Special Annual Report 2007 Edition

S'pore MARITIME Illustrated

Team MPA

Citius, Altius, Fortius

Up Close
with Team Chairman Peter Ong

Time Out
with Coach Tay Lim Heng

Top 10 Gear
In Time For The Future

BONUS Fold-Out
Singapore Maritime Week

+6563751600

Vision On Target

A Leading Maritime Agency Driving Singapore's Global Maritime Aspirations

Mission Focused

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.

MPA
SINGAPORE

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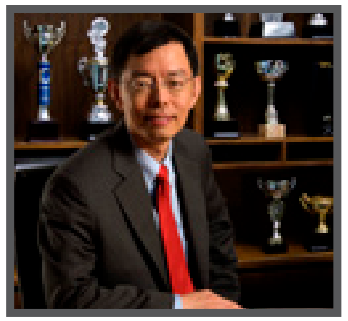
Team PLAY

"People are the most important resource in an organisation"

Featured Personalities



4 Team Chairman Peter Ong

6 Coach Tay Lim Heng

MPA PRINCIPAL OFFICERS

Chief Executive: **BG(NS) Tay Lim Heng**
Group Director (Hub Port): **Capt Khong Shen Ping**
Group Director (International Maritime Centre): **Ms Tan Beng Tee**
Director (Technology): **Mr Toh Ah Cheong**
Director (Corporate Services): **Mr Richard Tan**
Director (Policy): **Mr Yee Cheok Hong**
Director (Port)/Port Master: **Capt Muhammad Segar Abdullah**
Director (Planning & Communications): **Mr Matthew Lee**
Corporate Secretary: **Mr Peter Tan**

HUB PORT CLUSTER

SHIPPING DIVISION

1 Deputy Director (Shipping): **Capt Mark Heah**
2 Deputy Director (Shipping): **Mr Mark Lim**
Senior Assistant Director (Special Projects): **Mr Wong Len Poh**
Senior Assistant Director (Training Standards/ISC): **Capt I G Sangameswar**
Manager (Registry & Manning): **Mr Wong Kai Cheong**

PORT DIVISION

Deputy Director (Port)/Deputy Port Master: **Capt Lee Cheng Wee**
Chief Hydrographer: **Mr Parry Oei**
Assistant Director (Marine Environment & Safety): **Capt Henry Heng**
Senior Manager (Marine Services): **Mr Alan Lim**
Controller (Port Security): **Mr Krishnan Emayavaramban**
Acting Controller (Port Operations Control): **Capt Kevin Wong**

INTERNATIONAL MARITIME CENTRE (IMC) CLUSTER

Deputy Director (IMC): **Ms Wendy Loo**
Assistant Director (IMC Capability Development): **Mr Lim Cheok Hwa**
Assistant Director (IMC Services Development): **Ms Bernice Yeoh**
Senior Manager (IMC Promotion): **Mr Gerald Loh**

STRATEGIC MARITIME INTERESTS CLUSTER

POLICY DIVISION

2 Deputy Director (Policy): **Mr Manjit Singh Randhawa**
First Secretary (Maritime), Singapore High Commission, London: **Ms Ho Hsu Mei**
Senior Manager (Port Development): **Ms Jenny Lin**
Senior Manager (Port Regulation): **Ms Frances Goh**
Senior Manager (International): **Mr Benjamin Wong**
Manager (Maritime Security): **Mrs Evangeline Cheong**

PLANNING & COMMUNICATIONS DIVISION

Deputy Director (Planning & Communications): **Mr Peter Tan**
Assistant Director (Corporate Planning): **Mr Andrew de Silva**
Senior Manager (Strategic Planning): **Mr Yap Wei Yim**
Manager (Corporate Communications): **Mr Simon Ang**

TECHNOLOGY DIVISION

Deputy Director (Engineering)/Project Director (Pasir Panjang Terminal): **Mr Loh Chee Kit**
Deputy Director (Technology & Industry Development)/CIO: **Mr Goh Kwong Heng**
Assistant Director (Electronics & Communications): **Mr Teo Chee Beng**
Assistant Director (Information Technology): **Mr Goh Kah Seng**
Assistant Director (Engineering & Planning): **Dr Song Tiancheng**

CORPORATE SERVICES DIVISION

Deputy Director (Corporate Services): **Mrs Leanna Lim**
Senior Assistant Director (Admin & Facility): **Mr Chan Keng Nee**
Assistant Director (Finance): **Mr Leong Chee Kheong**
General Counsel: **Mr Martin Marini**
Manager (Organisational Development): **Ms Chan Foong Mun**

INTERNAL AUDIT DEPARTMENT

Assistant Director (Internal Audit): **Mrs Teh Geok Siew**

S'pore Maritime Illustrated

Special Annual Report 2007 Edition

Editorial Team

Chief Editor
Matthew Lee

Editors
Simon Ang
Corrine Ng

Editorial Co-ordinator
Isabell Tay

Contributors
Cai Zonghan
Kwek Yuanheng
Ong Hua Siong
Wong Kai Cheong
Quek Seah Chong
Chow Chika
Oh Teck Ghee

MPA SINGAPORE

The Maritime and Port Authority of Singapore (MPA) was established on 2 February 1996, with the mission to develop Singapore as a premier global hub port and international maritime centre (IMC), and to advance and safeguard Singapore's strategic maritime interests. The MPA is the driving force behind Singapore's port and maritime development, taking on the roles of Port Authority, Port Regulator, Port Planner, IMC Champion, and National Maritime Representative. The MPA partners the industry and other agencies to enhance safety, security and environmental protection in our port waters, facilitate port operations and growth, expand the cluster of maritime ancillary services, and promote maritime R&D and manpower development.

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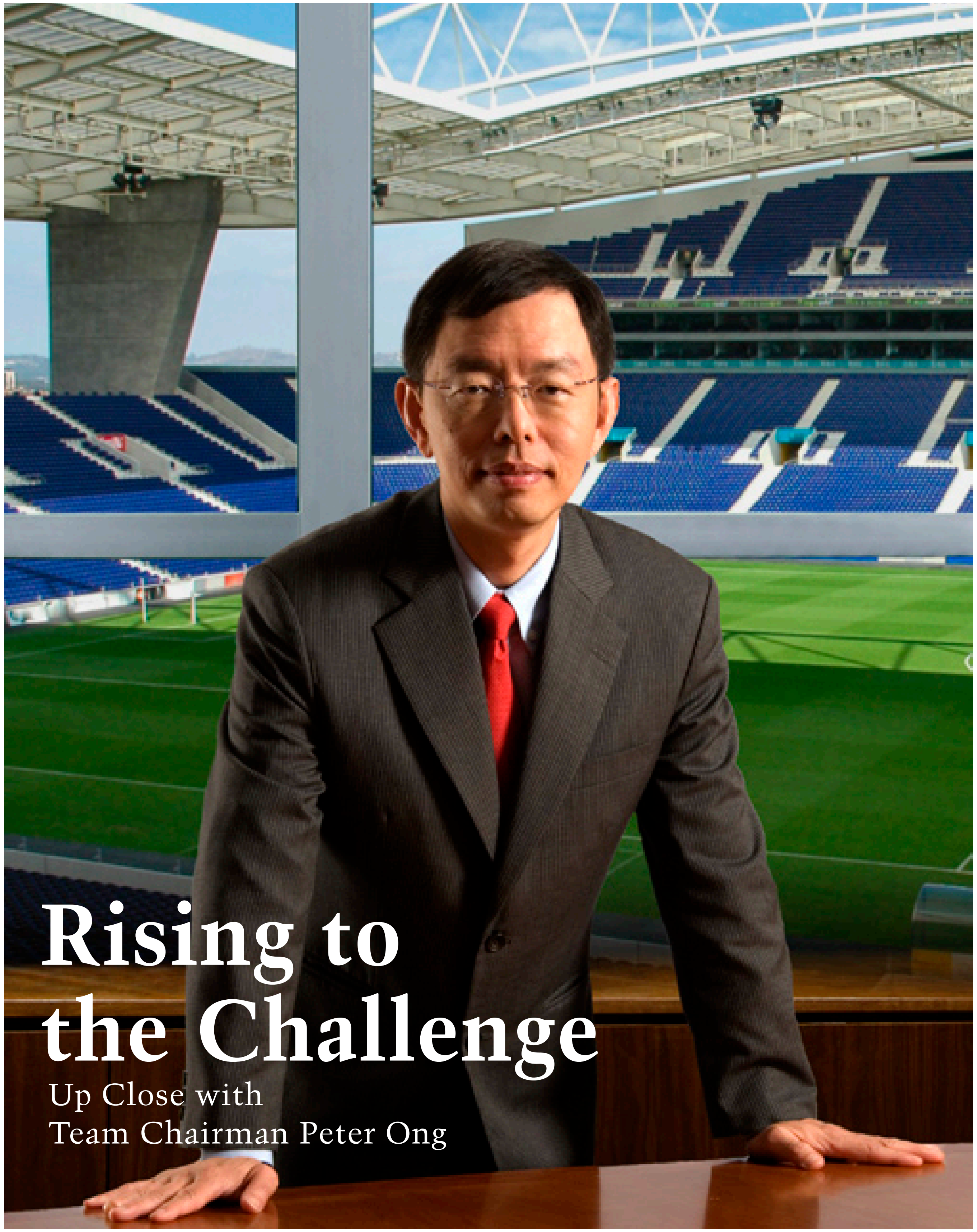


Rising to the Challenge

Up Close with Team Chairman Peter Ong

| FIRST PERSONS | SCOREBOARD | HOME GROUND | AWAY GAMES | teamPLAY! |
First Persons

Peter Ong shares that Team MPA had a good 2007 season. Singapore continued to grow as a maritime hub. Vessel arrival tonnage rose by 11% to 1.46 billion GT while the number of containers handled at the port grew by 12.7% to 27.9 million TEUs. Bunker sales hit a new high of 31.5 million tonnes and Singapore was voted "Best Seaport in Asia" at the Annual Asian Freight and Supply Chain Awards for the 19th time. The Singapore Registry of Ships grew 13.8%, retaining its place among the world's ten largest registries. Total business spending committed by companies under MPA's Approved International Shipping Enterprise Scheme totaled S$2.94 billion.

There are now more than 5000 maritime companies and organisations in Singapore whose economic activities contribute some 7% to the Republic's gross domestic product and employ close to 100,000 people. At the strategic level, the launch of the Cooperative Mechanism for the Malacca and Singapore Straits at the International Maritime Organization (IMO) - Singapore Meeting in September 2007 marked a new phase in cooperation in straits used for international navigation. The Cooperative Mechanism will facilitate cooperation between the three littoral States and straits users in ensuring that this important waterway remains safe and open to shipping and seaborne trade. Singapore was also reelected to the Council of the IMO for an 8th consecutive term.

Not one to rest on his team's laurels, Peter stresses the need "to anticipate change, be adaptable, and constantly innovate to stay ahead in the game".

What might emerge over the horizon? Peter is clear that "there will be no let up in competition as new players emerge and existing players consolidate, both as transshipment ports and centres of maritime activities". He also speaks of global climate change and the important environmental challenges and foresees issues on reducing ship emissions featuring prominently on the agenda of the IMO. The melting of the arctic ice cap does not escape his attention, even if it will be a while, if it does happen, before the arctic sea route becomes serviceable to ships of all types and sizes on a regular basis. But he is already musing "what if" scenarios. Peter is quick to point out that climate change is a global challenge. And how well we adapt to it depends on how the world responds collectively. As for the security challenge, Peter stresses the need to achieve an effective and workable balance between security measures, which inevitably impose a degree of inconvenience, and the efficient and uninterrupted flows of maritime traffic and cargo operations, which does, after all underpin the entire global economy.

Looking ahead, Peter says that the team needs to ensure sufficient capacity and to remain competitive in order to meet future demand and expectations. This is why Singapore has embarked on the major port development project at Pasir Panjang, as well as developed advanced information communication infrastructure for the port. The latter would facilitate industry-wide information communications projects as part of the Infocomm@Seaport Programme. The team is pressing ahead in maritime R&D to develop solutions that will enhance maritime and port services. It is also focusing on manpower development to support the growth of the sector, primarily through the new MaritimeONE initiative.

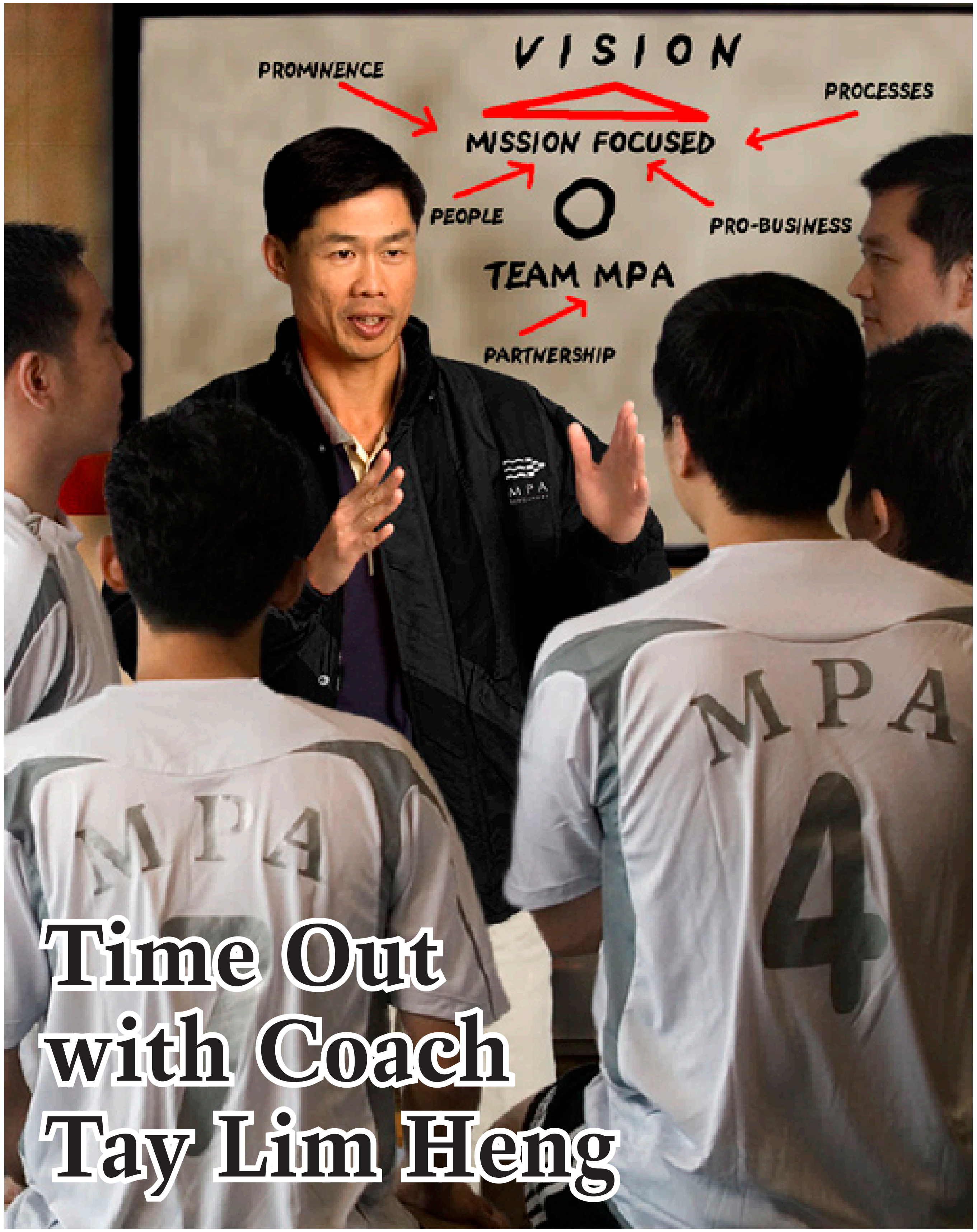
To further develop as an international maritime centre, Peter stresses that "our business environment must remain pro-enterprise in order to attract and grow a suite of maritime services in Singapore". Towards this end, the team will continue to consult its business partners and industry stakeholders in the development of winning strategies and growth initiatives for *Maritime Singapore*.

Turning to the operating environment, Peter notes that the ReCAAP Information Sharing Centre is now widely recognized as an effective catalyst for government-to-government cooperation in dealing with piracy in the region. Going forward, the ISC must continue to add value to regional situation awareness and anti-piracy cooperative initiatives, not just between governments but also in partnership with the industry. As for the Cooperative Mechanism, he notes that the international maritime community "awaits delivery of specific projects to ensure safe and secure passage through the important Malacca and Singapore Straits". He expresses confidence in the littoral States and other straits stakeholders to deliver.

As the interview comes to a close, Peter reemphasises the need for Team MPA to anticipate and capitalise on change. He is confident that his team will rise to the challenges ahead, drawing inspiration from the Olympic motto of *Citius, Altius, Fortius* or faster, higher, stronger.

Top Scores

Year	Arrival of Vessels (million gross tons)	Container Through-put (million TEUs)	Bunker Volume (million tonnes)	Cargo Through-put (million tonnes)	S'pore Registry of Ships (million gross tons)	Total Business Spending (billion S$)
	↑11.0%	↑12.7%	↑11.0%	↑7.8%	↑13.8%	↑5.0%
2007	1,459.0	27.9	31.5	483.4	39.6	2.94
2006	1,315.0	24.8	28.4	448.5	34.8	2.80



Time Out with Coach Tay Lim Heng

Team MPA made headline news throughout 2007. Share with us some of the team's finest moments?

We celebrated many firsts in 2007. Many of them go beyond the maritime and port performance records mentioned by our team chairman. A new maritime conference and exhibition to position Singapore as a thought leader for international maritime challenges and opportunities, Sea Asia, was launched by President S R Nathan, while Minister Mentor Lee Kuan Yew delivered the inaugural Singapore Maritime Lecture.

The International Maritime Organization-Singapore Meeting launched the historic Cooperative Mechanism for the Straits of Malacca and Singapore, bringing together user States and littoral States in a win-win agreement, the first of its kind in a straits used for international navigation.

Closer to home, port security was enhanced with the implementation of a new Harbour Craft Transponder System or HARTS, which plugs the gap for the surveillance of small vessels, a first for any port.

We worked closely with industry partners to establish the MaritimeONE initiative for manpower development, raising maritime career awareness and facilitating the meeting of prospective managers and employees through various networking sessions.

Team MPA also scored a major success in the Pro-Enterprise Ranking Survey among statutory boards, pipping 23 other teams. Credit goes to all team members, and we take pride that despite being a regulatory body managing maritime safety, security and environment protection, a pro-enterprise culture has taken root in MPA, with a strong mindset of serving the industry and public.

What would you count among the factors for the highly successful 2007 season?

Three key factors come to mind, namely having a vision, being mission-focused, and building a strong team with professional and passionate players.

Could you elaborate?

We have a shared vision to be a leading maritime organisation driving Singapore's global maritime aspirations. The team was regrouped in 2007 to enhance alignment with our three-pronged mission, that is, to develop and promote Singapore as a global hub port, international maritime centre and advance and safeguard Singapore's strategic maritime interests. In line with this, the Balanced Scorecard was introduced to measure and drive strategic outcomes, and align them with daily actions. Last but not least, we focused on bringing out the best in our people, firing up their passion for the game.

You clearly have a great team. What are your thoughts on player management and retention amidst the current talent crunch?

We identify the potential of our players early, nurture their strengths and give them maximum exposure to learn, grow and excel in their respective fields. We work on building *esprit de corps* and do fun things together; like organising a string of social activities and friendly games throughout the year. We encourage regular feedback, and an open communication system. We believe it is important to understand and communicate expectations both ways.

What are some of the challenges ahead?

Competition in the championship league can only become more intense as new aspirants vie for the title. We will need to break new ground and continually enhance team performance. We have to invest in manpower training and development programmes, and exploit new technologies as a performance multiplier. We cannot afford to rest on our laurels. Instead we have to constantly review developments and trends, and be prepared to revamp our strategies and tactics even if it is not comfortable to do so.

What can we expect from Team MPA in the 2008/2009 season?

I believe a motivated team will never be satisfied and will always give its best. There will be no let up in preparations for the season ahead. We will strive to meet the expectations of fans and stakeholders in the maritime arena. I mentioned about the team being regrouped into clusters and being mission-focused. It will be driven by our "Five Ps" strategic thrusts, namely nurturing competent and committed *people*, building strong *partnerships*, developing a *pro-business* environment, improving operational *processes* and achieving international *prominence*.

Any specifics you can share?

We will enhance individual and team performance through a competency framework initiative, initially for learning and developmental purposes, and later for performance and talent management. We will also work with the media, government and industry partners to raise the profile of the game and attract talent. This much I can say without giving away the game [plan]. I encourage you to continue to track our progress as we develop innovative strategies and tactics to achieve our goals and to fly the team's colours prominently in the championship league!

Any parting shots for your team?

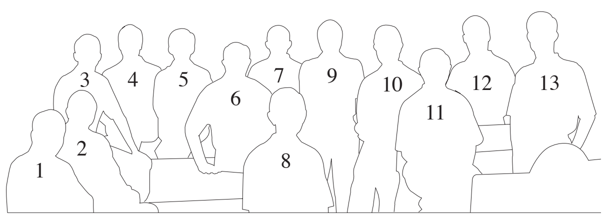
Well done, and thank you to all team members who have contributed in your own special way to the successes of Team MPA. Through your dedication, hard work and creative thinking, you have made Team MPA very much greater than the sum of its parts.

...and to the many fans of the team?

Many thanks for your support, encouragement, feedback and ideas. Keep the faith in the winning team!

MPA Board Members

as at 31 December 2007



1. **Dato' Jude P. Benny**
   Managing Patner
   Joseph Tan Jude Benny

2. **Mr Teo Siong Seng**
   President
   Singapore Shipping Association

3. **Mr Andreas Sohmen-Pao**
   Managing Director
   BW Shipping Managers Pte Ltd

4. **Mr Laurence Lien**
   Director (Governance and Investment)
   Ministry of Finance

5. **RADM Ronnie Tay**
   Chief of Navy
   Republic of Singapore Navy
   (MPA Board - till 31 Aug 07)

6. **Mr Ronald D.Widdows**
   Chief Executive Officer
   APL Co Pte Ltd

7. **Mr Bahren Shaari**
   Executive Director
   UBS AG

8. **Mr Peter Ong**
   Chairman
   Maritime and Port Authority of Singapore
   Permanent Secretary
   Ministry of Trade & Industry

9. **Mr Lucien Wong**
   Managing Partner
   Allen and Gledhill LLP
   (MPA Board - from 01 Nov 07)

10. **Mr John Lu**
    Chairman
    Singapore National Shippers' Council

11. **Mr Choo Chiau Beng**
    Chairman & Chief Executive Officer
    Keppel Offshore & Marine Ltd

12. **Mr Leow Ching Chuan**
    General Secretary
    Singapore Organisation of Seamen

13. **BG (NS) Tay Lim Heng**
    Chief Executive
    Maritime and Port Authority of Singapore

MPA BOARD COMMITTEES

Investment Commitee

Chairman: Mr Peter Ong
Members: BG (NS) Tay Lim Heng
Mr Bahren Shaari
Mr Choo Chiau Beng
Mr Andreas Sohmen-Pao
RADM Ronnie Tay (till 31 Aug 07)
Mr Lucien Wong (from 01 Nov 07)
Secretary: Mr Leong Chee Kheong

Policy Committee

Chairman: Mr Peter Ong
Members: BG (NS) Tay Lim Heng
Mr Laurence Lien
RADM Ronnie Tay (till 31 Aug 07)
Secretary: Mr Benjamin Wong

Audit Review Committee

Chairman: Mr Bahren Shaari
Members: Dato' Jude Benny
Mr Laurence Lien
Mr John Lu
Mr Teo Siong Seng
Secretary: Mrs Teh Geok Siew

Registration Committee

Chairman: Mr Ronald Widdows
Members: Mr Leow Ching Chuan
Mr John Lu
Secretary: Capt Khong Shen Ping

MINT Fund Steering Committee

Chairman: Mr Choo Chiau Beng
Members: BG (NS) Tay Lim Heng
Mr John Lu
Mr Teo Siong Seng
Mr Ronald Widdows
Professor Chong Tow Chong
Secretary: Mr Toh Ah Cheong

Welfare Committee for Seamen

Chairman: Mr Leow Ching Chuan

Members:
Singapore Shipping Association
Capt Anuraj Singh

PSA Corporation
Mr Tan Yong Siong

Jurong Port Pte Ltd
Mr Tan Kok Bin

Seamen's Missions
Rev Werner Strauss
Rev Hans Vestergaard Jensen

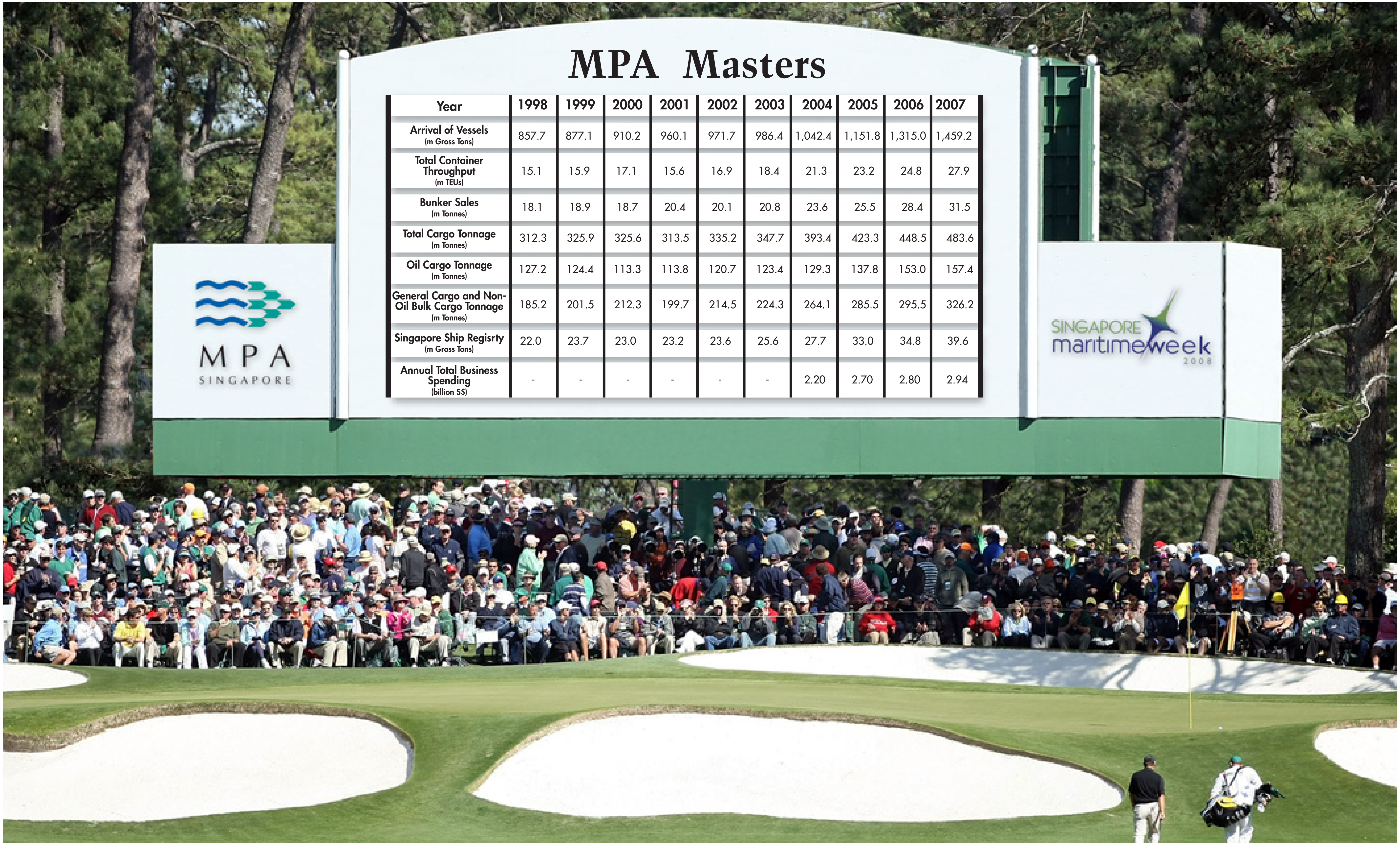
MPA
Capt Khong Shen Ping
Mr Richard Tan

Secretary: Mr Lee Kin Fong

Mr Matthew Lee
Director, Planning & Communications
Mr Toh Ah Cheong
Director, Technology
Capt Khong Shen Ping
Group Director, Hub Port, Director, Shipping/ Director of Marine
Mr Richard Tan
Director, Corporate Services
Ms Tan Beng Tee
Group Director, International Maritime Centre
Capt M Segar Abdullah
Director, Port/ Port Master
Mr Yee Cheok Hong
Director, Policy
SPORTING HEROES INSPIRE
MPAgrade
is it in you?


TEAM MPA
SCORES!
VISITORS
1
8:22
HOME
1

| FIRST PERSONS | SCOREBOARD | HOME GROUND | AWAY GAMES | teamPLAY! | Scoreboard



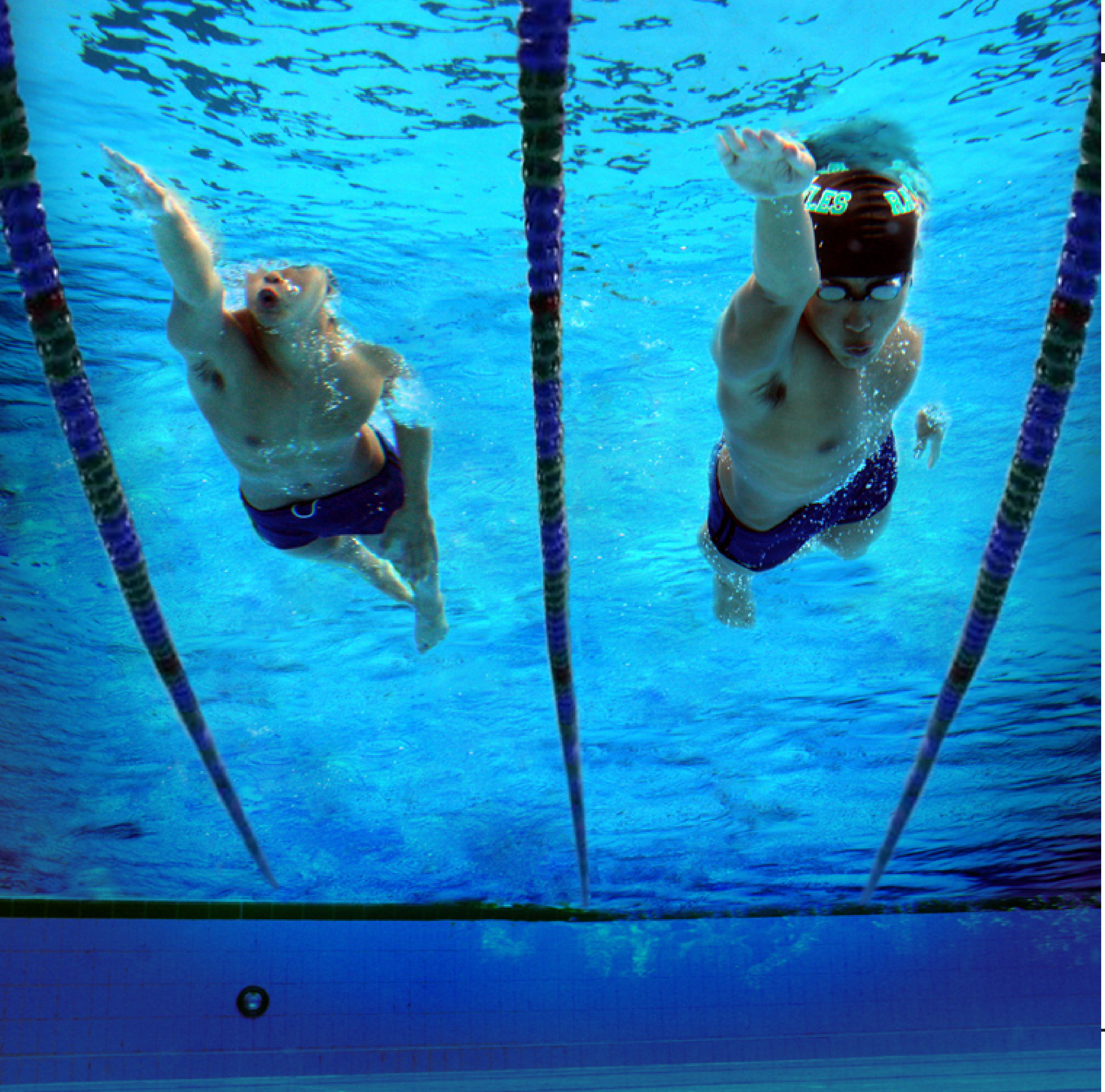
MPA Masters

Year	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Arrival of Vessels (m Gross Tons)	857.7	877.1	910.2	960.1	971.7	986.4	1,042.4	1,151.8	1,315.0	1,459.2
Total Container Throughput (m TEUs)	15.1	15.9	17.1	15.6	16.9	18.4	21.3	23.2	24.8	27.9
Bunker Sales (m Tonnes)	18.1	18.9	18.7	20.4	20.1	20.8	23.6	25.5	28.4	31.5
Total Cargo Tonnage (m Tonnes)	312.3	325.9	325.6	313.5	335.2	347.7	393.4	423.3	448.5	483.6
Oil Cargo Tonnage (m Tonnes)	127.2	124.4	113.3	113.8	120.7	123.4	129.3	137.8	153.0	157.4
General Cargo and Non-Oil Bulk Cargo Tonnage (m Tonnes)	185.2	201.5	212.3	199.7	214.5	224.3	264.1	285.5	295.5	326.2
Singapore Ship Regisrty (m Gross Tons)	22.0	23.7	23.0	23.2	23.6	25.6	27.7	33.0	34.8	39.6
Annual Total Business Spending (billion S$)	-	-	-	-	-	-	2.20	2.70	2.80	2.94

| FIRST PERSONS | SCOREBOARD | HOME GROUND | AWAY GAMES | teamPLAY! | Scoreboard

SINGAPORE MERCHANT FLEET

VESSEL TYPE	AS AT END DEC 07	
	GROSS TONNAGE	% OF FLEET BY TONNAGE
OIL TANKER	14,994,936	37.87
PETROLEUM/CHEMICAL TANKER	1,690,106	4.27
BULK CARRIER	7,157,203	18.07
CONTAINER	6,754,052	17.05
BARGE	2,054,433	5.19
GENERAL CARGO	1,543,868	3.90
CAR CARRIER	1,777,766	4.49
LIQUEFIED GAS CARRIER	1,407,782	3.55
CHEMICAL TANKER	362,857	0.92
TUG BOAT	454,541	1.15
LIVE-STOCK/CABLE LAYING/HEAVYLOAD SEMI SUBMERSIBLE/DREDGER/LANDING CRAFT	52,259	0.13
SUPPLY/REEFER/UTILITY/RESEARCH/SALVAGE/WORKBOAT	146,959	0.37
PASSENGER/FERRY	13,156	0.03
FLOATING STORAGE/OFFSHORE INDUSTRY MOBILE UNIT	1,192,633	3.01
TOTAL	39,602,551	100.00



MAKING THE TEAM

Singapore's home ground advantage has been its location at the crossroads of east and west. To continue to grow as a hub port and international maritime centre amidst regional competition, Singapore has to continue to offer quality services and add value to the shipping and larger maritime community. To stay ahead of the competition, it has to ramp up both hardware and heartware, and enhance the business side of the game.

Rejuvenation

In the last year, Team MPA undertook a review of its vision and strategic thrusts. The team's new vision inspires MPA to be "A leading maritime agency driving Singapore's global maritime aspirations". The vision is soundly backed by the five strategic thrusts identified: "People", "Partnership", "Pro-Business", "Processes" and "Prominence".

Along with the new vision and strategic thrusts was a refreshed set of Key Performance Indicators (KPIs) to track the team's progress in achieving its new vision with the 5Ps.

| FIRST PERSONS | SCOREBOARD | HOME GROUND | AWAY GAMES | teamPLAY! | Home Ground

BSC – Enhanced Performance Management

At the end of the day, a team's performance is determined by results. Apart from the final outcome, team managers assess the performance of players individually and how well they played as a team. In 2007, Team MPA implemented the corporate Balanced Scorecard (BSC) system to measure organisational performance in a more comprehensive way. This system provides a better alignment between the team's mission, vision, strategies and action plans for better business integration.

A re-alignment of Team MPA was undertaken and took effect on 1 July 2007. Common functional areas were integrated to form clusters to optimise synergies and strengthen overall organisational effectiveness and efficiency.

The KM Kick Off

The Knowledge Management (KM) system was another initiative launched last year to effectively manage the challenges associated with the retention, sharing and harnessing of key corporate information, know-how and best practices. Specially customised applications and productivity tools such as project management and expertise finder will be introduced to pilot users by July 2008.

Performance Enhancers

The 5Ps are used in the framework to develop MPA's workplans going forward. They enhance alignment between the organisation's vision strategies and action plans.

Nurturing competent and committed **PEOPLE**
We value our people and nurture them to realise their full potential.

Building strong **PARTNERSHIP**
We believe strong partnerships will attract and anchor businesses in Singapore.

Developing a **PRO-BUSINESS** environment
We advocate a pro-business environment that promotes and facilitates industry growth.

Improving operational **PROCESSES**
We constantly enhance our processes for greater efficiency, effectiveness and user-friendliness.

Achieving international **PROMINENCE**
We view international prominence as an integral part of Singapore's development as a maritime centre.

Valued Players

The competition to attract, reward and retain the best players in the game is also keenly felt by Team MPA. MPA management appreciates every player's contribution and recognises the need to strengthen the link between work performance and pay. In this area, it has chosen to work on a good offensive strategy rather than merely keeping a defensive position.

Towards this end, MPA embarked on a new performance-based compensation in 2007 where the salary structure was benchmarked against the market. This was accomplished through the implementation of a comprehensive performance bonus framework, disbursement of merit increments and applying performance-based adjustments to deserving performers. To attract the best to the team, the starting pay for rookie players was also revised to ensure competitiveness.

ACE Awards


Total Defence Awards

Scouting for Players

The opportunities for training, acquisition of new skills and career development have been enhanced. Steps have been taken to boost the MPA Scholarship Programme. It has been revamped to enhance team profile as well as increase engagement between the team and applicants. This is critical in attracting applicants with the right qualities to contribute towards MPA's aspirations to be a leading maritime agency.

Short-listed applicants were invited to participate in a sea tour during Sea Asia's Maritime Youth Day as well as to interact with MPA officers. This gave them first hand insights into the industry and team.

Awards & Milestones

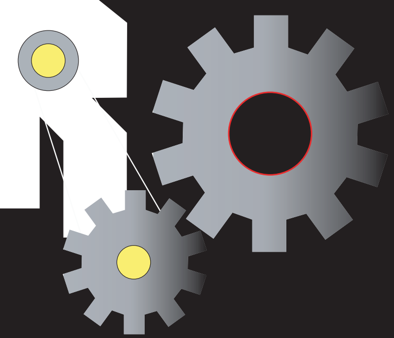
Team MPA clinched several trophies which affirmed its organisational excellence. It won the top spot among 24 public agencies in the Pro-Enterprise Ranking Survey, recognising MPA as Singapore's most pro-business government agency. Initiated by the Rules Action Crucible of the Action Community for Entrepreneurship (ACE) and the Ministry of Trade and Industry, the survey focuses on five factors, namely Compliance Cost, Review of Rules & Regulations, Pro-Enterprise Orientation, Customer Responsiveness and Transparency.

Awards were presented to outstanding employers and civil resource owners in recognition of their strong support for Total Defence and Team MPA clinched the "Home Team NS Awards for Employers (Special Award)" for demonstrating strong commitment to the defence and security of Singapore. The team also achieved an impressive growth in the number of vessels in the Singapore Registry of Ships (SRS) in 2007. It increased by 13.8% to reach 39.6 million GT. The SRS continues to be among the top ten registries in the world, the largest ship registry in Asia, and is among the world's youngest fleets.

The Port of Singapore was crowned the Best Seaport in Asia for the 19th time at the 22nd Asian Freight and Supply Chain Awards (AFSCA) 2007. It triumphed over leading Asian ports to stay on top of the regional competition. Altogether, Team MPA had a good run in 2007.


22nd Asian Freight and Supply Chain Awards

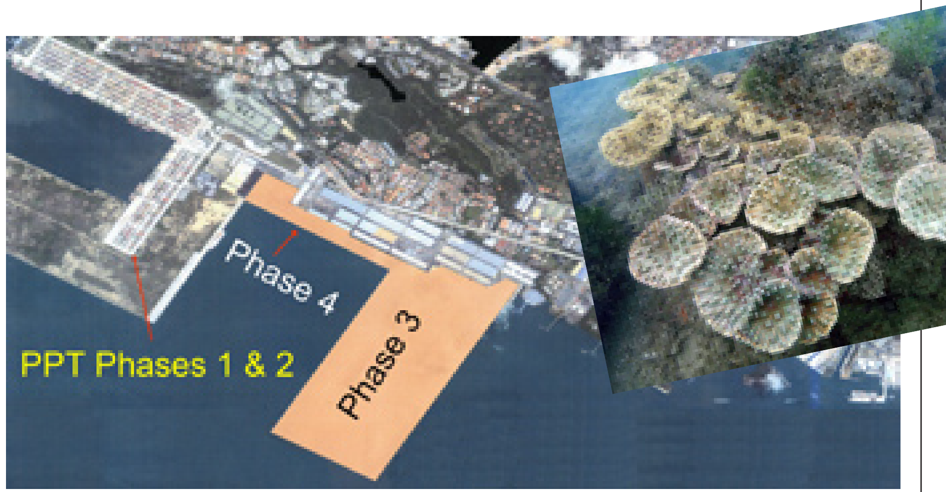
TOP 10 GEAR



We feature the 10 "must-haves" developed in 2007 to bring *Maritime Singapore* into the next season and beyond.

1 Paying it forward: EXPANSION OF Pasir Panjang Terminal

To cater for the anticipated growth in container volumes in Singapore, the Pasir Panjang Terminal (PPT) Phases 3 and 4 development project kicked off in 2007, and will contribute an additional annual handling capacity of more than 14 million TEUs upon completion. The project will see another 16 new berths added to PPT. To minimise environmental impact from port development, MPA effected a comprehensive programme which included the relocation of corals in the project vicinity and putting in place an Environment Monitoring and Management Plan. Beyond containers, PSA Coporation, NYK Pte Ltd and K Line Pte Ltd are in a joint venture to operate a dedicated car terminal and to construct and operate a multi-level automotive yard at PPT.



2 High Technology in play at the Changi Port Operations Control Centre

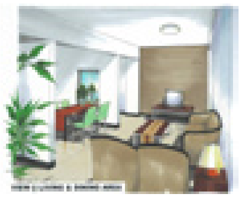
To better serve the needs of the future, the new Port Operations Control Centre (POCC) in Changi will be equipped with cutting edge technologies that will enhance maritime domain awareness and hence further improve navigational safety and security in our waters, and approaches to the port. The existing POCC at PSA Vista will also be upgraded and fully integrated with the new POCC. New enhancements will enable the POCC to track more than 5,000 vessels in real-time, be integrated to visualise data from multiple sensor sources to present a comprehensive sea situation picture, and have synchronise CCTV, voice, track and data recording capabilities.

3 Gen-X WISEPORT

Singapore is the first off the block on the world track in providing mobile WiMAX within its port. The WIreless-broadband-access for SEaPORT (WISEPORT) network provides wireless broadband access to maritime users along the coast and at sea. Crew onboard ships and harbour craft, and users on offshore islands can ride on this information communication infrastructure to access the internet, online value-added applications, and for voice communications.

4 Upping skills with an enhanced Integrated Simulation Centre

The Integrated Simulation Centre carried out hardware and software enhancements to raise the quality of simulator training for its users. The upgrades included replacing the cathode ray tube (CRT) projectors with modern digital light processing technology (DLP) projectors; adding ECDIS PC Trainers to improve the student-ECDIS ratio; and installing the latest versions of simulation and visual-generation software.



5 At home abroad @ Maritime House

The refreshed Maritime House stands ready to welcome seafarers to Singapore. The accommodation for seafarers in port was recently renovated to a tune of S$ 4.9 million to upgrade and provide modern facilities and bring comfort to those away from home.

6 SS CP60: The relentless pursuit of quality

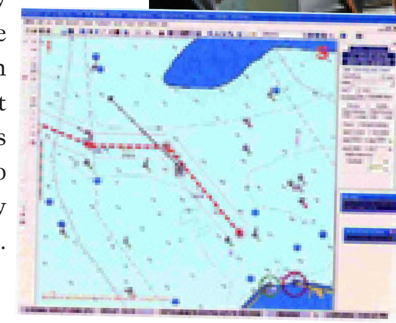
This comprehensive standard sets out the procedures and requirements for the delivery of bunkers from tankers to vessels. It attained international recognition and was used by the ISO as the starting grid to develop an international bunkering standard. The standards are regularly reviewed and improved upon to ensure user and business friendliness. A new standard, the SS 524, on quality management for the whole bunker supply chain was also developed and introduced in Singapore to further enhance quality assurance at the world's largest bunker port.

7 Zeroing in with HARTS

The Port of Singapore is the first in the world to implement a Harbour Craft Transponder System (HARTS), a transponder tracking system for harbour and pleasure craft plying within our port waters. Around 750 crafts are tracked by the system daily. And with 98% of all vessel traffic monitored automatically by HARTS, attention can be focused on the remaining 2%, which comprise mainly small coastal vessels not subject to SOLAS regulations.

8 Ahead with Barelang-Singapore Electronic Navigational Charts

MPA and the Jawatan Hidro-Oseanografi of Indonesia jointly developed and currently administer the Barelang (Batam-Rempang-Galang) – Singapore Electronic Navigation Charts (ENCs). About sixty passenger ferries ply between Singapore and the Indonesian islands of Batam, Bintan and Karimun everyday. These are High Speed Craft that transit heavy traffic along the Singapore Strait. This collaboration in the development of ENCs seeks to enhance the safety of cross strait ferry services by leveraging on advanced navigational tools.



9 DEEPENING Channels and Fairways for the mega ships

The Emma Maersk called at Singapore in 2007 marking the dawn of the mega container ship. The growth in size of container ships remains unabated. To ensure that the Port of Singapore continues to receive these behemoths, MPA will be embarking on dredging works to deepen the channels and fairways to accommodate mega container ships coming on stream.

10 Singapore Nautilus refreshed

The right sustenance is crucial to every performance. The Singapore Nautilus is the new information staple for the maritime community. It replaces the *Port of Singapore* and *Nautilus* magazines as the new maritime quarterly to keep abreast of the growth and development of *Maritime Singapore*.

A Business High

Maritime is big business. And in today's interconnected world, the quality of partnerships defines success. Team MPA has been at the forefront of relationship building, driving collaborative initiatives with maritime stakeholders - from owners, managers and operators, to bankers and insurers, lawyers and brokers, educators and trainers, and the most ardent fans, to jointly grow the business arena. And it is maritime now, tomorrow and the day after. Team MPA invests in the future, in particular through research and development collaborations. The team is mindful throughout of the requisite players – the important heartware, for growth and development.

Growth Budget

The maritime crowd cheered the 2007 Budget for several provisions to attract and anchor shipping operations in Singapore. The Approved Shipping Logistics Enterprise (ASL) Scheme's incentive period was extended to ten years to enhance business certainty and thereby encourage companies to further expand their activities using Singapore as their base. Shipping companies also received a fillip from the zero-rating of the Goods and Services Tax for the servicing, sale and lease of containers. For 2007, 19 new shipping groups were awarded the Approved International Shipping Enterprise (AIS) Scheme status, while three new companies were awarded the ASL status. Collectively, the AIS and ASL companies contribute substantially to Singapore's economy, generating an impressive local business spending in excess of S$2.9 billion last year.

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Financing the Game

To spur on the growth of the shipping finance sector, Team MPA executed several manoeuvres to develop shipping finance expertise and options. The team partnered the Monetary Authority of Singapore (MAS) and the Singapore Exchange (SGX) to promote Singapore as the place for raising public equity by maritime-related companies. Some of the companies that have joined the Singapore maritime league with a listing on the SGX included First Ship Lease Trust, Rickmers Maritime and Mercator Lines. Companies under the Maritime Finance Incentive scheme increased their assets managed to over US$1 billion. Numerous shipping finance-related companies, including boutique shipping investment banks, private equity arrangers and shipping finance advisers, were also set up in Singapore. And to encourage the growth in the vehicle transshipment sector in Singapore, MPA initiated a review of the port dues rebate for vehicle carrier operators. The 20% rebate was extended for three years from 1 January 2008 till 31 December 2010.

To spur on the growth of the shipping finance sector, **Team MPA executed several manoeuvres to develop shipping finance expertise and options.**

The Vibrant and Dynamic Maritime Circuit

SGX AsiaClear is Asia's first clearing platform for oil and freight derivatives and Team MPA has continuously supported the development of this clearing facility. In 2007, SGX AsiaClear introduced nine new derivative products and secured over 150 counterparty accounts. In the marine insurance sector, MPA partnered the MAS to grow the number of Lloyd's Syndicates in Singapore to 13. MPA also worked closely with the MAS to fine-tune the regulatory framework for marine mutual insurers such as protection and indemnity clubs, resulting in changes to capital and solvency requirements, and the submission of statutory returns. Marine mutuals such as the Norwegian Hull Club, Nordisk Defence Club and the North of England P&I Club set up operations in Singapore in 2007. The establishment of the Norwegian Hull Club and Nordisk Defence Club is particularly significant as they are the first hull and defence clubs to set up in Singapore respectively.

Maritime Singapore's international profile was raised by the Asian Shipowners' Forum's (ASF) decision to set up its permanent secretariat in Singapore. The establishment of the ASF Secretariat not only reflects the growth of the Asian shipping community and their stake and interest in international maritime affairs, but also provides a platform for developing and articulating an Asian perspective on shipping issues.

Team MPA's Maritime Forum series enjoyed a good run in 2007, drawing in crowds of more than 250 per session. MPA players and industry experts were invited to dialogue with forum participants on new initiatives for the industry and topical issues and challenges facing the maritime community going forward.

Team Ups & Doubles Partnerships

Teams A*STAR and MPA are jointly driving the Offshore Technology Research Programme (OTRP) with support from the Economic

Development Board. OTRP is aimed at boosting offshore technology research efforts at the National University of Singapore's (NUS) Centre of Offshore Research and Engineering (CORE) over the next three years. A*STAR and MPA will each provide S$5 million funding for the initiative. With computational science and engineering (CSE) set to become an integral part of product R&D and design, Team MPA and the Institute of High Performance Computing (IHPC) at A*STAR


Maritime Forum

established the IHPC-MPA Maritime Research Programme (MRP). The MRP will drive the application of CSE in joint maritime industry-IHPC projects with Team MPA, IHPC and the maritime industry contributing towards the funding of S$3.4 million for the MRP projects.

Heartware and Passion For the Game

MaritimeONE was launched in April 2007 to reach out to and attract the youth to be part of dynamic and vibrant *Maritime Singapore* and become future "captains" of the game. It is a major collaborative initiative between MPA and industry partners: Singapore Maritime Foundation (SMF), Association of Singapore Marine Industries (ASMI) and Singapore Shipping Association (SSA), as well as institutes of higher learning. The MaritimeONE umbrella includes networking receptions for prospective managers to meet prospective players, internships and scholarships, dialogues with industry captains and regular publications targeted at the youth.

Team MPA's S$80 million Maritime Cluster Fund (MCF) was extended for a second five-year term till 2012 with the twin objectives of developing manpower for the maritime industry and enhancing the competitiveness of our port. This was announced by Minister for Transport and Second Minister for Foreign Affairs, Mr Raymond Lim at the Singapore International Maritime Awards gala dinner. Besides funding the development of education programmes at local tertiary institutions, the MCF also co-funds continuing education and training with maritime employers. A total of 800 companies drew on the MCF in 2007 for some 3,200 industry players to enhance their respective skills and expertise through a variety of programmes.

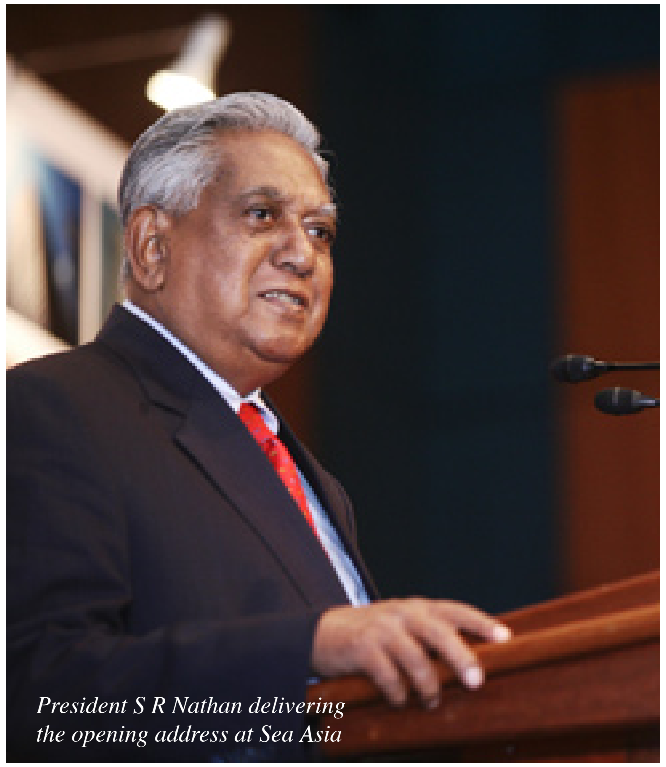

Announcing the extension of the MCF

The business of shipping was given a shot in the arm with the Nanyang Technological University's new Double Major in Maritime Studies and Business offered by the NTU. Building upon the current Bachelor of Science in Maritime Studies, MPA further partnered the NTU to develop the new Double Major programme that marries maritime-specific knowledge with general business management education, to produce maritime ready players and future champions.

Team MPA also worked with the offshore and marine industry, polytechnics and the Ministry of Education (MOE) to introduce a Bachelor of Engineer in Naval Architecture programme in Singapore under the MOE's Poly-Foreign Specialised Institution (FSI) Scheme. This would be offered by the University of Newcastle Upon Tyne which would admit its first batch of students in August 2008.

The Main Events

The second Singapore Maritime Week (SMW) hit a new high with the inaugural Singapore Maritime Lecture delivered by Minister Mentor Lee Kuan Yew, followed by a lively dialogue with close to 300 industry captains. SMW was launched at the SSA's Gala Dinner on 21 September 2007. What followed was a host of international conferences, seminars and social events, including Singapore International Maritime Awards, International Chemical and Oil Pollution Conference and Exhibition and International Maritime-Port Technology & Development Conference.



President S R Nathan delivering the opening address at Sea Asia

President S R Nathan launched the Sea Asia conference and exhibition in April 2007. Sea Asia is poised to become Asia's leading maritime event. Driven by the SMF, Seatrade and Team MPA, Sea Asia 2007 attracted over 7,000 participants from 42 countries.

Winners of the 2007 Singapore International Maritime Awards (IMA)

The development of Singapore as a global hub port and international maritime centre would not be possible without the many contributions from top executives and companies based in Singapore. At the Singapore IMA 2007, eight awards were given to these outstanding individuals and organisations.

International Maritime Centre Award (Corporate)
PSA International Pte Ltd

International Maritime Centre Award (Individual)
Mr Teo Siong Seng

Bunker Award
BP Singapore Pte Limited

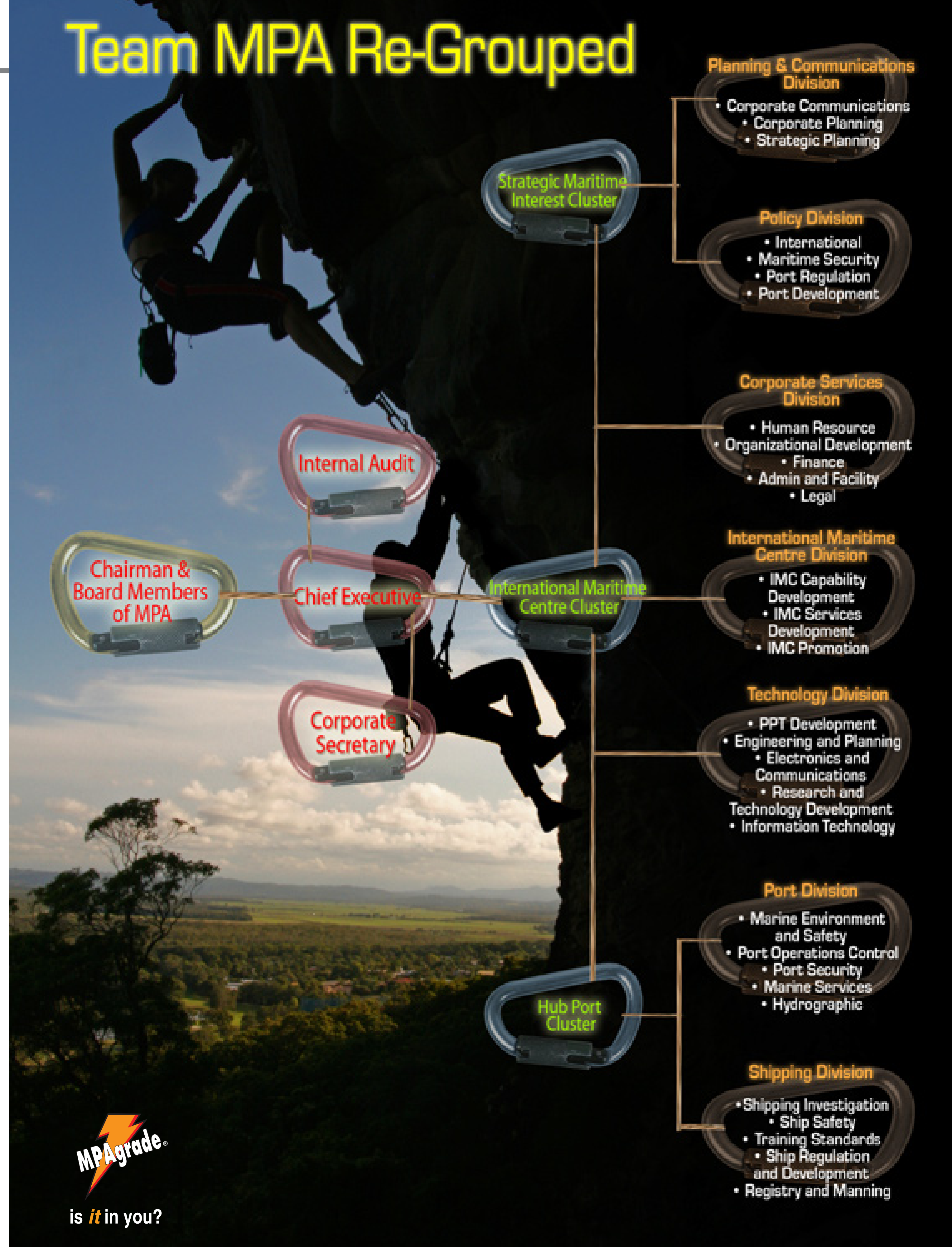
Outstanding Maritime R&D and Technology Award
Prosafe Production Pte Ltd

Excellence in Training Development Award
Neptune Shipmanagement Services (Pte) Ltd

Singapore Registry of Ships' Owner of the Year Award
A.P. Moller Singapore Pte Ltd

New Award – Offshore and Marine Engineering Award
Keppel Offshore & Marine Ltd

New Award – Maritime Service Provider Award
DnB Nor Bank ASA Singapore Branch




Maritime Week started officially yesterday with the Singapore Shipping Association's gala dinner.
- Today, 24 September 2007
Singapore MaritimeWeek 2007
A job well done. That was the sentiments expressed by many who participated during Maritime Week.
- Business Times, 27 September 2007
The awards recognise companies for their commitment in making Singapore their base for shipping operations.
- Seatrade Asia, 27 September 2007
Singapore celebrates World Maritime Day with gifts to seafarers.
- Seatrade Asia, 25 September 2007
$80 million maritime fund extended (to enhance manpower development and port competitiveness).
- Business Times, 26 September 2007
The three-day MTEC event is organised by MPA, NTU and NUS, along with the Port of Rotterdam and Delft University of Technology.
- Straits Times, 27 September 2007
Minister Mentor Lee Kuan Yew said: "Singapore's raison d'etre was its port. Singapore must strive to remain a major hub port."
- Business Times, 26 September 2007
ICOPCE… looks at how the industry can ensure safe shipping through 'Prevention' and 'Preparedness".
- Seatrade Asia, 25 September 2007

Singapore International Maritime Awards

NetworkONE Reception

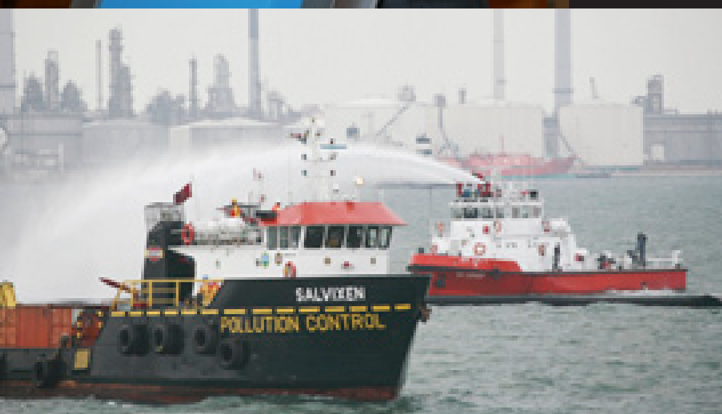
Inaugural Singapore Maritime Lecture

Launch of Maritime Week 2007 at Singapore Shipping Association's 22nd Anniversary Gala Dinner

World Maritime Day Hamper Distribution

International Chemical & Oil Pollution Conference and Exhibition

International Maritime-Port Technology & Development Conference



Chemspill Exercise

FLYING THE FLAG ABROAD

Maritime is a league of its own and a global one, given the international nature of shipping. International prominence is a premium. How Team MPA performs away globally is as important as its achievements on home ground. Given its vision to be a leading maritime agency driving Singapore's global maritime aspirations, flying the Singapore flag high in the international arena is part of the team's strategic thrusts, in particular at the International Maritime Organization (IMO) - the United Nations agency for shipping. Team MPA also actively ensures that developments in regional forums are aligned with the international rules of the game. Making friends, winning fans and forging partnerships complete the team's strategy.

Stepping up in the IMO

Singapore was reelected to the IMO Council for an eight consecutive term at the 25th session of the IMO Assembly in November 2007. Mr Raymond Lim, Singapore's Minister for Transport and Second Minister for Foreign Affairs, envisages Singapore "to continue to play an active role in the IMO to ensure that international shipping remains safe, secure and environmentally responsible." Additionally, Singapore participated actively in the formulation of the IMO Strategic Plan which sets out the strategic directions for the IMO. Together with Indonesia and Malaysia, Singapore also launched the landmark Cooperative Mechanism for the Straits

Singapore delegation to the 25th session of the IMO Assembly

of Malacca and Singapore under the IMO's "Protection of Vital Shipping Lanes" initiative. And Team MPA's Mr Zafrul Alam continues to chair the IMO's Sub-Committee on Bulk Liquids and Gases.

A New High in Straits Cooperation

Singapore hosted the landmark IMO-Singapore Meeting in September to launch a new Cooperative Mechanism to enhance navigational safety and marine environment protection in the Straits of Malacca and Singapore. Hailed as a ground breaking initiative and historic milestone, the Cooperative Mechanism is the concrete realisation of Article 43 of the United National Convention on the Law of the Sea (UNCLOS). The Article provides for cooperation between users States and States bordering straits used for international navigation in the maintenance of navigational safety and the prevention, reduction and control of pollution from ships. According to Professor Tommy Koh, Singapore's Ambassador-At-Large and Special Advisor to Team MPA, "[t]he launch of the Cooperative Mechanism was a very happy occasion for the veterans of the Third United Nations Conference on the Law of the Sea……Owing to the initiative of the IMO, the cooperative attitudes of the three littoral States, the user States, and the shipping industry, we have finally been able to, for the first time, implement Article 43 of UNCLOS. This is very welcome news for the world".

"...we have finally been able to, for the first time, implement Article 43 of UNCLOS. This is very welcome news for the world"

Even before the Cooperative Mechanism, the three-way tag team of Indonesia, Malaysia and Singapore has been keeping the Straits safe and clean. It is currently Team MPA's term to manage the funds of the Revolving Fund Committee (RFC). The RFC was established in 1981 by the three littoral states of Indonesia, Malaysia and Singapore with funds from Japanese interest to facilitate response to oil pollution from ships in Malacca and Singapore Straits.

The 28th RFC Meeting was hosted by MPA from 21 to 22 May 2007 and focused on the administration of the fund, as well as approvals for training programmes and activities to enhance preparedness and response capabilities of member States.

Contributing to Capacity Building and Sharing Insights

Team MPA conducted the "Regional Training Course for Simulator Instructors' under the auspices of the Singapore-IMO Third Country Training Programme (TCTP). The training programme was conducted at the team's Integrated Simulation Centre from 3 to 7 September 2007. 19 participants from the maritime administrations of 10 Asia-Pacific countries attended the course. To date, MPA has conducted 41 training courses under the Singapore-IMO TCTP arrangement, and trained more than 1,000 officials from 43 maritime administrations.

The team was honoured to host students from the World Maritime University (WMU) from 26 to 30 November 2007. 14 students from around the world and a lecturer from the WMU's Master of Science in Maritime Affairs programme spent time with MPA and its partner organisations and institutions to witness first hand the planning, management and running of *Maritime Singapore*. They also got to interact and exchange views with local players to gain an Asian perspective on maritime issues.

Singapore at Nor-Shipping

The Singapore pavilion at Nor-Shipping 2007 enabled the combined team of SMF, ASMI and MPA to showcase the range of maritime expertise and services that Singapore has to offer, as well as to position *Maritime Singapore* as an ideal gateway to Asia.

28th Revolving Fund Committee Meeting

For the complete unique Singapore flavour, local caterers were specially flown there to prepare a generous spread of Singapore delicacies to whet the appetites of Nor-Shipping participants. The Singapore Pavilion and Singapore Nite Reception were major hits with foreign friends and new fans.

Mrs Lim Hwee Hua, Senior Minister of State for Finance and Transport led the Singapore delegation to Nor-Shipping. The delegation was very honoured by His Royal Highness King Harald of Norway's visit to the Singapore Pavilion.

A Special Meeting of the ReCAAP Governing Council

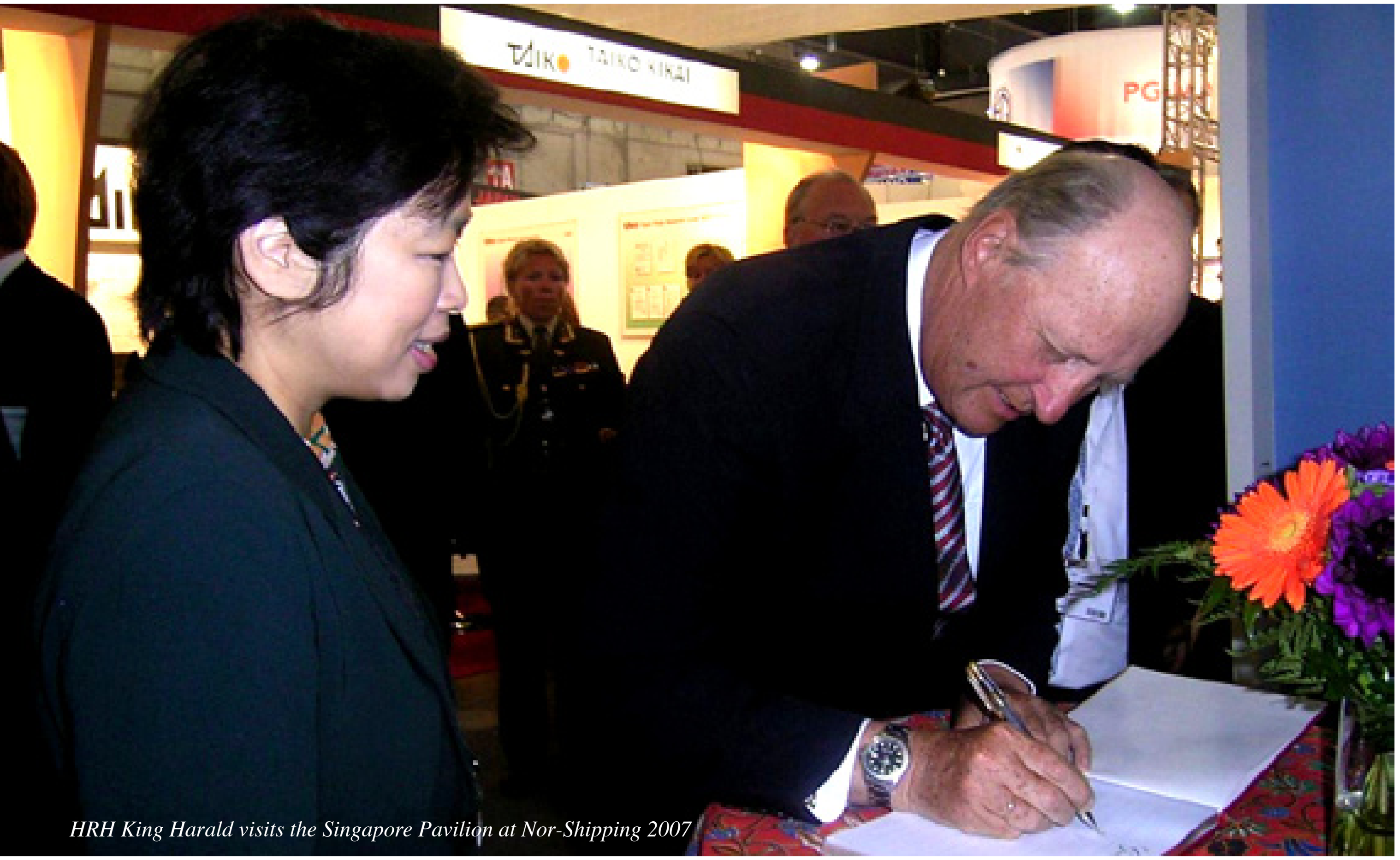
With increased cooperation clearly a critical success factor in dealing with piracy and armed robbery against ships, this naturally took centre stage at the ReCAAP (Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia) Special Governing Council (GC) Meeting held in Singapore from 4 to 5 July 2007. The GC, led by chairman BG (NS) Tay Lim Heng, took stock of the progress made by the ReCAAP Information Sharing Centre (ISC) in its first six months of operation, and approved an Agreement of Co-operation to be signed between the ISC and the International Maritime Organization. The GC also agreed that the ISC should develop a programme for capacity building. Finally, the Special Meeting provided the ISC with the opportunity to present its research work and assessment of the piracy situation in the region to its Governors and thereafter to the public through a media conference.

IAPH Leadership

In May 2007, Team MPA was honoured by the appointment of coach Tay Lim Heng as Third Vice President of the International Association of Ports and Harbours (IAPH), a non-governmental organisation comprising members from some 230 ports in about 90 countries. This presented Team MPA with opportunities to engage, consult and collaborate with teams from all around the world on issues of mutual interests.

Trail Blazing

Singapore became the first country in the world to conclude an agreed schedule of rates for oil clean-up operations with the International Tanker Owners Pollution Federation (ITOPF). The agreement sets out agreed rates



HRH King Harald visits the Singapore Pavilion at Nor-Shipping 2007

for vessels and equipment deployed by MPA in the event of a spill from a vessel insured by the International Group of P & I Clubs. This effectively helps expedite the settlement of claims in the event of an oil pollution incident in Singapore waters.

Strengthening Bilateral Relations

Team MPA signed an extension of the Memorandum of Understanding on maritime cooperation with the Directorate-General of Civil Aviation and Freight Transport (DGFT) of The Netherlands in October 2007, for another three years.

The MOU was first signed in July 2002 to provide a framework for the MPA and the DGFT to cooperate in areas such as quality shipping, maritime policy, maritime training, research and development, and innovation in shipping, ports and logistics. The MOU signifies the strength of our bilateral relations with The Netherlands.

The team also led a joint MPA-A*STAR-NUS-NTU delegation to the annual MPA-RCN (Research Council of Norway) MOU Meeting on 12 June 2007 in Oslo, Norway.

Areas of bilateral cooperation discussed include Norwegian participation in Team MPA's ICT projects, and exploring joint research in the areas of alternative fuel/energy and maritime transport. Completing the maritime bilateral Grand Slam, at the Third Singapore-China Senior Officials Committee Meeting held in Beijing, China, in December 2007, both countries agreed to deepen maritime co-operation in the areas of maritime training, R&D and on issues related to the Straits of Malacca and Singapore.

MOU with DGFT

*MPA-A*STAR-NUS-NTU delegation to the MPA-RCN MOU Meeting*

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teamPLAY!

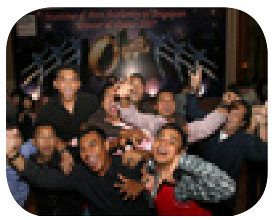
PeopleFIRST!

"…….we carried out a series of bonding and welfare activities: staff nights, mariner nights, family day…….Why do we carry out these activities?

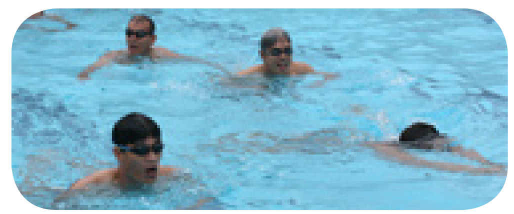
***People are the most important resource in an organisation.** I believe that is not just a cliche but it happens to be true. How we lead our people, how they are organised and aligned, how we develop their competencies and what are their attitudes - all these factors determine whether we are an ordinary organisation or whether we are a dynamic and high performing one…….I believe people issues are the key to our vision….."*

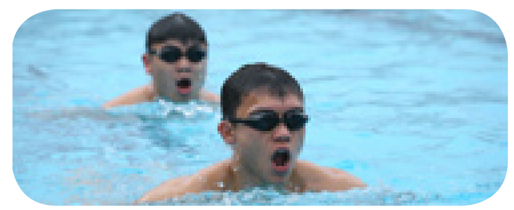
Coach Tay Lim Heng
at MPA Workplan Seminar 2007

FREEZE FRAME



FREEZE FRAME





PERFORMANCE ENHANCERS

Power up with the 5Ps

- Nurture Competent & Committed **PEOPLE**
- Develope a **PRO-BUSINESS** Environment
- Build Strong **PARTNERSHIPS**
- Improve Operational **PROCESSES**
- Achieve International **PROMINENCE**

is *it* in you?

SPOrTs CommunicatiONs is SPOT ON!

Making friends and delighting fans for Team MPA through corporate events, publications and media partners since 1996

Singapore keeps world's busiest container port title
~ The Straits Times, 11 Jan 07

Helicopter deployed for the first time in annual marine emergency exercise.
~ Channel NewsAsia, 26 Sep 07

Singapore port to offer ships wireless broadband access
~ The Straits Times, 27 Sep 07

Found: The romantic side of rig building
~ Lloyd's List, 19 Jan 07

Singapore once again voted as 'Best Seaport in Asia'
~ Lianhe Zaobao, 26 Jan 07

Inaugural Maritime Youth Day attracts 1,000 students
~ Channel NewsAsia, 4 Apr 07

Special 2007 Annual Report Edition
A Corporate Communications Production


SPOT ON!
TEAM MPA
GEARS UP FOR 2008
and beyond

For The Record

The financial supplement to Singapore Maritime Illustrated magazine.
Not for individual sale.

2007 Financial Performance

Financial Report 2007
A publication by the Maritime and Port Authority of Singapore

STATEMENT BY BOARD OF MEMBERS

In our opinion:

(a) the financial statements of The Maritime and Port Authority of Singapore (the "Authority") set out on pages FS1 to FS34 are properly drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2007 and the results, changes in equity and cash flows of the Authority for the year ended on that date in accordance with the provisions of The Maritime and Port Authority of Singapore Act, Chapter 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

Peter Ong Boon Kwee
Chairman

BG (NS) Tay Lim Heng
Chief Executive and Board Member

25 March 2008

INDEPENDENT AUDITORS' REPORT

Members of the Board
The Maritime and Port Authority of Singapore Act (Chapter 170A)

We have audited the financial statements of The Maritime and Port Authority of Singapore (the Authority), which comprise the balance sheet as at 31 December 2007, the statement of income and expenditure, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS34.

Management's responsibility for the financial statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the The Maritime and Port Authority of Singapore Act, Chapter 170A (the Act) and Statutory Board Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' 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 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 the 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:

(a) the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards to give a true and fair view of the state of affairs of the Authority as at 31 December 2007 and the results, changes in equity and cash flows of the Authority for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Authority have been properly kept in accordance with the provisions of the Act.

Report on other legal and regulatory requirements

During the course of our audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Authority during the year have not been in accordance with the provisions of the Act.

KPMG
Public Accountants and
Certified Public Accountants

Singapore
25 March 2008

BALANCE SHEET

As at 31 December 2007

	Note	2007 $	2006 $
Non-current assets			
Property, plant and equipment	3	94,450,977	100,678,619
Capital work-in-progress	4	2,537,114	908,020
Subsidiary	5	2	2
Associate	6	-	-
Financial assets	7	536,018,384	652,399,997
		633,006,477	753,986,638
Current assets			
Trade receivables	8	20,213,214	15,155,961
Deposits, prepayments and other receivables	9	7,715,453	25,932,065
Cash and cash equivalents	10	259,462,057	158,604,830
		287,390,724	199,692,856
Total assets		920,397,201	953,679,494
Capital and other funds			
Capital account	11	147,375,155	147,375,155
Fair value reserve		19,427,095	37,918,872
Accumulated surplus		673,116,772	553,154,709
		839,919,022	738,448,736
Funds managed/held on behalf of others	26, 27	47,119,556	35,941,972
Funds' net assets managed/held on behalf of others	26, 27	(47,119,556)	(35,941,972)
		-	-
Total capital and other funds		839,919,022	738,448,736
Non-current liabilities			
Employee benefits	12	1,515,063	2,384,157
Deferred capital grant	13	33,973,836	35,091,228
		35,488,899	37,475,385
Current liabilities			
Trade and other payables	14	14,228,104	154,264,479
Advances, deposits and unearned income	15	3,505,699	3,211,957
Employee benefits	12	913,694	-
Provision for contribution to Consolidated Fund		26,341,783	20,278,937
		44,989,280	177,755,373
Total liabilities		80,478,179	215,230,758
Total equity and liabilities		920,397,201	953,679,494

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

STATEMENT OF INCOME AND EXPENDITURE

Year ended 31 December 2007

	Note	2007 $	2006 $
Revenue			
Port dues and marine services		174,499,962	151,301,258
Shipping services		6,683,522	5,508,445
Rental income		1,808,528	1,543,431
Training		1,074,078	1,119,189
Miscellaneous revenue		1,435,042	1,493,384
		185,501,132	160,965,707
Operating expenditure			
Staff costs	17	47,064,507	42,020,238
Depreciation expense on property, plant and equipment	3	10,236,374	11,371,746
Hire of marine craft and sea garbage services		6,261,632	6,122,177
Fuel, repairs and maintenance		6,496,675	5,633,641
Other operating expenses	18	32,887,165	30,788,742
		102,946,353	95,936,544
Operating surplus		82,554,779	65,029,163
Other operating surplus	19	61,936,906	34,292,226
Surplus from operations	23	144,491,685	99,321,389
Amortisation of deferred capital grant	13	1,817,761	2,073,297
Surplus before contribution to Consolidated Fund		146,309,446	101,394,686
Contribution to Consolidated Fund	20	(26,347,383)	(20,267,303)
Surplus for the year		119,962,063	81,127,383

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

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2007

	Capital account $	Fair value reserve $	Accumulated surplus $	Total $
At 1 January 2006	147,375,155	24,640,033	576,427,326	748,442,514
Net change in fair value of:				
- Available-for-sale debt and equity securities placed by fund managers	-	27,252,422	-	27,252,422
- Available-for-sale equity securities	-	757,068	-	757,068
Net gains recognised directly in equity	-	28,009,490	-	28,009,490
Transfer to statement of income and expenditure on sale of:				
- Available-for-sale debt and equity securities placed by fund managers	-	(14,721,083)	-	(14,721,083)
- Available-for-sale equity securities	-	(9,568)	-	(9,568)
Surplus for the year	-	-	81,127,383	81,127,383
Total recognised income and expense for the year	-	13,278,839	81,127,383	94,406,222
Return of surplus funds to Government	-	-	(104,400,000)	(104,400,000)
At 31 December 2006	147,375,155	37,918,872	553,154,709	738,448,736
At 1 January 2007	147,375,155	37,918,872	553,154,709	738,448,736
Net change in fair value of:				
- Available-for-sale debt and equity securities placed by fund managers	-	30,303,680	-	30,303,680
- Available-for-sale equity securities	-	818,063	-	818,063
Net gains recognised directly in equity	-	31,121,743	-	31,121,743
Transfer to statement of income and expenditure on sale of available-for-sale debt and equity securities placed by fund managers	-	(62,041,392)	-	(62,041,392)
Impairment loss on available-for-sale equity securities placed by fund managers transferred to statement of income and expenditure	-	12,427,872	-	12,427,872
Surplus for the year	-	-	119,962,063	119,962,063
Total recognised income and expense for the year	-	(18,491,777)	119,962,063	101,470,286
At 31 December 2007	147,375,155	19,427,095	673,116,772	839,919,022

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

CASH FLOW STATEMENT

Year ended 31 December 2007

	Note	2007 $	2006 $
Operating activities			
Surplus before contribution to Consolidated Fund		146,309,446	101,394,686
Adjustments for:			
Depreciation expense on property, plant and equipment		10,236,374	11,371,746
Allowance for doubtful receivables (net)		23,373	126,794
Provision for employee benefits		84,000	137,280
Net investment income from funds with fund managers	19	(60,847,923)	(33,278,972)
Interest income on bank deposits and staff loans		(1,861,597)	(2,228,146)
Dividend income on equity securities		(234,058)	(119,600)
Gain/(loss) on disposal of:			
- Property, plant and equipment		(7,456)	450,251
- Available-for-sale equity securities		-	(21,528)
Amortisation of deferred capital grant		(1,817,761)	(2,073,297)
Impairment loss on:			
- Unquoted equity securities		782,303	560,769
- Associate		-	300,000
		92,666,701	76,619,983
Changes in working capital:			
Trade receivables		(5,374,190)	8,922,881
Deposits, prepayments and other receivables		(174,285)	(994,718)
Trade and other payables		4,026,104	(4,297,473)
Advances, deposits and unearned income		293,742	(206,488)
Cash generated from operations		91,438,072	80,044,185
Contribution paid to Consolidated Fund	20	(20,284,537)	(34,125,769)
Repayment of staff loans		-	13,582
Payment of employee benefits		(39,400)	(156,440)
Cash flows from operating activities		71,114,135	45,775,558
Investing activities			
Proceeds from sale of property, plant and equipment		19,412	37,169
Purchases of property, plant and equipment and capital work-in-progress		(4,949,412)	(1,263,777)
Purchase of unquoted equity securities		(2,313,710)	(36,191)
Purchase of debt security		(150,000)	-
Proceeds from sale of financial assets		-	163,852
Additional funds placed with fund managers		(4,200,000)	-
Interest received		1,255,601	2,079,792
Dividends received from equity securities		234,058	119,600
Proceeds from redemption of bonds on maturity		-	9,990,406
Cash flows from investing activities		(10,104,051)	11,090,851
Financing activity			
Return of surplus to Government	16	-	(119,400,000)
Cash flows from financing activity		-	(119,400,000)
Net increase/(decrease) in cash and cash equivalents		61,010,084	(62,533,591)
Cash and cash equivalents at beginning of the year	10	33,102,690	95,636,281
Cash and cash equivalents at end of the year	10	94,112,774	33,102,690

In the current financial year, the Authority acquired certain property, plant and equipment with an aggregate cost of $4,020,688 (2006: $38,297,420), of which $700,369 (2006: $37,164,525) was funded through Government grant.

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

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 25 March 2008.

1 Domicile and activities

The Maritime and Port Authority of Singapore (the Authority) was established on 2 February 1996 under the Maritime and Port Authority of Singapore Act (Chapter 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).

The Authority has its registered office at 460 Alexandra Road, 19 Storey, PSA Building, Singapore 119963.

The main activities of the Authority 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. The Authority is the champion agency to develop and promote Singapore as an International Maritime Centre. The Authority also represents Singapore regionally and internationally to safeguard Singapore's maritime interests.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Chapter 170A) and Statutory Board Financial Reporting Standards (SB-FRS). SB-FRS include Statutory Board Financial Reporting Standards, Interpretations of SB-FRS and SB-FRS Guidance Notes as promulgated by the Accountant-General.

The financial statements were previously prepared in accordance with Singapore Financial Reporting Standards (FRS). The effects of the transition from FRS to SB-FRS are set out in note 23.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies set out below.

The financial statements are presented in Singapore dollars which is the Authority's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – depreciation and residual value of property, plant and equipment

- Note 7 – measurement of impairment allowance for quoted financial assets and unquoted equity securities

- Note 8 – measurement of impairment allowance for doubtful trade receivables

The accounting policies used by the Authority have been applied consistently to all periods presented in these financial statements.

2.2 Subsidiaries

Subsidiaries are entities controlled by the Authority. Control exists when the Authority has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently exercisable are taken into account.

Investment in subsidiary is stated in the Authority's balance sheet at cost less impairment losses. The financial statements of the subsidiary have not been consolidated as they are not material to the Authority's financial position, results and cash flows.

2.3 Associates

Associates are those entities in which the Authority has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investment in associate is stated in the Authority's balance sheet at cost less impairment losses. The Authority's associate has not been accounted for using the equity method of accounting as the financial statements of the associate are not material to the Authority's financial position, results and cash flows.

2.4 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Authority at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of income and expenditure except for differences arising on retranslation of available-for-sale equity instruments.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, 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.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income and expenditure as incurred.

Depreciation on property, plant and equipment is recognised in the statement of income and expenditure on a straight-line basis over the estimated useful lives (or lease term, if shorter) of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

Leasehold land	Over the remaining lease period ranging from 4 to 58 years
Building structures	5 to 58 years
Wharves, hardstanding and roads	5 to 28 years
Renovations	5 years
Plant, machinery and equipment	2 to 15 years
Vehicles	5 years
Computers	3 years
Furniture and fittings	3 to 10 years
Floating crafts	5 to 15 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

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 net book values.

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

2.6 Capital work-in-progress

Capital work-in-progress is stated at cost. Expenditure relating to the capital work-in-progress are 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.

2.7 Impairment – non-financial assets

The carrying amounts of the Authority's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of income and expenditure. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (group of units) on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.8 Financial assets

Financial assets comprise investments in equity and debt securities, trade and other receivables and cash and cash equivalents.

The Authority classifies its financial instruments in the following categories: loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. The Authority determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(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. Loans and receivables are classified within "trade receivables", "other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments 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.

(iii) Available-for-sale financial assets

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 available-for-sale financial assets.

A financial asset is recognised if the Authority becomes a party to the contractual provisions of the asset. Financial assets are derecognised if the Authority's contractual rights to the cash flows from the financial assets expire or if the Authority transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Authority commits to purchase or sell the asset.

Non-derivative financial assets are recognised initially at fair value plus, for financial assets not at fair value through statement of income and expenditure, any directly attributable costs. Subsequent to initial recognition, non-derivative financial assets are measured as described below.

Loans and receivables and held-to-maturity investments are measured at amortised costs using the effective interest method, less any impairment losses.

Available-for-sale securities are initially measured at fair value plus direct and incremental transaction costs. Subsequent to initial recognition, they are measured at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in the statement of income and expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised directly in equity is transferred to the statement of income and expenditure.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and the Authority intends to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents comprise cash balances, bank deposits, commercial papers, short term bills and notes which are readily convertible to cash and which are subject to an insignificant risk of change in value. For the purpose of the statement of cash flows, cash and cash equivalents are present net of bank overdrafts, if any, which are repayable on demand and which form an integral part of the Authority's cash management.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of income and expenditure. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in the fair value reserve within equity is transferred to the statement of income and expenditure.

Impairment losses in respect of financial assets measured at amortised cost and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised directly in equity.

2.9 Operating leases

When the Authority is a lessee of an operating lease

Where the Authority has the use of assets under operating leases, payments made under the leases are recognised in the statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of income and expenditure as an integral part of the total lease payment made. Contingent rentals are charged to the statement of income and expenditure in the accounting period in which they are incurred.

When the Authority is a lessor of an operating lease

Assets subject to operating leases are included in leasehold land and are depreciated over the lease term of the leasehold land. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

2.10 Financial liabilities

Non-derivative financial liabilities comprise trade and other payables.

A financial liability is recognised if the Authority becomes a party to the contractual provisions of the liability. Financial liabilities are derecognised if the Authority's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial liabilities are initially recognised at fair value, plus for liabilities not at fair values through statement of income and expenditure, any directly attributable costs. Subsequent to initial recognition, trade and other pay ables are measured at amortised cost using the effective interest method.

2.11 Derivative financial instruments

The Authority engages external fund managers to manage some of its surplus funds. The Authority is exposed primarily to the financial risk of foreign exchange and interest rate fluctuations on debt and equity securities and cash and cash equivalents placed by fund managers. These fund managers 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.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the statement of income and expenditure. Subsequent to initial recognition, derivatives are measured at fair values.

Fair values are obtained from quoted market prices in active markets, or by using valuation techniques, including recent market transactions, where an active market does not exist. Valuation techniques include discounted cash flow models and option pricing models as appropriate. All derivatives are classified as assets when their fair value is positive, or as liabilities when their fair value is negative.

All gains or losses from changes in the fair value of derivatives used by the fund managers as described above are recognised in the statement of income and expenditure.

2.12 Employee benefits

Defined contribution plans

Obligations for contributions to post-employment benefit and employees' retirement gratuity under defined contribution plans are recognised as an expense in the statement of income and expenditure as incurred.

Short-term benefits

Short-term employee benefit obligations, including accumulated compensated absence, are measured on an undiscounted basis and are expensed in the statement of income and expenditure in the accounting period in which the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Authority has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.13 Provisions

A provision is recognised if, as a result of a past event, the Authority has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

2.14 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts.

Income from services

Where it is probable that the economic benefits will flow to the Authority and the revenue and costs, if applicable, can be reliably measured, service income is recognised as follows:

- Port dues and marine services and maritime welfare fees

  Port dues and marine services and maritime welfare fees are recognised over the duration of stay of the vessels.

- Shipping services

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

Rental income

Rental income receivable under operating leases is recognised in the statement of income and expenditure on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Dividend income

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

2.15 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the Authority will comply with the attached conditions and the grants will be received.

Grants in recognition of specific expenses are recognised in the statement of income and expenditure over the periods necessary to match them with the relevant expenses they are intended to compensate. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is recognised as income on a systematic basis over the useful life of the asset.

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 - Straits of Malacca and Singapore Revolving Fund Committee, Singapore Stranded Seafarer' Fund and agency funds held in trust of Ministry of Transport are presented as a line item under the capital and other funds section on the face of the balance sheet of the financial statements as prescribed by SB-FRS Guidance Note 1. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in notes 26 and 27 to the financial statements.

3 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 $	Total $
Cost										
At 1 January 2006	3,917,307	41,419,059	43,068,483	2,109,332	11,148,010	476,816	49,534,576	705,371	13,933,356	166,312,310
Additions	3,745,735	11,570,621	19,178,631	-	1,847,246	172,661	1,251,917	93,350	437,259	38,297,420
Disposals/write-off	(566,666)	(15,753)	(545,913)	-	(1,476,383)	(312,255)	(1,318,637)	(52,149)	(788,052)	(5,075,808)
At 31 December 2006	7,096,376	52,973,927	61,701,201	2,109,332	11,518,873	337,222	49,467,856	746,572	13,582,563	199,533,922
Additions	-	-	-	-	332,162	32,430	3,634,496	21,600	-	4,020,688
Disposals/write-off	-	(4,150)	-	-	(701,794)	(52,417)	(2,945,990)	(1,600)	-	(3,705,951)
At 31 December 2007	7,096,376	52,969,777	61,701,201	2,109,332	11,149,241	317,235	50,156,362	766,572	13,582,563	199,848,659
Accumulated depreciation										
At 1 January 2006	870,027	14,277,819	14,217,079	2,109,332	9,315,605	393,083	43,180,329	368,903	7,339,768	92,071,945
Depreciation charge for the year	196,514	2,340,174	2,430,841	-	849,417	56,981	4,259,196	70,122	1,168,501	11,371,746
Disposals/write-off	(163,176)	(15,753)	(481,523)	-	(1,473,885)	(312,255)	(1,318,637)	(35,107)	(788,052)	(4,588,388)
At 31 December 2006	903,365	16,602,240	16,166,397	2,109,332	8,691,137	137,809	46,120,888	403,918	7,720,217	98,855,303
Depreciation charge for the year	212,208	2,412,502	2,555,388	-	702,070	60,210	3,071,512	65,764	1,156,720	10,236,374
Disposals/write-off	-	(4,150)	-	-	(689,968)	(52,417)	(2,945,990)	(1,470)	-	(3,693,995)
At 31 December 2007	1,115,573	19,010,592	18,721,785	2,109,332	8,703,239	145,602	46,246,410	468,212	8,876,937	105,397,682
Carrying amount										
At 1 January 2006	3,047,280	27,141,240	28,851,404	-	1,832,405	83,733	6,354,247	336,468	6,593,588	74,240,365
At 31 December 2006	6,193,011	36,371,687	45,534,804	-	2,827,736	199,413	3,346,968	342,654	5,862,346	100,678,619
At 31 December 2007	5,980,803	33,959,185	42,979,416	-	2,446,002	171,633	3,909,952	298,360	4,705,626	94,450,977

Depreciation

The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded at 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, 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. The residual value is reviewed at each reporting date, with any change in estimate accounted for as a change in estimate and therefore prospectively.

Residual value of floating crafts

Residual value of floating crafts are estimated after considering the price that could be recovered from the sale of scrap metal based on the expected age and condition at the end of the useful lives after deducting the estimated cost of disposal.

The residual values for floating crafts at the end of the financial year have been estimated to be insignificant by the Authority.

4 Capital work-in-progress

Capital work-in-progress relates to the cost of computer systems under development. No depreciation is provided on capital work-in-progress until the computer systems are available for use.

5 Subsidiary

	2007 $	2006 $
Investment in subsidiary, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority 2007 %	Effective equity held by the Authority 2006 %
MPA Venture Pte. Ltd.	Singapore	100	100

The primary activity of the subsidiary is to act as a holding company to own jointly Intellectual Properties (IP) and manage investments in maritime technology start-ups and companies and joint ventures with partners.

The assets and liabilities and results of the subsidiary have not been consolidated as they are not material to the Authority's financial statements. The net liabilities of the subsidiary based on unaudited financial statements as at 31 December 2007 is $11,891 (2006: $8,555) and its accumulated deficit as at 31 December 2007 is $11,893 (2006: $8,557).

6 Associate

	2007 $	2006 $
Investment in associate	-	300,000
Impairment loss	-	(300,000)
	-	-

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity held by the Authority 2007 %	2006 %
INFO@SEA Pte. Ltd.	Singapore	*	33

** ceased to be an associate as at 31 December 2007*

The primary objective of INFO@SEA Pte. Ltd. ("ISEA") is to provide met-ocean information services to the maritime industry. Pursuant to a Shareholders' Agreement dated 31 December 2007, the Authority sold an equity stake of 18% to an existing shareholder of ISEA for a deferred purchase consideration of $165,000, contingent on certain performance targets to be achieved by ISEA. The Authority has not recognised this contingent asset and accordingly, no gain on disposal of interest in ISEA is recognised. With this part-divestment, the Authority's equity stake in ISEA is reduced to 15%. Accordingly, the remaining gross cost of investment and the accumulated impairment loss of $135,000 and $135,000, respectively, have been reclassified to "financial assets" (See Note 7).

In the previous financial year, the net assets and results of the associate had not been accounted for by the Authority using the equity method as they were not material to the Authority's financial statements.

The financial information of the associate are as follows:

	2007 $	2006 $
Assets and liabilities		
Total assets	-	1,036,690
Total liabilities	-	957,531
Results		
Revenue	24,887	289,044
Loss after taxation	(170,974)	(561,238)

The summarised financial information above relating to the associate was not adjusted for the percentage of ownership held by the Authority.

Impairment losses

In view of continuing operating losses and uncertainty of future earnings faced by ISEA, the Authority had, in the previous year, deemed the recoverable amount of the associate to be $Nil. Accordingly, an impairment loss of $300,000 was recognised and presented within "other operating surplus" in the previous year's statement of income and expenditure.

As at 31 December 2007, there were no significant improvement in the financial health of ISEA and therefore the Authority has continued to fully provide against the remaining cost of investment in ISEA (now presented in note 7).

7 Financial assets

	Note	2007 $	2006 $
Non-current investments			
Available-for-sale securities:			
Quoted debt securities managed by fund managers	21	307,091,536	423,452,620
Quoted equity securities managed by fund managers	21	221,978,837	244,498,840
Quoted equity securities managed internally		4,544,800	3,726,737
Unquoted equity securities managed internally		3,731,283	1,282,569
Impairment losses		(1,478,072)	(560,769)
		2,253,211	721,800
		535,868,384	652,399,997
Unquoted held-to-maturity debt securities		150,000	-
		536,018,384	652,399,997

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

	2007 $'000	2006 $'000
US dollars	159,228	241,367
Euro	16,521	61,698
Sterling Pounds	-	5,367
Japanese Yen	10,048	15,834
Ringgit Malaysia	5,895	-
Norwegian Kroger	5,092	-
Swedish Krona	5,638	-
Various other foreign currencies	10,273	3,932
	212,695	328,198

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

	2007 $'000	2006 $'000
US dollars	39,656	72,091
Euro	37,152	25,049
Hong Kong dollars	24,942	27,433
Ringgit Malaysia	16,196	14,593
Sterling Pounds	17,013	11,596
Japanese Yen	11,794	21,860
Australian dollars	5,074	8,500
Canadian dollars	5,219	5,146
Indonesian Ruppee	7,328	4,701
Thai Baht	4,036	2,309
Korean Won	3,296	-
Nowegian Kroger	3,403	1,690
Swedish Krona	3,990	2,762
Swiss Franc	3,311	7,055
Various other foreign currencies	8,151	-
	190,561	204,785

Measurement of impairment allowances for financial assets and unquoted equity securities

The Authority follows the guidance of SB-FRS 39 in determining when a financial asset is considered impaired. This determination requires significant judgement. The Authority evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost.

The investments in unquoted equity securities amounting to $2,253,211 (2006: $721,800) 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.

Impairment losses

Certain investee companies continued to incur operating losses and recorded a deficit in shareholders' funds. As the going concern of these investee companies is also uncertain, for the purpose of the Authority's impairment assessment, the Authority has continued to deem the recoverable amounts of these investee companies to be $Nil. Accordingly, an additional impairment loss of $782,303, presented in "other operating surplus", has been recognised in the current year's financial statements.

The unquoted debt securities are interest-free and mature in 2009. If the debt securities are not redeemed by the contractual maturity dates, the securities shall bear an interest rate of 10% to 12%.

8 Trade receivables

	2007 $	2006 $
Trade receivables	20,519,289	15,438,663
Allowance for doubtful receivables	(306,075)	(282,702)
	20,213,214	15,155,961

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. The Authority evaluates whether there is any objective evidence that trade receivables are impaired and determines the amount of impairment loss as a result of the inability of the customers to make required payments. The Authority determines the estimates based on the ageing of the trade receivable balance, credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

Trade receivables are mainly denominated in the Authority's functional currency.

9 Deposits, prepayments and other receivables

	2007 $	2006 $
Deposits	211,043	191,974
Prepayments	407,058	691,057
Other receivables	4,037,604	21,900,954
Allowance for doubtful receivables	(165,000)	-
	3,872,604	21,900,954
Accrued interest receivable	3,214,855	3,140,523
Amount due from subsidiary (non-trade)	9,893	7,557
	7,715,453	25,932,065

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 managed by fund managers:

	Note	2007 $	2006 $
Interest receivable	21	2,854,661	2,985,670
Receivables on sale of financial instruments	21	-	14,257,652
Forward foreign exchange purchases (net)	21	1,328,481	4,609,011
Futures and other derivatives assets	21	-	1,562,011
Other receivables (mainly dividend receivables)	21	712,427	643,116
		4,895,569	24,057,460

The amount due from subsidiary (non-trade) is unsecured, interest-free and repayable on demand. There is no allowance for doubtful debt arising from the outstanding balance.

10 Cash and cash equivalents

	2007 $	2006 $
Cash at bank and in hand	47,212,111	23,225,301
Commercial papers	107,568,565	51,082,568
Short-term bills and notes	27,116,064	2,591,694
Fixed deposits	77,565,317	81,705,267
Cash and cash equivalents	259,462,057	158,604,830
Cash and cash equivalents managed by fund managers	(165,349,283)	(125,502,140)
Cash and cash equivalents in the cash flow statement	94,112,774	33,102,690

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

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

	2007 $'000	2006 $'000
US dollars	5,836	19,801
Euro	78	4,885
Various other foreign currencies	869	1,939
	6,783	26,625

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

	Note	2007 $	2006 $
Cash at bank and in hand	21	27,863,235	13,989,912
Commercial papers	21	107,568,565	51,082,568
Short-term bills and notes	21	27,116,064	2,591,694
Fixed deposits	21	2,801,419	57,837,966
		165,349,283	125,502,140

The effective interest rates of fixed deposits placed directly by the Authority vary from 2.20% to 2.83% (2006: 3.00% to 3.43%) per annum. Interest rates reprice at intervals of three, six or twelve months.

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

	2007 %	2006 %
Commercial papers	2.00 - 2.48	3.35 - 5.35
Short-term bills and notes	0.58 - 2.20	4.87 - 4.89
Fixed deposits	1.31	3.25 - 5.36

11 Capital account

The capital 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.

12 Employee benefits

	2007 $	2006 $
At 1 January	2,384,157	2,403,317
Provision made	84,000	137,280
Provision utilised	(39,400)	(156,440)
At 31 December	2,428,757	2,384,157
Non-current	1,515,063	2,384,157
Current	913,694	-
	2,428,757	2,384,157

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

13 Deferred capital grant

	2007 $	2006 $
At 1 January	37,164,525	-
Assets acquired using Government grants	700,369	37,164,525
At 31 December	37,864,894	37,164,525
Less:		
Accumulated amortisation		
At 1 January	2,073,297	-
Amortisation during the year	1,817,761	2,073,297
At 31 December	3,891,058	2,073,297
	33,973,836	35,091,228

The above represents the unamortised portion of Government grant received in connection with property, plant and equipment acquired by the Authority. In the previous year, the transfer of property, plant and equipment with net book value of $35.1 million from another Government agency to the Authority was a significant related party transaction.

14 Trade and other payables

	Note	2007 $	2006 $
Trade payables		4,302,283	3,235,191
Payables on purchase of financial instruments, managed by fund managers	21	-	142,572,747
Futures and other derivatives liabilities	21	-	1,387,017
Accrued capital expenditure		1,061,334	1,217,475
Accrued operating expenses		6,908,380	4,574,848
Other payables		1,956,107	1,277,201
		14,228,104	154,264,479

Trade payables are mainly denominated in the Authority's functional currency.

Payables on purchase of financial instruments, managed by fund managers, are mainly denominated in US dollars.

Accrued administrative fee payable to the fund managers and custodian bank amounted to $897,665 (2006: $871,818) is included in accrued operating expenses.

15 Advances, deposits and unearned income

	2007 $	2006 $
Advances and deposits	1,222,849	994,813
Unearned annual port dues	2,282,850	2,217,144
	3,505,699	3,211,957

Ships that call frequently at the port are allowed to pay port dues on an annual basis in advance instead of on a per call basis.

16 Return of surplus funds to Government

In 2006, in accordance with Section 3(b) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A), the Ministry of Finance decided that the Authority contribute $119.4 million to the Consolidated Fund as a return to the Government.

17 Staff costs

The contribution to Central Provident Fund included in staff costs during the financial year is $4,286,094 (2006:$3,365,477). Other contributions to defined contribution plans amounted to $84,000 (2006:$137,280) (note 12).

18 Other operating expenses

Included in other operating expenses are the following:

	2007 $	2006 $
Contribution to Singapore Maritime Foundation, renovations, consultancy and minor works	5,069,925	6,064,298
Utility charges	3,110,291	3,550,869
Contribution to the Maritime Cluster Fund projects	1,612,743	1,490,124
Contribution to the International Maritime Organisation	2,912,523	2,618,592
Contribution to Merit Fund	1,911,214	1,353,147
Telecommunication charges	2,101,812	2,211,473
Service fees to PSA	1,441,160	1,813,865
Rental/maintenance fees for office premises	1,804,285	1,615,920
Staff welfare	773,385	688,674
Property tax	1,101,720	642,600
Contracted services	1,853,949	1,509,224
Printing and stationery	565,914	571,584
Publicity expenses	524,846	448,199
Overseas travelling	887,992	679,154
Project grants	1,042,339	990,079
Retrenchment benefits	326,121	92,185

19 Other operating surplus

	Note	2007 $	2006 $
Gain/(loss) from sale of investments in:			
Debt securities		(4,885,590)	(2,656,173)
Equity securities		75,249,151	21,954,997
Fair value gain on derivatives		687,673	1,666,351
Interest income from:			
Debt securities		14,457,231	13,814,973
Fixed deposits and commercial papers		1,878,902	2,920,925
Dividend income from equity securities		5,517,923	5,407,001
Investment expenses		(3,787,481)	(3,394,289)
Loss on foreign exchange (net) on:			
Disposal of available-for-sale equity securities		(9,009,842)	(6,244,093)
Debt securities and other monetary assets		(6,863,991)	-
Impairment loss on investments in available-for-sale equity securities		(12,427,872)	-
Others		31,819	(190,720)
Net investment income from funds with fund managers		60,847,923	33,278,972

	Note	2007 $	2006 $
Interest income:			
Fixed deposits		1,615,795	2,234,645
Debt securities		-	164,567
Staff loans and trade receivables		245,802	(170,804)
Dividend income from equity securities		234,058	119,600
Consultancy fees paid		(103,263)	(45,000)
Gain/(loss) on disposal of:			
Property, plant and equipment		7,456	(450,251)
Available-for-sale equity securities		-	21,528
Impairment loss on investments in:			
Associate	6	-	(300,000)
Available-for-sale unquoted equity securities	7	(782,303)	(560,769)
Loss on foreign exchange (net)		(128,562)	(262)
		61,936,906	34,292,226

20 Contribution to Consolidated Fund

The contribution to the Consolidated Fund is determined based on Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The contribution is based on 18% (2006: 20%) of the surplus for the year.

21 Funds with fund managers

The Authority places its surplus funds with fund managers to manage its investment portfolio under a balanced mandate, a global fixed income mandate and a global equities mandate. These fund managers are given discretion in managing their portfolio, subject to the investment guidelines set out in the external 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:

	Note	2007 $	2006 $
Debt securities	7	307,091,536	423,452,620
Equities securities	7	221,978,837	224,498,840
Interest receivables	9	2,854,661	2,985,670
Receivables on sale of financial instruments	9	-	14,257,652
Forward foreign exchange purchases (net)	9	1,328,481	4,609,011
Other receivables (mainly dividend receivables)	9	712,427	643,116
Futures and other derivatives assets	9	-	1,562,011
Fixed deposits	10	2,801,419	57,837,966
Cash balances	10	27,863,235	13,989,912
Commercial papers	10	107,568,565	51,082,568
Short-term bills and notes	10	27,116,064	2,591,694
Payables on purchase of financial instruments	14	-	(142,572,747)
Futures and other derivatives liabilities	14	-	(1,387,017)
Accrued administrative fees	14	(897,665)	(871,818)
		698,417,560	652,679,478

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

	2007 $	2006 $
Notional amounts		
Futures sales	(60,025,046)	(104,252,006)
Futures purchases	10,522,749	420,793,455
Forward foreign exchange sales	(616,277,410)	(480,327,453)
Forward foreign exchange purchases	616,277,410	480,327,453

22 Financial risk management

Overview

Risk management is integral to the whole business 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.

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.

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

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

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.

Interest rate and foreign currency risks

Exposure to interest rate and foreign currency risks relates primarily to the Authority's investment portfolio managed by external professional fund managers. These fund managers follow the Authority's investment guidelines but have absolute discretion in managing the funds. The fund managers do not have to seek approval from the Authority for investment decisions made within the investment guidelines set out by the Authority. Portfolio diversification is adopted and financial derivatives may be used by fund managers for hedging purposes.

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:

	Note	2007 $	2006 $
Fixed rate			
Maturing in less than 1 year		54,836,384	51,155,583
Maturing between 1 to 5 years		76,225,605	83,901,016
Maturing in more than 5 years		90,530,819	145,986,186
Floating rate			
Repricing in less than 3 months		68,696,840	131,159,960
Repricing between 3 to 6 months		16,801,888	11,249,875
	7	307,091,536	423,452,620
Effective interest rates		0.35% - 8.85%	Nil - 8.85%

Estimation of the fair values

Investments in quoted equity and debt securities

Fair value is based on quoted bid prices at the balance sheet date without any deduction for transaction costs.

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, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on Government bonds).

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

Unquoted equity securities

The fair values of investments in unquoted equity securities are not available as there are no quoted market prices in an active market and other methods of determining fair value do not result in a reasonable estimate (note 7).

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

23 Changes in accounting policies

With the adoption of SB-FRS by the Authority during the financial year, the Authority has applied SB-FRS Guidance Note 1 - Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves which has affected the presentation of (i) amounts held on behalf of third parties and agency funds held in trust of other Government bodies and (ii) Government grants.

Funds held on behalf

Amounts held on behalf of third parties and agency funds held in trust of other Government bodies have now been presented as a separate line item on the face of the balance sheet of the Authority. The income and expenditure of such funds have also been separately disclosed in notes 26 and 27 to the financial statements. In the previous years, the amounts held on behalf of third parties and agency funds held in trust of other Government bodies were not presented on the face of the balance sheet of the Authority but only disclosed in the notes to the financial statements.

Government grants

The Government grants have now been reflected as a separate line item in the income and expenditure statement after "surplus from operations". This presentation gives a better indication of the extent to which the Authority's operations are financed by Government grants. Previously, the Government grants were included as part of "other operating surplus" and disclosed in the notes to the financial statements. Accordingly, the comparative for "other operating surplus" has been restated to $34,292,226 (previously reported: $36,365,523).

The adoption of SB-FRS Guidance Note 1 did not give rise to any adjustment in relation to the Authority's opening accumulated surplus or current year's surplus. Certain comparatives, as explained above, have been reclassified to conform with the current year's presentation.

Except as described above, there were no other impact on the financial statements following the transition from FRS to SB-FRS in relation to the basis of preparation of the Authority's financial statements.

24 Commitments

As at the balance sheet date, the Authority has the following commitments:

	2007 $	2006 $
Capital expenditure:		
- contracted but not provided for	19,826,400	6,265,200
- authorised but not contracted for	57,714,100	59,534,000
	77,540,500	65,799,200
Non-cancellable operating lease commitments payable:		
- within 1 year	135,550	180,733
- after 1 year but within 5 years	-	135,550
	135,550	316,283

25 Related parties

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.

Compensation payable to key management personnel comprises:

	2007 $	2006 $
Short-term employee benefits	2,649,323	2,242,795
Post-employment benefits	67,000	57,239
Directors fees	134,676	79,142
	2,850,999	2,379,176

26 Funds managed/held on behalf of others – Funds held in trust

Funds held in trust and managed by the Authority comprise:

	2007 $	2006 $
Straits of Malacca and Singapore Revolving Fund Committee	6,234,666	6,161,470
Singapore Stranded Seafarers' Fund	327,140	322,946
	6,561,806	6,484,416

These funds are placed with financial institutions.

Straits of Malacca and Singapore Revolving Fund Committee ("RFC")

(a) A memorandum of understanding between the Governments of Indonesia, Malaysia and Singapore on the one part and the Malacca Strait Council for and on behalf of the Japanese Non-Governmental Associations on the other part was signed on 11 February 1981 for the establishment and operation of a Revolving Fund to combat oil pollution from ships in the Straits of Malacca and Singapore. The amount of the Revolving Fund is contributed by the Japanese Non-Governmental Associations.

The administration and operation of the Fund shall be undertaken by an authority appointed by the Littoral States of Indonesia, Malaysia and Singapore on a rotational basis for a period of 5 years each and the Government of Singapore is designated to rule the Committee for the 5-years period commencing on 1 April 2006. For this purpose, the Authority has been appointed to manage the funds.

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

	2007 $	2006 $
Accumulated fund	6,238,051	6,167,303
Non-current asset		
Property, plant and equipment	3,385	5,833
Current asset		
Cash and cash equivalents	6,234,666	6,161,470
	6,238,051	6,167,303

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

	2007 $	2006 $
Funds received	-	6,203,677
Interest income	163,737	99,631
	163,737	6,303,308
Funds disbursed	(90,541)	(134,491)
Depreciation expense	(2,448)	(1,514)
Surplus for the year	70,748	6,167,303
Accumulated surplus as at 1 January	6,167,303	-
Accumulated surplus as at 31 December	6,238,051	6,167,303

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 potable 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:

	2007 $	2006 $
Accumulated fund	327,779	323,717
Current asset		
Interest receivable	639	771
Cash and cash equivalents	327,140	322,946
	327,779	323,717

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

	2007 $	2006 $
Interest income	4,062	4,031
Surplus for the year	4,062	4,031
Accumulated surplus as at 1 January	323,717	319,686
Accumulated surplus as at 31 December	327,779	323,717

27 Funds managed/held on behalf of others – Agency funds held in trust

(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 other related works. At the balance sheet date, the agency funds held in trust and managed by the Authority, represented by cash at bank, amounting to $34,659,123 (2006: $2,577,712).

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

	2007 $	2006 $
Accumulated fund	40,553,726	29,450,952
Current asset		
Cash at bank	34,659,123	2,577,712
Amounts due from various Government bodies	8,349,875	28,385,725
	43,008,998	30,963,437
Current liabilities		
GST payable	(2,455,272)	(1,512,485)
Net assets	40,553,726	29,450,952

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

	2007 $	2006 $
Grants received	205,741,337	53,247,339
Interest income	64,700	19,674
	205,806,037	53,267,013
Grants disbursed	(179,063,719)	(17,639,640)
Agency fees paid/payable	(15,639,544)	(6,509,565)
Surplus for the year	11,102,774	29,117,808
Accumulated surplus as at 1 January	29,450,952	333,144
Accumulated surplus as at 31 December	40,553,726	29,450,952

28 Comparative information

During the year, the Authority modified the balance sheet classification of "funds placed with fund managers" previously disclosed as a single line item - available-for-sale financial assets, in the financial statements to individual investment product held by the fund managers based on the Authority's policy for each type of financial assets held to better reflect the Authority's control over the funds placed with fund managers. In the previous years, the Authority considered the discretion given to the fund managers in managing the funds to be the overriding principle in presenting the funds placed with fund managers as a single line item - available-for-sale financial assets.

The effects of the modification of the classification of funds placed with fund managers are as follows:

	2006 Restated $	2006 As Previously reported $
Funds with fund managers available-for-sale	-	652,679,478
Financial assets - Available-for-sale debt and equity securities	652,399,997	4,448,538
Deposits, prepayments and other receivables	25,932,065	1,874,604
Cash and cash equivalents	158,604,830	33,102,690
Trade and other payables	(154,264,479)	(9,432,897)

29 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:

- SB FRS 108 Operating Segments
- INT SB FRS 111 SB FRS 102 Group and Treasury Share Transactions
- INT SB FRS 112 Service Concession Arrangements

The initial application of the new standards (including its consequential amendments) and interpretations are not expected to have any material impact on the Authority's financial statements. The Authority has not considered the impact of accounting standards issued after the balance sheet date.

Maritime and Port Authority of Singapore
460 Alexandra Road #19-00 PSA Building Singapore
Tel: (65) 6375 1600 | Fax: (65) 6275 9247
Website: www.mpa.gov.sg