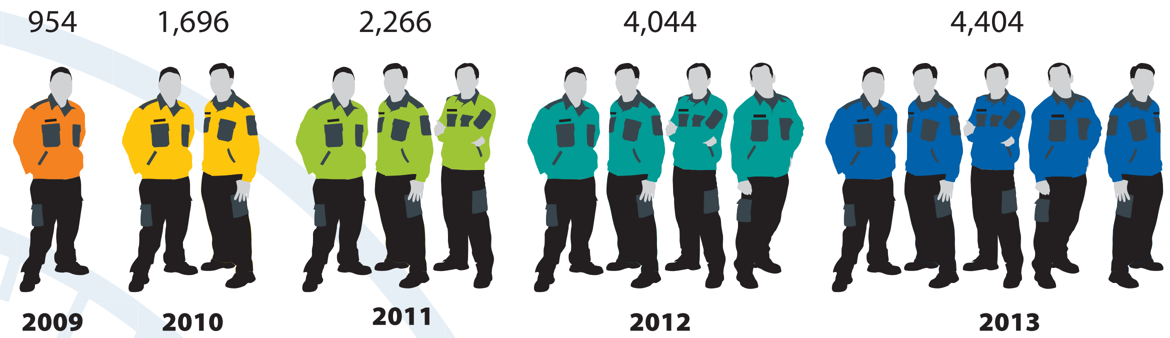
BUNKER SALES

In '000 Tonnes



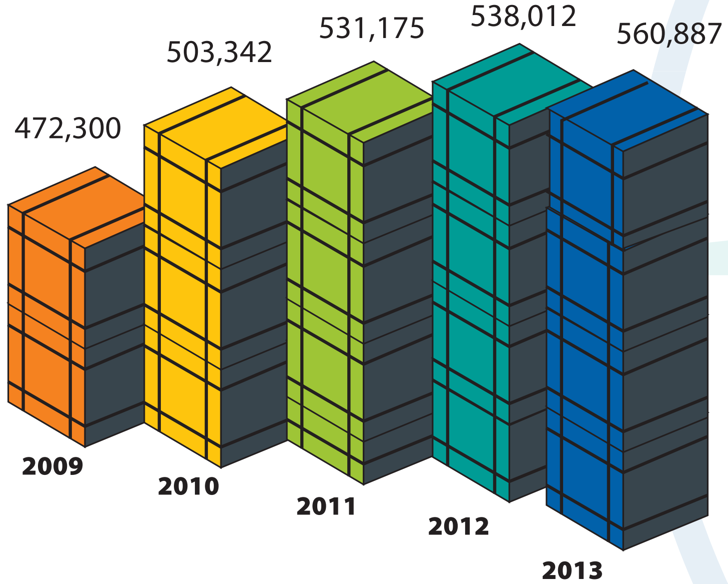
PARTICIPANTS IN MARITIME TRAINING PROGRAMMES

Under Maritime Cluster Fund Co-Funding Scheme



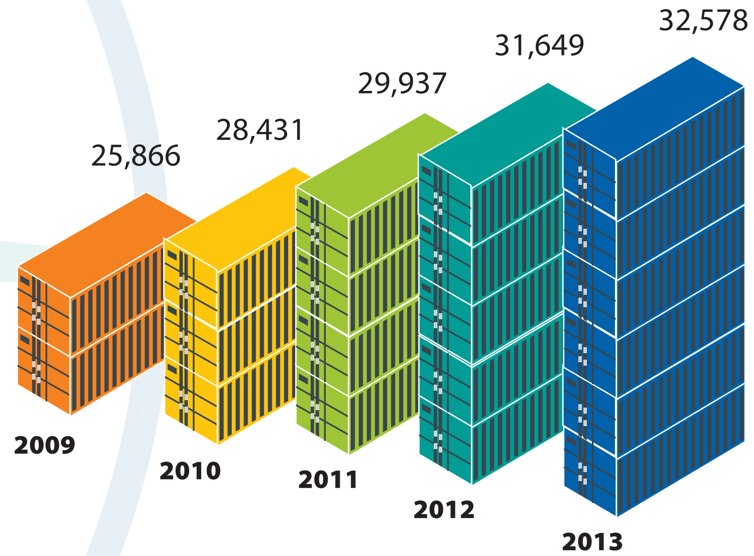
TOTAL CARGO TONNAGE

In '000 Tonnes



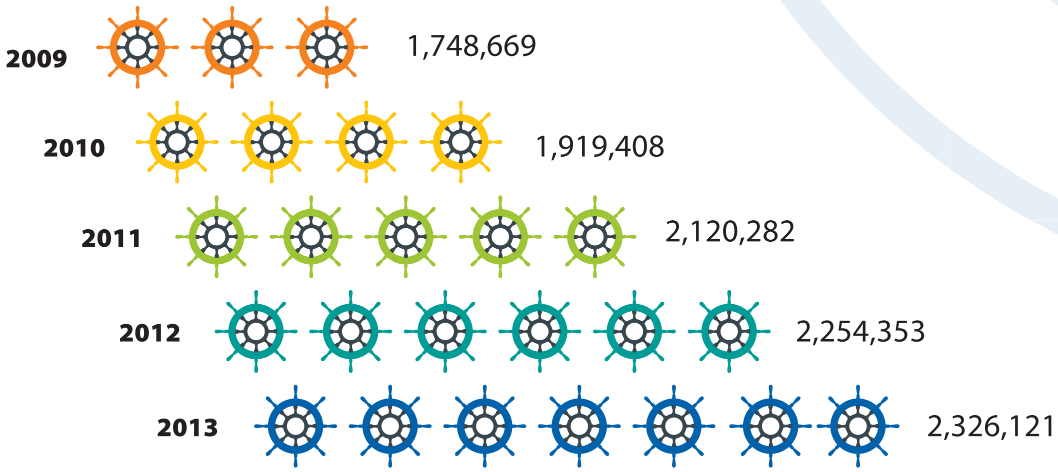
TOTAL CONTAINER THROUGHPUT

In '000 Gross TEUs



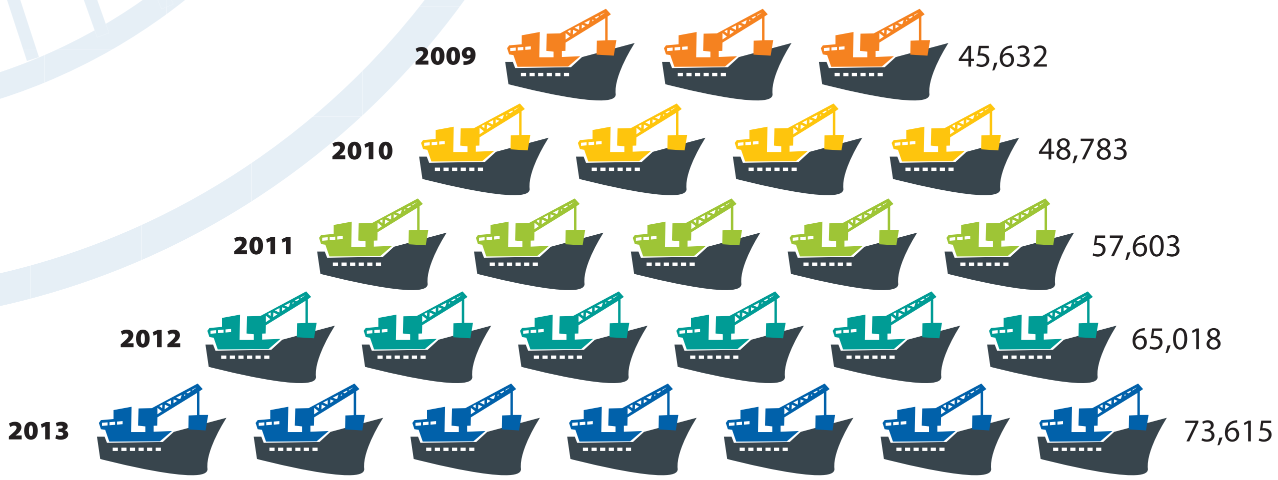
VESSEL ARRIVAL TONNAGE

In '000 Gross Tons



SINGAPORE REGISTRY OF SHIPS

Total Tonnage Under Singapore Flag in '000 Gross Tons



AWARDS

Flying the Flag

AWARDS

In 2013, we are honoured to be feted by accolades and awards that acknowledge our accomplishments.

SQC STAR AWARD

MPA was awarded the Singapore Quality Class Star (SQC Star) in 2013, which recognises organisations that have attained greater heights of excellence on the journey to business excellence. The SQC provides organisations with a holistic model for managing business excellence. It has seven dimensions of excellence, namely, Leadership, Planning, Information, People, Processes, Customers and Results.

CONTAINERISATION INTERNATIONAL 2013 AWARDS

On 24 October 2013, MPA was awarded the "Environmental Campaign of the Year" Award at the Containerisation International (CI) 2013 Awards for the Maritime Singapore Green Initiative. The awards ceremony was held at Sheraton Park Lane Hotel, London. MPA also received a High Commendation for the "Port of the Year" Award.

The CI Awards, organised by Informa plc, was first started in 2011 to recognise companies and individuals that have made outstanding contributions in the maritime industry, either through being innovative, proactive and/or pioneering.

27^{TH} ASIAN FREIGHT AND SUPPLY CHAIN AWARDS

The Port of Singapore received the 'Best Seaport in Asia' award for the 25^{th} time, at the 27^{th} Asian Freight and Supply Chain Awards (AFSCA) held on 9 May 2013 in Beijing.

The Port of Singapore was recognised for her cost competitiveness, container shipping-friendly fee regime, provision of suitable container shipping-related infrastructure, timely and adequate investment in new infrastructure to meet future demand and the facilitation of ancillary services, including logistics and freight forwarding facilities.

A 'Hall of Fame' award was also presented to the Port of Singapore for winning the 'Best Seaport in Asia' award 25 times.

GLOBAL HUB PORT

Crossroads of Trade

GLOBAL HUB PORT

Singapore sits strategically at the crossroads of trade, and as a global hub port, is ranked as the world's busiest port in terms of shipping tonnage. In 2013, over 120,000 vessels called at the Port of Singapore. In addition to offering a range of reliable, value-added and cost-efficient marine services and facilities, Singapore is also the world's top bunkering port.

TUAS TERMINAL DEVELOPMENT

The development of Tuas Terminal is part of Singapore's long term plan to consolidate all container port activities at Tuas. The environmental impact assessment (EIA) for Tuas Terminal Phase 1 has been completed, while the EIA for Phases 2 and 3 are in progress.

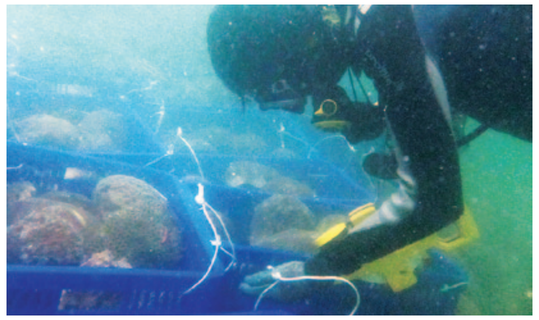
The construction of a containment bund system at Tuas Terminal Phase 1 to receive dredged and excavated material has been in progress since end 2013. Upon completion, Tuas Terminal Phase 1 will provide a handling capacity of 20 million TEUs.

PASIR PANJANG TERMINAL DEVELOPMENT

The development of Pasir Panjang Terminal Phases 3 and 4 is ongoing. Features such as an automated container yard and unmanned rail-mounted gantry cranes will enable Pasir Panjang Terminal Phases 3 and 4 to serve the next generation of container ships, increase productivity and also promote environmental sustainability in Singapore's port operations. When fully completed with 15 berths by 2020, Pasir Panjang Terminal Phases 3 and 4 will increase total port capacity by about 50 per cent to 50 million TEUs.

RELOCATION OF CORALS AT SULTAN SHOAL

Based on recommendations from the Tuas Terminal Phase 1 EIA, MPA has commenced the relocation of most of the corals from Sultan Shoal to suitable alternative sites. About 50 per cent of the targeted corals would be relocated in 2014. MPA has also started a research programme with the National University of Singapore (NUS) to set up coral nurseries in degraded and non-reef areas to grow corals from coral fragments collected at Sultan Shoal.



CHEMICAL SPILL PREPAREDNESS

A full deployment, multi-agency exercise was organised by MPA in April 2013 to demonstrate Singapore's readiness to respond to a major chemical spill in its waters. Codenamed "CHEMSPILL 2013", this exercise aimed to test and validate the contingency plans for combating major chemical spills in Singapore waters. It consisted of a seaward equipment deployment demonstration at Raffles Reserved Anchorage and a table-top exercise at MPA's Port Operations Control Centre at PSA Vista.

CHEMSPILL 2013 successfully demonstrated the close cooperation between various agencies such as the Singapore Civil Defence Force and the Singapore Oil Spill Response Centre in combating major chemical spills in our waters. More than 10 vessels and 160 personnel from 19 organisations were involved in the exercise.

REVIEW OF SINGAPORE'S PORT DUES STRUCTURE AND RATES

MPA, in consultation with the shipping industry and other stakeholders, has completed a comprehensive review of Singapore's port dues structure and rates. The review aims to (i) ensure that the port dues framework remains relevant, (ii) enhance Singapore's competitiveness as a hub port and (iii) enable more efficient use of our limited anchorage space. As part of the port dues review, MPA has simplified the port dues structure and streamlined the various incentive schemes.

The changes to port dues are expected to save the industry an additional $11 million a year. This is on top of the $11 million a year savings from the 20 per cent port dues concession for container ships that will be made permanent and the $7 million a year from the waiver of Maritime Welfare Fee introduced in October 2012.

DEVELOPMENT OF BREAKWATER AT TANAH MERAH FERRY TERMINAL

A breakwater is planned at Tanah Merah Ferry Terminal to attenuate waves at the berths during the Northeast monsoons. An environmental impact study and a wave simulation study were completed and statutory approvals for the breakwater construction were obtained in July 2013. The design of the breakwater will be carried out in 2014 and construction is targeted to be completed by end 2015.

ISSUANCE OF PUBLIC LICENCES FOR THE SUPPLY OF WATER TO VESSELS IN PORT

Following the completion of the restructuring of the regulatory framework for supply of water to vessels in port, MPA issued public licences to Jurong Port Pte Ltd, Singapore Cruise Centre Pte Ltd, SATS-Creuers Cruise Services, Mencast Offshore and Marine Pte Ltd, PSA Marine and PSA Corporation.

The new licence framework better facilitates operators to fund their operating and capital expenditure in the supply of water to vessels in port. It incentivises the operators to upgrade and invest in new water pipelines which will ensure that the high standards of service levels for water supply are maintained even as our hub port continues to grow.

NEW BUOY TENDER VESSEL "PANDUAN"

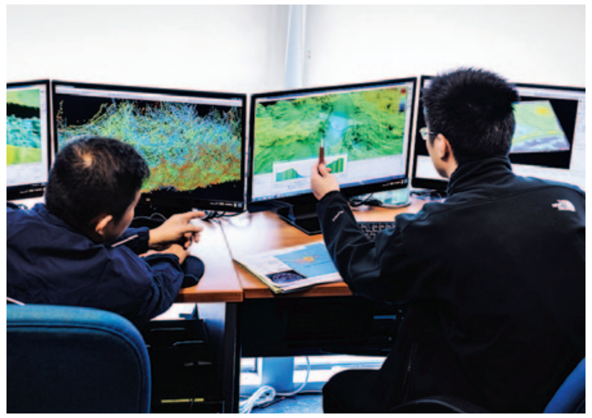
MPA commissioned a new buoy tender vessel "Panduan" in December 2013 that will support MPA in the maintenance of navigational and mooring buoys in Singapore's waters. Panduan, which means "guidance" in Malay, replaces the previous vessel that has been in operational service for the past 17 years. The new Panduan stands apart from its predecessor in terms of size, cruising speed and increased operational capabilities.

Panduan is capable of carrying two buoys and has a heavier lifting capacity of 10 tonnes. The new vessel will also deploy the buoy from its aft through a more stable A-Frame, further enhancing the safety of the vessel and the crew during buoy maintenance operations. In addition to having a faster cruising speed of 15 knots, Panduan is also equipped with fire fighting capabilities to assist as an oil spill dispersant re-supply vessel during marine incidents.

SURVEYING OF SINGAPORE COASTLINES THROUGH LASER SCANNING TOPOGRAPHY SYSTEM

MPA has adapted a Laser Scanning Topography System technology for hydrographic surveys - by mounting the system onto hydrographic survey vessels for the surveying of coastal features.

This will save significant time and resources in surveying land coastal features such as quay lines, seawalls and mangrove areas which are not easily accessible. With the new system replacing manual land surveying methods, productivity is enhanced as manpower requirements are reduced by 50 per cent. The acquired data can be visualised in 3D and is used to chart and update Singapore's coastlines.



ALTERNATIVE FUEL - LNG BUNKERING

Singapore has taken a significant step forward in the development of the operational procedures and standards for Liquefied Natural Gas (LNG) bunkering.

MPA and its appointed consultant, Lloyd's Register, have completed its study on the Technical Standards and Procedures for LNG bunkering in the Port of Singapore.

Following the completion of the study, MPA has been organising industry consultation sessions to share the results of the study with the maritime industry and gathering their feedback.

In November 2013, MPA, the Antwerp Port Authority and Port of Zeebrugge signed a Memorandum of Understanding (MOU) to harmonise the procedures related to LNG bunkering in order to facilitate the acceptance of LNG bunker for shipping, and to exchange information on matters related to LNG as a shipping fuel, such as LNG infrastructure, communication to stakeholders, and accreditation of bunkering operators.

Over the last two years, MPA has collaborated with industry partners to study the feasibility of introducing LNG bunkering in Singapore and to develop the procedures and technical specifications for LNG bunkering operations. The partnership with the Antwerp Port Authority and the Port of Zeebrugge to harmonise procedures for LNG bunkering will help facilitate the development of global standards for LNG bunkering, which is needed to enable the use of LNG as ship fuel.

MASS FLOW METERING SYSTEM FOR BUNKERING

As part of MPA's continuing efforts to enhance the quality of the Singapore bunkering industry, MPA set aside an additional \$1 million on top of the initial \$1 million from the Maritime Innovation and Technology Fund to support further research, development and test-bedding of mass flow meters for bunkering applications.

The transfer of bunkers using the mass flow metering system as one of the official custody measurement of bunker quantity is a significant milestone for the bunkering industry in Singapore. As the world's largest bunkering port, Singapore sees more than 40 million tonnes in bunker sales each year. It is important to leverage on technology to further enhance the efficiency and transparency of the bunker delivery process. ExxonMobil Marine Fuels (EMMF) has been actively involved in a working group comprising various industry stakeholders, led by MPA and SPRING Singapore, to develop and validate the use of a reliable and accurate system for mass flow meters in bunkering operations in Singapore.

A total of 17 projects were approved for co-funding as of 30 December 2013. Out of the 17 bunker tankers, four of them have completed the project and approval was given for custody transfer using the mass flow metering system. 10 other bunker tankers have been installed with the meters and are undergoing trials. The remaining three bunker tankers are awaiting the arrival of their mass flow metering systems.

INCREASED ENFORCEMENT CHECKS ON BUNKERING INDUSTRY

In 2013, Singapore remained the world's top bunkering port with bunker sales of more than 42.7 million metric tonnes.

Competitive bunker prices present high temptation for opportunistic individuals to take advantage of the chances to reap large profits and pay-offs. MPA's intensified checks on the local bunkering industry in 2013 resulted in the non-renewal and cancellation of the licences of four licence-holders for breaching the terms and conditions of the licences.

Another two bunker supplier licences were cancelled in December 2013. In addition, two individuals were prosecuted and convicted in court for conducting bunker surveys without a valid bunker surveyor licence.

Three joint operations were conducted with the Corrupt Practices Investigation Bureau (CPIB) on three separate bunkering operations in 2013. A total of 12 individuals were arrested by CPIB. To date, one Chief Engineer, one Cargo Officer and one Bunker Surveyor have been convicted in court for offences under the Prevention of Corruption Act.

BIENNIAL INCENTIVE AWARD FOR HARBOUR PILOTS

To enhance Singapore's pilotage service standards and to recognise the important role of harbour pilots in ensuring navigational safety in Singapore's port waters, MPA awarded seven harbour pilots with the Biennial Incentive Award for Harbour Pilots for their high safety and professional standards. They were selected from among the pool of 217 harbour pilots and assessed on a range of criteria that includes professionalism, teamwork, technical expertise, safety awareness and shipmaster's satisfaction.

FRAMEWORK TO ATTRACT LOCALS INTO THE HARBOUR CRAFT INDUSTRY – SPECIAL LIMITS OFFICER TRAINING PROGRAMMES

Initiated in 2011,154 Singaporeans have taken up the 21-month Special Limits deck officer programme to date. In 2012, the Special Limits Marine Engineer programme was introduced, and 57 Singaporeans have since taken up this programme.

MPA worked with the Institute of Technical Education (ITE) in 2013 to exempt graduates of the Higher NITEC Marine Engineering (HNME) course from half of the Marine Engineer Special Limits course. With the exemption, HNME graduates need only complete seven months of training and pass competency examinations at MPA to become a Marine Engineer, serving on board ships plying within Special Limits.

PROVISION OF VTS TRAINING SERVICES

MPA, Singapore Maritime Academy, and Singapore Polytechnic signed a Memorandum of Understanding (MOU) in August 2013 to outline the provision of Vessel Traffic Service (VTS) training services to MPA's Vessel Traffic Management staff in accordance with the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) guidelines on "Standards for Training and Certification of VTS Personnel". The MOU will help ensure that the Vessel Traffic Management staff of MPA's two Port Operations Control Centres remain well trained and have the necessary skills to ensure the safety of navigation and efficiency of traffic flow in our port waters and the Singapore Strait.

MOBILE FEVER SCREENING SYSTEM FOR MARINA BAY CRUISE CENTRE

As part of the pandemic preparedness efforts, sea checkpoints will be required to conduct temperature screening in the event of a pandemic outbreak.

For the newly opened Marina Bay Cruise Centre, four Mobile Fever Screening Systems were installed in June 2013 to facilitate temperature checks for both inbound and outbound passengers. The new systems have a higher accuracy in temperature detection and allows rapid passenger screening.

ENHANCED CUSTOMER SERVICE

E-Collection Portal

MPA implemented a one-stop portal in January 2013 that allows customers more online connectivity with MPA, such as the ability to access their statements of account, pay bills, track payment history, and receive payment notifications.

Appointment System for One Stop Document Centre

In line with continual efforts to enhance customer experience, an appointment system has been developed to allow MPA's customers to make appointments with the One Stop Document Centre (OSDC) to reduce waiting time and for the centre to better plan, manage and allocate resources for counter services.

INTERNATIONAL MARITIME CENTRE

Heart of Connections

INTERNATIONAL MARITIME CENTRE

With a flourishing ecosystem of marine and port services, strong economic links and connectivity to major world markets, Singapore is the hub where key players in the global maritime community converge, and ideas and opportunities thrive.

GROWING A POOL OF SHIPOWNERS AND OPERATORS

2013 saw a number of shipping companies expanding their operations in Singapore, bringing the total number of international shipping groups under the Maritime Sector Incentive – Approved International Shipping Enterprise (MSI – AIS) award to over 130 groups. These ranged from companies involved in traditional shipping to those in the offshore sector.

DEVELOPING SINGAPORE'S MARITIME SERVICES

Besides the pool of shipowners and operators, the cluster of maritime service providers also continued to grow, with four new companies being awarded the Maritime Sector Incentive – Shipping-related Support Services (MSI-SSS) award in 2013.

With the entrance of Assuranceforeningen Skuld and Japan P&I Club, Singapore is now home to six International Group Protection & Indemnity Clubs. The Lloyd's Asia platform comprises about 20 Lloyd's Syndicates writing marine and/or offshore energy businesses. In raising awareness and understanding of shipping, MPA collaborated with the Singapore Exchange (SGX) to organise the 4th SGX-MPA offshore workshop for analysts, which was attended by some 60 equity analysts, bank executives and issue managers.

Singapore's shipbroking sector has also continued to grow, with some of the leading Singapore-based shipbrokers expanding their operations in Singapore. The Baltic Exchange also held its Board Meeting in Singapore, which was the first time it had done so outside of London.

MANPOWER DEVELOPMENT

MPA continued to work with key partners to encourage maritime education, training and outreach activities to ensure a steady pipeline of talent to support the growing maritime cluster.

As part of enhancing the maritime education landscape, MPA continued to work with key institutes of higher learning to ensure a wide suite of maritime education programmes. MPA supported the launch of the Institute of Technical Education's Higher Nitec in Shipping Operations and Services course in April 2013. MPA also provided the Singapore Management University with funding support to enhance the university's Maritime Economics Concentration . A total of 24 students are enrolled in the pioneer cohort and the students will enjoy an enhanced experiential learning outside the classroom as well as an exchange at the Copenhagen Business School in Denmark under this partnership.

The Maritime Cluster Fund – Manpower Development (MCF-MD), which was set up to support continuous education and training, benefitted more than 900 companies and over 4,400 individuals in 2013. In 2013, MPA set aside S$2 million of the MCF-MD to roll out the Global Internship Award. Launched in April 2013, the award offers high-achieving local undergraduates from NUS, NTU and SMU a fully-sponsored maritime internship which would comprise both local and overseas components. More than 20 students are expected to be awarded and placed under this maritime internship across several maritime companies in the first year of the programme.

To attract more youths to consider seafaring as a career, MPA in collaboration with shipping companies and local seafaring unions awarded 10 seafaring scholarships to sponsor students' pursuit of maritime diplomas and professional qualifications. MPA and the Singapore Maritime Officers' Union also organised 2 Young Mariners' Networking Events for seafaring scholars to bond and strengthen their network.

As part of the MaritimeONE's efforts to increase awareness of the maritime industry as well as the education and career opportunities available to students, MaritimeONE organised the first Maritime Campus event which reached out to students at Victoria Junior College.

As part of ongoing efforts to engage the students, MPA also organised a talk on the "Five Challenges Facing the Shipping Industry Today" delivered by Dr Martin Stopford, President of Clarkson Research Services Limited, which was attended by more than 130 polytechnic and university students as well as MaritimeONE partners.

SUPPORTING THE INTERNATIONAL ENVIRONMENT REGIME

MPA made preparations for accession to the Ballast Water Management (BWM) Convention. MPA also participated actively in the intersessional Correspondence Group on BWM and the Working Group on BWM at the 65th session of the Marine Environment Protection Committee (MEPC), where the text of the Assembly Resolution to facilitate the smooth implementation of the BWM Convention was finalised.

Presentations were also made at the Ballast Water Conference and the International Chemical and Oil Pollution Conference and Exhibition 2013, where MPA shared more on oil and chemical pollution response and cooperation and the status of MPA's preparatory work on Singapore's accession to the BWM Convention.

MPA also actively participated in informal meetings with the Group on Greenhouse Gases (GHG) and the Working Group on the MEPC Resolution on Technical Cooperation and Transfer of Technology.

SINGAPORE REGISTRY OF SHIPS FORUM

The Singapore Registry of Ships Forum on "Responsible Shipping" was organised by MPA for owners and operators of Singapore-registered ships to exchange views and insights on the challenges faced by various stakeholders in ensuring safe, secure and efficient global shipping activities. More than 200 senior maritime executives attended the forum.

USD 1 MILLION NEXT GENERATION CONTAINER PORT CHALLENGE WINNER

MPA and the Singapore Maritime Institute jointly organised the Next Generation Container Port (NGCP) Challenge to encourage participants from all over the world to submit innovative proposals and ideas on how to plan, design and operate the next generation of container ports that exemplify performance, productivity and sustainability. 56 proposals were received from 37 groups and 19 individuals from 25 countries such as the USA, the UK, Finland, South Korea and Taiwan. 14 proposals were from local institutes and individuals.

The team, led by the National University of Singapore (NUS) and comprising Shanghai Zhenhua Heavy Industries and Shanghai Maritime University, was awarded the grand prize of US$1 million. Commendation prizes of US$100,000 each were also awarded to six other teams. MPA has identified some of the useful concepts submitted to pursue as R&D projects with the relevant Challenge participants.

MINT FUND CALL FOR PROPOSALS

The Maritime Innovation and Technology (MINT) Fund was set up by MPA to encourage local and foreign companies with a local presence to undertake maritime-related R&D, using Singapore's port and maritime facilities as a test-bed for their innovations. In 2013, projects totalling $17.7 million were approved under MPA's MINT Fund, an increase from 2012's $8.6 million. MPA also extended the validity of the MINT Fund for another 5 years and added another $50 million to the Fund.

The second MINT Fund Call for Proposals (CFP) was initiated in June 2013. The second CFP invited industry to submit projects under three themes: Maritime Productivity, Maritime Energy & Environment, and Offshore & Marine Engineering. 13 proposals were received when the call closed in September 2013.

SUPPORTING SINGAPORE MARITIME INSTITUTE INITIATIVES

As part of the Singapore Maritime Institute's (SMI) strategies to develop R&D capabilities in the local tertiary and research institutes, $5.8 million in project funding was committed towards 11 projects under the Maritime Energy Systems grant call. In addition, $5 million has been allocated to SMI's Simulation & Modelling grant call for projects in the area of Human Factor studies, Risk Management and Maritime Training & Operations.

To promote research in the area of emissions control and alternative fuels, SMI has committed $4.7 million towards Nanyang Technological University's Maritime Energy TestBed (METB). The METB will also be opened to the maritime industry for companies to verify the efficacy of commercial scrubber systems and develop in-house solutions.

MOU WITH ABS AND SUTD ON MARITIME TECHNOLOGY PROFESSORSHIP

In April 2013, MPA signed a Memorandum of Understanding with the American Bureau of Shipping (ABS) and the Singapore University of Technology and Design (SUTD) to set up an ABS-MPA Maritime Technology Professorship (MTP) programme at SUTD with funding of up to $12.5 million, to build up SUTD's capabilities in maritime education and R&D to further boost the growth of marine and offshore R&D in Singapore.

To provide leadership across SUTD's four academic pillars, a reputable professor or expert with specialised knowledge in marine and offshore-related technologies will be appointed Chaired Professor in SUTD. Prominent Visiting Professors and Resident Professors will also be appointed to develop marine and offshore-relevant content, courses and R&D projects.

PROMOTING MARITIME RESEARCH & DEVELOPMENT (R&D) AND PRODUCTIVITY

To encourage maritime companies to set up R&D capabilities, MPA included the setting up of R&D/test centres as a qualifying activity under the MCF-Business Development (MCF-BD) in March 2013. In June 2013, MPA introduced a new $25 million Productivity Programme – MCF-Productivity which supports initiatives that raise productivity by way of enhancing business processes and work-flow; or by adopting technology solutions which lead to productivity gains.

As part of an enhancement to the Maritime Cluster Fund – Business Development Scheme, MPA expanded the initiative to include support for the setting up of maritime R&D Centres in Singapore, to advance Singapore's standing as a maritime knowledge hub by strengthening maritime capabilities and intensifying R&D and test-bedding activities involving collaborations amongst the academia, maritime industry and technology providers.

To date, there have been two beneficiaries of the MCF-BD scheme. In May 2013, MPA supported the setting up of the FutureShip ECO-Research Centre, which will conduct R&D in clean energy technologies and develop solutions that enhance energy efficiency of ships.

MPA also supported the setting up of the Deepwater Technology Research Centre by Bureau Veritas (BV) in October 2013. This is the first BV Technology Research Centre in the Asia-Pacific region, and it will conduct applied research in the fields of marine and offshore engineering, amongst others.

MARITIME SINGAPORE GREEN INITIATIVE

MPA continues to drive and enhance the Maritime Singapore Green Initiative as our commitment towards green shipping. The following programmes have been enhanced:

Green Port Programme

MPA has increased the port dues rebate from 15 per cent to 25 per cent for ocean-going vessels that use clean fuels or type-approved abatement technology throughout their port stay with effect from 1 July 2013. A 15 per cent port dues rebate would also be granted to ocean-going vessels that only use clean fuels or type-approved abatement technology at berth. A total of 495 vessels have registered in the programme, while 2,007 vessel calls have enjoyed concessions in port dues.

Green Ship Programme

The programme was expanded to provide incentives to Singapore-flagged ships that adopt approved SOx scrubber technology exceeding the International Maritime Organization's (IMO) emission requirements. Singapore-flagged ships, which adopt both approved SOx scrubber technology and energy efficient ship designs that exceed IMO's requirements, would enjoy additional incentives for their Initial Registration Fee and Annual Tonnage Tax. As of end December 2013, 103 Singapore-flagged ships have been recognised as Green Ships under the Green Ship Programme with $867,000 in green ship incentives given out.

Green Technology Programme

MPA has increased the grant limit from $2 million to $3 million for qualifying projects that achieve more than 10 per cent reduction in emission levels. 15 applications with total funding of $13.75 million have been approved out of $25 million set aside for the programme.

20 more companies came together on 3 December 2013 to sign the Maritime Singapore Green Pledge to signify their commitment towards promoting clean and green shipping in Singapore. They join the 40 companies that have already signed the Green Pledge so far. The 20 companies are:

1. Asian Lift Pte Ltd
2. Boskalis International (S) Pte Ltd
3. Celeste Holding Pte Ltd
4. Eastern Navigation Pte Ltd
5. Ezra Holdings Ltd
6. J. Lauritzen Singapore Pte Ltd
7. Keppel Smit Towage Pte Ltd
8. Maersk Tankers Singapore Pte Ltd
9. Maju Maritime Pte Ltd
10. Oil Spill Response Ltd
11. Orient Express Lines
12. Pacific Radiance Ltd
13. Posh Semco Pte Ltd
14. PSA Marine (Pte) Ltd
15. Singapore Cruise Centre Pte Ltd
16. SMIT Singapore Pte Ltd
17. Stolt-Nielsen Singapore
18. Swire Pacific Offshore Operations (Pte) Ltd
19. The China Navigation Co Pte Ltd
20. Western Shipping Pte Ltd

SINGAPORE MARITIME WEEK

Singapore Maritime Week 2013, the annual flagship maritime event organised by MPA, featured 25 events comprising conferences, dialogues, awards dinners, outreach activities and more – to the maritime community and the general public.

Amazing Maritime Adventure

A record number of over 1,000 participants from both the public and the maritime community took part in the Amazing Maritime Adventure. Besides competing for the top prizes, more than 120 company teams and more than 40 school teams also competed for the new prize categories of Best Company Team and Best School Team respectively.

Maritime Learning Journeys

Aimed at showing students and members of the public the vibrant and diverse maritime industry, these learning journeys took participants to the Singapore Maritime Gallery and various shipyards, as well as a visit to the Raffles Lighthouse.

Singapore Maritime Week (SMW) Exhibition

In addition to the main SMW exhibition at Plaza Singapura, members of the public had the opportunity to visit two satellite exhibitions at VivoCity and nex shopping malls. Themed "An Insight into Maritime Singapore", the exhibitions featured interesting fun facts about Maritime Singapore through cross-sections, blueprints and interactive exhibits. The three exhibitions attracted more than 60,000 visitors.

T-shirt Design Competition

Making a colourful presence at the SMW exhibition in Plaza Singapura were the winning and shortlisted entries from the SMW T-shirt Design Competition. Jointly organised by MPA, the Singapore Maritime Foundation, the Singapore Shipping Association and Association of Singapore Marine Industries, with the support of LASALLE College of the Arts, this competition attracted more than 700 entries for both the Open and LASALLE Design Communication categories.

International Sportsweek for Seafarers

To promote healthy living and foster team spirit among local and foreign seafarers, MPA organises the annual International Sportsweek for Seafarers. This year, the event was held from 10 to 13 April, and participating seafarers took part in a series of games such as tug of war and football.

International Maritime Awards

More than 700 luminaries and leaders from the maritime industry gathered at the Singapore International Maritime Awards (IMA) 2013, which saw 50 awards being presented. Winners included Neptune Orient Lines Limited, BW Group, Shell Eastern Trading (Pte) Ltd, Keppel Offshore & Marine Technology Pte Ltd, Swire Pacific Offshore Operations (Pte) Ltd, Tian San Shipping (Private) Limited and NYK Group South Asia Pte Ltd.

Singapore Maritime Lecture

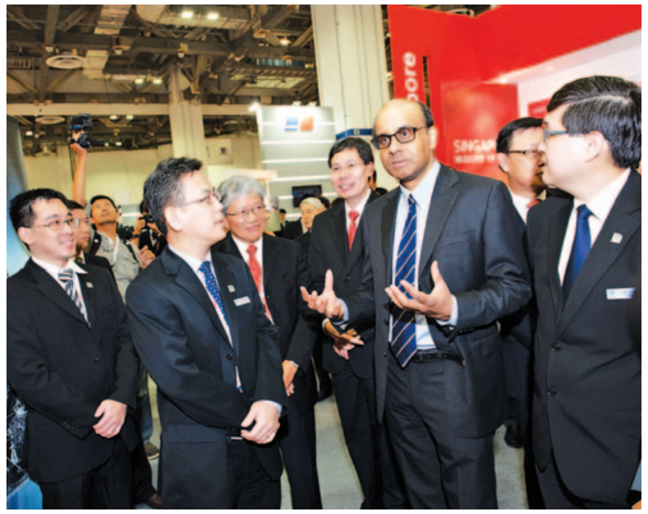
Mr James Hughes-Hallett, Chairman, John Swire & Sons Limited, delivered the 7th Singapore Maritime Lecture on 10 April at Shangri-la Hotel. He shared his insights with more than 200 industry heavyweights and key maritime personnel during the lecture and dialogue session.

International Chemical and Oil Pollution Conference And Exhibition (ICOPCE) 2013

The ICOPCE 2013 and the pre-conference symposium held in April were attended by about 260 participants. This project was the 8th biennial event aimed to raise Singapore's profile as the centre for expertise and knowledge in the prevention and response to oil and chemical spills, and as a world-class port and leading international maritime centre.

Sea Asia

The biennial Sea Asia Exhibition and Conference was back for its fourth run in 2013. Held at Marina Bay Sands from 9 to 11 April, the event provided insights into pertinent industry issues such as maritime financing, design technology and green ships, and drew more than 16,000 key personnel from the maritime community.



The Pozzie Project

The Pozzie Project is a photography initiative aimed at showcasing Maritime Singapore through photographs submitted by maritime organisations. Over 700 photographs from 29 companies were received, depicting Pozzie, the project's mascot, at various maritime scenes.

STRATEGIC MARITIME INTERESTS

International Partnerships

STRATEGIC MARITIME INTERESTS

Advancing and safeguarding our strategic maritime interests is central to Singapore's continued success as a global hub. To this end, we continually seek to forge strong relationships with the international community, cultivate existing partnerships and initiate new ones here and beyond our shores.

RE-ELECTION TO IMO COUNCIL

The 28th Regular Session of the International Maritime Organization (IMO) Assembly, in November 2013, saw Singapore's successful re-election to Category "C" of the IMO Council for the 2014-2015 biennium. The successful re-election allows Singapore to continue bringing a unique and important perspective to the IMO Council.

As a major port State, a major flag State and a coastal State to a key international waterway, Singapore must consider multiple interests and perspectives. This requires us to adopt a balanced view on maritime matters, allowing us to play a constructive role in helping to forge consensus among IMO Member States. In this regard, Singapore emphasises an inclusive and consultative approach to arrive at mutually beneficial outcomes for all stakeholders. As an IMO Council Member, Singapore will also continue to place emphasis on safe, clean and secure shipping, and on the provision of technical assistance to IMO Member States.

"Singapore is honoured to be re-elected to the IMO Council and appreciates the support of our fellow IMO Member States. Singapore takes our responsibility as a Council member seriously and will continue to contribute actively towards the IMO's goal of safe, secure and efficient shipping on clean oceans."

Mr Lui Tuck Yew
Minister for Transport

MARITIME LABOUR CONVENTION

The Maritime Labour Convention (MLC), also known as the seafarers' bill of rights, entered into force on 20 August 2013. Recognising the essential role that seafarers play in maritime Singapore, MPA sees the MLC as an important step in protecting the welfare of seafarers.

Singapore, the first Asian country to ratify the MLC, commemorated the occasion with a live broadcast featuring a panel of high-level representatives of seafarers, shipowners, MPA and the International Labour Organisation on board the Singapore-flagged ship APL YANGSHAN in Singapore.

The MLC establishes requirements for various aspects of working conditions for seafarers. In the run up to 20 August, MPA worked with our tripartite partners to ensure that Singapore ships were ready for the MLC and stakeholders were consulted through Tripartite Working Group meetings to ensure that draft legislation took into consideration the diverse needs of our maritime sector. MPA also reached out to the wider community with presentations at various conferences and seminars such as the Maritime Manpower Singapore 2013.

"We recognise that seafarers have an integral role to play in driving this key engine of the Singapore economy. Seafaring is a challenging profession due to the nature of the job and the harsh conditions at sea. Therefore, the Convention sets out a comprehensive framework of rights and protection at work for seafarers globally. It specifies minimum requirements for seafarer working conditions as well as establishes a compliance and enforcement mechanism."

Mrs Josephine Teo
Senior Minister of State for Finance and Transport

WORLD MARITIME DAY 2013

At the invitation of the IMO Secretary-General, MPA's Chief Executive delivered the keynote address on the topic "Towards a Sustainable Maritime Singapore" at the World Maritime Day Symposium held in London on 26 September 2013.

Through the keynote address, MPA shared on Singapore's efforts in striking a balance between the development of maritime transportation and the protection of the marine environment, and the importance of international rules and regulations for shipping.

3RD MARITIME PUBLIC LEADERS' PROGRAMME

22 senior maritime representatives from 17 countries attended the 3rd Maritime Public Leaders' Programme (MPLP) held in September 2013.

A networking and learning platform for senior maritime officials and executives, the MPLP is jointly organised by MPA and the Nanyang Technological University (NTU), and supported by the Ministry of Foreign Affairs under the Singapore Co-operation Programme. The 3rd MPLP covered a range of diverse topics, from port planning and management, shipping economics and finance, maritime security, to public leadership and governance.

There was greater industry participation in the MPLP this year, with participants from maritime organisations such as the International Association of Independent Tanker Owners (INTERTANKO), ReCAAP Information Sharing Centre, Jurong Port and PSA.

REGIONAL FORUM ON VESSEL TRAFFIC SERVICES

MPA hosted the inaugural Regional Forum on Vessel Traffic Services (VTS), jointly organised by MPA, the International Maritime Organization (IMO), the Ministry of Foreign Affairs' Singapore Co-operation Programme, and the International Association of Marine Aids to Navigation and Lighthouse Authorities World-Wide Academy under the Singapore - IMO Third Country Training Programme.

A first in Asia, the forum provided a platform for officers from maritime administrations from around the world to interact and discuss issues related to VTS, safety of navigation, maritime safety, and to identify capacity building needs in VTS for the region to enhance navigational safety. About 20 overseas and local speakers spoke on a wide range of VTS topics such as the implementation and operation of VTS, VTS training and legislation. The Forum was attended by participants from 16 IMO Member States and Associate Members.

FIELD STUDY VISIT BY WORLD MARITIME UNIVERSITY STUDENTS

In March 2013, MPA hosted a group of over 20 maritime officials from 14 countries, who were pursuing the Masters Programme in Shipping and Port Management at the World Maritime University. The field study visit helped the officials learn about port operations in Singapore, and gave them an opportunity to exchange insights on the development of the global shipping industry.

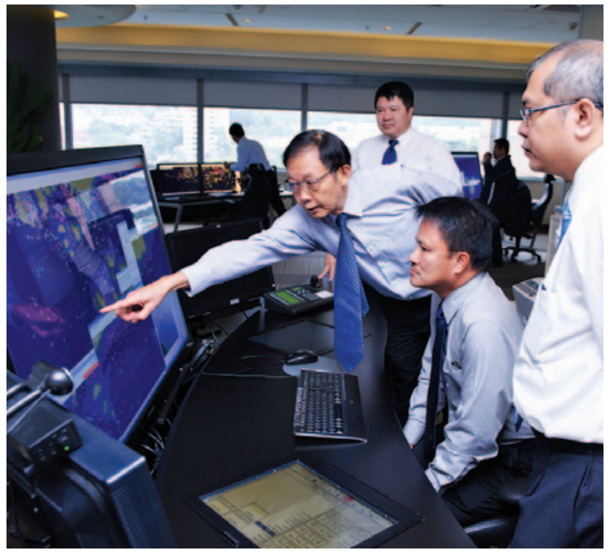
The five-day programme included visits to the container terminals, MPA's Port Operations Control Centre - Vista and MPA's Integrated Simulation Centre. The officials also observed how maritime training for ship officers is conducted in Singapore.

THIRD COUNTRY TRAINING PROGRAMME COMMEMORATIVE PUBLICATION "A BRIDGE TO OUR FUTURE"

To celebrate the 15th anniversary of Singapore's partnership with the IMO on the Third Country Training Programme (TCTP), MPA produced the Singapore-IMO TCTP commemorative publication titled 'A Bridge to our Future'. The publication traces the genesis of the Singapore-IMO TCTP and provides insights into the gamut of technical assistance courses that have reached out to over 1,500 participants from more than 70 countries over the last 15 years. The publication also pays tribute to the dedication and conviction of the many men and women behind the Singapore-IMO TCTP.

The book 'A Bridge to our Future' was launched at the 63rd Session of the IMO Technical Cooperation Committee (TC 63) in July 2013.

DISTINGUISHED VISITORS PROGRAMME



MPA established the Distinguished Visitors Programme (DVP) in 1997 to engage and strengthen relations between MPA and leaders in the global maritime community. It provides a platform to exchange views and ideas on important maritime issues. Under the DVP, MPA hosted four maritime officials in 2013.

The four officials were Mr Jang Hwang-Ho , then Director-General Maritime Safety Policy Bureau, Ministry of Land, Transport and Maritime Affairs, Republic of Korea; Mr Graham Peachey, Chief Executive Officer of the Australian Maritime Safety Authority; Mr Yang Zan, Director General of the Department of International Cooperation, Ministry of Transport, China; and Capt Bobby R. Mamahit, Director General for Sea Transportation, Ministry of Transportation, Indonesia.

During their visits, the officials met with MPA's senior management and the Ministry of Transport. They also visited key MPA facilities, such as the Port Operations Control Centre and the Integrated Simulation Centre.

MARITIME CO-OPERATION IN THE STRAITS OF MALACCA AND SINGAPORE

Singapore took over the Chairmanship of the Aids to Navigation Fund (ANF) Committee from Malaysia, for a three-year term from 2013 to 2015. Singapore hosted the 10th and 11th meetings of the ANF Committee in April and October 2013 respectively. During the 11th meeting, the ANF Committee approved the concept of a proposed study by the ANF Committee Secretariat to review the 51 aids to navigation in the Straits of Malacca and Singapore (SoMS), as well as to look at publicity for the ANF.

To continue promoting dialogue and close co-operation between the three littoral States, user States and other stakeholders on matters related to safety of navigation and environmental protection in the SOMS, Singapore also participated in the 6th Co-operation Forum, 38th Tripartite Technical Experts Group and 6th Project Co-ordination Committee meetings held in Indonesia in October 2013.

CONCEPT STUDY ON DYNAMIC UNDER KEEL CLEARANCE PROJECT AT STRAITS OF MALACCA AND SINGAPORE

Singapore, Malaysia and Indonesia have been examining the concept of real-time monitoring of Under Keel Clearance (UKC), taking into consideration the natural elements (e.g. tide, wind and current) and physical factors (e.g. vessel size, speed and loads) covering the Straits of Malacca and Singapore.

It was proposed as a new project under the Cooperative Forum / Tripartite Technical Experts Group (TTEG) in October 2012 and was funded by the International Maritime Organization (IMO). The concept study project, headed by Singapore, explored the use of data from the existing infrastructure under the Marine Electronic Highway project for real-time UKC monitoring. By providing near real-time information to ships, it will help efficiently manage the vessel movement over UKC critical areas. The concept study was adopted by TTEG in October 2013.

Following the successful completion, the next phase will involve two projects based on the recommendations from the study. They are the multibeam survey of UKC critical areas in the Straits of Malacca and Singapore, and a trial on using the Automatic Identification System for near real time UKC monitoring via the transmission of tide, wind and current conditions from ship to shore.

OUR PEOPLE

Pillars of Strength

OUR PEOPLE

Our success is built upon a close-knit team marked by equal parts of dedication and drive. In turn, we also seek to create a caring and pro-family environment for our staff, as well as actively contribute back to the community.

MPA'S MARITIME PROFESSIONALS

To better attract and retain professionals, MPA engaged a consultant to review the job sizes, compensation packages and career progression tracks in MPA. Led by MPA Academy, work has commenced on the development of a competency and training framework for specialised officers such as Hydrographers. The training framework for Port Inspectors was also reviewed and training requirements for Auxiliary Port Inspectors were identified.

MPA INDUSTRY IMMERSION PROGRAMME

MPA introduced the Industry Immersion Programme (IIP), which aims to broaden the horizons of our people and to deepen relationships with our partners. With IIP, staff have the opportunity to take on attachments with partner organisations as well as source for their own work attachments.

EMPLOYEE ENGAGEMENT SURVEY

MPA engaged Civil Service College and their survey partner, Towers Watson, to conduct an Employee Engagement Pulse Survey in October 2013. Close to 80 per cent of MPA staff participated in the pulse survey on staff engagement and workload. This is a new initiative to track engagement levels in MPA and would be conducted on alternate years with the Employee Engagement Surveys (EES). The MPA EES is being conducted every two years, with the next EES scheduled for late 2014.

ACCREDITED TRAINING ORGANISATION STATUS UNDER THE SINGAPORE QUALIFICATION PROGRAMME

MPA successfully attained the Accredited Training Organisation (ATO) status under the Singapore Qualification Programme (QP). The Singapore QP Framework believes that the acquisition of knowledge and experience in a conducive learning environment is critical to producing audit professionals and professional accountants of a high standard. The ATOs are thus, a key instrument for providing on-the-job learning and development opportunities for the candidates.

As an ATO, MPA will not only offer staff the prospect of joining the accounting profession, but also contribute to developing the local accounting scene in Singapore. As one of the 56 ATOs under this programme currently, work experience at MPA can now contribute towards the fulfilment of the Practical Experience requirements.

E-FINANCE INITIATIVES

To increase customer engagement and improve productivity, MPA's finance department worked on e-solution initiatives to automate manual processes. The initiatives include viewing of e-bills and e-statements, making e-payments for e-bills and fines as well as switching to stored value model for Marinet transactions and topping up of e-wallet for e-services.

VTM COMPETENCY FRAMEWORK

MPA developed the Vessel Traffic Management (VTM) Competency Framework, which provides VTM officers with greater clarity on training milestones and career progression paths. The structured training proposed in the framework is in line with international standards.

MPA CORPORATE ACTIVIST NETWORK

The MPA Corporate Activist Network (CAN) is part of MPA's commitment toward excellence in the key success areas of People, System, Resources, Partners and Customers. The key objective behind MPA's Corporate Activist Network is to tap on ideas, creativity and energy of staff and to empower our people to make MPA a great place to work in.

In 2013, MPA CAN continued to organise many activities and initiatives, helping to make MPA a great place to work in. Our various committees worked hard over the year and we thank them for bringing to us interesting activities and initiatives like BEAN Byte, Learning Journeys, "Say It With Flowers" and other fund raising initiatives, Spring Cleaning, New Year Wish List, On The Deck newsletter, LOVE from LIAN emails, our annual InnovFest, a new Innovation Framework, SEAN Quote of the Week on eConnect, Service Excellence Visit to Changi Airport, our annual Dinner & Dance, Staff Nites, Healthy Fun Days, Monthly Fruit Day and Lunch Outings, Family Day, MPA Interest Groups, Well-On-Worklife (WOW) Week, Quarterly Eat-With-Your-Family Day, Junior @ Work, and many others.

Dinner and Dance

Family Day

Healthy Fun Day

Learning Fiesta

The 4th MPA Learning Fiesta was jointly organised by MPA's human resource department, Art & Crafts interest group, the Business Excellence Network (BEAN), CARE team, Learning and Innovation Activist Network (LIAN) and Service Excellence Activist Network (SEAN).

Held in August 2013, it was an intensive and exciting week of learning, packed with nine diverse and interesting programmes where staff had the opportunity to experience the four learning dimensions of OWL (opportunities with learning), Grow (structured classroom learning), Explore (experiential learning), Aspire (additional learning for personal development) and Reflect (self learning through self reflection).

Learning Journeys

The Learning and Innovation Activist Network (LIAN) organised two learning journeys for MPA staff – to the Navy Open House and Casino Regulatory Authority. The Navy Open House provided participants with a hands-on experience in understanding the workings and capabilities of the Republic of Singapore Navy, while the trip to the Casino Regulatory Authority gave staff an insight to casino technology and security planning.

Cluster Games

Wow Week

At MPA's 5th annual Well-On-Work-life Week or WOW Week, the Work-life Activist Network (WAN), Staff Well-Being Activist Network (SWAN) and the CARE Team put together a wide range of activities for MPA staff and family to celebrate the importance of work-life harmony together. WOW Week is also part of management's commitment towards supporting our people in achieving good work-life harmony.

CORPORATE SOCIAL RESPONSIBILITY

As the leading maritime agency driving Singapore's global maritime aspirations, MPA believes in being a responsible corporate citizen. We are committed to promoting responsible environmental practices, encouraging community involvement and caring for our employees. In 2013, MPA raised over $60,000 in cash and vouchers through various activities organised by the MPA Corporate Activities Network. The Network also created multiple volunteering opportunities for MPA staff.

MOT Family Charity Outreach 2013

The 2013 Ministry of Transport (MOT) Family Charity Outreach event held in September 2013 was a collective outing of the beneficiaries in the MOT Family to the S.E.A. Aquarium at Resorts World Sentosa. Minister Lui Tuck Yew presented a cheque with the MOT Family's contributions to the Community Chest.

OUR CONTRIBUTORS

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Patricia Chua
IMC Division

Winnie Lim
Planning Division

Gary Chew
Port Division

Jareth Ng
Port Policy Division

Francis Koh
Port Services Division

Ernie Leong
Shipping Division

Kong Xieheng
Technology Division

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SINGAPORE

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MPA FINANCIAL REPORT 2013

The Maritime and Port Authority of Singapore

ANNUAL REPORT 2013

MPA SINGAPORE

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STATEMENT BY BOARD OF MEMBERS

For the financial year ended 31 December 2013

In the opinion of the Board of Members,

(a) the consolidated financial statements of the Maritime and Port Authority of Singapore and its subsidiary (the "Authority") as set out on pages 4 to 55 are properly drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 December 2013 and of the results of the business, changes in reserves and cash flows of the Authority for the financial year then ended in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

The Board of Members has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Members,

Lucien Wong
Chairman

Andrew Tan
Chief Executive and Board Member

14 March 2014

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Maritime and Port Authority of Singapore and its subsidiary (the "Authority") set out on pages 4 to 55, which comprise the consolidated balance sheet as at 31 December 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows of the Authority for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material aspects, the state of affairs of the Authority as at 31 December 2013, and of the results, changes in reserves and cash flows of the Authority for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 14 March 2014

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Note	2013 $	2012 $
ASSETS			
Non-current assets			
Property, plant and equipment	4	**117,367,023**	125,486,485
Capital work-in-progress	4	**11,965,586**	8,013,659
Financial assets	7	**430,013,410**	404,098,975
		559,346,019	537,599,119
Current assets			
Financial assets	7	**88,000**	88,000
Trade receivables	8	**34,569,316**	35,357,675
Deposits, prepayments and other receivables	9	**6,262,720**	11,838,620
Cash and cash equivalents	10	**739,562,058**	850,735,956
		780,482,094	898,020,251
Total assets		**1,339,828,113**	1,435,619,370
EQUITY			
Capital and reserves			
Establishment account	11	**147,375,155**	147,375,155
Equity financing account	12	**3,978,616**	3,978,616
Fair value reserve		**12,732,247**	26,152,572
Accumulated surplus		**1,078,271,192**	1,165,521,804
Total capital and reserves		**1,242,357,210**	1,343,028,147
LIABILITIES			
Non-current liabilities			
Employment benefits	13	**1,063,575**	1,018,984
Deferred capital grant	14	**24,589,864**	25,977,244
		25,653,439	26,996,228
Current liabilities			
Trade and other payables	15	**31,373,318**	27,002,428
Advances, deposits and unearned income	16	**14,713,440**	16,004,916
Provision for contribution to Consolidated Fund	20	**25,730,706**	22,587,651
		71,817,464	65,594,995
Total liabilities		**97,470,903**	92,591,223
Total equity and liabilities		**1,339,828,113**	1,435,619,370
Funds managed/held on behalf of others	25	**13,467,114**	2,862,110
Funds' net assets managed/held on behalf of others	25	**(13,467,114)**	(2,862,110)

The accompanying notes form an integral part of these financial statements.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	2013 $	2012 $
Operating revenue			
Port dues and marine services		**264,950,410**	260,930,970
Shipping services		**8,925,067**	8,210,806
Rental income		**3,912,476**	3,788,299
Training		**1,047,342**	951,467
Miscellaneous revenue		**1,115,479**	464,208
		279,950,774	274,345,750
Operating expenditure			
Staff cost	17	**67,980,671**	62,348,453
Depreciation of property, plant and equipment	4	**20,821,721**	17,372,405
Hire of marine craft and sea garbage services		**9,930,293**	9,937,666
Fuel, repairs and maintenance		**8,304,530**	7,607,359
Other operating expenses	18	**46,324,980**	46,974,088
		153,362,195	144,239,971
Operating surplus		**126,588,579**	130,105,779
Other operating surplus	19	**23,347,135**	13,134,854
Surplus from operations		**149,935,714**	143,240,633
Amortisation of deferred capital grant	14	**1,387,380**	1,192,904
Surplus before contribution to Consolidated Fund		**151,323,094**	144,433,537
Contribution to Consolidated Fund	20	**(27,702,706)**	(34,202,043)
Surplus for the year		**123,620,388**	110,231,494
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to income or expenditure:			
Net change in fair value of:			
- Available-for-sale debt and equity securities placed by fund managers		**(18,579,995)**	14,990,150
- Available-for-sale equity securities managed internally		**409,032**	238,602
Transfer to income or expenditure on sale of available-for-sale debt and equity securities placed by fund managers		**1,139,643**	(1,218,109)
Impairment loss on available-for-sale debt and equity securities placed by fund managers transferred to income or expenditure	7a	**3,610,995**	1,811,340
Other comprehensive income for the year		**(13,420,325)**	15,821,983
Total comprehensive income for the year		**110,200,063**	126,053,477

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the financial year ended 31 December 2013

	Establishment account $	Equity financing account $	Fair value reserve $	Accumulated surplus $	Total $
2013					
Beginning of financial year	147,375,155	3,978,616	26,152,572	1,165,521,804	1,343,028,147
Total comprehensive income	-	-	(13,420,325)	123,620,388	110,200,063
Dividends paid	-	-	-	(10,871,000)	(10,871,000)
Return of surplus funds to government	-	-	-	(200,000,000)	(200,000,000)
End of financial year	**147,375,155**	**3,978,616**	**12,732,247**	**1,078,271,192**	**1,242,357,210**
2012					
Beginning of financial year	147,375,155	3,978,616	10,330,589	1,055,290,310	1,216,974,670
Total comprehensive income	-	-	15,821,983	110,231,494	126,053,477
End of financial year	**147,375,155**	**3,978,616**	**26,152,572**	**1,165,521,804**	**1,343,028,147**

The accompanying notes form an integral part of these financial statements.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	Note	2013 $	2012 $
Cash flows from operating activities			
Surplus before contribution to Consolidated Fund		**151,323,094**	144,433,537
Adjustments for:			
- Depreciation of property, plant and equipment	4	**20,821,721**	17,372,405
- Provision for employee benefits	13	**44,591**	46,590
- Amortisation of deferred capital grant	14	**(1,387,380)**	(1,192,904)
- Impairment (write back)/loss on trade receivables	18	**(150,355)**	298,120
- Impairment (write back)/loss on unquoted equity and debt securities	19	**(1,105,804)**	365,434
- Net investment gain from funds with fund managers	19	**(21,774,844)**	(9,881,755)
- Loss on disposal of equity securities, managed internally	19	**1,870,285**	-
- Interest income on bank deposits and staff loans	19	**(1,873,024)**	(2,253,807)
- Dividend income on equity securities	19	**(190,882)**	(179,520)
- Loss/(gain) on disposal of property, plant and equipment	19	**216,749**	(449,578)
		147,794,151	148,558,522
Changes in working capital:			
- Trade receivables		**938,714**	7,806,446
- Deposits, prepayments and other receivables		**251,440**	2,696,748
- Trade and other payables		**4,467,177**	(5,983,269)
- Advances, deposits and unearned income		**(1,291,474)**	3,578,042
Cash generated from operations		**152,160,008**	156,656,489
Contribution paid to Consolidated Fund	20	**(24,559,651)**	(35,701,209)
Net cash provided by operating activities		**127,600,357**	120,955,280
Cash flows from investing activities			
Withdrawal of industry funds with Accountant-General's Department		**153,354,576**	15,039,791
Proceeds from sale of property, plant and equipment		**168,789**	502,330
Proceeds from repayment of unquoted debt securities		**-**	12,000
Purchases of property, plant and equipment and capital work-in-progress		**(17,039,724)**	(12,843,337)
Sale of unquoted equity securities		**591,925**	-
Deposit of funds with fund managers		**(1,839,734)**	(41,190,399)
Interest received		**1,507,171**	1,544,570
Dividends received		**190,882**	179,520
Net cash provided by/(used in) investing activities		**136,933,885**	(36,755,525)
Cash flows from financing activities			
Dividends paid		**(10,871,000)**	-
Return of surplus funds to Government		**(200,000,000)**	-
Net cash used in financing activities		**(210,871,000)**	-
Net increase/(decrease) in cash and cash equivalents		**53,663,242**	84,199,755
Cash and cash equivalents at beginning of financial year		**229,996,659**	145,796,904
Cash and cash equivalents at end of financial year	10	**283,659,901**	229,996,659

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Maritime and Port Authority of Singapore ("MPA") under the purview of Ministry of Transport, was established on 2 February 1996 under the Maritime and Port Authority of Singapore Act (Cap. 170A) with the merger of the following organisations:

- The National Maritime Board (NMB);
- The Marine Department (MD); and
- The regulatory departments of the Port of Singapore Authority (PSA).

MPA is domiciled in Singapore and the address of its registered office is 460 Alexandra Road, 19th Storey, PSA Building, Singapore 119963.

The principal activities of MPA include the control of vessel movements to ensure a safe and secure port, and also the regulation of the port and marine services and facilities. MPA is the champion agency to develop and promote Singapore as an International Maritime Centre. MPA also represents Singapore regionally and internationally to safeguard Singapore's maritime interests.

The principal activities of its subsidiary and associated companies are set out in Note 6.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards ("SB-FRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Authority's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

Interpretations and amendments to published Standards effective in 2013

On 1 January 2013, the Authority adopted the new or amended SB-FRS and Interpretations to SB-FRS ("INT SB-FRS") that are mandatory for application for the financial year. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

The adoption of these new or amended SB-FRS and INT SB-FRS did not result in substantial changes to the Authority's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except for the following:

Amendment to SB-FRS 1 *Presentation of Items of Other Comprehensive Income*

The Authority has adopted the amendment to SB-FRS 1 *Presentation of Items of Other Comprehensive Income* on 1 January 2013. The amendment is applicable for annual periods beginning on or after 1 July 2012 (with early adoption permitted). It requires items presented in other comprehensive income to be separated into two groups, based on whether or not they may be recycled to income or expenditure in the future.

SB-FRS 113 *Fair Value Measurement*

SB-FRS 113 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across FRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within FRSs. The Authority has incorporated the additional disclosures required by SB-FRS 113 into the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.2 Group accounting

(a) Subsidiary

Subsidiaries are entities (including special purpose entities) over which MPA has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether MPA controls another entity. Subsidiaries are consolidated from the date on which control is transferred to MPA. They are de-consolidated from the date on which control ceases.

(b) Associated companies

Associated companies are entities over which MPA has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any. To the extent MPA's associated companies are limited by guarantee and it does not share in their profits or losses, MPA records its contributions to associated companies as grants in the consolidated statement of comprehensive income.

2.3 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Authority.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in income or expenditure. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of a self-constructed asset includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Assets previously from the former National Maritime Board, the Marine Department and the regulatory departments of the Port of Singapore Authority were taken in at their transacted cost.

Property, plant and equipment acquired and funded under Government grants are capitalised and depreciated over their useful lives so as to match the related accretion of deferred capital grants (please refer to Note 2.15).

(b) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in income or expenditure when incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies(continued)

2.4 Property, plant and equipment (continued)

(c) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Leasehold land	Over the remaining lease periods ranging from 4 to 59 years
Building structures	5 to 60 years
Wharves, hard-standing and roads	10 to 39 years
Renovations	5 years
Plant, machinery and equipment	3 to 15 years
Vehicles	5 years
Computers	3 to 5 years
Furniture and fittings	10 years
Floating crafts	5 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in income or expenditure when the changes arise.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in income or expenditure within "Other operating surplus".

2.5 Capital work-in-progress

Capital work-in-progress is stated at cost. Expenditure relating to the capital work-in-progress is capitalised when incurred. No depreciation is provided until the capital work-in-progress is completed and the related property, plant and equipment are ready for use.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.6 Impairment of non-financial assets

Property, plant and equipment
Investments in subsidiary and associated companies

Property, plant and equipment and investments in subsidiary and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income or expenditure.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in income or expenditure.

2. Significant accounting policies (continued)

2.7 Financial assets

(a) *Classification*

The Authority classifies its financial assets in the following categories: loans and receivables, held-to-maturity and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. The Authority determines the classification of its financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade receivables" (Note 8), "other receivables" (Note 9) and "cash and cash equivalents" (Note 10) on the balance sheet.

(ii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity. If the Authority were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale.

They are presented as non-current assets, except for those maturing within 12 months after the balance sheet date which are presented as current assets.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the Authority intends to dispose of the assets within 12 months after the balance sheet date.

The Authority's investments in equity and debt securities, including equity and debt securities placed by fund managers, intended to be held on a continuing basis, are classified as financial assets, available-for-sale.

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Authority commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Authority has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in income or expenditure. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to income or expenditure.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs.

(d) *Subsequent measurement*

Financial assets, available-for-sale are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in income or expenditure and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(e) Impairment

The Authority assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/Financial assets, held-to-maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

The impairment allowance is reduced through income or expenditure in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.7(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in other comprehensive income is reclassified to income or expenditure. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through income or expenditure.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.7 Financial Assets (continued)

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Derivative financial instruments

The Authority engages external fund managers to manage some of its surplus funds. The Authority is exposed primarily to the financial risks of foreign exchange and interest rate fluctuations on debt and equity securities and cash and cash equivalents placed by the fund managers. The fund managers also hold derivative financial instruments to manage these risks. The use of hedging instruments is governed by the Authority's investment mandate which provides guidelines on the use of financial instruments consistent with the Authority's risk management strategy.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in fair value are recognised in income or expenditure.

2.9 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Authority prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.10 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Authority uses a variety of methods and makes assumptions based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.11 Leases

When the Authority is a lessee of an operating lease

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in income or expenditure on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in income or expenditure when incurred.

When the Authority is a lessor of an operating lease

Leases of leasehold land where the Authority retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in income or expenditure on a straight-line basis over the lease term.

Initial direct costs incurred by the Authority in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in income or expenditure over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in income or expenditure when earned.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.12 Employment benefits

Employment benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Authority has no further payment obligations once the contributions have been paid.

(b) Pension benefits

Provision for pensions is made for the payment of retirement benefits to pensionable officers transferred to the Authority on 2 February 1996.

The cost of pension benefit due to pensionable officers is determined based on the estimated present value of the future cash outflows to be made in respect of services provided by these pensionable officers up to the balance sheet date.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.13 Provisions

A provision is recognised when the Authority has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Authority's activities. Revenue is presented net of goods and services tax, rebates and discounts.

The Authority recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Authority's activities are met as follows:

(a) Port dues and maritime welfare fees

Port dues and maritime welfare fees are recognised as and when services are performed.

(b) Marine services

Marine services are recognised as and when services are performed.

(c) Shipping services

Shipping services, which comprise registration fees and seaman engagement and discharge fees, are recognised as and when services are performed.

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over lease term.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Significant accounting policies (continued)

2.15 Government grants

Government grants received for the purchase or the construction of depreciable assets are accounted for as deferred capital grants. The deferred capital grants are amortised and charged to income or expenditure over the period necessary to match the annual depreciation charge of these assets or when the assets are disposed or written off. Where the grants relate to an expense item, they are recognised in income or expenditure over the periods necessary to match them on a systematic basis, to the costs, which they are intended to compensate.

2.16 Funds managed/held on behalf of others

Funds are set up to account for contributions received from external sources for specific purposes.

The assets and liabilities of funds - Aids to Navigation Fund, Singapore Stranded Seafarers' Fund and agency funds held in trust for Ministry of Transport are presented as a line item at the bottom of the consolidated balance sheet of the financial statements as prescribed by SB-FRS Guidance Note 3 *Accounting* and *Disclosures for Trust Funds*. Income or expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in Note 25 to the financial statements.

2.17 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions, commercial papers, short-term bills and notes which are readily convertible to cash and are subject to an insignificant risk of change in value, and bank overdrafts, except those which are managed by the fund managers or which are placed with the Accountant-General's Department. Bank overdrafts are presented as current borrowings on the consolidated balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

(i) Useful lives of property, plant and equipment

The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded for each financial year. Changes in the expected level of use of the assets and the Authority's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, and therefore, future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Authority's results. Refer to Note 4 for the carrying value of property, plant and equipment at the balance sheet date.

(b) Critical judgement

(i) Measurement of impairment losses for financial assets, available-for-sale

The Authority follows the guidance of SB-FRS 39 in determining when a financial asset is considered impaired. This determination requires significant judgement exercised by management. Refer to Note 7 for details on how the Authority determines the impairment of each class of financial assets, available-for-sale.

(ii) Accounting for investments in and contributions to associated companies

MPA has determined that it has significant influence over its associated companies based on the voting rights of 20% and above but not exceeding 50%, held by its representatives at the board of directors of the associated companies. As the associated companies are incorporated as companies limited by guarantee and MPA does not share in their profits or losses, MPA has recorded the contributions of \$4,936,002 (2012: \$3,617,262) made to the associated companies as grant expenditure in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

4. Property, plant and equipment

	Leasehold land $	Building structures $	Wharves, hard-standing and roads $	Renovations $	Plant, machinery and equipment $	Vehicles $	Computers $	Furniture and fittings $	Floating crafts $	Capital work-in-progress $	Total $
2013											
Cost											
Beginning of financial year	7,641,956	57,134,043	94,146,860	10,451,649	11,989,200	252,235	67,931,684	831,459	6,998,113	8,013,659	265,390,858
Additions	-	-	1,320,000	-	590,880	39,200	1,670,107	-	4,835,000	8,584,537	17,039,724
Transfers	-	-	-	216,215	84,614	-	3,369,250	950,031	12,500	(4,632,610)	-
Disposals/write-off	-	(385,970)	-	-	(385,450)	-	(12,059,687)	(31,422)	-	-	(12,862,529)
End of financial year	7,641,956	56,748,073	95,466,860	10,667,864	12,279,244	291,435	60,911,354	1,750,068	11,845,613	11,965,586	269,568,053
Accumulated depreciation											
Beginning of financial year	2,293,145	29,547,931	36,436,378	5,510,492	9,342,665	252,235	41,166,971	566,984	6,773,913	-	131,890,714
Depreciation charge	241,296	1,738,877	7,679,645	1,340,525	774,387	3,266	8,942,258	47,687	53,780	-	20,821,721
Disposals/write-off	-	(158,412)	-	-	(385,110)	-	(11,919,655)	(13,814)	-	-	(12,476,991)
End of financial year	2,534,441	31,128,396	44,116,023	6,851,017	9,731,942	255,501	38,189,574	600,857	6,827,693	-	140,235,444
Net book value											
End of financial year	**5,107,515**	**25,619,677**	**51,350,837**	**3,816,847**	**2,547,302**	**35,934**	**22,721,780**	**1,149,211**	**5,017,920**	**11,965,586**	**129,332,609**
2012											
Cost											
Beginning of financial year	7,641,956	52,993,973	61,868,080	5,541,658	11,149,499	317,235	53,169,063	844,058	13,693,313	51,616,366	258,835,201
Additions	-	-	-	663,641	932,486	-	701,328	-	-	19,318,915	21,616,370
Transfers	-	4,198,750	32,278,780	4,246,350	538,084	-	18,407,980	-	-	(59,669,944)	-
Disposals/write-off	-	(58,680)	-	-	(630,869)	(65,000)	(4,346,687)	(12,599)	(6,695,200)	(3,251,678)	(15,060,713)
End of financial year	7,641,956	57,134,043	94,146,860	10,451,649	11,989,200	252,235	67,931,684	831,459	6,998,113	8,013,659	265,390,858
Accumulated depreciation											
Beginning of financial year	2,051,849	27,855,659	28,981,345	4,496,172	9,271,696	313,995	39,968,742	529,993	12,805,141	-	126,274,592
Depreciation charge	241,296	1,750,352	7,455,033	1,014,320	664,526	3,240	5,530,676	48,990	663,972	-	17,372,405
Disposals/write-off	-	(58,080)	-	-	(593,557)	(65,000)	(4,332,447)	(11,999)	(6,695,200)	-	(11,756,283)
End of financial year	2,293,145	29,547,931	36,436,378	5,510,492	9,342,665	252,235	41,166,971	566,984	6,773,913	-	131,890,714
Net book value											
End of financial year	**5,348,811**	**27,586,112**	**57,710,482**	**4,941,157**	**2,646,535**	**-**	**26,764,713**	**264,475**	**224,200**	**8,013,659**	**133,500,144**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

5. Capital work-in-progress

Capital work-in-progress relates to the cost of computer systems and maritime and port projects under development. Additions during the year amounted to $8,584,537 (2012: $19,318,915).

6. Investments in subsidiary and associated companies

(a) Subsidiary

	2013	2012
Cost of investment	**$**	$
At beginning and end of financial year	**2**	2

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority	
		2013	2012
		%	%
MPA Venture Pte. Ltd.	Singapore	**100**	100

The principal activity of the subsidiary is to act as a holding company to own jointly intellectual properties and manage investments in maritime technology start-ups and companies and joint ventures with partners.

(b) Associated companies

(i) Singapore Maritime Institute

In January 2011, the Authority, together with Agency for Science, Technology and Research ("A*STAR"), incorporated Singapore Maritime Institute ("SMI"), a company limited by guarantee. The principal activity of SMI is to develop strategies and programmes related to the academic, policy and research and development aspects of the maritime industry. As at 31 December 2013, the Authority had contributed a total amount of $9.8 million (2012: $4.9 million) of grants to SMI.

(ii) Singapore Chamber of Maritime Arbitration

Singapore Chamber of Maritime Arbitration ("SCMA") was reconstituted as a company limited by guarantee in May 2009. The principal activity of SCMA is to provide a framework for maritime arbitration in response to the needs of the maritime community. As at 31 December 2013, the Authority had not made any direct contribution to SCMA.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

7. Financial assets

	Note	**2013 $**	2012 $
Non-current investments			
Available-for-sale securities:			
- Quoted equity securities managed by fund managers	7(a), 21	**126,410,833**	110,504,835
- Quoted debt securities managed by fund managers	7(b), 21	**299,444,085**	288,488,273
- Quoted equity securities managed internally	7(c)	**4,158,492**	3,749,460
- Unquoted equity securities managed internally	7(d)	**-**	1,356,407
		430,013,410	404,098,975
Current investments			
Unquoted debt securities		**88,000**	88,000
		430,101,410	404,186,975

(a) Available-for-sale equity securities managed by fund managers

For available-for-sale equity securities that are listed in an active market, management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. The Authority holds a diversified portfolio of equity securities that spans many industries in different geographical locations. Under this impairment assessment approach, the Authority recorded an impairment loss of $3,610,995 (2012: $1,811,340) during the current year. The impairment loss is presented under "Other operating surplus" in the current year's consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

7. Financial assets (continued)

(b) Available-for-sale debt securities managed by fund managers

For available-for-sale debt securities that are listed in an active market, management considers the debt security to be impaired if objective evidence indicates that one or more events ("loss events") occurring after its initial recognition have a negative impact on the estimated future cash flows of that asset.

Management considers the following as evidence that a financial asset may be impaired:

(1) Significant financial difficulty of the issuer of the debt security;

(2) Payment defaults of the issuer;

(3) Renegotiation of terms of an asset due to financial difficulty of the borrower;

(4) Significant restructuring due to the financial difficulty or expected bankruptcy;

(5) Disappearance of an active market for an asset due to financial difficulties; or

(6) Observable data indicating that there is a measurable decrease in the estimated future cash flows.

The composition of debt securities at 31 December comprises the following:

	Original cost $	Fair value $	%
2013			
Corporate bonds	**246,314,781**	247,703,246	**83**
Government bonds	**51,439,322**	51,740,839	**17**
	297,754,103	299,444,085	**100**
2012	**220,676,579**	221,059,805	**77**
Corporate bonds	**65,347,399**	67,428,468	**23**
Government bonds	**286,023,978**	288,488,273	**100**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

7. Financial assets (continued)

(b) Available-for-sale debt securities managed by fund managers (continued)

The composition of debt securities by credit rating category at 31 December is as follows:

Credit rating	Fair value $	%
2013		
AAA/Aaa	**49,163,058**	16
AA/Aa	**7,126,040**	3
A/A	**164,551,509**	55
BBB+/Baa1	**24,987,771**	8
BBB/Baa2	**33,944,405**	11
BBB-/Baa3	**5,683,697**	2
Not rated	**13,987,605**	5
	299,444,085	100
2012		
AAA/Aaa	**53,675,341**	19
AA/Aa	**15,260,169**	5
A/A	**135,991,400**	47
BBB+/Baa1	**37,521,465**	13
BBB/Baa2	**27,791,521**	10
BBB-/Baa3	**3,757,548**	1
Not rated	**14,490,829**	5
	288,488,273	100

In determining whether a loss event has occurred, management, based on the criteria listed above, did not find any debt securities that indicated evidence of impairment.

A significant portion of the invested debt securities representing 74% (2012: 71%) are rated "A" and above by the credit rating agencies; and for the remaining debt securities rated "BBB+" and below, management is of the view that these debt securities remain "investment grade" and are not impaired.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

7. Financial assets (continued)

(b) *Available-for-sale debt securities managed by fund managers* (continued)

Other considerations

The composition of government bonds by geographical region at 31 December is as follows:

	Fair value $	%
2013		
Asia (mainly Singapore and Malaysia)	**30,541,386**	59
European union	**12,626,896**	24
Australia	**8,572,557**	17
	51,740,839	100
2012		
Asia (mainly Singapore and Malaysia)	**38,980,213**	58
European union	**14,393,181**	21
Australia	**10,033,285**	15
United States of America	**4,021,789**	6
	67,428,468	100

(c) *Available-for-sale quoted equity securities managed internally*

For available-for-sale equity securities that are listed in an active market, management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. Under this impairment assessment approach, no impairment loss has been recognised in the current year.

(d) *Available-for-sale unquoted equity securities managed internally*

The investments in unquoted equity securities amounting to $Nil (2012: $1,356,407) are stated at cost less impairment losses. These securities represent investments in companies that are engaged in research and development activities and are involved in the commercial application of this knowledge. The fair value of these unquoted equity securities is not readily available as there are no quoted market prices in an active market. The recoverability of these investments is uncertain and is highly dependent on the outcome of the research and development activities, which cannot presently be determined. The Authority is also unable to disclose the range of estimates within which a fair value is highly likely to lie.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

8. Trade receivables

	2013 $	2012 $
Trade receivables	**35,234,058**	36,172,804
Less: Allowance for impairment of receivables	**(664,742)**	(815,129)
Trade receivables – net	**34,569,316**	35,357,675

The Authority's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Authority's many varied customers, who are internationally dispersed. Due to the nature of the Authority's business, credit risk is not concentrated in any specific geographical region but concentrated in many shipping companies exposed to business cyclical fluctuations.

Trade receivables are mainly denominated in Singapore Dollar, which is the Authority's functional currency.

Impairment losses

The ageing of trade receivables at the reporting date is as follows:

	Gross receivables $	Impairment losses $
2013		
Not past due	**22,710,877**	-
Past due 0 - 30 days	**2,407,344**	-
Past due 31 - 60 days	**4,229,032**	492
More than 60 days	**5,886,805**	664,250
	35,234,058	664,742
2012		
Not past due	**27,350,305**	1,098
Past due 0 - 30 days	**3,694,436**	1,132
Past due 31 - 60 days	**362,898**	569
More than 60 days	**4,765,165**	812,330
	36,172,804	**815,129**

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

8. Trade receivables (continued)

The change in allowance for impairment in respect of trade receivables during the year is as follows:

	2013 $	2012 $
Beginning of financial year	**815,129**	719,089
Allowance made	**664,742**	815,129
Amount written back	**(815,097)**	(517,009)
Allowance utilised	**(32)**	(202,080)
End of financial year	**664,742**	815,129

Based on historical default rate, the Authority believes that, apart from the above, no impairment allowance is necessary in respect of other trade receivables outstanding at the balance sheet date.

9. Deposits, prepayments and other receivables

	2013 $	2012 $
Deposits	**65,856**	70,399
Prepayments	**457,365**	188,469
Other receivables	**611,746**	7,976,726
Amount due from subsidiary (non-trade)	**942,559**	-
	1,554,305	7,976,726
Interest receivable	**4,185,194**	3,603,026
	6,262,720	**11,838,620**

Other receivables mainly comprise dividends receivable, receivables on sale of financial instruments, receivables from forward foreign exchange purchases and derivative assets.

As at the balance sheet date, other receivables and accrued interest receivable include the following items managed by fund managers:

	2013 $	2012 $
Interest receivable (Note 21)	**2,994,870**	2,778,555
Receivables on sale of financial instruments (Note 21)	**118,197**	6,140,195
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 21)	**216,624**	101,255
	3,329,691	9,020,005

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
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10. Cash and cash equivalents

	2013 $	2012 $
Cash at bank and on hand	**15,559,233**	23,718,324
Placement with Accountant-General's Department	**707,494,078**	787,726,500
Short-term bills and notes	**10,996,990**	21,990,135
Fixed deposits	**5,511,757**	17,300,997
	739,562,058	850,735,956

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2013 $	2012 $
Cash and bank balances (as above)	**739,562,058**	850,735,956
Less: Cash and cash equivalents managed by fund managers	**(32,094,041)**	(43,576,604)
Less: Placement with Accountant-General's Department (SBAF)	**(423,808,116)**	(577,162,693)
Cash and cash equivalents per consolidated statement of cash flows	**283,659,901**	229,996,659

The Authority's cash and cash equivalents (excluding those managed by fund managers) are primarily denominated in Singapore Dollar.

Placement with the Accountant-General's Department comprise $283,685,962 (2012: $210,563,807) which is centrally managed by the Accountant-General's Department under the Centralised Liquidity Management Framework ("CLMF"), as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries, and industry funds of $423,808,116 (2012: $577,162,693) which is placed under the Statutory Board Approved Funds ("SBAF") and is subject to restrictions.

As at the balance sheet date, cash and cash equivalents include the following managed by fund managers:

	2013 $	2012 $
Cash at bank and on hand (Note 21)	**15,585,294**	4,285,472
Short-term bills and notes (Note 21)	**10,996,990**	21,990,135
Fixed deposits (Note 21)	**5,511,757**	17,300,997
	32,094,041	43,576,604

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

10. Cash and cash equivalents (continued)

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.54% to 0.60% (2012: 0.60% to 0.67%) per annum. Interest rates reprice at intervals of one, two, three or twelve months.

The effective interest rates of cash and cash equivalents managed by fund managers are as follows:

	2013 **%**	2012 %
Short-term bills and notes	**0.30 – 0.35**	0.25 – 0.27
Fixed deposits	**0.08 – 0.40**	0.09 – 0.48

11. Establishment account

The establishment account comprises the net book value of assets transferred to the Authority from the former National Maritime Board, the Marine Department and the regulatory departments of the Port of Singapore Authority.

Capital management

The Authority defines "capital" to include establishment account and reserves. The Board's policy is to maintain a strong capital base to safeguard the ability to meet the long-term development needs of the Authority. The Board of Directors monitors the "Net Operating Surplus/Deficit" and the "Other Operating Surplus/Deficit" on a regular basis. The Board monitors the major capital expenditure which is strategic in nature and may draw on reserves.

There were no changes in the capital management approach during the year.

The Authority is not subject to externally imposed capital requirements.

12. Equity financing account

The Equity financing account refers to equity injections by the Minister for Finance ("MOF") in its capacity as shareholder under the Capital Management Framework for statutory boards, implemented with effect from 1 September 2004.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
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13. Employment benefits

	2013 **$**	2012 $
Beginning of financial year	**1,018,984**	972,394
Provision made	**44,591**	46,590
End of financial year	**1,063,575**	1,018,984

The Authority operates an unfunded employment benefit plan for a limited pool of employees under the provisions of the Pensions Act (Cap. 225). Benefits are payable based on the last drawn salary of the employees and the number of years of service with the Authority.

14. Deferred capital grant

	2013 **$**	2012 $
Beginning of financial year	**25,977,244**	27,170,148
Amortisation to income	**(1,387,380)**	(1,192,904)
End of financial year	**24,589,864**	25,977,244

The above represents the unamortised portion of Government grant received in connection with specific property, plant and equipment acquired by the Authority.

15. Trade and other payables

	2013 **$**	2012 $
Trade payables	**2,753,489**	584,760
Forward foreign exchange purchases (net) (Note 21)	**1,888,848**	119,090
Accrued capital expenditure	**5,042,803**	2,073,886
Accrued operating expenses	**16,099,522**	18,627,602
Other payables	**5,588,656**	5,597,090
	31,373,318	27,002,428

Trade payables are mainly denominated in Singapore Dollar, which is the Authority's functional currency. Payables on purchase of financial instruments, managed by fund managers, are mainly denominated in Singapore Dollar.

Accrued operating expenses include accrual for performance bonus and group bonus of $8,784,531 (2012: $9,086,644) and accrued administrative fee payable to the fund managers and custodian bank amounting to $394,932 (2012: $490,679).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

15. Trade and other payables (continued)

The following are the expected contractual undiscounted cash outflows of the financial liabilities, including interest payments and excluding the impact of netting agreements:

	Undiscounted cash flows within 1 year $
2013	
Non-derivative financial liabilities	
Trade and other payables	**(29,484,470)**
2012	
Non-derivative financial liabilities	
Trade and other payables	**(26,883,338)**

16. Advances, deposits and unearned income

	2013 $	2012 $
Advances and deposits	**1,736,420**	2,035,467
Unearned operating lease income [Note (a)]	**11,759,177**	12,625,307
Unearned annual port dues and Maritime Welfare Fee [Note (b)]	**1,217,843**	1,344,142
	14,713,440	16,004,916

(a) Unearned operating lease income mainly relates to sub-lease of a property to a third party for a period of 14 years (2012: 15 years).

(b) Unearned annual port dues and Maritime Welfare Fee relate to specific customers under annual and 6 months port dues schemes, and the advance payments of Maritime Welfare Fee. These customers, whose ships that call frequently at the port are allowed to pay port dues on an annual or 6 months basis in advance instead of on a per call basis.

Deposits due within 1 year approximate their carrying amount of $1,721,269 (2012: $1,850,241).

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17. Staff cost

	2013 $	2012 $
Wages and salaries	**55,877,215**	51,504,580
Employer's contribution to Central Provident Fund	**7,343,778**	5,863,088
Employer's contribution to other defined benefit plans (Note 13)	**44,591**	46,590
Other benefits	**4,715,087**	4,934,195
	67,980,671	62,348,453

18. Other operating expenses

Included in other operating expenses are the following:

	2013 $	2012 $
Project grants	**11,242,594**	10,203,292
Contribution to the Maritime Cluster Fund projects	**8,847,328**	7,001,280
Contribution to the International Maritime Organisation	**2,670,277**	2,797,444
Non-claimable Goods and Services Tax	**(2,354,815)**	333,682
Utility charges	**3,406,526**	4,182,712
Telecommunication charges	**2,788,036**	2,903,383
Service fees to port operator	**1,714,437**	2,068,598
Contracted services	**1,048,724**	1,886,523
Rental/maintenance fees for office premises	**1,886,772**	1,894,484
(Write back of)/provision for impairment loss on trade receivables, net	**(150,355)**	298,120
Property tax	**1,130,412**	1,065,632
Professional fees	**1,398,290**	843,629
Overseas travelling	**942,389**	735,551
Disaster recovery subscription costs	**832,636**	705,025
Corporate publications	**492,426**	565,763
Printing and stationery	**654,975**	661,424
Insurance	**297,824**	554,594
IT costs	**2,353,177**	4,290,965
Others	**7,123,327**	3,981,987
	46,324,980	46,974,088

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For the financial year ended 31 December 2013

19. Other operating surplus

	2013 $	2012 $
Gain/(loss) from sale of investments in:		
- Debt securities (a)	**1,225,055**	1,983,590
- Equity securities (a)	**10,631,564**	5,962,178
- Equity securities, managed internally	**(1,870,285)**	-
Realised loss on foreign exchange on disposal of available-for-sale financial assets – net (a)	**(2,267,540)**	(6,727,659)
Impairment loss on investments in available-for-sale equity securities (a)	**(3,610,995)**	(1,811,340)
Unrealised gain/(loss) on foreign exchange on debt securities and other monetary assets held by fund managers – net (a)	**5,916,938**	(2,277,023)
Write back/(impairment loss) on investments in available-for-sale unquoted debt and equity securities, managed internally	**1,105,804**	(365,434)
Net gain/(loss) on available-for-sale financial assets	**11,130,541**	(3,235,688)
Interest income:		
- Debt securities (a)	**8,793,366**	7,905,638
- Fixed deposits placed by fund managers (a)	**34,811**	33,483
- Fixed deposits and cash at bank	**1,727,225**	1,964,097
- Staff loans and trade receivables	**145,799**	289,710
Total interest income for financial assets that are not fair value through income or expenditure	**10,701,201**	10,192,928
Fair value (loss)/gain on derivatives (a)	**(637,246)**	3,441,503
Investment expenses (a)	**(1,872,222)**	(1,822,438)
Dividend income for funds with fund managers (a)	**3,561,113**	3,193,823
Dividend income for equity securities, managed internally	**190,882**	179,520
Net (loss)/gain on disposal of property, plant and equipment	**(216,749)**	449,578
Gain/(loss) on foreign exchange on other monetary assets, managed internally – net	**9,275**	(757)
Income from liquidated damages received	**262,325**	49,491
Others	**218,015**	686,894
	23,347,135	13,134,854

(The total net investment gain from funds with fund managers amounted to $21,774,844 (2012: $9,881,755) (refer to (a) above).

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

20. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). The contribution is based on 17% (2012: 17%) of the surplus for the year.

	2013 $	2012 $
Beginning of financial year	**22,587,651**	24,086,817
Amount contributed	**(24,559,651)**	(35,701,209)
Provision for the year	**27,702,706**	34,202,043
End of financial year	**25,730,706**	22,587,651

21. Funds with fund managers

The Authority places its surplus funds with fund managers to manage its investment portfolio under a balanced mandate. These fund managers are given discretion in managing their portfolio, subject to the investment guidelines set out in the fund management agreements.

As part of risk management activities, the fund managers use financial derivatives for hedging purposes. Derivative financial instruments are not used for trading purposes. The financial derivatives used include financial futures, swaps and forward foreign exchange contracts.

As at the balance sheet date, the funds placed with fund managers comprised the following assets and liabilities:

	2013 $	2012 $
Debt securities (Note 7)	**299,444,085**	288,488,273
Equity securities (Note 7)	**126,410,833**	110,504,835
Interest receivables (Note 9)	**2,994,870**	2,778,555
Receivables on sale of financial instruments (Note 9)	**118,197**	6,140,195
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 9)	**216,624**	101,255
Fixed deposits (Note 10)	**5,511,757**	17,300,997
Cash balances (Note 10)	**15,585,294**	4,285,472
Short-term bills and notes (Note 10)	**10,996,990**	21,990,13
Forward foreign exchange purchases (net) (Note 15)	**(1,888,848)**	(119,090)
Accrued administrative fees (Note 15)	**(394,932)**	(490,679)
	458,994,870	450,979,948

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For the financial year ended 31 December 2013

21. Funds with fund managers (continued)

As at balance sheet date, the notional amounts of the financial derivatives held by the fund managers are as follows:

	2013 $	2012 $
Notional amounts		
Fixed income futures contracts	**131,283,344**	61,801,648
Foreign currency swap and forward contracts	**179,334,743**	139,175,021

22. Financial risk management

Financial risk factors

The Authority's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Risk management is integral to the whole operations of the Authority. The Authority has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Authority's risk management process to ensure that an appropriate balance between risk and control is achieved.

Funds with fund managers

In connection with the funds placed with fund managers, the funds placed with fund managers are exposed to a variety of financial risk: credit risk, liquidity risk and market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk).

The fund managers appointed under the balanced mandate are held responsible in achieving the investment objectives set forth in their respective fund manager agreements entered with the Authority. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by the Authority.

The fund managers' overall risk management programme seeks to maximise the returns derived for the level of risk to which they are exposed and seeks to minimise the potential adverse effects on the fund managers' financial performance.

A significant proportion of the Authority's security investments present a risk of loss of capital except for the capital guaranteed portfolio of $60 million (2012: $60 million) where the exposure to market risk is capped at the Authority's cost of fund invested. The maximum loss of capital is represented by the carrying values of those security investments.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

Funds with fund managers (continued)

The management of these risks carried out by the fund managers is governed by the mandate set forth in the fund manager agreements approved by the Investment Committee of the Authority. The mandate provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments.

(a) Market risk

(i) Currency risk

The Authority invests in financial instruments and enters into transactions denominated in currencies other than its functional currency. Consequently, the Authority is exposed to risks that the exchange rate of its functional currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Authority's assets or liabilities denominated in currencies other than the functional currency.

The quoted equity securities managed by fund managers denominated in currencies other than the Authority's functional currency comprise the following:

	2013 $	2012 $
Australian Dollars	**-**	2,519,240
Hong Kong Dollars	**29,143,873**	8,584,148
Indonesian Rupiah	**5,377,784**	11,536,191
Korean Won	**14,367,708**	21,152,114
Thai Baht	**23,793,947**	9,245,066
Various other foreign currencies	**12,122,600**	2,101,441
	84,805,912	55,138,200

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For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

The quoted debt securities managed by fund managers denominated in currencies other than the Authority's functional currency comprise the following:

	2013 $	2012 $
Australian Dollars	**9,793,842**	14,988,051
Chinese Yuan	**31,157,703**	32,078,472
Euro	**22,974,783**	36,487,670
Malaysian Ringgit	**-**	3,253,328
Norwegian Krone	**-**	2,184,993
Thai Baht	**3,031,334**	3,378,173
US Dollars	**142,281,777**	95,518,011
	209,239,439	187,888,698

Cash and cash equivalents managed by fund managers denominated in currencies other than the Authority's functional currency comprise the following:

	2013 $	2012 $
Euro	**8,933**	246,936
US Dollars	**6,309,698**	1,273,087
Various other foreign currencies	**185,498**	140,413
	6,504,129	1,660,436

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Available-for-sale equity securities, managed by fund managers

At the balance sheet date, if there is a +/-5% movement in exchange rates relative to the Singapore Dollar, with all other variables held constant and assuming that the equity securities are not impaired, the increase/(decrease) in the fair value of equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves would be as follows:

	+5% scenario $	-5% scenario $
2013		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**4,240,296**	(4,240,296)
2012		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**2,756,910**	(2,756,910)

Other monetary assets – debt securities, cash and cash equivalents

At the balance sheet date, if there is a +/-5% movement in exchange rates relative to the Singapore Dollar, with all other variables held constant, the increase/(decrease) in the fair value of monetary assets in income or expenditure would be as follows:

	+5% scenario $	-5% scenario $
2013		
Managed by fund managers		
Debt securities	**10,461,972**	(10,461,972)
Cash and cash equivalents	**325,206**	(325,206)
	10,787,178	(10,787,178)
Cash and cash equivalents, managed internally	**57,987**	(57,987)
	10,845,165	(10,845,165)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(i) *Currency risk* (continued)

	+5% scenario $	-5% scenario $
2012		
Managed by fund managers		
Debt securities	**9,394,435**	(9,394,435)
Cash and cash equivalents	**83,022**	(83,022)
	9,477,457	(9,477,457)
Cash and cash equivalents, managed internally	**249,859**	(249,859)
	9,727,316	(9,727,316)

(ii) *Interest rate risk*

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Authority holds debt securities and derivatives that expose the Authority to fair value interest rate risk.

Available-for-sale debt securities, managed by fund managers

At the balance sheet date, assuming that all other variables are held constant and no loss event has occurred, a 100 basis point increase/(decrease) in the interest rate would (decrease)/increase the fair values of the debt securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves by the following amounts:

	+100 basis point scenario $	-100 basis point scenario $
2013		
Other comprehensive income and presented in fair value reserve in consolidated statement of change in reserves	**(8,951,387)**	9,257,961
2012		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**(10,619,536)**	11,061,274

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) *Interest rate risk* (continued)

At the balance sheet date, assuming that all other variables are held constant, a 100 basis point increase/(decrease) in interest rate would increase/(decrease) the interest income of the floating rate debt securities recorded in income or expenditure by the following amounts:

	+100 basis point scenario $	-100 basis point scenario $
2013		
Income or expenditure	**92,748**	(69,666)
2012		
Income or expenditure	**175,733**	(120,970)

Derivatives (futures), managed by fund managers

At the balance sheet date, if interest rates had been 100 basis point higher/(lower) with all other variables held constant, the increase/(decrease) in the fair values of the interest rate derivatives in the income or expenditure would be as follows:

	+100 basis point scenario $	-100 basis point scenario $
2013		
Income or expenditure	**5,748,006**	(6,039,967)
2012		
Income or expenditure	**3,572,953**	(3,826,414)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The effective interest rates at balance sheet date of the debt securities held by the fund managers and the period in which they mature or reprice are as follows:

	2013 $	2012 $
Fixed rate		
Maturing in less than 1 year	**51,546,674**	11,082,676
Maturing between 1 to 5 years	**165,249,922**	151,576,211
Maturing in more than 5 years	**75,915,489**	119,631,119
Floating rate		
Repricing in less than 3 months	**6,732,000**	6,198,267
	299,444,085	288,488,273

The Authority is exposed to equity price risk. This arises from investments held by the Authority for which prices in the future are uncertain. Where equity securities are denominated in currencies other than the functional currency of the Authority, the price initially expressed in foreign currency and then converted into the functional currency will also fluctuate because of changes in foreign exchange rates. Paragraph (a)(i) "Currency risk" sets out how this component of price risk is managed and measured.

The Authority's policy to manage price risk is via diversification and selection of securities and other financial instruments within specified limits set by the Investment Committee. The majority of the Authority's equity investments is publicly traded. The overall market position of these equity investments is monitored on a daily basis by the fund managers and is reviewed on a quarterly basis by the members of the Investment Committee. Compliance with the Authority's fund management mandate is reported to the members of the Investment Committee by an external investment consultant on a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk

Impaired available-for-sale equity securities, managed by fund managers and managed internally

At the balance sheet date, assuming that all other variables are held constant, a 5% increase/(decrease) in the underlying equity prices would increase/(decrease) the fair values of the equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves and income or expenditure by the following amounts:

	+5% scenario $	-5% scenario $
2013		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**-**	-
Income or expenditure	**390,697**	(390,697)
Equity securities, managed internally		
Income or expenditure	**-**	-

	+5% scenario $	-5% scenario $
2012		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	1,861,450	-
Income or expenditure	1,285,838	(304,605)
Equity securities, managed internally		
Income or expenditure	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(a) Market risk (continued)

(iii) *Price risk* (continued)

Available-for-sale equity securities, managed by fund managers and managed internally, not impaired

At the balance sheet date, assuming that all other variables are held constant, a 5% increase/(decrease) in the underlying equity prices would increase/(decrease) the fair values of the equity securities in other comprehensive income and presented as fair value reserve in the consolidated statement of changes in reserves and income or expenditure by the following amounts:

	+5% scenario $	-5% scenario $
2013		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**5,929,845**	(3,189,989)
Income or expenditure	**-**	(2,739,856)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	**207,925**	(207,925)
Income or expenditure	**-**	-

	+5% scenario $	-5% scenario $
2012		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	4,880,647	(4,858,057)
Income or expenditure	-	(22,590)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	187,473	(187,473)
Income or expenditure	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Authority, as and when they fall due.

As at the balance sheet date, loans and receivables include the following items:

	2013 $	2012 w$
Trade receivable (Note 8)	**34,569,316**	35,357,675
Deposits (Note 9)	**65,856**	70,399
Other receivables (Note 9)	**611,746**	7,976,726
Interest receivable (Note 9)	**4,185,194**	3,603,026
Loans and receivables	**39,432,112**	47,007,826

The Authority has a credit policy in place which establishes credit limits for customers and monitors their balances on an on-going basis.

The Authority establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Authority is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance amount is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(b) Credit risk (continued)

Funds with fund managers

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Authority. The fund manager has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

At 31 December 2013, the following financial assets were exposed to credit risk: investment in debt securities, receivables on sale of financial instruments, forward foreign exchange purchases, cash and cash equivalents, derivative financial assets and other receivables. The total carrying amount of financial assets exposed to credit risk amounted to $332,978,969 (2012: $340,965,791).

The Authority limits its credit risk exposure in respect of investments in debt securities by restricting the fund managers to invest in debt securities that have a sound credit rating from Standard & Poor's and Moody's. Given these credit ratings, except for the impaired securities as described in Note 7, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date, the geographical concentration of the investments in available-for-sale debt securities managed by fund managers is disclosed in Note 7(b). Other than the abovementioned, there are no other areas that the Authority is exposed to significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the consolidated balance sheet.

(c) Liquidity risk

The Authority monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Authority's operations and to mitigate the effects of fluctuations in cash flows.

Funds with fund managers

The Authority's listed debt and equity securities are considered readily realisable, as they are listed on the major stock exchanges. The fund managers are required to comply with the restrictions and limitations as stipulated in the investment mandate. All transactions carried out by the fund managers are settled daily through Northern Trust Company, the Authority's custodian of the portfolio of investments placed by fund managers.

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NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

22. Financial risk management (continued)

(c) Liquidity risk (continued)

Funds with fund managers (continued)

The fund managers may periodically invest in some debt securities and derivative contracts on behalf of the Authority that are traded over the counter, which are not traded in an organised market and may be illiquid. As a result, the Authority may not be able to liquidate its investments in these instruments at an amount close to their fair value to meet its liquidity requirements or be able to respond to specific events such as the deterioration in the creditworthiness of any particular issuer.

(d) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

At the balance sheet date, the Authority's equity and debt securities managed by fund managers, and quoted equity securities managed internally are classified as Level 1.

Derivatives used by fund managers

Futures contracts are marked to market daily using listed market prices with any gains or losses posted to the related variation margin accounts.

The fair value of forward exchange contracts is based on their listed market price and the fair value of swaps is based on quotations from independent third party vendors and sources that apply fair value techniques. These instruments are included in Level 2.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

23. Commitments

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	2013 $	2012 $
Property, plant and equipment	**1,089,267**	9,957,515

Operating lease commitments – Where the Authority is a lessee:

	2013 $	2012 $
Within 1 year	**1,099,708**	1,148,769
After 1 year but within 5 years	**964,222**	2,063,930
	2,063,930	3,212,699

The Authority leases a number of office facilities under operating leases. The leases typically run for an initial period of two years, with an option to renew the lease after that date. Lease payments are usually increased annually to reflect market rentals.

Operating lease commitments – Where the Authority is a lessor:

	2013 $	2012 $
Within 1 year	**1,734,017**	3,011,346
After 1 year but within 5 years	**3,710,137**	4,543,832
After 5 years	**7,877,818**	8,778,140
	13,321,972	16,333,318

The Authority leases out rental space and buildings to non-related parties under non-cancellable operating leases.

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

24. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Authority and related parties at terms agreed between the parties.

(a) Sales of services

	2013 $	2012 $
Provision of dumping and monitoring services to		
- Land Transport Authority	**13,825,470**	9,344,310
- Housing & Development Board	**26,244,960**	12,869,885

(b) Key management personnel compensation

Key management personnel of the Authority are those persons having the authority and responsibility for planning, directing and controlling the activities of the Authority. These key management personnel comprise the Board of Members and Executive Management Team of the Authority.

The compensation payable to key management personnel comprises:

	2013 $	2012 $
Short-term employee benefits	**3,745,041**	3,311,875
Employment benefits	**148,979**	135,095
Directors' fees	**185,635**	185,635
	4,079,655	3,632,605

25. Funds managed/held on behalf of others - Funds held in trust

Funds held in trust and managed by the Authority comprise the following:

	2013 $	2012 $
Singapore Stranded Seafarers' Fund	**333,459**	332,638
Agency funds held in trust of Ministry of Transport	**5,320,692**	2,529,472
Aids to Navigation Fund	**7,812,963**	-
	13,467,114	2,862,110

These funds are placed with financial Institutions.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

25. Funds managed/held on behalf of others - Funds held in trust (continued)

Singapore Stranded Seafarers' Fund ("SSSF")

(a) The SSSF was set up in September 1999 (following the Authority's Board approval for its creation at an earlier board meeting in July 1999). The SSSF is managed by a Committee made up of representatives from the Authority and the unions, namely Singapore Maritime Officers' Union and Singapore Organisation of Seamen.

The Fund is humanitarian in nature. It shall be used only as a last resort when it becomes evidently clear that the ship owners concerned are no longer able to bear responsibility towards their ship crew, e.g. due to insolvency. It is used mainly to buy fuel (i.e. to run the ship's generators) and provide food and portable water to sustain the stranded ship crew onboard Singapore-registered ships stranded in Singapore or overseas, until such time they are repatriated or the dispute is settled.

(b) The assets and liabilities of the SSSF as at 31 December are as follows:

	2013 $	2012 $
Accumulated fund	**334,105**	333,022
Current assets		
Interest receivable	**646**	384
Cash and cash equivalents	**333,459**	332,638
	334,105	333,022

(c) The results of the SSSF for the year ended 31 December are as follows:

	2013 $	2012 $
Interest income	**1,082**	658
Surplus for the year	**1,082**	658
Accumulated surplus as at 1 January	**33,022**	32,364
Accumulated surplus as at 31 December	**34,104**	33,022

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For the financial year ended 31 December 2013

25. Funds managed/held on behalf of others - Funds held in trust (continued)

Agency funds held in trust of Ministry of Transport

(a) On 11 March 2005, the Authority was appointed by Ministry of Transport ("MOT") as its managing agent in connection with the proposed land reclamation at Pasir Panjang Terminal Phases 3 and 4 and Tuas Port.

(b) The assets and liabilities of the agency funds held in trust as at 31 December are as follows:

	2013 $	2012 $
Accumulated fund	**13,008,020**	15,537,459
Current assets		
Cash at bank	**5,320,692**	2,529,472
Amount due from various Government bodies	**9,991,798**	17,403,461
GST receivable	**170,485**	-
	15,482,975	19,932,933
Current liabilities		
GST payable	**-**	(1,887,270)
Amount due to various Government bodies	**(2,474,955)**	(2,508,204)
Net assets	**13,008,020**	15,537,459

(c) The results of the agency funds held in trust for the year ended 31 December are as follows:

	2013 $	2012 $
Grants received	**151,124,676**	183,378,152
Interest income	**30,877**	111,913
	151,155,553	183,490,065
Grants disbursed	**(152,186,422)**	(184,758,113)
Agency fees paid/payable	**(1,498,570)**	(7,525,877)
Surplus/(Deficit) for the year	**(2,529,439)**	(8,793,925)
Accumulated surplus as at 1 January	**15,537,459**	24,331,384
Accumulated surplus as at 31 December	**13,008,020**	15,537,459

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

25. Funds managed/held on behalf of others - Funds held in trust (continued)

Aids To Navigation Fund ("ANF")

(a) The Co-operative Mechanism, launched in 2007, is the key platform for the littoral States, user States, stakeholders, and the industry to exchange information, and share their perspectives on issues related to safety of navigation and environment protection in the Straits of Malacca and Singapore (SOMS). The ANF, one of three components of the Co-operative Mechanism, receives direct financial contributions from the international maritime community to maintain critical marine navigational aids in the SOMS. The 13 ANF Committee members are China, India, Japan, Republic of Korea, Saudi Arabia, United Arab Emirates, the International Foundation for Aids to Navigation (IFAN), International Maritime Organization (IMO), Malacca Strait Council and The Nippon Foundation, and the three littoral States.

Singapore took over the Chairmanship of ANF on 1 January 2013 for a period of three years ending 31 December 2015.

(b) The assets and liabilities of the ANF as at 31 December 2013 are as follows:

	2013 **$**	2012 $
Accumulated fund	**7,986,933**	-
Current assets		
Cash at bank	**7,812,963**	-
Other receivables	**185,970**	-
	7,998,933	-
Current liabilities		
Other payables	**(12,000)**	-
Net assets	**7,986,933**	-

The results of the ANF for the year ended 31 December 2013 are as follows:

	2013 **$**	2012 $
Contribution received	**4,224,879**	-
Interest income	**1,824**	-
	4,226,703	
Maintenance repair and miscellaneous expenses	**(1,270,482)**	-
Surplus for the year	**2,956,221**	-
Accumulated surplus as at 1 January 2013	**-**	-
Accumulated surplus as at 31 December 2013	**2,956,221**	-

THE MARITIME AND PORT AUTHORITY OF SINGAPORE AND ITS SUBSIDIARY

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26. New accounting standards and interpretations not yet adopted

The Authority has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amendments to SB-FRS 110 *Consolidated Financial Statements*
- Amendments to SB-FRS 111 *Joint Arrangements*
- Amendments to SB-FRS 112 *Disclosure of Interests in Other Entities*

The Authority is evaluating the initial application of the above standards and interpretations for the impact on the Authority's financial statements. The Authority has not considered the impact of the accounting standards issued after the date of financial statements.

27. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Members on 14 March 2014.

NOTES

Designed by Redbean De Pte Ltd

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