



FORGING AHEAD

MARITIME AND PORT AUTHORITY OF SINGAPORE
ANNUAL REPORT 2010

CONTENTS

02 CHAIRMAN'S MESSAGE

04 CHIEF EXECUTIVE'S MESSAGE

06 BOARD OF DIRECTORS

08 SENIOR MANAGEMENT

10 ORGANISATIONAL STRUCTURE

14 AT A GLANCE: Singapore's 2010 Maritime Performance

16 TRAILBLAZING: MPA's Awards and Accomplishments

22 STANDING TALL: Premier Global Hub Port

32 AT THE CORE: International Maritime Centre

40 ON TRACK: Strategic Maritime Interests

48 IN BLOOM: Caring for Our People

OUR MISSION

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

OUR VISION

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

OUR VALUES

FORWARD THINKING

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

INTEGRITY

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

RESPECT

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

SERVICE EXCELLENCE

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

TEAMWORK

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

CHAIRMAN'S MESSAGE

Coming out of the economic crisis in 2010, the global maritime industry performed better than expected, with a growth of about 6 per cent in global seaborne trade as compared to 2009. The recovery was partly powered by emerging markets, particularly in Asia. Liners started new services to these emerging markets to capitalise on the growth opportunities and achieved profits of about US\$17 billion. However, specific uncertainties relating to container freight rates, volumes, bunker prices and the US dollar exchange rates still loom over the industry.

2010 has been an eventful year for Maritime Singapore. Despite the uncertainties, the Port of Singapore showed good growth in all areas. Maritime Singapore cemented its global leading position in terms of vessel arrival tonnage and bunker sales. Container and cargo throughput also improved, reversing the decline seen in 2009. The Singapore Registry of Ships continued to grow and ranks among the top 10 in the world.

Today, Maritime Singapore has over 5,000 companies employing more than 170,000 people and contributing more than 7.5 per cent of Singapore's GDP. As Asia continues her growth, we are in a position to invest for the long term and drive Maritime Singapore even further.

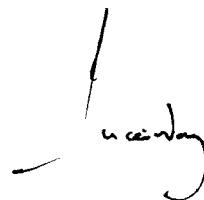
Our efforts and contributions were given recognition through the numerous awards and accolades we garnered. On the international front, the Port of Singapore won the "Best Seaport in Asia" award for the 22nd time, as well as the "Best Green Service Provider –

Seaport" award for the first time at the 24th Asian Freight and Supply Chain Awards. The Port of Singapore was also awarded the "Port of the Year" award at the International Seafarers' Awards 2010, and MPA garnered the "Port Authority Award" at the Seatrade Asia Awards 2010.

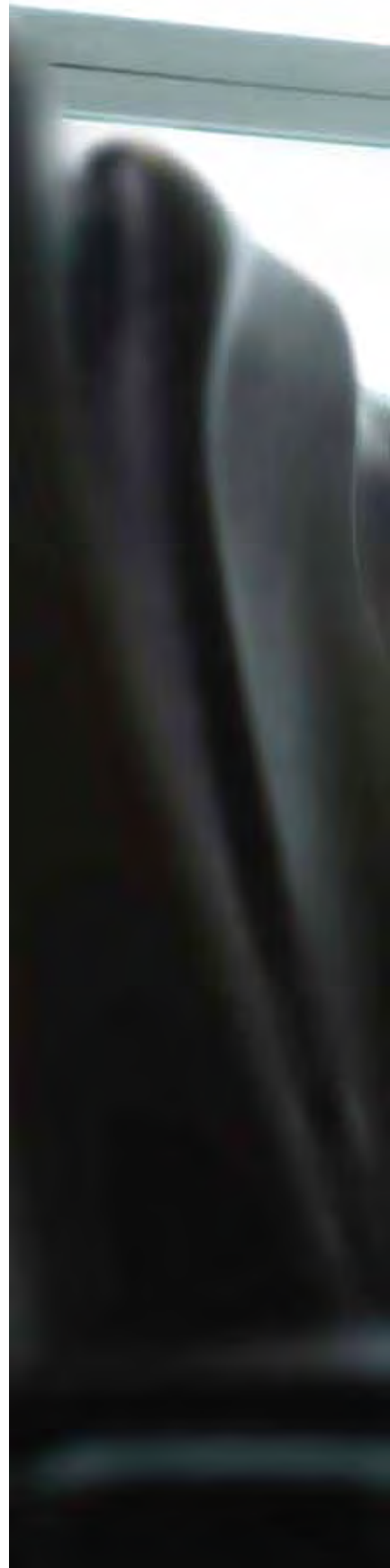
Since MPA was formed on 2 Feb 1996, the Singapore maritime landscape has grown tremendously, and this was made possible by the dynamic partnerships that we have with the industry, the unions, the academic and research institutions, and international partners.

As we celebrate our achievements on our 15th anniversary, we will not rest on our laurels. MPA will continue to forge ahead to meet the next wave of challenges and opportunities. We remain committed to developing and promoting Singapore as a premier global hub port, an international maritime centre, and to advance and safeguard Singapore's strategic maritime interests.

I would like to thank the Board and MPA's management and staff, who have worked hard to ensure the continued success of Maritime Singapore and MPA. There are many more good years to come for MPA and Maritime Singapore, stay tuned for the next lap.



MR LUCIEN WONG
Chairman







CE'S MESSAGE

In 2010, the Port of Singapore showed strong growth in all areas – vessel arrival tonnage, container throughput, cargo throughput and bunker sales. In particular, vessel arrival tonnage and bunker sales in 2010 were both at record high levels and we retained our leading positions as the world's busiest port by vessel arrival tonnage and the world's top bunkering port. The Singapore Registry of Ships also continued to grow and passed the 48 million gross tons mark.

STANDING TALL

MPA is committed to working closely with the industry to ensure that the Port of Singapore continues to offer safe, efficient, reliable and competitive marine and port services.

In 2010, MPA's operational readiness was put to the test in two incidents – the search and rescue operation following the capsizing of Ocean Lark, and the oil spill containment and clean-up operation following the collision of Bunga Kelana 3 and Waily. I am pleased to report that our people responded swiftly and professionally and managed both operations very well.

To prepare for the future, we studied the long term capacity demands for both cargo and passenger terminals and updated our plans for future port terminal developments. The expansion of Pasir Panjang Container Terminal is progressing well and our new Port Operations Control Centre in Changi is on schedule to be commissioned in 2011.

AT THE CORE

Singapore continues to grow as an International Maritime Centre and 2010 saw more maritime companies setting up or expanding their operations in Singapore.

MPA committed \$200 million to set up the Singapore Maritime Institute in partnership with the Agency for Science, Technology and Research (A*STAR), the Economic Development Board (EDB), and tertiary institutions to establish Singapore

as a leading centre for maritime research, education and training and grow a core of maritime talent.

We formulated a five-year Maritime Manpower Development Plan to build Singapore's maritime manpower capabilities and strengthen maritime education and training. MPA will be working closely with institutes of higher learning and industry partners to develop and implement initiatives to deepen maritime knowledge and skills.

The 5th Singapore Maritime Week or SMW was successfully organised in April 2010 with a total of 26 events, up from the 21 events in the previous year. For 2010, there was an added focus on outreach programmes to raise public awareness of the maritime sector. These included the Amazing Maritime Race, the SMW Photography Competition and Exhibition and the Maritime Learning Journeys. SMW 2010 attracted 4,800 participants in addition to some 12,000 visitors to the SMW 2010 photo exhibition.

ON TRACK

In 2010, MPA worked closely with The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) and the International Maritime Organization (IMO) to enhance maritime security. We also worked with the littoral states and user states to enhance safety of navigation and environmental protection in the Straits of Malacca and Singapore through the Co-operative Mechanism.

MPA continued to enhance our network of maritime ties and hosted visits from senior maritime officials through our Distinguished Visitors' Programme and the newly established Maritime Visitors' Programme. MPA also contributed to the international maritime community through the IMO and enhanced bilateral maritime relations with the signing of MOUs with the Republic of Korea and Dubai.

IN BLOOM

Our people are key to our success and we are committed to engaging, nurturing, developing and caring for our

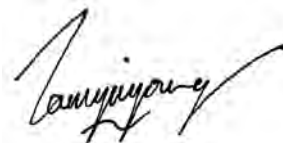
people. To support this, we launched various initiatives like our Total Rewards for Employee Effectiveness (TREE) Framework, the Opportunities with Learning (OWL) Framework and UPGRADE Accounts to support lifelong learning.

Through the efforts of our CARE Team and the many contributors and volunteers among our staff, MPA also played our part in caring for and sharing with the community and looking after our environment. The many activities we had included fund raising drives, a visit to Raffles Lighthouse and a mooncake party for voluntary welfare organisations, visit to Pulau Semakau for our staff and a New Year Wish List project.

MPA continued on our business excellence journey and our efforts to improve systems and processes. Over the past year, we obtained our Singapore Quality Class re-certification, commissioned our SAP Financial System, developed an e-Private Wharves System, and revamped our Marine Enforcement and Prosecution System.

15 YEARS AND MORE

In 2011, MPA celebrates its 15th Anniversary. Our achievements over the past 15 years would not have been possible without our people and the strong partnerships we have with the maritime industry, academic and research institutions, unions, and other government agencies. I would like to thank our partners and friends for their strong support, our Board Members for their valuable guidance and our dedicated and committed MPA staff for their contributions and good work.



MR LAM YI YOUNG
Chief Executive

BOARD OF DIRECTORS



DATO' JUDE BENNY

Managing Partner,
Joseph Tan
Jude Benny

MR BAHREN SHAARI

Managing Director, Bank
of Singapore Limited

MR LUCIEN WONG

Chairman of MPA,
Managing Partner,
Allen & Gledhill LLP

RADM CHEW MEN LEONG

Chief of Navy, Republic
of Singapore Navy

MR WONG WENG SUN

President / CEO, SembCorp
Marine Ltd

DR ROBERT YAP

Chairman & CEO,
YCH Group

BOARD COMMITTEES

INVESTMENT COMMITTEE

CHAIRMAN Mr Lucien Wong
MEMBERS Mr Lam Yi Young
Mr Bahren Shaari
Mr Andreas Sohlen-Pao
Mr Teo Siong Seng

AUDIT REVIEW COMMITTEE

CHAIRMAN Dato' Jude Benny
MEMBERS RADM Chew Men Leong
Mr James Wong
Mr Wong Weng Sun
Dr Robert Yap

REGISTRATION COMMITTEE

CHAIRMAN Mr Andreas Sohlen-Pao
MEMBERS Mr Thomas Tay
Mr James Wong
Mr Norifumi Yamamoto
(wef 28 Jul 2010)



MR TEO SIONG SENG
President, Singapore Shipping Association

MR JAMES WONG
Deputy Secretary (Policy),
Prime Minister's Office,
Public Service Division

MR NORIFUMI YAMAMOTO
Managing Director,
Celeste Holding Pte Ltd

MR LAM YI YOUNG
Chief Executive, Maritime and Port Authority of Singapore

MR THOMAS TAY
General Secretary, Singapore Maritime Officers' Union

MR ANDREAS SOHMEN-PAO
Chief Executive Officer,
BW Maritime Pte Ltd

MINT FUND STEERING COMMITTEE

CHAIRMAN Mr Wong Weng Sun
MEMBERS Mr Lam Yi Young
Mr Bahren Shaari
RADM Chew Men Leong
Dr Robert Yap
Prof Lui Pao Chuen
(wef 25 Mar 2010)

WELFARE COMMITTEE FOR SEAMEN

CHAIRMAN Mr Thomas Tay
MEMBERS Dato' Jude Benny
Mr Norifumi Yamamoto
(wef 28 Jul 2010)
Capt Anuraj Singh
Mr Ho Yap Kuan (till Feb 2010)

Mr Tan Kok Bin (till 14 Apr 2010)
Rev Siow Chai Ping (till 31 Mar 2010)
Rev Jan Tommy Fosse
Mrs Leanna Lim
Mr Cheong Keng Soon

SENIOR MANAGEMENT

From left

MRS LEANNA LIM
Director, Corporate
Services Division

MR CHEONG KENG SOON
Director, Shipping Division

MS TAN BENG TEE
Group Director, International
Maritime Centre

CAPTAIN KHONG SHEN PING
Assistant Chief Executive



MR LAM YI YOUNG

Chief Executive

CAPTAIN M SEGAR

Group Director, Hub Port /
Director, Port Division

MR YEE CHEOK HONG

Group Director, Policy &
Planning / Director, Planning &
Communications

MR TAN CHENG PENG

Director, Policy Division

MR TOH AH CHEONG

Director, Technology Division



MPA'S ORGANISATIONAL STRUCTURE

Chairman & Members Of The Authority

Chief Executive

Assistant Chief Executive

Corporate Secretary

- Internal Audit Dept
- Legal Dept

Hub Port Cluster

International Maritime Centre Cluster

Strategic Maritime Interests Cluster

CORPORATE SERVICES DIVISION

- Administration & Facility Dept
- Asset Management Dept
- Finance Dept
- Human Resource Dept
- Organisational Development Dept

TECHNOLOGY DIVISION

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

PORT DIVISION

- Hydrographic Dept
- Marine Environment & Safety Dept
- Marine Licensing & Prosecution Dept
- Marine Services Dept
- Ops Planning Dept
- Port Security Dept
- Vessel Traffic Management Dept

SHIPPING DIVISION

- Flag State Control Dept
- Port State Control Dept
- Registry & Manning Dept
- Ship Investigation Dept
- Ship Regulation & Development Dept
- Training Standards Dept/ISC

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

PLANNING & COMMUNICATIONS DIVISION

- Corporate Communications Dept
- Corporate Planning Dept
- Strategic Planning Dept

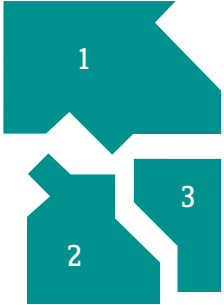
POLICY DIVISION

- International Dept
- Maritime Security Dept
- Port Development Dept
- Port Regulation Dept

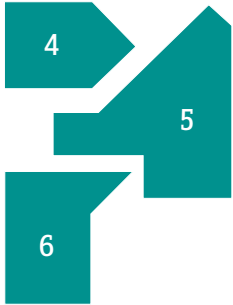
IMO AFFAIRS OFFICE







- 1** CORPORATE SERVICES
- 2** INTERNATIONAL MARITIME CENTRE
- 3** SHIPPING



- 4** POLICY
- 5** TECHNOLOGY
- 6** PLANNING & COMMUNICATIONS, CE'S OFFICE

AT A GLANCE

SINGAPORE'S 2010 MARITIME PERFORMANCE

CONTAINER
THROUGHPUT

28.4

MILLION
TEUs



PLACED END TO END
EQUIVALENT TO

3591 x

THE LENGTH OF SINGAPORE

*TEU - TWENTY-FOOT EQUIVALENT UNIT

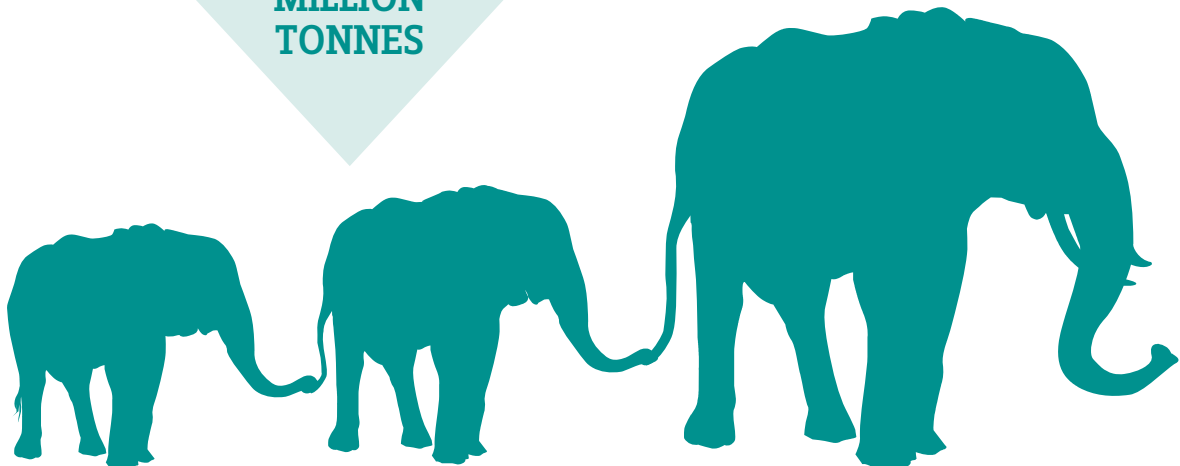
TOTAL CARGO TONNAGE

503.3

MILLION
TONNES

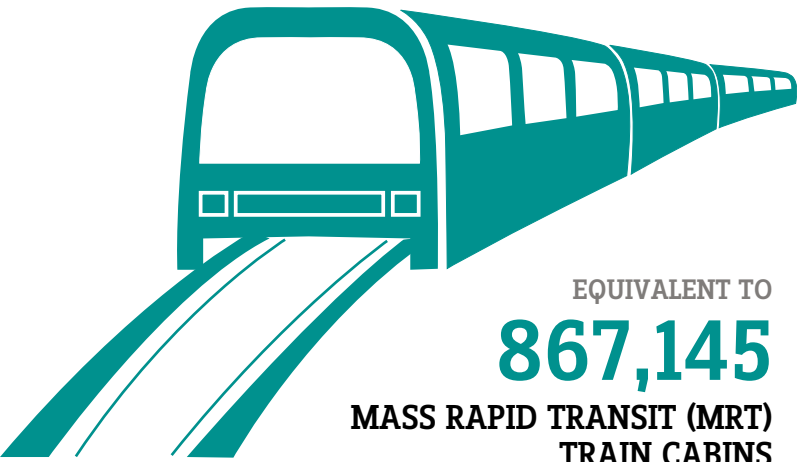
EQUIVALENT TO
THE WEIGHT OF

93 MILLION
ASIAN ELEPHANTS



SINGAPORE REGISTRY OF SHIPS
TOTAL TONNAGE UNDER
SINGAPORE FLAG

48.8
MILLION
GROSS
TONS



EQUIVALENT TO
867,145
MASS RAPID TRANSIT (MRT)
TRAIN CABINS

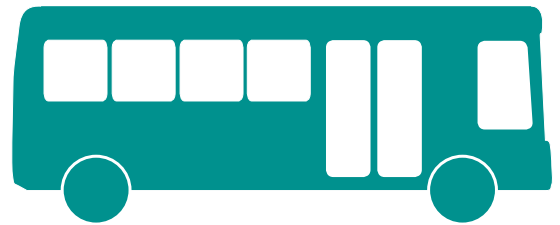
* GROSS TONNAGE REFERS TO A SHIP'S
OVERALL INTERNAL VOLUME

VESSEL ARRIVAL
TONNAGE

1.92
BILLION
GROSS
TONS

EQUIVALENT TO

34 MILLION BUSES



TOTAL
BUNKER SALES

40.9
MILLION
TONNES



CAN FILL

16,360
OLYMPIC-SIZED
SWIMMING POOLS



TRAILBLAZING

**AWARDS &
ACCOMPLISHMENTS**



From left:
 Ms Vanessa Stephens,
 Global Events Director, Seatrade,
 Mr Lam Yi Young, Chief Executive, MPA,
 Mr Teo Ser Luck, Senior Parliamentary
 Secretary, Ministry of Transport and
 Mr Christopher Hayman, Chairman,
 Seatrade at the Seatrade Asia Awards 2010

1) SINGAPORE WINS AT 24TH ASIAN FREIGHT AND SUPPLY CHAIN AWARDS

Best Seaport in Asia

For an impressive 22nd time, Singapore was named Best Seaport in Asia at the 24th Asian Freight and Supply Chain Awards (AFSCA).

Best Green Service Provider — Seaport

Singapore also bagged the Best Green Service Provider — Seaport award at the AFSCA. Picked from a list of seven other nominees, the award underscores Singapore's continued commitment to enhance port and shipping efficiency in its pursuit towards environmentally friendly and efficient shipping.

2) PORT AUTHORITY AWARD

MPA was conferred the Port Authority Award at the Seatrade Asia Awards 2010 during the 5th Singapore Maritime Week. The award recognised MPA for its contributions and commitment towards the development of the maritime sector, innovation and commitment to safety and quality, business enterprise and achievements, social and environmental responsibilities, and staff training and development initiatives.



(Top) Capt M Segar, Group Director (Hub Port), MPA (left) receiving the 'Best Seaport: Asia' award for an impressive 22nd time

(Above) Capt M Segar receiving the 'Port of the Year' award from IMO Secretary-General Mr Eftimios E. Mitropoulos

(Right) Capt Khong Shen Ping, Assistant Chief Executive, MPA (right) receiving the ACE Pro-Enterprise Award from Mr Lim Hng Kiang, Minister for Trade and Industry

3) PORT OF THE YEAR AWARD

The Port of Singapore received the 'Port of the Year' award at the first International Seafarers' Awards organised by the International Committee of Seafarers' Welfare (ICSW). The award, jointly awarded to the Port of Barcelona and the Port of Singapore, is conferred to the port that has done the most for the provision and access to welfare services and facilities to seafarers.

4) PRO-ENTERPRISE AWARD

MPA clinched third spot among 26 public agencies in the 2010 Pro-enterprise Ranking (PER) Survey. The survey took into account areas such as compliance cost, review of rules, customer responsiveness, enterprise orientation and transparency. MPA has been ranked as one of the top three organisations in the PER Survey since 2005.



Mr Lam Yi Young (left), Chief Executive, MPA, receiving the 'Honorary Member' of the Minister for Defence Awards (MiDAs) League from Deputy Prime Minister and Defence Minister Teo Chee Hean



5) 'HONORARY MEMBER' OF THE MINISTER FOR DEFENCE AWARDS LEAGUE

The status of 'Honorary Member' of the Minister for Defence Awards (MiDAs) League attests to MPA's continued support for Total Defence in enabling National Servicemen to fulfill their National Service obligations with peace of mind.

6) MINISTER'S INNOVATION AWARDS 2010

MPA's winning innovations that earned four awards at the Minister's Innovation Awards 2010 include:

Development and Implementation of an Innovative Low-cost Broadband System for Maritime Use

MPA and SingTel jointly developed and implemented an innovative low-cost broadband system for maritime use. The solution enables businesses to reduce operational cost and increase productivity and services through the adoption of automation and remote communications tools for the monitoring and tracking of assets and goods.

ANCHORAGE-VIEW: Real-time Anchorage Capacity, Prediction and Monitoring System

The Anchorage-View system provides users with an overall view of the status of the anchorages and allow them to assess anchorage utilisation up to 48 hours in advance. It is also equipped to automatically allocate anchorage space for incoming vessels based on their choice of preferred anchorage and/or defined alternate anchorage. The introduction of this system enables MPA to optimise the usage of anchorage space and improve information sharing processes.

Critical Resource System to Boost Productivity of the Marine Industry

To improve shipyards' productivity, a team from MPA supported the project to devise a solution to facilitate business process flow management, project optimisation, and scheduling in the marine industry — particularly for shipyards based on the concept of Multi-Project Critical Chain management. The system brought about faster delivery time and increased the competitive advantage for shipyards and their customers.

Environmental Monitoring and Management Plan (EMMP) for the Development of Pasir Panjang Terminal Phases 3 and 4

MPA worked with a consultant to implement a pro-active feedback Environmental Monitoring and Management Plan (EMMP) for the development of PPT Phases 3 and 4. The feedback EMMP operations are carried out on a daily basis making use of various tools and resources.

Such innovative use of continuous feedback of information within the EMMP provides MPA a responsive and reliable system that allows unexpected impacts to be mitigated prior to them becoming significant, and allowing development of PPT Phases 3 and 4 to proceed despite its close proximity to sensitive marine habitats and facilities.



(Above) Muchamed Elfian Bin Harun of MPA (left) receiving the Community Chest Award (Bronze) from Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports

(Below) Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs with the team behind ANCHORAGE-VIEW: Real-time Anchorage Capacity, Prediction and Monitoring System

7) SINGAPORE HEALTH AWARD 2010

MPA received the Gold Singapore HEALTH Award for 2010, a significant achievement since MPA took the Silver award home in 2008. The biennial Singapore HEALTH (Helping Employees Achieve Life-Time Health) Award was presented by the Health Promotion Board to give recognition to organisations with commendable Workplace Health Promotion programmes.

8) BRONZE AT THE COMMUNITY CHEST AWARDS

MPA received the Bronze award at the 25th Community Chest Awards presentation ceremony held in September 2010. The annual Community Chest Awards recognises individuals, companies and organisations for their support and contributions in the social service sector. The award was presented to MPA by Dr Vivian Balakrishnan, Minister for Community Development, Youth and Sports.





STANDING TALL

PREMIER GLOBAL HUB PORT

Singapore sits strategically at the crossroads of trade, and as a global hub port, has been ranked as the world's busiest port in terms of shipping tonnage.

In 2010, over 120,000 vessels called at the Port of Singapore. In addition to offering a range of reliable, value-added and cost-efficient marine services and facilities, Singapore is also the world's top bunkering port.



(Left) The POCC in Changi will harness the latest vessel traffic management technologies

(Below) The new Marina South Wharves will provide better berthing and support facilities for lighters



1) DEVELOPMENT OF NEW POCC IN CHANGI

Port Operations Control Centres (POCCs) play a strategic role in ensuring navigational safety and efficient vessel movement. As part of its investments for the future and to ensure continued safety and security of our port, MPA completed development work on a new POCC in Changi. The new centre is equipped with a state of the art next generation Vessel Traffic Information System (VTIS). The centre is now undergoing extensive run-in testing and will be officially commissioned in 2011.

2) MARINA SOUTH WHARVES

The development of Marina South Wharves (MSW) commenced in 2010. MSW, comprising a 100-metres wharf structure and a one-storey building, is a replacement for the Marina Wharves, which was affected by the development of the Marina Coastal Expressway. MSW will provide better berthing and support facilities for lighters and is scheduled for completion in late 2011.

3) PORT DUES CONCESSIONS

In a clear signal of MPA's commitment to the maritime industry facing an uncertain outlook, MPA extended its economic relief measures in 2010. These measures, comprising the 10 per cent port dues concession for all ocean-going vessels and the 20 per cent port dues concession for harbour craft, were introduced in 2009 to help the shipping industry cope with the economic downturn.

"Singapore is internationally renowned as one of the world's top ports and Maritime Singapore hosts more than 5,000 maritime companies from across the world. We are also well-connected to more than 600 ports in 120 countries."

MR LAM YI YOUNG
Chief Executive, MPA



The Joint Oil Spill Exercise was a full-scale deployment exercise, which allowed participants to experience the problems and issues associated with managing an oil spill

The measures were first extended for six months from 1 April to 30 September 2010. These were again extended for another six months from 1 October 2010 to 31 March 2011 at half the previous concession rates, taking into account the gradual recovery of the industry.

The 20 per cent port dues concession for container ships was reviewed and extended by MPA for two years until 30 June 2012. The 20 per cent port dues concession for vehicle carriers was also extended by MPA for three years till 31 December 2013.

4) OPERATIONALLY READY

MPA took the lead in the multi-agency responses to two maritime incidents in 2010. The first was the search and rescue operation following the capsizing of "Ocean Lark" in January and the second was the oil spill clean-up operation following the collision between "MT Bunga Kelana 3" and "MV Waily" in May.

The operations involved more than 100 MPA staff including our Vessel Traffic Management operators, Port Inspectors, Marine Emergency Assistants and other colleagues.

MPA responded swiftly and coordinated the operations for both incidents. MPA also conducted post-mortems of both operations and have enhanced our standard operating procedures in order to boost our operational readiness.

5) 'JOSE 2010' ENSURES DISASTER READINESS

To test and demonstrate Singapore's readiness to respond effectively to oil spills at sea, MPA led a multi-agency joint oil spill exercise (JOSE 2010) in October 2010. Comprising an incident management table top exercise at Port Operations Control Centre 2 and a demonstration of local oil spill response capability, JOSE 2010 familiarised responding agencies on the Oil Spill Contingency Plan for combating major oil spills at sea. The exercise was also observed by over 60 international participants of the Singapore International Bunkering Conference.



6) 'FEREX' TO THE RESCUE

MPA conducted its annual Ferry Rescue Exercise (FEREX) in June 2010. The objectives of the exercise were to test the effectiveness of the Ferry Mishap Contingency Plan (FMCP) and to instill in all supporting parties the highest state of readiness. This exercise saw 50 role playing 'passengers' evacuated from a domestic ferry in distress.

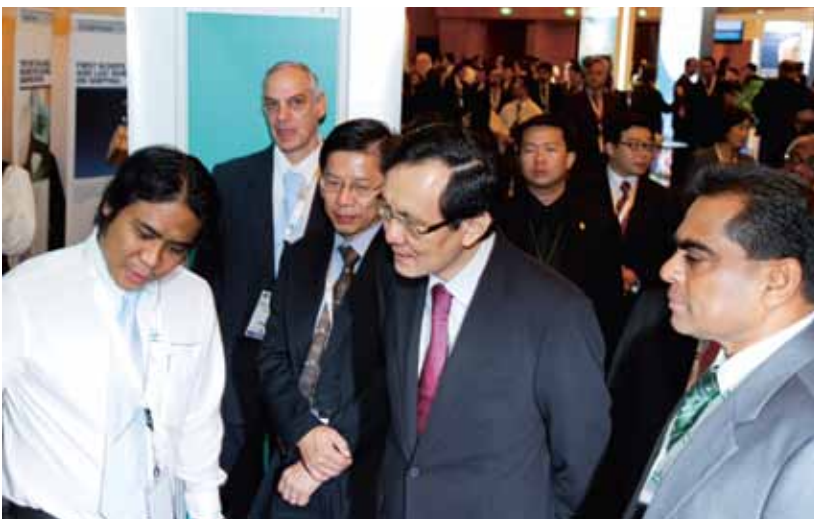
Other agencies involved in this annual exercise included the Singapore Armed Forces, Singapore Police Force, Singapore Civil Defence Force, Ministry of Health and the Immigration & Checkpoints Authority.

“MPA works closely with the industry to ensure that our bunkering services are competitive and delivered under the highest quality and safety standards.”

MR RAYMOND LIM
Minister for Transport and
Second Minister for Foreign Affairs

7) 16TH SIBCON 2010

To raise Singapore’s profile as a world leading bunkering hub, MPA organised the Singapore International Bunkering Conference (SIBCON) in October 2010 as a platform for the international bunkering industry to come together and exchange views. Some 1,350 delegates from all over the world attended the event. Themed ‘Forging Ahead — A New Era for Marine Fuels’, the event featured a line-up of distinguished speakers.



(Above) Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs, presided over the opening ceremony of SIBCON 2010 at Resorts World Sentosa on 27 October 2010

(Left) The Minister also toured the exhibition



The interactive multimedia guide for bunkering was launched by Minister for Transport and Second Minister for Foreign Affairs, Mr Raymond Lim



Interactive Guide to Bunkering in Singapore

An interactive multimedia guide for bunkering was launched by Minister for Transport and Second Minister for Foreign Affairs, Mr Raymond Lim at SIBCON 2010. The guide was developed by MPA to showcase bunkering standards and procedures for bunkering operations in the Port of Singapore. The guide serves as a training and educational tool for the thousands of local and foreign officers involved in bunker delivery in Singapore.

Bunkering 101 Placard Developed

MPA developed the fourth Bunkering 101 placard on Bunker Quantity Dispute Management, which aims to create awareness among ship and bunker tanker crews on the SS600 procedures for managing bunker quantity disputes on site and to facilitate the entire bunker delivery operation.

8) BUNKERING LICENSING SCHEME STREAMLINED

Two initiatives were implemented to streamline the Bunkering Licensing Scheme. A single renewal process for bunker suppliers and bunker craft operators was implemented in October 2010. The licensing fee for the single renewal was reduced from \$300 to \$200. The second initiative was the introduction of a three-year licensing period for eligible companies where the bunkering licence will be tied to its Quality Management for Bunker Supply Chain certification.

“MPA works closely with the industry and unions to protect seafarers’ interests and enhance their well-being. This tripartite partnership allows us to take a co-ordinated approach towards addressing the needs of local and foreign seafarers.”

MR LUCIEN WONG
Chairman, MPA

9) WORLD MARITIME DAY 2010

Singapore celebrated World Maritime Day on 23 September 2010 which marked the eighth year that MPA, the Singapore Maritime Officers’ Union and the Singapore Organisation of Seamen came together to distribute hampers to approximately 600 ships. The event was all the more special as the theme for World Maritime Day was: “2010: Year of the Seafarer”. To support the work of the missions, MPA also presented a financial grant of S\$100,000 to the four seafarer missions in Singapore.

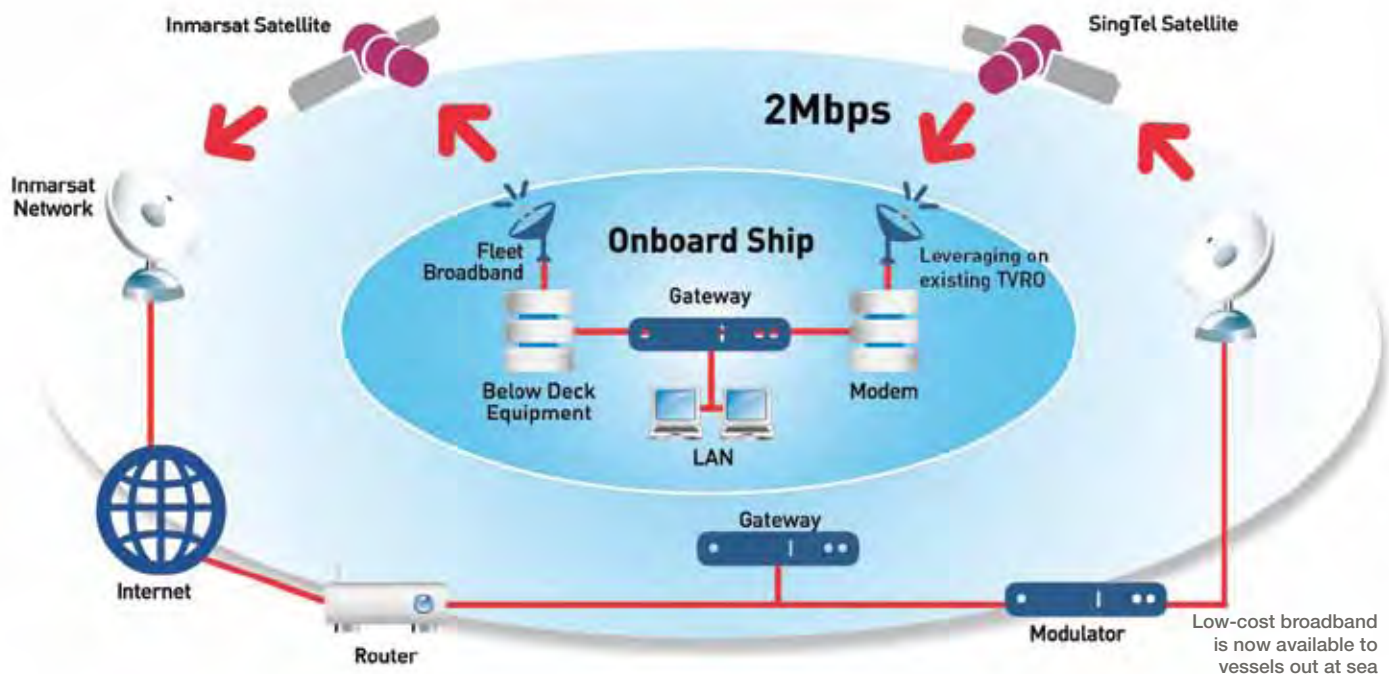
10) ENHANCING NAVIGATIONAL SAFETY

The Differential Global Navigation Satellite System (DGNSS) serves to enhance navigational safety in the Singapore Strait, its approaches and the port waters. The service is made available to the shipping community at no charge. In 2010, the DGNSS was upgraded with an additional reference station at Horsburgh Lighthouse. With this enhancement, users are provided with additional coverage area from the eastern approaches of Singapore Strait.

Hamper Presentation Ceremony in celebration of World Maritime Day 2010: Year Of The Seafarer



BigValue Maritime Broadband Solution



11) REMOTELY OPERATED VEHICLE SYSTEM

MPA's hydrographic underwater capabilities were further enhanced with the commissioning of a Remotely Operated Vehicle (ROV) system in July 2010. The ROV is used to carry out initial underwater search operations to investigate objects detected by the Multi Beam Sonar Survey and High Speed Side Scan systems in our port waters. In addition, the system is also used to obtain visuals of underwater features and objects such as seabed material and obstructions to update nautical charts.

12) FIRST WING-IN-GROUND CRAFT

A legislative framework to allow Wing-In-Ground craft to be registered and flagged with the Singapore Registry of Ships was put into place. This took into account IMO guidelines on such craft, and the provision for the proper engineering analysis, design and developmental testing, as well as training, certification and staffing of qualified officers. With this legislative framework in place, the first Wing-In-Ground craft was registered under the Singapore Registry of Ships in March 2010.

"We strongly support maritime R&D, and have been working closely with industry as well as educational and research institutions in this area."

MR CHOI SHING KWOK
Permanent Secretary,
Ministry Of Transport

13) AUTOMATIC IDENTIFICATION SYSTEM (AIS) B PROJECT

To enhance navigational safety within the Port of Singapore and to improve situational awareness for maritime security, it will be mandatory for vessels to be installed with IMO or MPA approved transponders from 1st January 2012. By carrying an AIS B transponder, a vessel's movement in the port waters will be visible to all other nearby vessels. This will help prevent accidents and enhance the safety of navigation and maritime security in our port.

14) NEW VIEW TO ANCHORAGE CAPACITY

To better serve the shipping industry and optimise anchorage space, MPA developed a system capable of delivering an overall picture of the anchorage utilisation in port to enhance anchorage management.

Anchorage-view, a real time anchorage capacity, prediction and monitoring system, provides an overall view of the status of anchorages and assesses their utilisation. It is able to forecast such utilisation up to 48 hours in advance based on the vessels' declared 'Notice of Arrival'.

15) LOW-COST BROADBAND AT SEA

To address the challenges of high satellite communication costs and to boost productivity and crew welfare, MPA co-funded a project led by SingTel to develop a low-cost broadband solution for vessels at sea. The cost-effective solution optimises a vessel's existing onboard satellite technologies like TVRO and Inmarsat Fleetbroadband by separating the downloading and uploading requirements of Internet activity, and channelling download data through a ship's satellite television antenna.

16) SEABORNE GARBAGE COMPACTORS IMPLEMENTED

Following a seaborne garbage collection trial using land-based compactors in 2008, MPA developed a custom-built seaborne garbage compactor for the collection of waste from ships anchored in the Port of Singapore. Eight new such compactors were built and deployed in February 2010. With the use of these compactors, garbage collection process improved thereby enhancing Singapore's position as a clean and green port.

17) PPU BY HARBOUR PILOTS AS A DECISION-SUPPORT TOOL

MPA and pilotage service provider PSA Marine Pte Ltd worked together to implement the Portable Pilot Unit (PPU). The unit is a notebook installed with the Electronic Navigational Chart programme and the Automatic Identification System (AIS) interface. Harbour pilots equipped with a PPU can access real time information like the presence of other ships in the vicinity as well as tidal current data. PSA Marine will be equipping their harbour pilots with PPU in 2011.

18) SMS TRIAL

To reduce the need for voice communication between MPA's Port Operations Control Centre and bunker tankers, a new means to transmit bunker tanker movement was developed through the use of Short Message Service (SMS) technology. Some 80 tankers participated in the trial and it has proven to be highly successful. Feedback from the industry has been supportive of the new initiative.



Bunker tanker movement can now be transmitted through SMS technology



AT THE CORE

INTERNATIONAL MARITIME CENTRE

With a thriving ecosystem of marine and port services, strong economic links and connectivity to major world markets, Singapore is where the international maritime community congregates, and where ideas and opportunities abound.

1) GROWING OUR POOL OF SHIPOWNERS AND OPERATORS

Singapore's Approved International Shipping Enterprise (AIS) scheme continued to be an important enabler. In 2010, six new international shipping groups participated in the scheme, bringing the total number of international shipping groups to over 110. Together, the AIS companies contribute more than S\$3 billion in total business spending annually.

2) DEVELOPING MARITIME SERVICES

Besides the pool of Singapore-based international shipowners, operators and ship management companies, the cluster of maritime service providers has also grown considerably. These include shipping banks, investment banks, private equity arrangers and shipping finance advisers; marine insurers, reinsurers, brokers and marine mutuals from the International Group Protection & Indemnity Clubs; shipbroking firms, law firms with marine and offshore energy practice; classification societies, marine surveyors, loss adjusters and shipping logistics companies.

There is a continued expansion in the breadth and depth of services and products offered by the players in Maritime Singapore. International shipping companies continue to branch out into new service or product offerings, such as the setting up of regional training centres. Singapore-based shipbrokers continue to expand beyond their traditional ship chartering and sale & purchase activities into other services such as freight derivatives broking, broking of shipping finance transactions and research and consultancy.

To heighten awareness of Maritime Singapore, MPA published a series of shipping-related articles in the institutional investor publication, FinanceAsia, and is working with partners, such as the Monetary Authority of Singapore, to feature the growth opportunities and offerings of Singapore's marine insurance sector to the international maritime community.

3) SINGAPORE MARITIME INSTITUTE

As maritime expertise continues to be a critical enabler, MPA has also continued efforts in enhancing Singapore's maritime education, training and Research and Development (R&D) landscape. For example, in collaboration with the Agency for Science, Technology and Research and Economic Development Board, MPA launched the Singapore Maritime Institute in

2010. Adopting a holistic approach towards maritime education, training and R&D, the institute aims to not only attract internationally renowned academics and researchers to Singapore, but also groom the next generation of local maritime talent. MPA has committed up to S\$200 million in funding over the next decade towards this initiative.



Deputy Prime Minister and Minister for Defence Mr Teo Chee Hean launching the Singapore Maritime Institute at the Singapore Shipping Association's 25th Anniversary Gala Dinner

"To grow a core of maritime talent, Singapore has to become a leading centre for maritime research, education and training. I am pleased to announce that we will establish a Singapore Maritime Institute. The Singapore Maritime Institute will adopt a holistic approach to maritime education. It will drive Research and Development in key areas such as green shipping, maritime logistics and operations, as well as marine and offshore engineering."

MR TEO CHEE HEAN
Deputy Prime Minister and Minister for Defence

"We are always looking to attract more people to join the maritime community. Having a committed and well-trained base of maritime manpower will certainly position Singapore well for the economic upturn that is taking place."

MRS LIM HWEЕ HUA
Minister in Prime Minister's Office,
Second Minister for Finance and Transport



Speakers and facilitators at the 2nd MaritimeONE HR Forum



Memorandum of Understanding between MPA and NTU for the Maritime Clean Energy Research Programme

4) REACHING OUT

Outreach initiatives in 2010 included the inaugural Maritime Youth Day 2010 — organised jointly with Singapore Maritime Foundation, Singapore Maritime Academy and Singapore National Cadet Corps — that was aimed at attracting more youths to consider seafaring as a career.

MPA also continued efforts to understand the trends and issues facing Human Resource (HR) practitioners in the maritime industry. A platform MPA tapped on was the 2nd MaritimeONE HR Forum, which sought to understand issues pertaining to manpower development in the shipowning and operating, shipping finance, marine insurance and shipbroking sectors.

5) MARITIME CLUSTER FUND

To better address industry concerns about manpower growth, development and talent retention, MPA enhanced the manpower vertical of its Maritime Cluster Fund (MCF). Besides enlarging the scope of supportable training and manpower development activities, MPA also extended the range of beneficiaries to include not only maritime enterprises but also individual maritime professionals. In 2010, more than 450 companies and over 1,500 employees benefited from the MCF-Manpower Development programme.

6) MPA-NTU MARITIME CLEAN ENERGY RESEARCH PROGRAMME

MPA and Nanyang Technological University (NTU) jointly launched the Maritime Clean Energy Research Programme (MCERP) through a Memorandum of Understanding (MOU) signed in February 2010. MCERP focuses on research platforms that promote green, carbon-neutral and energy management solutions. The first Call For Proposals resulted in the initiation of nine research and development projects. MPA and NTU will contribute \$8 million and \$2 million respectively over five years and work towards securing industry funding of up to \$5 million.

7) MPA-DNV MARITIME ENVIRONMENT AND CLEAN TECHNOLOGIES

MPA and Det Norske Veritas' (DNV) Clean Technology Centre signed a partnership agreement to initiate and promote research, development and test-bedding projects in the areas of maritime environment and clean technologies. Under the MOU, DNV will collaborate with various industry players and tertiary and research institutes to identify projects for possible development and funding. The first project was the Joint Industry Project on Feasibility Assessment of the South East Asian Market for LNG Shipping and Distribution, which attracted participation from 11 companies and research institutes to develop a detailed roadmap of commercial and strategic opportunities for the distribution and utilisation of LNG in Southeast Asia.

8) MPA-TEMASEK POLYTECHNIC MARITIME FUEL CELL RESEARCH INITIATIVE

MPA and Temasek Polytechnic jointly launched a new Maritime Fuel Cell Research Initiative through the signing of an MOU. The MOU's main aim is to seed and encourage projects that will yield improvements and breakthroughs in the use of fuel cell and other technologies applicable to the maritime industry. MPA and Temasek Polytechnic will contribute research grants of up to \$4 million and \$1 million respectively over a three-year period, and work towards securing industry funding of up to \$1 million.

"Singapore is strongly committed to environmentally-friendly shipping and port activities. As a major flag registry and the world's busiest port, the prevention as well as the reduction of pollution from ships and from port activities are of paramount importance to MPA."

CAPT KHONG SHEN PING
Assistant Chief Executive, MPA



(Above) The winning team of the Amazing Maritime Race – Open Category 'Man Overboard', completed 13 checkpoints in less than four hours and walked away with \$1,500 in cash, plus a champion's trophy

(Left) Mr Lam Yi Young, Chief Executive, MPA tours Temasek Polytechnic's Maritime Fuel Cell Initiative projects



Clockwise from right
Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs officially launched the Singapore Maritime Week 2010

Participants experienced Singapore's unique maritime heritage and learned about the thriving maritime industry in the four hour race around Singapore

More than 800 students, adults and families competed in teams of four in an exhilarating race around Singapore



"I am happy to note that more than 25 maritime events will be held this year to allow everyone, from students and families to industry players, to join in the Maritime Singapore celebrations. The collaboration between MPA, ASMI, SMF and SSA to organise the Amazing Maritime Race and SMW Photography Competition to reach out beyond the maritime community is commendable and should continue. The strong response for these two events reflects the community's keen interest to be involved in Maritime Singapore."

MR RAYMOND LIM
Minister for Transport and
Second Minister for Foreign Affairs

9) SINGAPORE MARITIME WEEK

The 5th Singapore Maritime Week (SMW) held in April 2010 saw Singapore play host to an international and local gathering of leading maritime personalities.

Organised by MPA and launched by Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs, SMW reached out to show what Maritime Singapore is all about through various interactive land- and sea-based outreach programmes. Twenty-six maritime events were held during the week from 25 to 30 April 2010.

Amazing Maritime Race

A key outreach event of SMW 2010 was the Amazing Maritime Race, where participants competed in a race around Singapore to discover its rich maritime heritage. More than 800 participants took part in the race.

MPA organised a series of Maritime Learning Journeys during SMW 2010. About 350 participants learned firsthand about our dynamic maritime industry



SMW 2010 Photography Competition and Exhibition

Yet another highlight of the week-long event was the SMW 2010 Photography Competition, where photography enthusiasts were given access to maritime facilities to capture the vibrant maritime industry at its busiest. The top photographs from the competition were displayed at a unique lighthouse-themed exhibition held at VivoCity.

Singapore Maritime Lecture

As SMW 2010 built on its past successes by adding new activities, it also continued with well-received sessions where eminent speakers shared their insights and participated in dialogues on topical maritime issues. Anchoring the conferences and discussions was the thought-provoking Singapore Maritime Lecture by Capt Wei Jia Fu, Executive President and CEO of COSCO Group. In his address, Capt Wei shared his views on the outlook of the world economy and global shipping industry, as well as how COSCO and China fit into the future of the global maritime industry.

Other SMW Events

SMW 2010 was filled with conferences and events for maritime decision-makers. Mrs Lim Hwee Hua, Minister in the Prime Minister's Office and Second Minister for Finance and Transport, was the guest-of-honour at Lloyd's Register's 250th anniversary celebration. The lineup also included the Maritime Technology Conference and Exhibition (MARTECH) 2010 co-organised by the Singapore Maritime Academy and MPA; the Seatrade Asia Awards 2010 and Seatrade Tanker Industry Conference organised by Seatrade, and the Piracy and Sea Robbery Conference 2010 jointly organised by the ReCAAP Information Sharing Centre and BIMCO.

Prominent speakers at the various SMW events included Mr S.S. Teo, President of the Singapore Shipping Association, Mr Robert Lorenz-Meyer, President of BIMCO, Mr Bjorn Tore Markussen, Managing Director of DNV Clean Technology Centre and Capt Graham Westgarth, President of Teekay Marine Services and Chairman of INTERTANKO.



Nur Hidayah Ishak, 14, was the winner in the Youth Category of the SMW 2010 Photography Competition, with her photo of Raffles Lighthouse titled "Safeguarding our Sea"



Clockwise from above

Capt Wei Jia Fu, Executive President and CEO of COSCO Group, sharing his views at the 4th Singapore Maritime Lecture (SML)

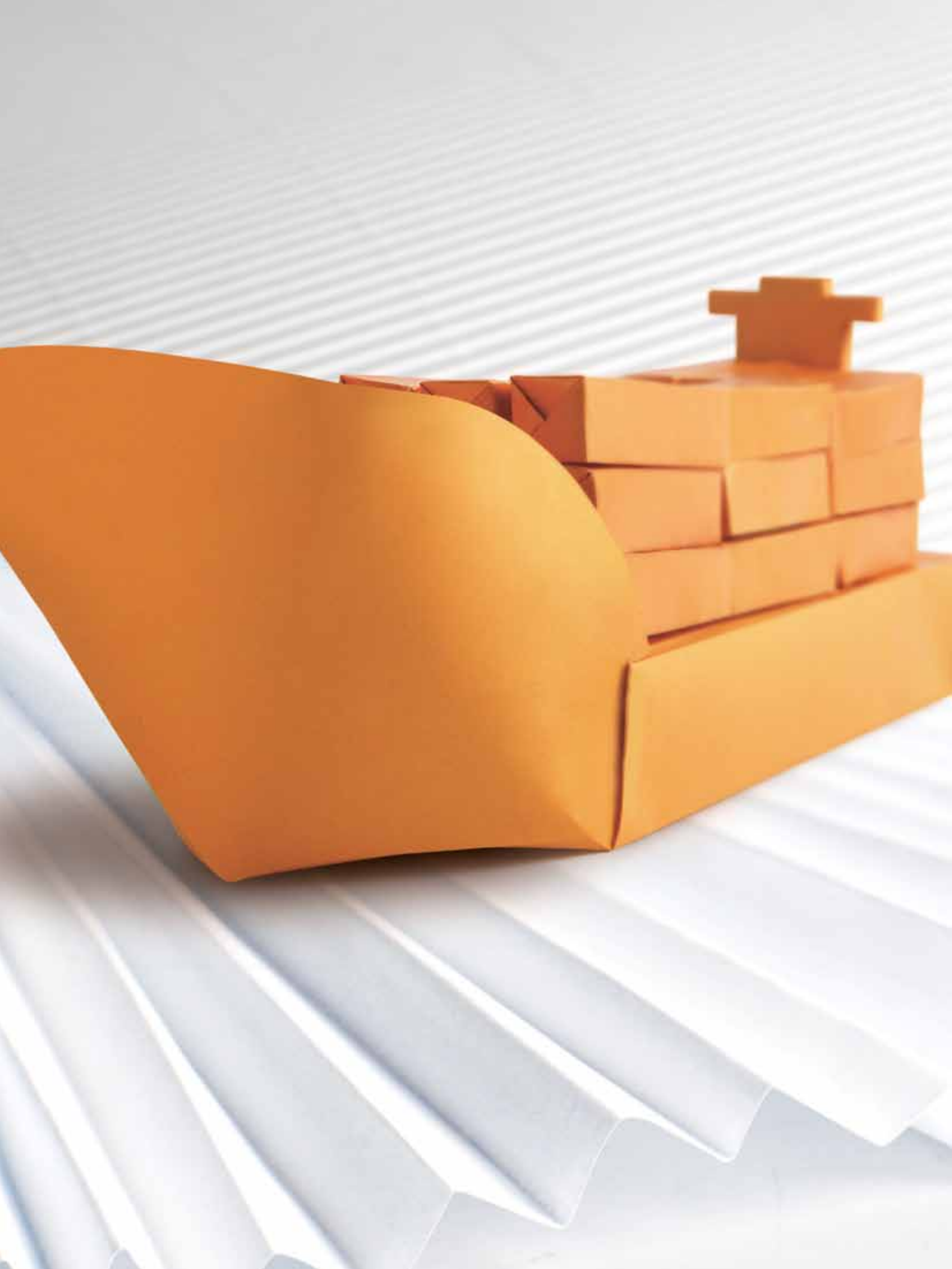
From left: Mr Lee Yuen Hee, Deputy Secretary (International), Ministry of Transport, Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport, Mr Lucien Wong, Chairman, MPA and Dato' Jude Benny, Board Member, MPA at the 4th SML

From left: Mr Teo Siong Seng, President of the Singapore Shipping Association, Capt Wei Jia Fu, Executive President and CEO of COSCO Group and Mrs Lim Hwee Hua, Minister in Prime Minister's Office and Second Minister for Finance and Transport at the 4th SML

Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport (3rd from left) opens the Maritime Technology Conference and Exhibition 2010

From left: Ms Tan Beng Tee, Group Director, International Maritime Centre, MPA, Mr Lam Yi Young, Chief Executive, MPA, Mr Richard Sadler, Chief Executive Officer, Lloyd's Register and Mr Lee Yuen Hee, Deputy Secretary (International), Ministry of Transport at Lloyd's Register's 250th anniversary celebration dinner





ON TRACK

STRATEGIC MARITIME INTERESTS

Advancing and safeguarding our strategic maritime interests is central to Singapore's continued success as a global hub. To this end, MPA continues to build sound relationships with the international community, nurturing existing partnerships and forging new ones in the region and around the world.



(Left) An MOU between MPA and MLTM was signed on 23 August 2010

(Below) On 20 September 2010, MPA and DMCA signed an MOU on Maritime Cooperation between the two authorities

1) BILATERAL MARITIME MOU

MPA concluded two Memorandum of Understandings (MOU) with its foreign counterparts in 2010. The first was the ROK-Singapore Maritime Cooperation MOU between MPA and the Ministry of Land, Transport and Maritime Affairs (MLTM) of the Republic of Korea (ROK). This MOU provides a platform to enhance collaboration to promote safety of navigation, and the protection of the marine environment both bilaterally and at various international fora such as the International Maritime Organization (IMO), the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), and the Cooperative Mechanism on Safety of Navigation and Environmental Protection in the Straits of Malacca and Singapore.

The second MOU was the Dubai-Singapore MOU on Maritime Cooperation between MPA and the Dubai Maritime City Authority (DMCA). Through this MOU, MPA and DMCA will explore collaboration in the planning and regulation of marinas and waterways, promotion of marine environment protection and conduct of maritime training and research.



2) COOPERATIVE MECHANISM

In October 2010, Singapore attended the 3rd Cooperation Forum (CF) and the 3rd Project Coordination Committee (PCC) in Yogyakarta, Indonesia, followed by the 5th Aids to Navigation Fund (ANF) meeting in Langkawi, Malaysia.

A key outcome of the 3rd CF was the adoption of a work item on the "Review and Enhancement of Measures in the Straits of Malacca and Singapore". This review will be jointly carried out by the three littoral States, user States and the industry.

The 3rd PCC also agreed to a new project proposed by Singapore to conduct a study on the need for and feasibility of implementing an Emergency Towing Vessel (ETV) service in the Straits of Malacca and Singapore.

3) PARTICIPATION AT AND CONTRIBUTION TO THE IMO

In 2010, MPA continued to actively participate in and contribute to the IMO's agenda of safe, secure and efficient shipping on clean oceans. In particular, we participated in the IMO's efforts to (i) address greenhouse gas emissions from ships, (ii) improve navigational safety in the Straits of Malacca and Singapore, and (iii) further strengthen corporate governance at the IMO. MPA also contributed a paper to the IMO to enhance financial management of the IMO budget. To assist developing countries in building capacity, MPA also organised regional workshops in Singapore and contributed experts to the IMO overseas technical cooperation programmes.

Singapore's representative (7th from left) at the 20th Port State Control Committee Meeting held in Hanoi, Vietnam from 11-17 June 2010



"Singapore has the right factors in place for maritime R&D to grow and flourish. MPA's efforts in promoting R&D and adoption of green technologies will help the maritime industry in contributing towards a cleaner and greener environment."

MR LAM YI YOUNG
Chief Executive, MPA

4) SINGAPORE ELECTED PORT STATE CONTROL COMMITTEE CHAIRMAN

Singapore's Representative, Mr Ong Hua Siong, Assistant Director, Port State Control Department/Ship Regulation & Development Department was unanimously elected Chair of the Port State Control Committee (PSCC), the governing body of the Tokyo MOU on Port State Control. The Tokyo MOU is a mechanism for regional authorities to work towards ensuring that ships visiting their ports comply with international shipping regulations.

5) A VIMSAS FIRST

MPA, in collaboration with the Ministry of Foreign Affairs and IMO, conducted an inaugural workshop to assist IMO member States in undergoing the Voluntary IMO Member State Audit Scheme (VIMSAS). VIMSAS is an IMO framework to raise the quality of shipping. Participants from 13 Asian and African countries attended the workshop held in March. MPA officers presented the authority's experiences in undergoing VIMSAS, as well as best practices in the implementation of IMO rules and regulations.



(Above) Participants of the inaugural workshop jointly conducted by MPA, Ministry of Foreign Affairs and IMO

(Right) At the inaugural workshop MPA presented the best practices in the implementation of IMO rules and regulations





Mr Cheong Keng Soon,
Director, Shipping Division, MPA
addressing participants at the
Ballast Water Convention

6) PROTECTING AND PRESERVING THE MARINE ENVIRONMENT

Controlling greenhouse gas (GHG) emissions is among the most critical environmental issue facing international shipping. MPA continues to contribute to the IMO's efforts to develop an appropriate regulatory regime to control GHG emissions from international shipping. Besides participating in the meetings of the IMO's Marine Environment Protection Committee (MEPC), MPA played an active role in various specialised working groups and subcommittees dealing with the issue. We had also tabled a paper to contribute to the discussions. MPA also funded various R&D projects in partnership with the industry and research institutions on environmental technologies relating to GHG emission reduction.

7) COMMITTED AGAINST HARMFUL ANTI-FOULING SYSTEMS

On 31 March 2010, the International Convention on the Control of Harmful Anti-Fouling Systems on Ships (AFS Convention) came into force for Singapore. The Convention bans the use of harmful anti-fouling paints and/or systems on ships, and encourages the use of environmentally friendly anti-fouling paints.

8) BALLAST WATER CONVENTION TRAINING WORKSHOPS

The Ballast Water Convention is a key IMO instrument to mitigate the transmissions of harmful aquatic organisms and pathogens by ballast water from ships. MPA, in cooperation with the IMO, conducted two regional workshops on the implementation of the IMO Ballast Water Management Convention. These were held in Nigeria in June 2010, and in Singapore in October 2010.



(Above) From left: Mr Yoshikiyo Ono, Director General, Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism, Japan, Mrs Lim Hwee Hua, Minister in Prime Minister's Office and Second Minister for Finance and Transport and Mr Lam Yi Young, Chief Executive, MPA

(Left) From left: Mr Lim Ki-Tack, Director General, Maritime Safety Policy Division of the Republic of Korea's Ministry of Land, Transport and Maritime Affairs, Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport and Mr Lam Yi Young, Chief Executive, MPA

(Below) From left: Mr Alvin Lim, Director, Sea Transport Division, Ministry of Transport, Rear Admiral Peter Brady, Director General of the Maritime Authority of Jamaica, Mrs Lim Hwee Hua, Minister in Prime Minister's Office and Second Minister for Finance and Transport and Mr Lam Yi Young, Chief Executive, MPA



9) DISTINGUISHED VISITORS' PROGRAMME

MPA hosted three key maritime officials under the Distinguished Visitors' Programme (DVP) in 2010. The DVP was established in 1997 to engage and strengthen relations between MPA and leaders in the international maritime community, and to promote the exchange of views and ideas on important maritime issues.

The three officials were Mr Lim Ki-Tack, Director General, Maritime Safety Policy Division of the Republic of Korea's Ministry of Land, Transport and Maritime Affairs; Mr Yoshikiyo Ono, Director General, Maritime Bureau, Ministry of Land, Infrastructure, Transport and Tourism, Japan; and Rear Admiral Peter Brady, Director General of the Maritime Authority of Jamaica.



10) MARITIME VISITORS' PROGRAMME

MPA inaugurated the Maritime Visitors' Programme (MVP) in 2010. Three key maritime personalities visited Singapore under the MVP in October 2010. They were Mr Andreas Chrysostomou (Cyprus), Chairman of the IMO Marine Environment Protection Committee; Mr Christian Breinholt (Denmark), Vice-Chairman of the IMO Maritime Safety Committee; and Mr Sveinung Oftedal (Norway), Chairman of the IMO Bulks, Liquids and Gases Sub-Committee.



(Above) Mr Sveinung Oftedal and Mr Christian Breinholt meet with Capt Khong Shen Ping, Assistant Chief Executive, MPA

(Right) From left: Mr Andreas Chrysostomou (Cyprus), Chairman of the IMO Marine Environment Protection Committee, Mr Sveinung Oftedal (Norway), Chairman of the IMO Bulks, Liquids and Gases Sub-Committee and Mr Christian Breinholt (Denmark), Vice-Chairman of the IMO Maritime Safety Committee at SIBCON 2010

During the visit, the three personalities exchanged views and ideas with MPA officials and the industry on a variety of issues and helped promote cooperation between the maritime agencies of the four countries. They also spoke at a special panel on GHG emissions at the Singapore International Bunkering Conference (SIBCON) 2010, and in a dialogue on market-based instruments with members of the Singapore Shipping Association (SSA).

11) MARINE ELECTRONIC HIGHWAY JOINT SURVEY

MPA took part in a hydrographic survey of the Traffic Separation Scheme at the entrance to the Straits of Malacca and Singapore (SOMS) near One Fathom Bank. The survey aimed to improve navigational safety and promote the protection of the marine environment through the sustainable use of coastal and marine resources of the littoral states.

Upon its completion, the littoral states will be able to make use of the data acquired to produce electronic navigational charts (ENCs) of the SOMS. The ENCs will be integrated into the marine information system allowing ships to navigate with precision through the SOMS.





IN BLOOM

CARING FOR OUR PEOPLE

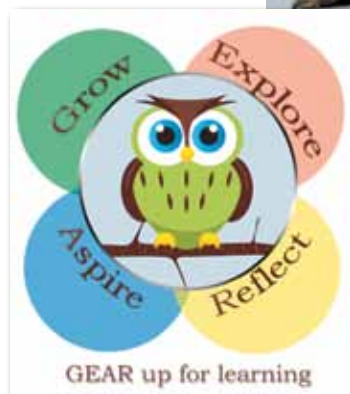
MPA's success is built on team effort, driven by the dedication and motivation of our people. In addition to skill and knowledge development programmes, MPA also sets out to provide a balanced and warm working environment for staff, and makes efforts to give back to the community.

1) 'TREE' FRAMEWORK

The Total Rewards for Employee Effectiveness (TREE) Framework was developed to articulate the MPA employee value proposition. This framework helps to ensure that a holistic and structured approach is adopted towards engaging, nurturing, developing and caring for staff by way of Growth and advancement, Rewards and recognition, Other benefits and incentives, and Work-life harmony.



A trip to the Raffles Lighthouse was one of the highlights of the MPA Learning festival



2) LEARNING IN MPA

MPA introduced a new learning framework known as Opportunities With Learning (OWL), which encourages staff to 'GEAR' up for learning through the four dimensions of Grow, Explore, Aspire and Reflect. A Learning Festival was held in conjunction with the launch of OWL, and presented staff the opportunity to experience different learning activities and programmes.

In order to support MPA staff in their personal learning and upgrading, the UPGRADE Account was created for staff keen to pursue additional learning. Funds are deposited into individual UPGRADE accounts and can be used to co-pay for non-work related training courses.

To better engage and develop our talents, MPA also introduced a staff development programme called Leadership Development (LEAD) Programme in 2010.



3) WOW WEEK WOVES

MPA's annual Well-On-Worklife (WOW) Week is a week packed with health, educational and social activities for staff to promote work-life harmony. Held in June 2010, WOW Week included a terrarium-making workshop, a baking competition, and Junior@Work – a day for MPA staff to bring their children to work and take part in fun and games.



Senior management and staff took part in the WOW Week baking competition



Winners of the best dressed table at the MPA Dinner & Dance 2010, dubbed "Funtasea Adventure"



MPA staff and their families took part in the WOW Week fun and games



MPA staff were treated to a range of fun-filled activities such as Staff Night, the annual Dinner & Dance, Lunch Time Outings, Fruit Days and WOW Week



MPA staff and family came together to enjoy an afternoon of fun and games at the MPA Family Day 2010

4) ETHICS POLICY FORMALISED

As part of good corporate governance, MPA formalised an Ethics Policy, guided by our core values. The policy clearly describes avenues and procedures for staff and the public to report any concerns relating to wrongdoing, as well as the follow-up actions.

5) CORPORATE SOCIAL RESPONSIBILITY

MPA's Corporate Social Responsibility (CSR) framework was launched in June 2010. The framework affirms MPA's commitment towards being a responsible corporate citizen, and ensures MPA remains committed to promoting responsible environmental practices, encouraging community involvement and caring for employees. A visit to the Semakau landfill was organised in conjunction with the launch, where MPA staff learnt more about landfill processes and the importance of resource conservation.



Wish List for the Senior Citizens at AWWA Seniors Activity Centre

Members of our CARE Team found sponsors among MPA staff for all 67 wish-list items and helped deliver the gifts to the residents



A visit to the Semakau landfill enabled staff to learn more about landfill processes and the importance of resource conservation



E-bidding Charity Sale

MPA's e-bidding charity project was carried out for the sale of corporate gifts and tokens given to MPA staff by external parties. Two charity sales were held in 2010, proceeds of which were donated to charity

MOT Family Charity Outreach

In support of the MOT Family Charity Outreach 2010, MPA raised funds through an online auction and donations by our employees. The contributions went towards supporting critical social service programmes run by the charities supported by Community Chest



Outing to Raffles Lighthouse for Children from Tanjong Pagar Family Service Centre

MPA hosted some 20 children from the Tanjong Pagar Family Service Centre. The children went on a sea tour of the Southern Islands and visited the Aids to Navigation heritage centre at Raffles Lighthouse where they learnt how navigational charts were produced in the past

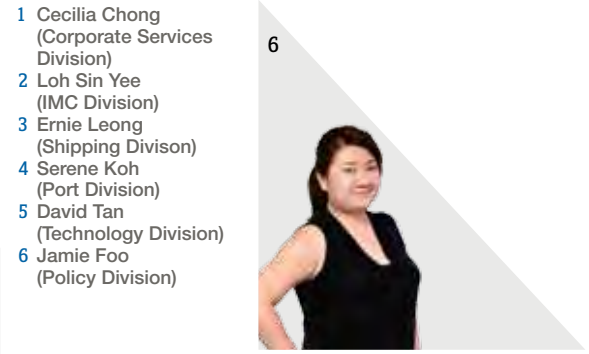
Mooncake festival sharing

MPA staff contributed mooncakes to AWWA Seniors Activity Centre and Redhill Moral Seniors Activity Centre during the mooncake festival in September 2010

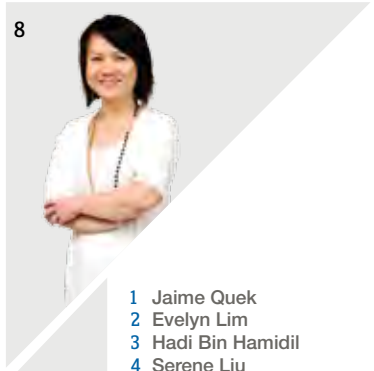


THANK YOU TO OUR CONTRIBUTORS

- 1 Cecilia Chong
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(IMC Division)
- 3 Ernie Leong
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- 4 Serene Koh
(Port Division)
- 5 David Tan
(Technology Division)
- 6 Jamie Foo
(Policy Division)



BROUGHT TO YOU BY THE CORPORATE COMMUNICATIONS DEPARTMENT



- 1 Jaime Quek
- 2 Evelyn Lim
- 3 Hadi Bin Hamidil
- 4 Serene Liu
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- 7 Lam Wee Shann
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MARITIME AND PORT AUTHORITY OF SINGAPORE

FINANCIAL REPORT 2010



CONTENTS

- 01** Statement by Board of Members
- 02** Independent Auditor's Report
- 04** Consolidated Balance Sheet
- 05** Consolidated Statement of Comprehensive Income
- 06** Consolidated Statement of Changes in Reserves
- 07** Consolidated Statement of Cash Flows
- 08** Notes to the Financial Statements

STATEMENT BY BOARD OF MEMBERS

For the financial year ended 31 December 2010

In the opinion of the Board of Members,

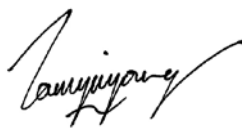
- (a) the consolidated financial statements of The Maritime and Port Authority of Singapore and its subsidiary (the "Authority") set out on pages 4 to 53 are properly drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2010 and the results of the business, changes in reserves and cash flows of the Authority for the financial year then ended in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Members,



Lucien Wong
Chairman



Lam Yi Young
Chief Executive and Board Member

22 March 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF THE MARITIME AND PORT AUTHORITY OF SINGAPORE

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Maritime and Port Authority of Singapore and its subsidiary (the "Authority") set out on pages 4 to 53, which comprise the balance sheet as at 31 December 2010, the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows, for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) (the "Act") and Statutory Board Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2010 and the results, changes in reserves and cash flows of the Authority for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, 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.

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



PricewaterhouseCoopers LLP

Public Accountants and Certified Public Accountants

Singapore, 22 March 2011

CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	2010 \$	2009 \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	78,698,167	84,261,981
Capital work-in-progress	5	27,995,698	6,836,009
Financial assets	7	359,516,809	570,830,941
		466,210,674	661,928,931
Current assets			
Financial assets	7	150,000	150,000
Trade receivables	8	29,997,238	32,958,930
Deposits, prepayments and other receivables	9	11,246,920	17,338,419
Cash and cash equivalents	10	721,472,055	387,684,838
		762,866,213	438,132,187
Total assets		1,229,076,887	1,100,061,118
EQUITY			
Capital and reserves			
Establishment account	11	147,375,155	147,375,155
Equity financing account	12	3,978,616	1,000
Fair value reserve		30,797,036	41,785,432
Accumulated surplus		939,601,622	818,918,442
Total capital and reserves		1,121,752,429	1,008,080,029
LIABILITIES			
Non-current liabilities			
Employment benefits	13	1,744,954	1,770,906
Deferred capital grant	14	28,754,364	30,338,580
		30,499,318	32,109,486
Current liabilities			
Trade and other payables	15	34,069,349	17,340,380
Advances, deposits and unearned income	16	13,551,188	11,714,287
Provision for contribution to Consolidated Fund		29,204,603	30,816,936
		76,825,140	59,871,603
Total liabilities		107,324,458	91,981,089
Total equity and liabilities		1,229,076,887	1,100,061,118
Funds managed/held on behalf of others	25	27,808,730	78,127,259
Funds' net assets managed/held on behalf of others	25	(27,808,730)	(78,127,259)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2010

	Note	2010 \$	2009 \$
Operating revenue			
Port dues and marine services		226,390,602	236,364,764
Shipping services		8,085,280	9,118,885
Rental income		3,174,147	2,752,959
Training		1,178,566	949,579
Miscellaneous revenue		746,225	843,726
		239,574,820	250,029,913
Operating expenditure			
Staff cost	17	56,083,452	49,474,048
Depreciation expense on property, plant and equipment	4	10,714,023	11,135,515
Hire of marine craft and sea garbage services		8,055,336	6,180,062
Fuel, repairs and maintenance		6,633,414	6,109,604
Other operating expenses	18	37,768,494	32,431,011
		119,254,719	105,330,240
Operating surplus		120,320,101	144,699,673
Other operating surplus/(deficit)	19	49,887,466	34,669,793
Surplus from operations		170,207,567	179,369,466
Amortisation of deferred capital grant	14	1,584,216	1,817,628
Surplus before contribution to Consolidated Fund		171,791,783	181,187,094
Contribution to Consolidated Fund	20	(29,204,603)	(30,816,936)
Surplus for the financial year		142,587,180	150,370,158
Other comprehensive income/(loss)			
Net change in fair value of:			
– Available-for-sale debt and equity securities placed by fund managers		11,021,682	80,947,727
– Available-for-sale equity securities managed internally		(68,172)	636,272
Transfer to income and expenditure on sale of available-for-sale debt and equity securities placed by fund managers		(22,082,638)	(15,741,536)
Impairment loss on available-for-sale debt and equity securities placed by fund managers transferred to income and expenditure		140,732	2,603,542
Other comprehensive (losses)/income for the year		(10,988,396)	68,446,005
Total comprehensive income for the year		131,598,784	218,816,163

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

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the financial year ended 31 December 2010

	Establishment account	Equity financing account	Fair value reserve	Accumulated surplus	Total
	\$	\$	\$	\$	\$
2010					
Beginning of financial year	147,375,155	1,000	41,785,432	818,918,442	1,008,080,029
Total comprehensive income	-	-	(10,988,396)	142,587,180	131,598,784
Issue of ordinary shares	-	3,977,616	-	-	3,977,616
Dividends paid	-	-	-	(21,904,000)	(21,904,000)
End of financial year	147,375,155	3,978,616	30,797,036	939,601,622	1,121,752,429
2009					
Beginning of financial year	147,375,155	-	(26,660,573)	685,975,094	806,689,676
Total comprehensive income	-	-	68,446,005	150,370,158	218,816,163
Issue of ordinary shares	-	1,000	-	-	1,000
Dividends paid	-	-	-	(17,426,810)	(17,426,810)
End of financial year	147,375,155	1,000	41,785,432	818,918,442	1,008,080,029

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Surplus before contribution to Consolidated Fund		171,791,783	181,187,094
Adjustments for:			
– Depreciation on property, plant and equipment	4	10,714,023	11,135,515
– Impairment loss on trade receivables	18	1,020,860	929,147
– Impairment loss on unquoted equity securities	19	203,805	99,000
– Net investment gain from funds with fund managers	19	(48,844,311)	(33,786,775)
– Interest income on bank deposits and staff loans	19	(571,202)	(862,017)
– Dividend income on equity securities	19	(161,340)	(142,025)
– (Gain)/loss on disposal of property, plant and equipment	19	(400)	2,681
– Amortisation of deferred capital grant	14	(1,584,216)	(1,817,628)
		132,569,002	156,744,992
Changes in working capital:			
– Trade receivables		1,940,832	(7,315,766)
– Deposits, prepayments and other receivables		3,810,616	(220,120)
– Trade and other payables		14,793,410	(279,870)
– Advances, deposits and unearned income		1,836,901	8,894,642
– Employment benefits		(25,952)	48,193
Cash generated from operations		154,924,809	157,872,071
Contribution paid to Consolidated Fund		(30,816,936)	(2,822,561)
Net cash provided by operating activities		124,107,873	155,049,510
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		9,101	672
Purchases of property, plant and equipment and capital work-in-progress		(26,318,599)	(6,050,648)
Purchase of unquoted equity securities		-	(85,628)
Withdrawal of funds from fund managers		305,462,244	-
Interest received		510,061	862,017
Dividends received		161,340	142,025
Net cash provided by/(used in) investing activities		279,824,147	(5,131,562)
Cash flows from financing activities			
Dividends paid		(21,904,000)	(17,426,810)
Proceeds from issuance of ordinary shares		3,977,616	1,000
Placement of industry funds with Accountant-General's Department		(214,219,945)	(187,800,000)
Net cash used in financing activities		(232,146,329)	(205,225,810)
Net increase/(decrease) in cash and cash equivalents		171,785,691	(55,307,862)
Cash and cash equivalents at beginning of financial year		117,304,117	172,611,979
Cash and cash equivalents at end of financial year	10	289,089,808	117,304,117

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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

1. General information

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

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

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

The principal activities of 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. Significant accounting policies

2.1 Basis of preparation

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

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

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

Interpretations and amendments to published Standards effective in 2010

On 1 January 2010, the Authority adopted the new or amended SB-FRS and Interpretations to SB-FRS ("INT SB-FRS") that are mandatory for application from that date. Changes to the Authority's accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

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

2.2 Investment in subsidiary

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

2.3 Currency translation

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.4 Property, plant and equipment

(a) Measurement

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

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

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

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

Assets previously from the former National Maritime Board, the Marine Department and the regulatory departments of the Port of Singapore Authority were taken in at their 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 2.14).

(b) Subsequent expenditure

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

(c) Depreciation

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

	<u>Useful lives</u>
Leasehold land	Over the remaining lease period ranging from 4 to 59 years
Building structures	5 to 60 years
Wharves, hardstanding and roads	10 to 39 years
Renovations	5 years
Plant, machinery and equipment	3 to 15 years
Vehicles	5 years
Computers	3 to 5 years
Furniture and fittings	10 years
Floating crafts	5 to 10 years

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

(d) Disposal

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

2.5 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.6 Impairment of non-financial assets

Property, plant and equipment
Investment in subsidiary

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

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

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

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

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

2.7 Financial assets

(a) Classification

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

(i) Loans and receivables

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

(ii) Financial assets, held-to-maturity

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

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

(iii) Financial assets, available-for-sale

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(b) Recognition and derecognition

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

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

(c) Initial measurement

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

(d) Subsequent measurement

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

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

(e) Impairment

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.7 Financial assets (continued)

(ii) Financial assets, available-for-sale

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

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

2.8 Leases

When the Authority is a lessee of an operating lease

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

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

When the Authority is a lessor of an operating lease

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

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

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

2.9 Fair value estimation of financial assets and liabilities

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

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

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

2.10 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 the fund managers. The fund managers also hold derivative financial instruments to manage these risks. The use of hedging instruments is governed by the Authority's investment mandate which provides guidelines on the use of financial instruments consistent with the Authority's risk management strategy.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.11 Employment benefits

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

(a) Defined contribution plans

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

(b) Pension benefits

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

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

(c) Employee leave entitlement

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

(d) Short-term benefits

Short-term employee benefit obligations, are measured on an undiscounted basis and are expensed in 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.

2.12 Provisions

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

2.13 Revenue recognition

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

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

(a) Port dues and maritime welfare fees

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

(b) Marine services

Marine services are recognised as and when services are performed.

(c) Shipping services

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

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over lease term. Lease incentives granted are recognised as an integral part of the total rental income to be received.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

2. Significant accounting policies (continued)

2.14 Government grants

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

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

2.16 Cash and cash equivalents

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

3. Critical accounting estimates and assumptions

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

3.1 Critical accounting estimates and assumptions

(a) Useful lives of property, plant and equipment

The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded 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 and therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Authority's results. Refer to Note 4 for the carrying value of property, plant and equipment at the balance sheet date.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

4. Property, plant and equipment

	Leasehold land \$	Building structures \$	Wharves, hard-standing and roads \$	Renovations \$	Plant, machinery and equipment \$	Vehicles \$	Computers and fittings \$	Furniture and fittings \$	Floating crafts \$	Total \$
2010										
<u>Cost</u>										
Beginning of financial year	7,641,956	53,054,387	61,868,080	5,541,658	11,905,754	317,235	52,907,912	892,520	13,573,613	207,703,115
Additions	-	-	-	-	1,058,817	-	4,100,093	-	-	5,158,910
Disposals/write-off	-	(20,235)	-	-	(309,948)	-	(1,492,360)	(55,976)	-	(1,878,519)
End of financial year	7,641,956	53,034,152	61,868,080	5,541,658	12,654,623	317,235	55,515,645	836,544	13,573,613	210,983,506
<u>Accumulated depreciation</u>										
Beginning of financial year	1,569,257	23,815,619	23,846,593	3,122,268	9,676,860	259,446	49,496,476	474,204	11,180,411	123,441,134
Depreciation charge	241,296	2,355,228	2,567,376	686,952	861,324	48,069	2,993,263	62,115	898,400	10,714,023
Disposals/write-off	-	(20,235)	-	-	(309,948)	-	(1,491,311)	(48,324)	-	(1,869,818)
End of financial year	1,810,553	26,150,612	26,413,969	3,809,220	10,228,236	307,515	50,998,428	487,995	12,078,811	132,285,339
Net book value										
End of financial year	5,831,403	26,883,540	35,454,111	1,732,438	2,426,387	9,720	4,517,217	348,549	1,494,802	78,698,167
2009										
<u>Cost</u>										
Beginning of financial year	7,096,376	53,054,387	61,701,201	5,701,658	11,502,444	317,235	52,434,341	891,560	13,577,613	206,276,815
Additions	545,580	-	166,879	-	516,431	-	1,885,908	11,160	-	3,125,958
Disposals/write-off	-	-	-	-	(113,121)	-	(1,412,337)	(10,200)	(4,000)	(1,539,658)
Transfer to capital work-in-progress	-	-	-	(160,000)	-	-	-	-	-	(160,000)
End of financial year	7,641,956	53,054,387	61,868,080	5,541,658	11,905,754	317,235	52,907,912	892,520	13,573,613	207,703,115
<u>Accumulated depreciation</u>										
Beginning of financial year	1,327,781	21,422,796	21,277,173	2,428,655	8,987,947	209,022	47,745,933	414,262	10,028,355	113,841,924
Depreciation charge	241,476	2,392,823	2,569,420	693,613	801,599	50,424	3,162,008	68,096	1,156,056	11,135,515
Disposals/write-off	-	-	-	-	(112,686)	-	(1,411,465)	(8,154)	(4,000)	(1,536,305)
End of financial year	1,569,257	23,815,619	23,846,593	3,122,268	9,676,860	259,446	49,496,476	474,204	11,180,411	123,441,134
Net book value										
End of financial year	6,072,699	29,238,768	38,021,487	2,419,390	2,228,894	57,789	3,411,436	418,316	2,393,202	84,261,981

5. Capital work-in-progress

Capital work-in-progress relates to the cost of computer systems and maritime and port projects under development.

6. Investment in subsidiary

	2010 \$	2009 \$
Cost of investment		
At beginning and end of financial year	<u>2</u>	<u>2</u>

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority	
		2010 %	2009 %
MPA Venture Pte. Ltd.	Singapore	100	100

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

7. Financial assets

	Note	2010 \$	2009 \$
Non-current investments			
Available-for-sale securities:			
Quoted equity securities managed by fund managers	7(a), 21	176,126,447	202,063,801
Quoted debt securities managed by fund managers	7(b), 21	177,789,921	362,894,721
Quoted equity securities managed internally	7(c)	3,465,410	3,533,583
Unquoted equity securities managed internally		<u>3,915,908</u>	3,915,908
Impairment losses		<u>(1,780,877)</u>	(1,577,072)
	7(d)	<u>2,135,031</u>	2,338,836
		<u>359,516,809</u>	570,830,941
Current investment			
Unquoted held-to-maturity debt securities		150,000	150,000
		<u>359,666,809</u>	570,980,941

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

7. Financial assets
(continued)

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

For available-for-sale equity securities that are listed in an active market, management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. The Authority holds a diversified portfolio of equity securities that spans across many industries in different geographical locations. Under this impairment assessment approach, the Authority recorded an impairment loss of \$140,732 (2009: \$1,335,263) during the current year. The impairment loss is presented under "Other operating surplus/(deficit)" in the current year's consolidated statement of comprehensive income.

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

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

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

- (1) Significant financial difficulty of the issuer of the debt security;
- (2) Payment defaults of the issuer;
- (3) Renegotiation of terms of an asset due to financial difficulty of the borrower;
- (4) Significant restructuring due to the financial difficulty or expected bankruptcy;
- (5) Disappearance of an active market for an asset due to financial difficulties; or
- (6) Observable data indicating that there is a measurable decrease in the estimated future cash flows.

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

	<u>Original cost</u>	<u>Fair value</u>	
	\$	\$	%
2010			
Corporate bonds	145,676,152	137,888,359	78
Government bonds	40,342,231	39,901,562	22
	<u>186,018,383</u>	<u>177,789,921</u>	<u>100</u>
2009			
Assets-backed securities	14,208,077	13,331,702	4
Commercial mortgage-backed securities	20,409,711	19,093,888	5
Corporate bonds	144,019,981	146,695,913	40
Government bonds	161,148,347	163,006,450	45
Non-government backed commercial mortgage obligations	21,813,616	20,766,768	6
	<u>361,599,732</u>	<u>362,894,721</u>	<u>100</u>

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

<u>Credit rating</u>	<u>Fair value</u>	
	\$	%
2010		
AAA/Aaa	36,424,921	21
AA/Aa	11,494,769	6
A/A	97,788,086	55
BBB+/Baa1	8,837,451	5
BBB/Baa2	18,240,194	10
BBB-/Baa3	5,004,500	3
	<u>177,789,921</u>	<u>100</u>
2009		
AAA/Aaa	158,885,507	44
AA/Aa	68,588,641	19
A/A	106,463,041	29
BBB+/Baa1	5,653,585	2
BBB/Baa2	10,458,901	3
BBB-/Baa3	12,845,046	3
	<u>362,894,721</u>	<u>100</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

7. Financial assets
(continued)

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

In determining whether a loss event has occurred, management, based on the criteria listed above, did not find any debt securities that indicated evidences of impairment. In the previous financial year, \$1,553,830 of debt securities were evaluated to indicate evidence of impairment, of which \$1,268,279 of impairment loss was recognised. The impairment loss was presented under "Other operating surplus/(deficit)" in the previous year's consolidated statement of comprehensive income.

Except for the impaired securities in the previous financial year described above, a significant portion of the invested debt securities representing 82% (2009: 92%) are rated "A" and above by the credit rating agencies; and for the remaining debt securities rated "BBB+" and below, management is of the view that these debt securities remain "investment grade" and are not impaired.

Other considerations

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

	Fair value	
	\$	%
2010		
Asia (mainly Singapore and Malaysia)	18,289,087	46
European union	8,949,197	22
United States of America	3,625,170	9
Rest of the world	9,038,108	23
	<u>39,901,562</u>	<u>100</u>
2009		
Asia (mainly Singapore and Republic of Korea)	34,629,447	21
European union	65,120,984	40
United States of America	31,573,657	19
Rest of the world	31,682,362	20
	<u>163,006,450</u>	<u>100</u>

As part of the Authority's impairment assessment on these government bonds, management forms a view that despite the deficits faced by the government in the United States of America and certain European countries, there is no evidence of impairment on future contractual cash flows associated with these government bonds.

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

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

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

The investments in unquoted equity securities amounting to \$2,135,031 (2009: \$2,338,836) 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 on unquoted equity securities

Certain investee companies continue to incur operating losses and recorded a deficit in shareholders' funds as at 31 December 2010. As the going concern of these investee companies continue to remain uncertain, the Authority continues to deem the fair value less costs to sell of these investee companies to be \$Nil. On this basis, an impairment loss of \$203,805 (2009: \$99,000) has been recognised in "Other operating surplus/(deficit)" in the current year's consolidated statement of comprehensive income.

8. Trade receivables

	2010	2009
	\$	\$
Trade receivables	32,183,866	34,159,671
Less: Allowance for impairment of receivables	(2,186,628)	(1,200,741)
Trade receivables – net	29,997,238	32,958,930

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

8. Trade receivables
(continued)

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

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

Impairment losses

The ageing of trade receivables at the reporting date is:

	Gross receivables \$	Impairment losses \$
2010		
Not past due	24,609,781	-
Past due 0 – 30 days	1,860,828	-
Past due 31 – 60 days	593,150	-
More than 60 days	5,120,107	2,186,628
	<u>32,183,866</u>	<u>2,186,628</u>
2009		
Not past due	27,040,691	85,979
Past due 0 – 30 days	4,282,976	44,171
Past due 31 – 60 days	52,312	35,840
More than 60 days	2,783,692	1,034,751
	<u>34,159,671</u>	<u>1,200,741</u>

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

	2010 \$	2009 \$
Beginning of financial year	1,200,741	271,594
Impairment loss recognised	2,186,628	1,200,741
Amount written back	(1,165,768)	(271,594)
Allowance utilised	(34,973)	-
End of financial year	<u>2,186,628</u>	<u>1,200,741</u>

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

9. Deposits, prepayments and other receivables

	2010	2009
	\$	\$
Deposits	230,161	230,161
Prepayments	438,560	324,047
Other receivables	8,401,663	12,631,351
Allowance for impairment of other receivables	(165,000)	(165,000)
	8,236,663	12,466,351
Interest receivable	2,341,536	4,317,860
	11,246,920	17,338,419

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

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

	2010	2009
	\$	\$
Interest receivable (Note 21)	2,252,466	4,289,931
Receivables on sale of financial instruments (Note 21)	1,297,113	341,140
Forward foreign exchange purchases (net) (Note 21)	1,484,780	2,354,760
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 21)	390,684	781,236
	5,425,043	7,767,067

10. Cash and cash equivalents

	2010	2009
	\$	\$
Cash at bank and on hand	34,671,240	45,853,379
Placements with Accountant-General's Department	661,855,512	187,800,000
Short-term bills and notes	-	26,018,519
Fixed deposits	24,945,303	128,012,940
	721,472,055	387,684,838

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

10. Cash and cash equivalents (continued)

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

Cash and bank balances (as above)	721,472,055	387,684,838
Less: Cash and cash equivalents managed by fund managers	(30,362,302)	(82,580,721)
Less: Placements with Accountant-General's Department	(402,019,945)	(187,800,000)
Cash and cash equivalents per consolidated statement of cash flows	289,089,808	117,304,117

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

Placements with the Accountant-General's Department comprise \$259,835,567 (2009: \$Nil) which is centrally managed by the Accountant-General's Department under the Centralised Liquidity Management Framework ("CLM"), as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries, and industry funds of \$402,019,945 (2009: \$187,800,000) which is placed under the Capital Management Framework and is subject to certain restrictions.

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

	2010	2009
	\$	\$
Cash at bank and on hand (Note 21)	5,416,999	22,756,691
Short-term bills and notes (Note 21)	-	26,018,519
Fixed deposits (Note 21)	24,945,303	33,805,511
	30,362,302	82,580,721

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.0875% to 0.68% (2009: 0.155% to 0.680%) per annum. Interest rates reprice at intervals of one, two, three or twelve months.

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

	2010	2009
	%	%
Short-term bills and notes	-	0.47 – 1.60
Fixed deposits	0.08 – 0.18	0.08 – 0.12

11. Establishment account

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

Capital management

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

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

The Authority is not subject to externally imposed capital requirements.

12. Equity financing account

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

During the year, the Authority issued 3,977,616 (2009: 1,000) shares of \$1 each. The shares have been fully paid for and are held by the MOF, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183), 1985 Realised Edition. The holders of the shares are entitled to returns on equity from time to time.

13. Employment benefits

	2010	2009
	\$	\$
Beginning of financial year	1,770,906	1,722,713
Provision made	-	48,193
Provision utilised	(25,952)	-
End of financial year	1,744,954	1,770,906

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

14. Deferred capital grant

	2010 \$	2009 \$
Beginning of financial year	30,338,580	32,156,208
Amortisation to income	(1,584,216)	(1,817,628)
End of financial year	<u>28,754,364</u>	<u>30,338,580</u>

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

15. Trade and other payables

	2010 \$	2009 \$
Trade payables	4,599,863	2,760,185
Payables on purchase of financial instruments, managed by fund managers (Note 21)	2,312,492	-
Accrued capital expenditure	11,173,895	788,823
Accrued operating expenses	14,606,255	13,053,727
Other payables	1,376,844	737,645
	<u>34,069,349</u>	<u>17,340,380</u>

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

Accrued operating expenses include accrual for special performance bonus and group bonus of \$9,630,670 (2009: \$7,134,205).

Accrued administrative fee payable to the fund managers and custodian bank amounted to \$391,110 (2009: \$768,043) is also included in accrued operating expenses.

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

	Undiscounted cash flows		
	Within	Within	More than
	1 year	1 to 5 years	5 years
	\$	\$	\$
2010			
Non-derivative financial liabilities			
Trade and other payables	(34,069,349)	-	-
	<u>(34,069,349)</u>	<u>-</u>	<u>-</u>
2009			
Non-derivative financial liabilities			
Trade and other payables	(17,340,380)	-	-
	<u>(17,340,380)</u>	<u>-</u>	<u>-</u>

16. Advances, deposits and unearned income

	2010	2009
	\$	\$
Advances and deposits	3,748,876	1,333,947
Unearned operating lease income [Note (a)]	8,179,687	8,665,905
Unearned annual port dues and Maritime Welfare Fee [Note (b)]	1,622,625	1,714,435
	<u>13,551,188</u>	<u>11,714,287</u>

(a) Unearned operating lease income relates to sub-lease of a property to a third party for a period of 17 years.

(b) Unearned annual port dues and Maritime Welfare Fee relate to certain customers under annual port due scheme, and the advance payments of Maritime Welfare Fee. 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.

Deposits due within 1 year approximate their carrying amount of \$1,702,698.

17. Staff cost

	2010	2009
	\$	\$
Wages and salaries	47,324,800	41,867,469
Employer's contribution to Central Provident Fund	4,563,503	4,087,670
Employer's contribution to other defined benefit plans (Note 13)	-	48,193
Other benefits	4,195,149	3,470,716
	<u>56,083,452</u>	<u>49,474,048</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

18. Other operating expenses

Included in other operating expenses are the following:

	2010	2009
	\$	\$
Contribution to the Maritime Cluster Fund projects	4,740,443	1,553,997
Utility charges	4,241,504	5,694,616
Contribution to the International Maritime Organisation	2,721,455	2,263,046
Service fees to port operator	2,489,483	2,925,116
Telecommunication charges	2,372,178	2,280,925
Project grants	2,128,055	2,417,102
Contracted services	1,793,696	1,882,179
Rental/maintenance fees for office premises	1,772,702	1,699,822
Contribution to Merit Fund	1,211,105	1,181,107
Impairment loss on trade receivables	1,020,860	929,147
Property tax	1,009,780	725,354
Overseas travelling	758,937	709,366
Printing and stationery	416,837	613,407
Others	11,091,459	7,555,827
	37,768,494	32,431,011

19. Other operating surplus/(deficit)

	2010	2009
	\$	\$
Gain/(loss) from sale of investments in:		
– Debt securities	9,527,095	(1,595,177)
– Equity securities	30,457,515	21,700,626
Realised loss on foreign exchange on disposal of available-for-sale financial assets – net	(17,901,972)	(4,363,913)
Fair value gain on derivatives	25,506,452	8,715,867
Impairment loss on investments in:		
– available-for-sale equity securities	(140,732)	(1,335,263)
– available-for-sale debt securities	-	(1,268,279)
Investment expenses	(2,700,968)	(3,111,806)
Unrealised loss on foreign exchange on debt securities and other monetary assets held by fund managers – net	(11,015,950)	(3,956,071)
Interest income:		
– Debt securities	8,661,204	13,011,493
– Fixed deposits	57,461	78,260
Dividend income	6,364,049	6,074,607
Others	30,157	(163,569)
Net investment gain from funds with fund managers carried forward	48,844,311	33,786,775
Interest income:		
– Fixed deposits and cash at bank	410,119	622,159
– Staff loans and trade receivables	161,083	239,858
Dividend income	161,340	142,025
Gain/(loss) on disposal of property, plant and equipment	400	(2,681)
Impairment loss on investments in available-for-sale unquoted equity securities, managed internally	(203,805)	(99,000)
(Loss)/gain on foreign exchange on other monetary assets, held internally – net	(81,669)	77,057
Income from liquidated damages received	631,510	-
Others	(35,823)	(96,400)
	49,887,466	34,669,793

20. Contribution to Consolidated Fund

The contribution to the Consolidated Fund is made in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A). The contribution is based on 17% (2009: 17%) of the surplus for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

21. Funds with fund managers

The Authority places its surplus funds with fund managers to manage its investment portfolio under a balanced 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 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:

	2010	2009
	\$	\$
Debt securities (Note 7)	177,789,921	362,894,721
Equity securities (Note 7)	176,126,447	202,063,801
Interest receivables (Note 9)	2,252,466	4,289,931
Receivables on sale of financial instruments (Note 9)	1,297,113	341,140
Forward foreign exchange purchases (net) (Note 9)	1,484,780	2,354,760
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 9)	390,684	781,236
Fixed deposits (Note 10)	24,945,303	33,805,511
Cash balances (Note 10)	5,416,999	22,756,691
Short-term bills and notes (Note 10)	-	26,018,519
Payables on purchase of financial instruments (Note 15)	(2,312,492)	-
Accrued administrative fees (Note 15)	(391,110)	(768,043)
	387,000,111	654,538,267

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

	2010	2009
	\$	\$
Notional amounts		
Fixed income futures contracts	17,294,175	54,271,302
Foreign currency swap and forward contracts	205,022,395	595,414,868

22. Financial risk management

Financial risk factors

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

Risk management is integral to the whole 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.

Funds with fund managers

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

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

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

All security investments present a risk of loss of capital. The maximum loss of capital is represented by the carrying values of the security investments.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. Financial risk
management
(continued)

(a) Market risk

(i) Currency risk

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

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

	2010	2009
	\$	\$
US Dollars	-	41,915,853
Euro	-	20,510,149
Hong Kong Dollars	17,326,488	6,200,834
Ringgit Malaysia	11,274,490	4,537,150
Sterling Pounds	-	9,868,419
Japanese Yen	-	9,820,498
Australian Dollars	14,236,044	25,084,688
Canadian Dollars	-	9,104,567
Indonesian Rupiah	28,190,869	10,116,446
Thai Baht	20,048,742	18,446,032
Korean Won	24,881,766	9,995,934
Norwegian Krone	-	1,099,619
Swedish Krona	-	1,465,478
Swiss Franc	-	2,207,522
Various other foreign currencies	12,402,052	5,491,890
	128,360,451	175,865,079

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

	2010	2009
	\$	\$
US Dollars	84,033,030	166,588,282
Euro	34,548,453	83,679,050
Sterling Pounds	1,770,631	3,237,442
Australian Dollars	12,640,104	29,364,814
Ringgit Malaysia	3,388,569	3,923,912
Norwegian Krone	-	3,817,305
Various other foreign currencies	-	11,418,620
	<u>136,380,787</u>	<u>302,029,425</u>

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

	2010	2009
	\$	\$
US Dollars	1,275,922	15,087,073
Euro	579,323	1,678,383
Various other foreign currencies	447,816	5,200,622
	<u>2,303,061</u>	<u>21,966,078</u>

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

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

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2010		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>6,418,023</u>	<u>(6,418,023)</u>
2009		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>8,793,254</u>	<u>(8,793,254)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. Financial risk management
(continued)

(a) Market risk
(continued)

(i) Currency risk
(continued)

Available-for-sale monetary assets

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

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2010		
Managed by fund managers		
Debt securities	6,819,089	(6,819,089)
Cash and cash equivalents	115,153	(115,153)
Forward foreign exchange purchases (net) and payables on purchase of financial instruments	(6,427,477)	6,427,477
	<u>506,765</u>	<u>(506,765)</u>
Cash and cash equivalents, managed internally	59,170	(59,170)
	<u>565,935</u>	<u>(565,935)</u>
2009		
Managed by fund managers		
Debt securities	15,101,471	(15,101,471)
Cash and cash equivalents	1,098,304	(1,098,304)
Forward foreign exchange purchases (net) and payables on purchase of financial instruments	(20,856,279)	20,856,279
	<u>(4,656,504)</u>	<u>4,656,504</u>
Cash and cash equivalents, managed internally	93,013	(93,013)
	<u>(4,563,491)</u>	<u>4,563,491</u>

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.

(ii) Interest rate risk

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

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

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

	+100 basis point scenario \$	-100 basis point scenario \$
2010		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>(6,674,600)</u>	<u>7,153,114</u>
2009		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	<u>(10,630,925)</u>	<u>11,157,113</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. Financial risk management
(continued)

(a) Market risk
(continued)

(ii) Interest rate risk
(continued)

	+100 basis point scenario \$	-100 basis point scenario \$
2010		
Income and expenditure	196,691	(196,691)
2009		
Income and expenditure	723,520	(723,520)

Derivatives (futures and swaps), managed by fund managers

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

	+100 basis point scenario \$	-100 basis point scenario \$
2010		
Income and expenditure	1,210,303	(1,259,359)
2009		
Income and expenditure	2,676,002	(2,791,934)

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:

	2010 \$	2009 \$
Fixed rate		
Maturing in less than 1 year	15,041,576	70,570,082
Maturing between 1 to 5 years	52,537,462	114,451,335
Maturing in more than 5 years	91,479,705	110,371,023
Floating rate		
Repricing in less than 3 months	-	60,758,548
Repricing between 3 to 6 months	18,731,178	6,743,733
	177,789,921	362,894,721

(iii) Price risk

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

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

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

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

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2010		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	(96,946)	-
Income and expenditure	123,101	(26,155)
Equity securities, managed internally		
Income and expenditure	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. Financial risk management
(continued)

(a) Market risk
(continued)

(iii) Price risk
(continued)

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2009		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	(549,033)	-
Income and expenditure	1,140,140	(591,107)
Equity securities, managed internally		
Income and expenditure	-	-

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

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

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2010		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	8,780,168	(8,407,033)
Income and expenditure	-	(373,134)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	173,271	-
Income and expenditure	-	(173,271)

	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2009		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	9,512,083	(8,854,270)
Income and expenditure	-	(657,813)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	176,679	(176,679)

(b) Credit risk

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

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

	2010	2009
	\$	\$
Trade receivable (Note 8)	29,997,238	32,958,930
Deposits (Note 9)	230,161	230,161
Other receivables (Note 9)	8,236,663	12,466,351
Interest receivable (Note 9)	2,341,536	4,317,860
Loans and receivables	40,805,598	49,973,302

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. *Financial risk management*
(continued)

(b) *Credit risk*
(continued)

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.

Funds with fund managers

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

At 31 December 2010, the following financial assets were exposed to credit risk: investment in debt and equity securities, receivables on sale of financial instruments, forward foreign exchange purchases, cash and cash equivalents, derivative financial assets and other receivables. The total carrying amount of financial assets exposed to credit risk amounted to \$387,391,221 (2009: \$655,306,310).

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

At the balance sheet date, 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 consolidated balance sheet.

(c) Liquidity risk

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

Funds with fund managers

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

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

(d) Fair value measurements

The table below analyses financial instruments carried at fair values, by valuation method. The different levels have been defined as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

22. Financial risk management
(continued)

(d) Fair value measurements
(continued)

Derivatives used by fund managers

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

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

23. Commitments

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

	2010	2009
	\$	\$
Capital expenditure:		
- Contracted but not provided for	48,693,563	37,719,474
- Authorised but not contracted for	83,344,119	112,643,806
	132,307,682	150,363,280

Non-cancellable operating lease commitments payable:

	2010	2009
	\$	\$
Within 1 year	354,760	301,092
After 1 year but within 5 years	221,632	138,844
	576,392	439,936

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

24. Related parties

The Authority needs not comply with the requirements of paragraphs 17 to 22 of SB-FRS 24 – “*Related Party Disclosures*” with respect to the disclosures of transactions and balances with parent Ministry and other state-controlled entities.

Key management personnel compensation

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

The compensation payable to key management personnel comprises:

	2010	2009
	\$	\$
Short-term employee benefits	2,851,829	2,806,262
Employment benefits	90,943	185,681
Directors' fees	161,250	130,000
	<u>3,104,022</u>	<u>3,121,943</u>

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

Funds held in trust and managed by the Authority comprise:

	2010	2009
	\$	\$
Straits of Malacca and Singapore Revolving Fund Committee	6,082,424	6,191,454
Singapore Stranded Seafarers' Fund	331,645	330,858
Agency funds held in trust of Ministry of Transport	21,394,661	71,604,947
	<u>27,808,730</u>	<u>78,127,259</u>

These funds are placed with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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

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:

	2010 \$	2009 \$
Accumulated fund	6,082,424	6,185,824
Current asset		
Cash and cash equivalents	6,082,424	6,191,454
Current Liabilities		
Accruals	-	(5,630)
	6,082,424	6,185,824

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

	2010	2009
	\$	\$
Interest income	42,631	25,425
Funds disbursed	(146,031)	(67,335)
Depreciation expense	-	(1,345)
Deficit for the year	(103,400)	(43,255)
Accumulated surplus as at 1 January	6,185,824	6,229,079
Accumulated surplus as at 31 December	6,082,424	6,185,824

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:

	2010	2009
	\$	\$
Accumulated fund	331,747	330,968
Current asset		
Interest receivable	102	110
Cash and cash equivalents	331,645	330,858
	331,747	330,968

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2010

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

Singapore Stranded
Seafarers' Fund
("SSSF") (continued)

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

	2010	2009
	\$	\$
Interest income	779	1,023
Surplus for the year	779	1,023
Accumulated surplus as at 1 January	330,968	329,945
Accumulated surplus as at 31 December	331,747	330,968

Agency funds held in trust of Ministry of Transport

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

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

	2010	2009
	\$	\$
Accumulated fund	7,399,936	66,316,227
Current assets		
Cash at bank	21,394,661	71,604,947
Amounts due from various Government bodies	8,210,504	146,652
	29,605,165	71,751,599
Current liabilities		
GST payable	(1,312,331)	(5,435,372)
Amount due to various Government bodies	(20,892,898)	-
Net assets	7,399,936	66,316,227

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

	2010	2009
	\$	\$
Grants received	453,969,200	383,624,215
Interest income	12,463	18,855
	453,981,663	383,643,070
Grants disbursed	(501,848,689)	(411,041,439)
Agency fees paid/payable	(11,049,265)	(8,019,732)
Deficit for the year	(58,916,291)	(35,418,101)
Accumulated surplus as at 1 January	66,316,227	101,734,328
Accumulated surplus as at 31 December	7,399,936	66,316,227

26. Comparatives

Certain comparative figures have been reclassified within the consolidated statement of comprehensive income to conform to current year's presentation.

27. New accounting standards and interpretations not yet adopted

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

- Amendments to SB-FRS 32 *Classification of Rights Issues*
- Amendments to SB-FRS 101 *Limited Exemption from Comparatives SB-FRS 107 Disclosures for First-time Adopters*
- General Amendments *Improvements to SB-FRSs 2010*

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

28. Authorisation of financial statements

These financial statements were authorised for issue by the Board of Members on 22 March 2011.



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