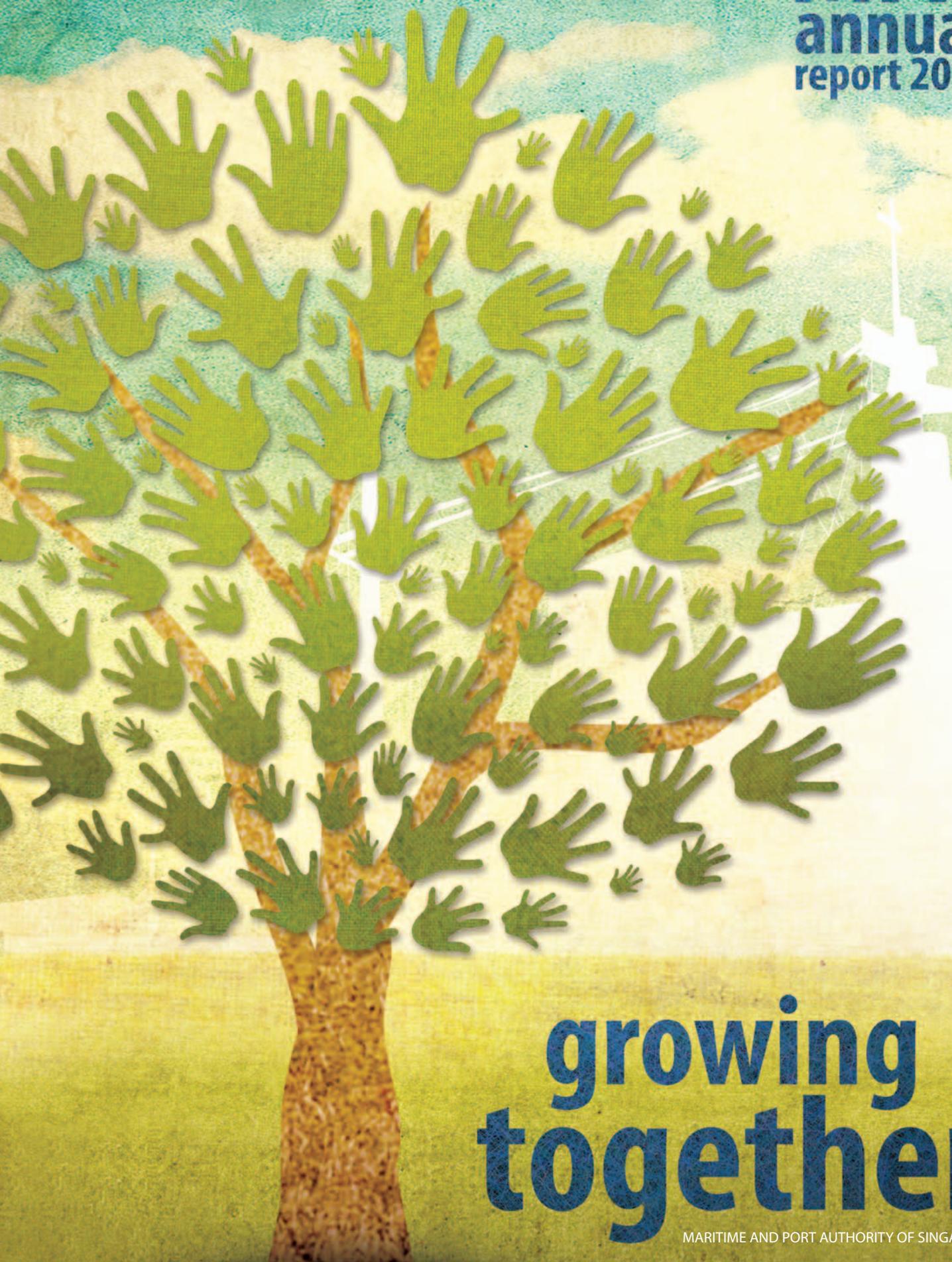


MPA
annual
report 2011



**growing
together**

MARITIME AND PORT AUTHORITY OF SINGAPORE

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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



2011 was a mixed year for shipping. Characterised by good growth at the start of the year as a spill over from 2010, the industry's strong performance was eroded by the uncertain economic climate in Europe and other parts of the world. Despite these challenges, the Port of Singapore continued to experience good growth. Annual vessel arrival tonnage, container throughput, cargo throughput and bunker sales all reached an all time high, making 2011 a positive year for the Singapore's maritime landscape.

A particularly significant milestone for the Port of Singapore was crossing the two billion gross tons mark in annual vessel arrival tonnage for the first time, just seven years after crossing the one billion GT mark in 2004. Coupled with another year of record high bunker sales, the Port of Singapore has cemented its leading position as the world's busiest port in terms of vessel arrival tonnage, and the world's top bunkering port.

Growing Singapore as a global hub port continued to be among our top priorities. The opening of the new Port Operations Control Centre – Changi (POCC-Changi), with its state-of-the-art Vessel Traffic Information System (VTIS), plays a crucial role in ensuring navigational safety and protection of the marine environment in Singapore's port waters and the Singapore Strait, even with increased traffic volumes. Costing a total of \$25.4 million, POCC-Changi and the upgrading of POCC-Vista to the new VTIS are part of MPA's investment in supporting the continued safe and efficient operation of the Port of Singapore.

Another project with a view of building for the future is the US\$1 million Next Generation Container Port Challenge jointly organised by the Singapore

Maritime Institute and MPA. The aim of this competition is to solicit innovative ideas on how to plan, design and operate the next generation of container ports.

MPA launched the \$100 million Maritime Singapore Green Initiative in April 2011, with the aim of encouraging firms to implement environmentally-friendly shipping practices beyond those already mandated by the International Maritime Organization (IMO). The initiative comprises a trio of the Green Ship, Green Port and Green Technology Programmes that all work towards a cleaner and greener maritime industry.

As a leading International Maritime Centre, Singapore continued to attract a diverse range of maritime businesses to establish operations here. Singapore is now home to more than 120 international shipping groups and Maritime Singapore contributes to some seven per cent of our nation's GDP and employs more than 170,000 people. To develop our pool of maritime talent, more than 2,200 people were trained under our Maritime Cluster Fund co-funding schemes in 2011. To support maritime research and development, a total of \$56.9 million from the Maritime Innovation and Technology (MINT) Fund has been spent or committed to date.

On the international front, MPA worked with the Ministries of Transport and Foreign Affairs to conduct Singapore's successful re-election campaign to the IMO Council. Our seat in the Council allows us to continue our contributions to the maritime community's efforts for safe, secure and clean international shipping. On the regional front, we sustained the momentum of international co-operation in the Straits of Malacca and Singapore. This was primarily through the Co-

operative Mechanism where we worked with Indonesia and Malaysia and user states of the Straits to advance on-going technical projects.

We are proud to have received many awards in 2011, recognising our efforts and contributions. The Port of Singapore received the 'Best Seaport in Asia' award for the 23rd time at the 25th Asian Freight and Supply Chain Awards (AFSCA). MPA won the Action Community for Entrepreneurship (ACE) Award as a result of coming out tops in an assessment of 26 government agencies for their pro-enterprise orientation. We were also awarded the distinguished Minister for Transport Innovation Award and the Minister for Home Affairs Award at the Home Team National Service Award Presentation Ceremony 2011. The Norwegian Business Association (Singapore) presented MPA an award as well, in recognition of our support for bilateral trade and business relations between both countries.

I would like to express my sincere gratitude to the Board and MPA's management and staff, who have played a crucial role in ensuring the continued success of Maritime Singapore and MPA. Together with the maritime industry, unions and other agencies, we can continue working towards future successes.



MR LUCIEN WONG
Chairman, MPA

ce's message

MPA is made up of over 600 individuals working together to achieve our mission, realise our vision and live our FIRST values. Together, we rallied through the tough times in the maritime sector in 2011, and worked together with our partners to develop and promote Maritime Singapore.

We continue to keep the Port of Singapore safe and efficient round the clock as part of our mission to develop Singapore as a premier global hub port. To ensure that we remain ready and effective in our responses to any incidents in our waters, MPA conducted two key exercises in 2011. The first was our annual chemical spill exercise for participating agencies to understand and execute their roles in responding to any chemical spills in our waters. The second was the Ferry Rescue Exercise which saw more than 400 personnel from nine agencies test out their readiness to deal with a ferry mishap.

As part of our efforts to develop and promote Singapore as an International Maritime Centre, we introduced the Maritime Sector Incentive as the overarching scheme for all our maritime-related incentives. We also formed the Singapore Maritime Institute in partnership with A*STAR, EDB and tertiary institutions to bring maritime education and research in Singapore to a higher level and to develop Singapore as a maritime knowledge hub.

As part of our commitment to support and invest in innovation and maritime research, MPA signed MOUs with PSA Corporation and Jurong Port to co-fund and promote research and development in port technologies. Under the two Memorandum of Understandings, a total of \$32 million will be invested over the next five years in automation, productivity improvements and green technologies.

MPA successfully organised the 6th Singapore Maritime Week (SMW 2011) in April with some 25 events, including SeaAsia, Singapore International Maritime Awards, Singapore Maritime Lecture and a public exhibition at Suntec City. SMW 2011 also saw members of the maritime community coming together to build a mural depicting Maritime Singapore using more than 100,000 Lego pieces. In all, SMW 2011 attracted more than 30,000 participants to its various events.

To further raise public awareness of the vibrancy of Maritime Singapore and career opportunities within the industry, we embarked on building the Singapore Maritime Gallery to showcase the story of Maritime Singapore. We also continued working closely with our MaritimeONE partners to reach out to students and jobseekers to promote maritime careers.

In advancing and safeguarding Singapore's strategic maritime

interests, we enhanced our engagement efforts and contributions to the IMO through the expansion of our London office and the submission of papers that helped move key issues forward at the IMO. Singapore also received the highest number of votes among the candidates for the IMO Council and was successfully re-elected to the Council for a 10th consecutive term.

As part of our efforts to widen and strengthen our international networks, MPA hosted visitors under our Distinguished Visitors Programme and Maritime Visitors Programme, and held regular meetings with our foreign counterparts.

MPA continues to place the strongest emphasis on engaging, nurturing, developing and caring for our people. Guided by our Total Rewards for Employee Effectiveness (TREE) Framework, we put in place various enhancements to our career proposition. We also signed a new Employee Agreement with AUSBE and obtained our People Developer Standard certification.

In 2011, we launched the MPA Corporate Activists Network (MPA CAN) as the core of our new PS21 structure to tap on the ideas, creativity and energy of our people, and to empower our people to help make MPA a great place to work in. MPA CAN is made up of seven networks – the Staff Well-being Activists Network, the Work-life Activists Network, the

Learning and Innovation Activists Network, the Business Excellence Activists Network, the Service Excellence Activists Network, the Communications Activists Network, and the CARE Team.

2011 was a special year as we celebrated MPA's 15th Anniversary together. It was a good opportunity for us to look back at our achievements over the years and to reaffirm our commitment to work together for the future. MPA's achievements over the years would not have been possible without our people, both past and present, and our partners from the industry, unions, academic and research institutions and other government agencies.

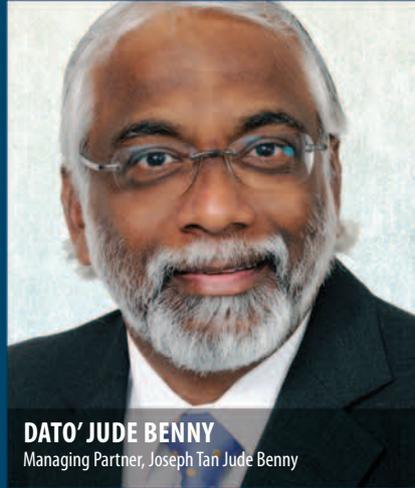
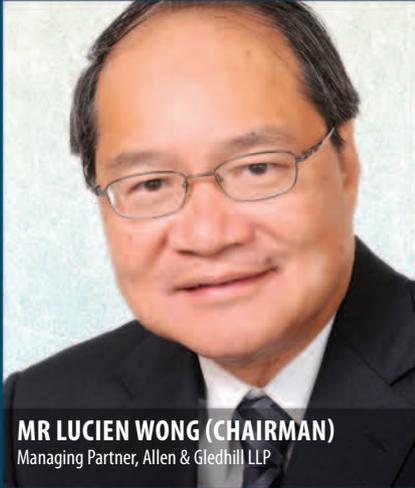
I would like to express my heartfelt thanks to everyone who has helped MPA become who we are today. I am confident that with all of us working together, we will continue to build on our successes and achievements and bring Maritime Singapore to ever greater heights.

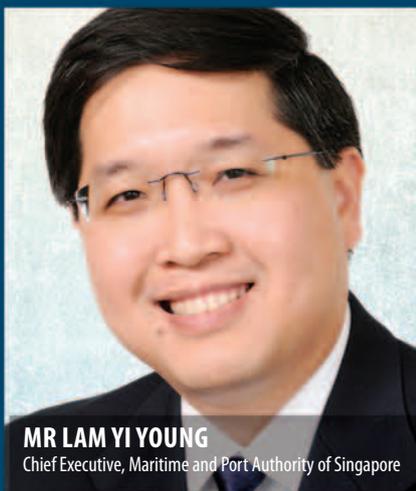


MR LAM YI YOUNG
Chief Executive, MPA



board of directors





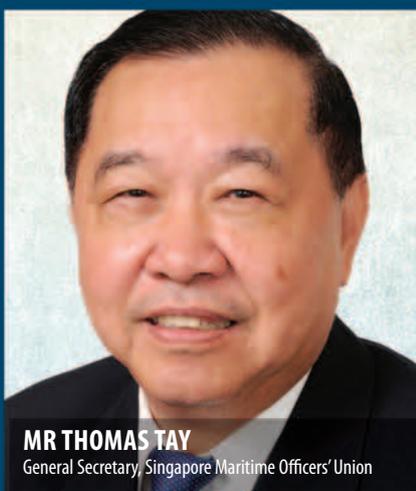
MR LAM YI YOUNG

Chief Executive, Maritime and Port Authority of Singapore



MR BAHREN SHAARI *(till 1 Feb 2012)*

Managing Director, Bank of Singapore Limited



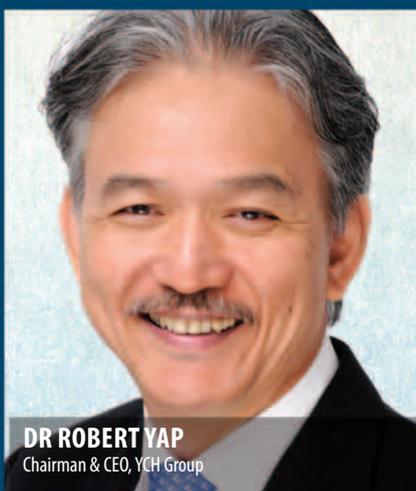
MR THOMAS TAY

General Secretary, Singapore Maritime Officers' Union



MR ANDREAS SOHMEN-PAO *(till 1 Feb 2012)*

Chief Executive Officer, BW Maritime Pte Ltd



DR ROBERT YAP

Chairman & CEO, YCH Group



MR TEO SIONG SENG *(till 1 Feb 2012)*

Former President, Singapore Shipping Association

BOARD COMMITTEES

INVESTMENT COMMITTEE

CHAIRMAN Mr Lucien Wong

MEMBERS Mr Lam Yi Young

Mr Bahren Shaari *(till 1 Feb 2012)*

Mr Andreas Sohmen-Pao *(till 1 Feb 2012)*

Mr Teo Siong Seng *(till 1 Feb 2012)*

Mr Vincent Lien *(from 2 Feb 2012)*

Mr Patrick Phoon *(from 2 Feb 2012)*

Mr Wong Weng Sun *(from 2 Feb 2012)*

AUDIT REVIEW COMMITTEE

CHAIRMAN Dato' Jude Benny

MEMBERS RADM Ng Chee Peng

Mr James Wong

Dr Robert Yap

Mr Wong Weng Sun *(till 1 Feb 2012)*

Mr Vincent Lien *(from 2 Feb 2012)*

REGISTRATION COMMITTEE

CHAIRMAN Mr Andreas Sohmen-Pao *(till 1 Feb 2012)*

Mr James Wong *(from 2 Feb 2012)*

MEMBERS Mr Thomas Tay

Mr Norifumi Yamamoto

BG(NS) Ishak Ismail *(from 2 Feb 2012)*

MINT FUND STEERING COMMITTEE

CHAIRMAN Mr Wong Weng Sun

MEMBERS RADM Ng Chee Peng

Mr Lam Yi Young

Dr Robert Yap

Mr Bahren Shaari *(till 1 Feb 2012)*

Mr Patrick Phoon *(from 2 Feb 2012)*

Industry Representative

Prof Lui Pao Chuen

WELFARE COMMITTEE FOR SEAMEN

CHAIRMAN Mr Thomas Tay *(till 1 Feb 2012)*

Mr Norifumi Yamamoto *(from 2 Feb 2012)*

MEMBERS Dato' Jude Benny

Mr Thomas Tay *(from 2 Feb 2012)*

Industry Representative

Capt Anuraj Singh

Mrs Leanna Lim

Mr Cheong Keng Soon

Mr Eddy Ng *(till 1 Feb 2012)*

Mr Liew Chin Beng *(till 1 Feb 2012)*

Mr Goh Keng Meng *(from 2 Feb 2012)*

Capt Hemant Gupta *(from 2 Feb 2012)*

Rev Peter Manimuthu *(from 31 May 2012)*

Rev Eva Marie Jansvik *(from 31 May 2012)*

senior management



MR LAM YI YOUNG
Chief Executive



MS TAN BENG TEE
Assistant Chief Executive (Development)



CAPTAIN M SEGAR
Assistant Chief Executive (Operations)



CAPTAIN KHONG SHEN PING
Dean, MPA Academy



MR TOH AH CHEONG
Director, Technology Division



MR TAN KENG SOON
Director, Shipping Division



MR TAN CHENG PENG
Director, Port Policy Division



MRS LEANNA LIM
Director, Corporate Services Division



MR PARRY OEI
Director, Port Services Division

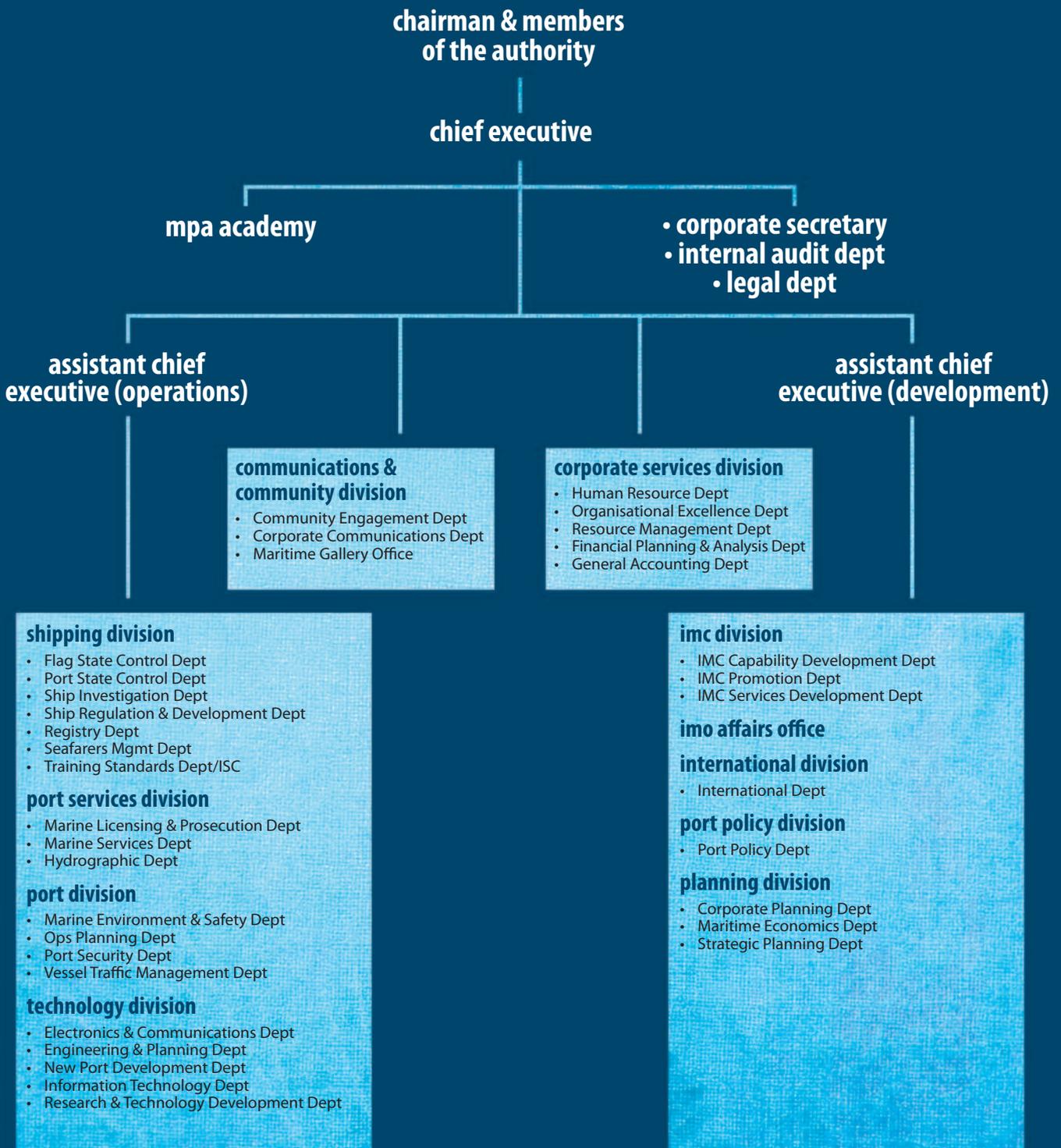


MS WENDY LOO
Director, Planning Division



MR LAM WEE SHANN
Director, Communications & Community Division

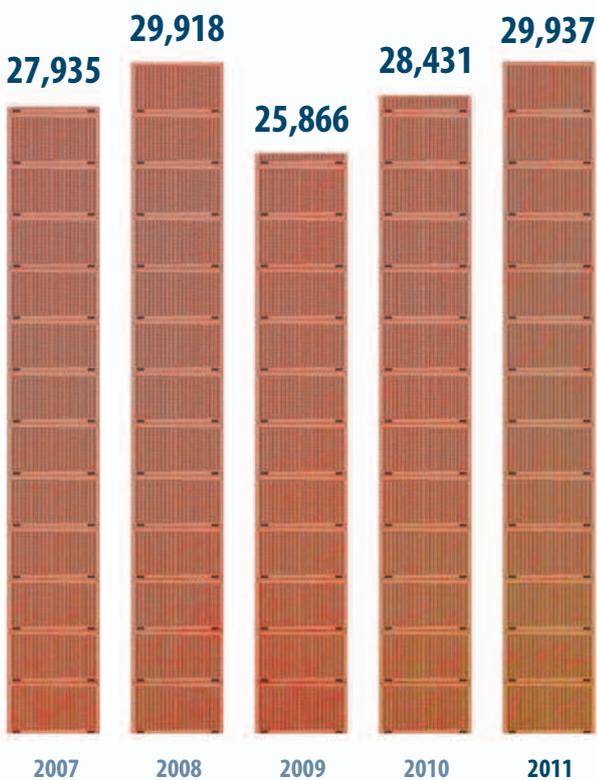
mpa's organisational structure



singapore's 2011 maritime performance

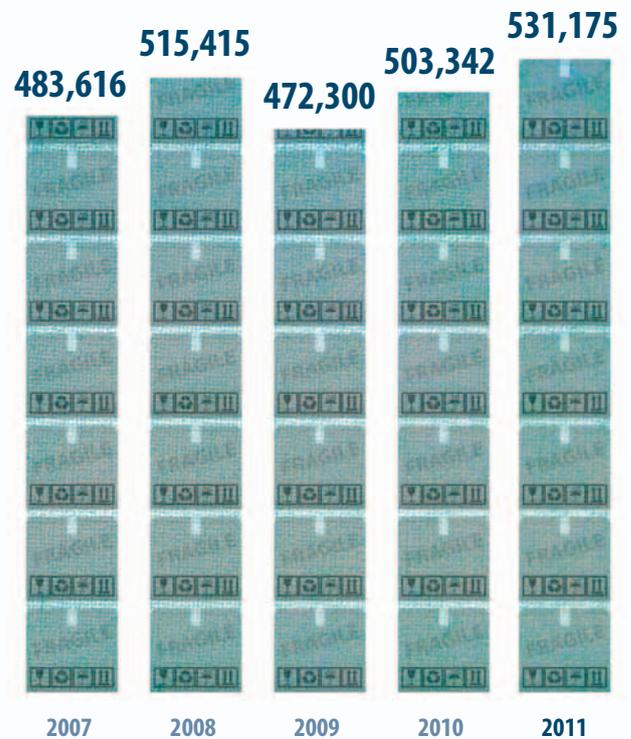
TOTAL CONTAINER THROUGHPUT

IN '000 TEUs*



TOTAL CARGO TONNAGE

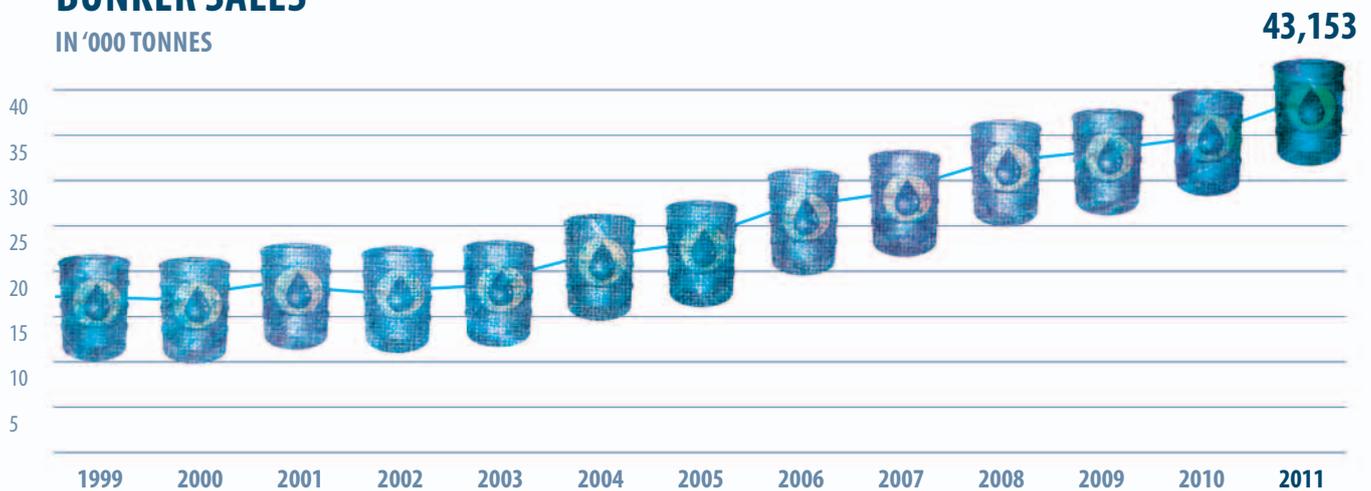
IN '000 TONNES



*TEU – Twenty-foot Equivalent Unit

BUNKER SALES

IN '000 TONNES





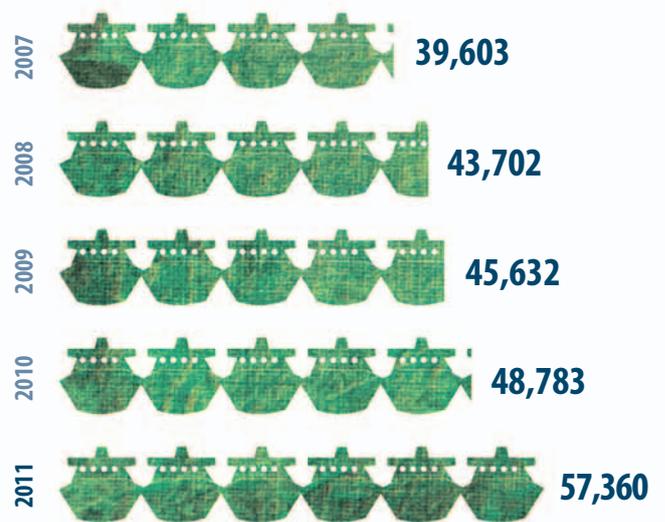
VESSEL ARRIVALS

IN '000 GROSS TONS



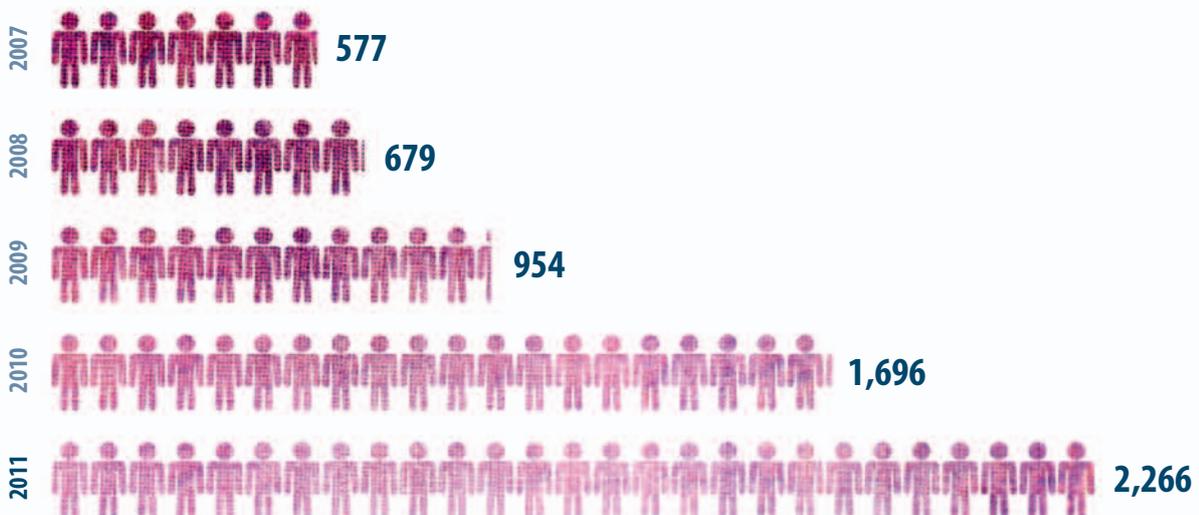
SINGAPORE REGISTRY OF SHIPS

TOTAL TONNAGE UNDER SINGAPORE FLAG (IN '000 GROSS TONS)



PARTICIPANTS IN MARITIME TRAINING PROGRAMMES

UNDER MARITIME CLUSTER FUND CO-FUNDING SCHEME





coalition of strengths

awards and accomplishments

In 2011, MPA is honoured to have received a variety of awards that recognised our achievements.

awards and highlights



Mr Thomas Riber Knudsen, Chief Executive, Maersk Line - Asia Pacific Region presented the "Best Seaport in Asia" award at the 25th AFSCA.

25TH ASIAN FREIGHT AND SUPPLY CHAIN (AFSCA) AWARDS

The Port of Singapore won the "Best Seaport in Asia" award at the 25th Asian Freight and Supply Chain Awards (AFSCA) 2011 held in Singapore. This is the 23rd time that the Port of Singapore has received the award.

“As an international transport and logistics hub, Singapore has good infrastructure and connectivity to global markets. We are one of the world’s largest container transshipment hubs and one of the largest cargo airports in Asia.”

Mr Choi Shing Kwok, Permanent Secretary for Transport, at the 25th Annual Asia Freight & Supply Chain Awards in Singapore.



Mr Lam Yi Young, Chief Executive, MPA received the ACE Pro-enterprise award from Mr Teo Ser Luck, Minister of State for Trade and Industry and Minister in charge of Entrepreneurship.

ACTION COMMUNITY FOR ENTREPRENEURSHIP AWARD

MPA came up tops amongst 26 government agencies at the annual Action Community for Entrepreneurship (ACE) Awards. The Awards, which recognises pro-enterprise agencies, is based on a yearly survey commissioned by the ACE and assesses the perceptions and expectations of businesses that interact with the participating agencies. With our efforts to streamline processes and our strong pro-enterprise performance, MPA made it back to the top spot in 2011, a position we had clinched for three consecutive years from 2007 to 2009.

MINISTER FOR HOME AFFAIRS AWARD 2011

MPA was awarded the Minister for Home Affairs Award at the Home Team National Service Award Presentation Ceremony in October, in recognition of MPA's commitment and efforts towards supporting our National Servicemen employees.



NORWEGIAN BUSINESS ASSOCIATION (SINGAPORE) AWARD

MPA received the Norwegian Business Association of Singapore (NBAS) Award at the annual Norwegian Seafood Dinner celebration in April. This award recognises MPA's commitment and efforts to enhancing bilateral trade and business relations between Norway and Singapore.



The Norwegian Business Association (Singapore) presented an award to MPA during the annual Norwegian seafood dinner.

PEOPLE DEVELOPER STANDARD CERTIFICATION

As part of its continuing journey towards business excellence, MPA has attained the People Developer Standard certification in 2011. Achieving the certification is a mark of excellence for MPA's total approach to managing people and achieving high performance through its people systems.

MINISTER'S INNOVATION AWARD 2011

Four teams from MPA received the Ministry of Transport's Minister's Innovation Award in November. The awards were for the following:

- Innovative use of cement mixed soil and geo-textile tubes for the Pasir Panjang Terminal Phases 3 and 4 project;
- Construction of mega structures using concrete box caissons;
- The Maritime Singapore Green Initiative to recognise and provide incentives to companies that adopt clean and green shipping practices; and
- Night signals for vessels crossing the Traffic Separation Scheme and precautionary areas in the Singapore Straits to enhance safety.



Winners of the Minister's Innovation Award 2011.



of a common goal

premier global hub port

Singapore sits strategically at the crossroads of trade, and as a global hub port, is ranked as the world's busiest port in terms of shipping tonnage. In 2011, 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.

premier global hub port



Commemorating the crossing of the two billion GT in vessel arrival tonnage.

SINGAPORE CELEBRATES TWO BILLION GT IN ANNUAL VESSEL ARRIVAL TONNAGE

A new milestone was reached in Singapore's maritime history on 13 December 2011 when annual vessel arrival tonnage at the Port of Singapore crossed the two billion gross tons (GT) mark for the first time. This was especially significant coming just seven years after the one billion GT mark was crossed for the first time in 2004. The vessel that crossed the two billion GT mark was MV APL Washington, a container ship of 75,582 GT.

This achievement is a reflection of the good growth of the Port of Singapore despite uncertainties in the global economy. Vessel arrival tonnage for 2011 grew by more than 10 per cent compared to the year before. This growth helped to cement Singapore's position as the world's busiest port by vessel arrival tonnage.



MV APL Washington crossed the two billion (GT) mark.

“The crossing of two billion gross tons in annual vessel arrival tonnage reflects the strong growth achieved by the Port of Singapore, in spite of the current uncertainty in the global economy.”

Mr L. Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs, at the commemoration of two billion GT in annual vessel arrival tonnage.



Marina South Wharves provides better berthing and support facilities for lighters.

MARINA SOUTH WHARVES

The construction of Marina South Wharves consisting of a 100-metre wharf structure and a single storey administration building was completed. Replacing the former Marina Wharves, the new facility will provide better berthing and support facilities for lighters.

PASIR PANJANG TERMINAL DEVELOPMENT

The expansion of the Pasir Panjang Terminal is proceeding as planned. Phases 3 and 4 will add 15 container berths with an annual handling capacity of 14 million TEUs. The development will enable Singapore to meet future demands for container handling.



NEW POCC AT CHANGI

As a premier hub port along important trade routes, Singapore places strong emphasis on safety of navigation and security of vessels. The commissioning of the new Port Operations Control Centre (POCC) in Changi in July 2011 underscored MPA's commitment to navigational safety and efficient vessel movement.

POCC-Changi is equipped with a state-of-the-art Vessel Traffic Information System that is able to track 10,000 vessels at any one time. The system presents a comprehensive sea situation picture to MPA's Vessel Traffic Management operators by integrating information from several tracking systems such as radar, the Automatic Identification System (AIS), the Harbour Craft Transponder System (HARTS) and CCTV images.

With the completion and commissioning of POCC-Changi, the existing POCC at PSA Vista (POCC-Vista) would be upgraded to incorporate the same new technology used at POCC-Changi.



Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs (seated first from left) and Mrs Josephine Teo, Minister of State, Ministry of Finance and Ministry of Transport (seated, second from left) at a demonstration of the capabilities of the new generation of Vessel Traffic Information System at Port Operations Control Centre - Changi.



(from left) Mr Lam Yi Young, Chief Executive, MPA; Mrs Josephine Teo, Minister of State, Ministry of Finance and Ministry of Transport; Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs and Mr Lucien Wong, Chairman, MPA at the commissioning ceremony for the new Port Operations Control Centre - Changi.

premier global hub port

OPERATIONAL READINESS FOR CHEMICAL SPILLS

A full deployment exercise was successfully conducted in April to test and validate the Chemical Contingency Plan for combating a major chemical incident in Singapore waters. Codenamed CHEMSPILL 2011, the exercise consisted of a seaward equipment deployment demonstration and a table-top exercise. More than 10 vessels and 120 personnel from 13 agencies were mobilised, CHEMSPILL 2011 successfully demonstrated the close cooperation between agencies in handling a major chemical spill in Singapore waters.



Demonstration of Api Api spraying water at the incident site in CHEMSPILL 2011.



A Republic of Singapore Air Force helicopter providing medical evacuation of the injured crew.



Passengers being evacuated from the ferry in FEREX 2011.

FERRY RESCUE EXERCISE

To maintain Singapore's multi-agency operational readiness during major ferry mishaps, more than 400 personnel from nine agencies participated in the Ferry Rescue Exercise (FEREX) 2011 in September. FEREX 2011 consisted of a table-top exercise and a full deployment of resources at a seaward location in the East Keppel Fairway. Officers and resources from the Singapore Police Force, Police Coast Guard, Ministry of Health, Singapore Civil Defence Force, Singapore Armed Forces, Republic of Singapore Navy, Immigration & Checkpoints Authority, Singapore Polytechnic, PSA Corporation and Singapore Island Cruise and Ferry Services participated in the exercise led by MPA.



Personnel from various agencies participating in the Ferry Rescue Exercise (FEREX).

“With the Straits of Malacca and Singapore being heavily used by vessels, it is essential for us to be operationally-ready in case of any major spills. Regular exercises ensure that various agencies are prepared at all times and that our contingency plans are regularly reviewed.”

Capt M Segar, Assistant Chief Executive (Operations), MPA.



MARITIME SECURITY READINESS

The Ministry of Defence and the Ministry of Home Affairs led the multi-agency NORTHSTAR VIII exercise to operationalise the National Maritime Security System (NMSS) and test the handling of a terrorist attack involving a chemical industry incident and a multiple-vehicle explosion incident. MPA played an active role in supporting the exercise, which helped to strengthen integration among the various maritime agencies dealing with maritime security.

ENHANCING MARITIME SAFETY AT NIGHT

Vessels travelling along the Traffic Separation Scheme (TSS) and precautionary areas in the Singapore Strait are now recommended to display a night signal consisting of three all-round green lights in a vertical line. In effect since July 2011, this new measure was adopted by the IMO's Maritime Safety Committee in consultation with shipowners and stakeholders to help enhance safety in the Singapore Strait.

“Today, Singapore’s status as a premier hub port and a vibrant international maritime centre is a result of the dedication of our seafarers and other members of our maritime workforce, as well as the strong partnership between the Government, unions and industry. Such collaboration will continue to position our maritime industry and maritime workers well.”

Mrs Josephine Teo, Minister of State, Ministry of Finance and Ministry of Transport, at the World Maritime Day Hamper Presentation Ceremony

RECOGNISING SEAFARERS' CONTRIBUTIONS

With some 12,000 seafarers from all over the world arriving in Singapore every year, MPA works with the Seafarer Unions and Missions to enhance the facilities and supporting services for visiting seafarer. Such facilities include the Singapore Mariners' Club and the International Drop-In Centres within our cargo terminals that offer internet and telephone services.

In celebration of World Maritime Day and to pay tribute to seafarers, MPA, the Singapore Maritime Officers' Union and the Singapore Organisation of Seamen distributed 600 hampers to ships in September 2011. Minister of State, Ministry of Finance and Ministry of Transport, Mrs Josephine Teo, presented the hampers to 30 representatives from the shipping industry.



Mrs Josephine Teo, Minister of State, Ministry of Finance and Ministry of Transport, presented hampers to representatives from the shipping industry.

premier global hub port

RECOGNISING OUR HARBOUR PILOTS

In 2011, five outstanding individuals received the 7th Biennial Incentive Award (BIA) for Harbour Pilots. The five recipients were selected from a pool of 222 harbour pilots and assessed on a range of qualities including their level of professionalism, teamwork, technical expertise, safety awareness and shipmaster's satisfaction. Introduced in 1998, BIA rewards the exemplary safety consciousness and performance efficiency of harbour pilots who play a key role in providing safe passage through Singapore's busy port waters. Since the introduction of the BIA, the number of pilotage incidents had decreased from 21 incidents in 1998 to 2 incidents in 2011.



Mr Karron K Moore with Mr Lam Yi Young, Chief Executive, MPA.

“Harbour pilots have an integral part to play in Singapore’s continued growth as a premier global hub port by ensuring the safety of navigation in our port waters. The BIA is MPA’s way of recognising these individuals and encouraging them to maintain high safety and professional standards.”

Mr Lam Yi Young, Chief Executive, MPA at the 7th BIA for Harbour Pilots.

A YOUNGER AND MORE EFFICIENT BUNKERING FLEET

In the drive towards green shipping and maintaining a young, efficient and environmentally-friendly fleet of bunker tankers in the Port of Singapore, MPA conducted a review of the licensing conditions and port dues structure for port limit bunker tankers.

Some of the new measures include imposing a flat 15 per cent surcharge on the port dues payable for non double-hulled bunker tankers up to 16 years old from January 2012 onwards, and introducing an entry age limit of less than 10 years for vessels of 600 DWT and above.

BOOSTING PLEASURE CRAFT OPERATIONS STANDARDS

In line with the trend towards larger and more sophisticated pleasure craft, MPA reviewed regulatory standards to ensure the competency of crew. With effect from January 2012, all pleasure craft of 24 metres in length and above must be handled by a suitably qualified crew with a valid Advance Powered Pleasure Craft Driving Licence (APPCDL) issued by MPA.

SZH PLEASURE CRAFT CLEARED FOR COMMERCIAL USE

Owners of Singapore-registered SZH pleasure craft are now able to hire out their vessels for commercial activities. This initiative, a recipient of the Best Pro-Enterprise Idea Award 2011, is in line with MPA's ongoing proactive stance to streamline its regulatory measures to better meet the changing market environment.

NEW E-LICENSING SYSTEM AT ISC

The Examination and Certification System (ECS) was implemented in May 2011 to enhance the process for application and issuance of Port Limit certificates at the Integrated Simulation Centre (ISC). The ECS which replaces previous manual systems assists in issuing, revalidating and maintaining records of certificates electronically. This has resulted in quicker processing of and issuance of Port Limit Licences within 24 hours, compared to three to four working days in the past.



TRAINING OPPORTUNITIES FOR LOCALS IN SEAFARING

MPA collaborated with NTUC's Employment and Employability Institute (e2i) and the Singapore Workforce Development Agency (WDA), to launch the new Certificate of Competency (CoC) (Special Limits) programme and the Port Limit Steersman Scheme in April.

The CoC (Special Limits) programme developed in close consultation with industry players like the Singapore Shipping Association and the Singapore Maritime Officers' Union will help build up the pool of local seafaring officers to support the growth of the maritime industry. The Port Limit Steersman scheme aims to assist the harbour craft sector to recruit and train potential candidates to be competent Steersmen.

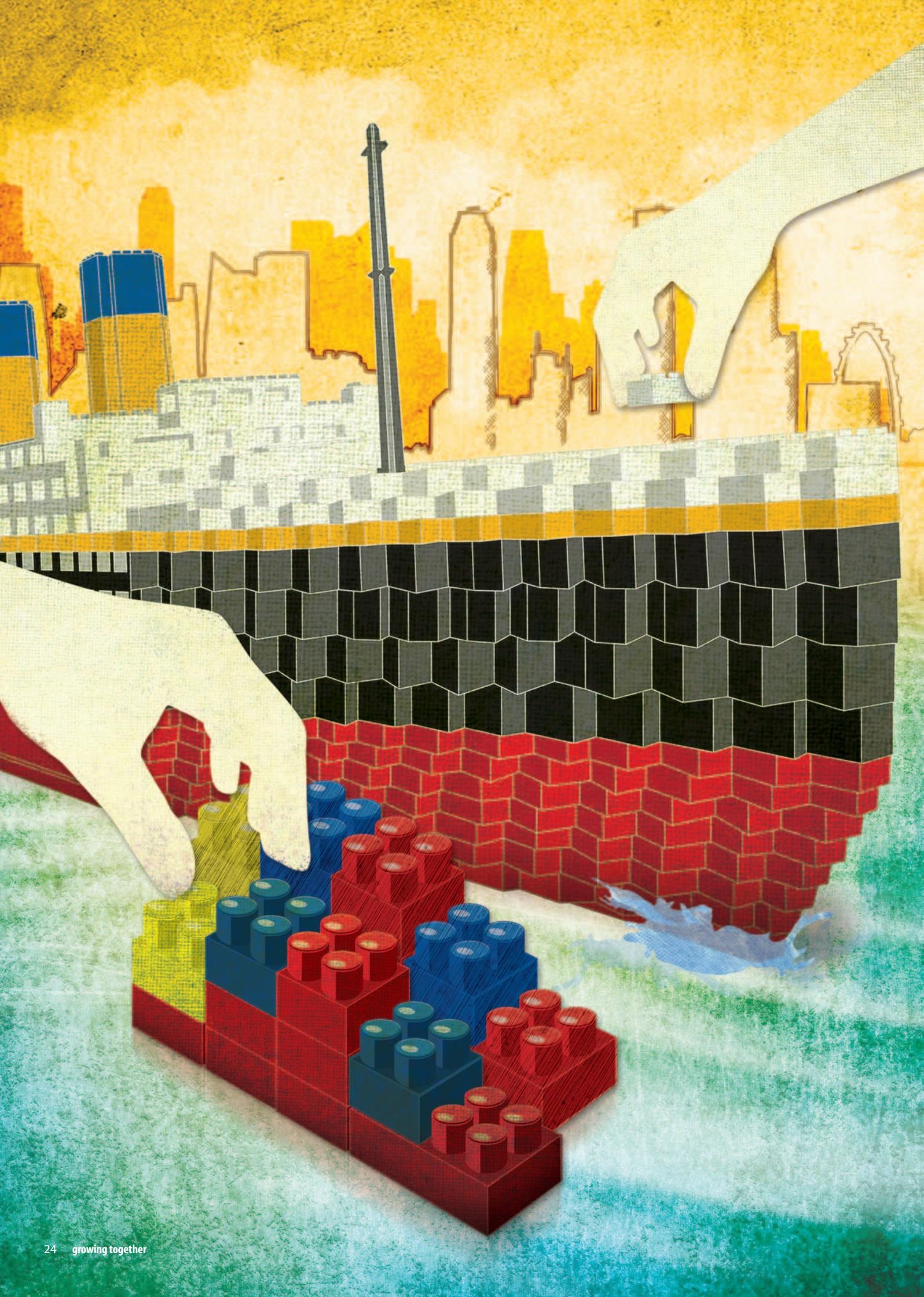


Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs, announces the Next-Generation Container Port Challenge during his opening address at the SMI Forum 2011.

NEXT GENERATION CONTAINER PORT CHALLENGE

Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs, announced the plans for the Next Generation Container Port (NGCP) Challenge in October 2011. The Challenge, co-organised by Singapore Maritime Institute and MPA, is open to international participants, and seeks to discover breakthrough ideas to enhance performance, productivity and sustainability in Singapore's port operations. The winner stand to receive a cash prize of US\$1 million.

Next Generation Container Port Challenge seeks to discover breakthrough ideas to enhance performance, productivity and sustainability in Singapore's port operations.



partners in harmony

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.

international maritime centre

DEVELOPING SINGAPORE'S MARITIME SERVICES

Besides the pool of Singapore-based international shipowners, operators and ship management companies, the cluster of maritime service providers also continued to grow.

In the shipping finance sector, MPA witnessed an increase in the number of companies and activities from Singapore. There are currently more than 20 banks with shipping desks. In Singapore, MPA also organised the "SGX – MPA Offshore Workshop for Analysts" with the Singapore Exchange to raise awareness and understanding of the offshore oil and gas industry amongst research houses, shipping companies and offshore banks.

There are over 20 leading shipbroking companies with significant operations and more than 30 law firms with maritime practice in Singapore. To encourage the growth of the shipbroking and derivative market in Singapore, the "Ship Broking and Forward Freight Agreement Trading (SBFFA)" Scheme, part of the Maritime Sector Incentive – Shipping-related Support Services ("MSI – SSS") award, was introduced in 2010. Four companies have benefited from this programme so far.

In the marine insurance sector, Singapore is home to 16 Lloyd's Syndicates writing marine business and four IGP&I Clubs. The North of England P&I Club also conducted its residential course in P&I Insurance and Loss Prevention in Singapore last year, marking the first time the course was held outside the United Kingdom.

GROWING A POOL OF SHIPOWNERS AND OPERATORS

2011 saw a number of shipping companies expand their operations in Singapore. These range from companies involved in traditional shipping, to those in the offshore sector. 14 new shipping groups participated in the International Maritime Programme, under Singapore's Maritime Sector Incentive – Approved International Shipping Enterprise ("MSI – AIS") award, bringing the total number of international shipping groups to over 120. A number of container leasing companies have also expanded their operations in Singapore to better serve their clients in the region and to cater to the growing intra-Asia trade.



Ms Tan Beng Tee, Assistant Chief Executive (Development), MPA presented a token of appreciation to a speaker of the 'SGX-MPA Offshore Workshop for Analyst' Mr Venkatraman Sheshashayee, Greatship Subsea Solutions Singapore Pte. Ltd.

SINGAPORE MARITIME INSTITUTE

The Singapore Maritime Institute (SMI) was formed in 2011 to take research, innovation and education in Maritime Singapore to new heights. MPA, the Agency for Science, Technology and Research (A*STAR) and the Economic Development Board (EDB) jointly established SMI to develop strategies and programmes related to the academic, policy and R&D aspects of the maritime industry.

The Institute will also coordinate strategic activities of maritime institutes and centres of Singapore's universities and polytechnics in grooming the next generation of maritime talents. MPA has committed up to \$200 million over the next 10 years to fund the development of the SMI.



MPA-PSA PORT TECHNOLOGY R&D PROGRAMME

MPA and PSA signed an MOU to establish the Port Technology Research and Development Programme. The five-year programme co-funded by MPA's Maritime Innovation and Technology (MINT) Fund, and other local research institutes and industry partners will cost up to \$20 million. A key project identified under the MOU is the development and test-bedding of Automated Guided Vehicles for future container terminals to improve port productivity. Other projects seek to develop intelligent systems to streamline port planning processes and operations, and increase the value-add and productivity.



Mr Tan Puay Hin, Regional CEO Southeast Asia, PSA International and Mr Lam Yi Young, Chief Executive, MPA at the Port Technology Research and Development Programme MOU signing.

GREEN PORT AND PRODUCTIVITY R&D PROGRAMME

MPA and Jurong Port jointly launched the Green Port and Productivity Solutions (GPPS) Research and Development Programme in October. Co-funded by MPA's Maritime Innovation and Technology (MINT) Fund and Jurong Port, the GPPS will see both organisations commit a total of \$12 million to embark on green technology and productivity projects in the port. The five-year programme will conduct research into and test-bed green technologies to reduce carbon footprint and improve productivity for its existing and future terminals.



Mr Lam Yi Young, Chief Executive, MPA with Mr Matthew Chan, Chief Executive, Jurong Port at the launch of the Green Port and Productivity Solutions Research and Development Programme.



Outreach programme aim to increase awareness and understanding of the maritime industry.

Outreach initiatives under the MaritimeONE framework include the Maritime Leader Speaker Series and NetworkONE Receptions. These aim to increase awareness and understanding of the maritime industry and available career opportunities amongst students.

MANPOWER DEVELOPMENT

MPA has also enhanced its manpower programme and enlarged its scope of supportable activities. In 2011, more than 600 companies and 2,200 employees benefitted from the programme.

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

international maritime centre

SINGAPORE MARITIME WEEK 2011

The annual Singapore Maritime Week (SMW) organised by MPA gathers the international maritime community in Singapore for a week of conferences, dialogues, exhibitions and social events. Held from 10 to 15 April 2011, SMW 2011 featured a total of 25 events and saw a record 30,725 participants.



Maritime Singapore Lego Mural

The local maritime community gathered at Suntec City to build a Maritime Singapore mural using more than 100,000 Lego pieces. Over 70 people, including top executives, lawyers, maritime professionals, government representatives and students came together to create this symbolic mural. The mural not only depicts the vibrancy of Maritime Singapore, but also symbolises how every individual in the community comes together to form the vibrant ecosystem that is Maritime Singapore. The final piece of the mural was put in place by the Minister for Transport as part of the official launch of SMW 2011 on 10 April 2011.



Maritime Exhibition and Postcard Design Competition

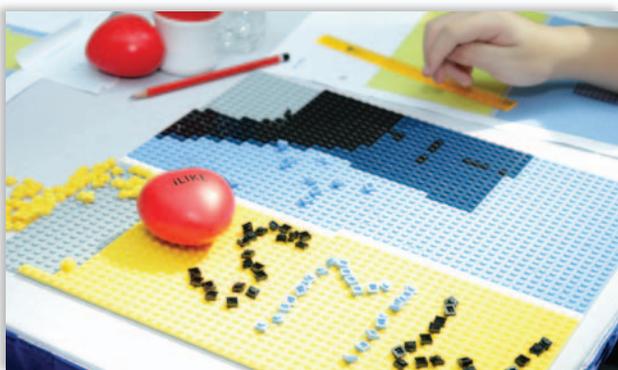
The local maritime community came together to organise a public exhibition at Suntec City Entertainment Centre Atrium one week before the launch of SMW. The week-long exhibition featured ship models contributed by various maritime companies, aids to navigation and other information for the public to learn about the maritime industry.

The exhibition also featured winning entries from the SMW Postcard Design Competition. Themed “Your Postcard Perfect, Maritime Moments”, the competition had a positive response from the public with a total of 92 participants submitting 346 postcards. Quek Hong Shin walked away with the top prize of \$2,500 in the Open category and Darran Ong clinched the top spot in the Youth category, receiving a cash prize of \$1,500.



Maritime Learning Journeys

More than 400 students from the Institute of Technical Education, Singapore Polytechnic, Nanyang Polytechnic and Nanyang Technological University took part in the Maritime Learning Journeys during SMW where they learnt more about Maritime Singapore, what makes the Port of Singapore work, and the career opportunities in the maritime industry.



Students from the Institute of Education, Singapore Polytechnic, Nanyang Polytechnic and Nanyang Technological University came together for Maritime Learning Journeys during SMW, where they learnt more about Maritime Singapore and visited port facilities and Raffles Lighthouse.

international maritime centre

Singapore Maritime Lecture

The Singapore Maritime Lecture remained a key highlight of SMW and provided a high-level forum for prominent personalities to share their strategic insights on important maritime issues. Mr Nils Smedegaard Andersen, Partner and Group CEO of the A.P. Moller – Maersk Group delivered the lecture to a packed ballroom of industry heavyweights and key maritime personnel in 2011.



(from left) Mr Thomas Knudsen, Chief Executive Asia Pacific Region, Maersk Line, Mr Lam Yi Young, Chief Executive, MPA, Mr Nils Smedegaard Andersen, Partner and Group CEO, A.P. Moller – Maersk Group, Mr Andreas Sohmen-Pao, Group CEO, BW Shipping Managers Pte Ltd, Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport and Mr Lucien Wong, Chairman, MPA at the 5th Singapore Maritime Lecture.



Mr Nils Smedegaard Andersen, Partner and Group CEO of the A.P. Moller – Maersk Group delivered the 5th Singapore Maritime Lecture.



Deputy Prime Minister and Minister for Home Affairs Teo Chee Hean toured the Sea Asia 2011 exhibition with over 300 participating companies.

Sea Asia 2011

Asia's premier maritime conference and exhibition was held in conjunction with the SMW 2011 at Marina Bay Sand. The three-day conference and exhibition showcased a diverse range of maritime products and services. It also provided vast networking opportunities and the chance to learn from thought-provoking conference sessions led by influential speakers.



(right picture) Deputy Prime Minister and Minister for Home Affairs Teo Chee Hean and Mrs Lim Hwee Hua, former Minister in Prime Minister's Office and Second Minister for Finance and Transport at the opening of the Sea Asia 2011, Singapore Pavilion.



International Maritime Awards

The 6th Singapore International Maritime Awards recognised individuals and companies for their contributions to Singapore's development as a premier global hub port and international maritime centre. Over 700 representatives from local and international maritime-related companies gathered to celebrate the growth of the Singapore maritime ecosystem. Winners included A.P Moller, Keppel Offshore & Marine Ltd, Ezra Holdings Limited and Pacific International Lines (Pte) Ltd.



The 6th International Maritime Awards held on 13 Apr 2011 gathered over 700 representatives from local and international maritime-related companies.



Maritime Port Technology and Development Conference 2011

Over 300 local and overseas delegates gathered to share insights on new maritime concepts and practices at the 3rd Maritime Port Technology and Development Conference (MTEC) 2011. Jointly organised by MPA, NUS and NTU, and co-organised by the Port of Rotterdam and Delft University of Technology, the conference covered topics including Green Port & Shipping, Port Planning & Development, Port Operations & Technology, and Offshore & Marine Technologies.



Mr Goh Teik Poh, President, South Asia Region, APL shared on 'Global Approach towards Green Shipping' at the 3rd Maritime Port Technology and Development Conference 2011.

The focus of this year's Singapore Maritime Week is about bringing the local and the international maritime community together to learn, to build, to discuss and to celebrate. The Maritime Singapore Lego mural not only depicts the vibrancy of Maritime Singapore, but more importantly it symbolises how every individual in, and every part of, the community come together to form the vibrant ecosystem that is Maritime Singapore."

Mr Lam Yi Young, Chief Executive, MPA, at the launch of SMW 2011.



The International Chemical and Oil Pollution Conference and Exhibition 2011 was a platform for stakeholders to deal with emerging challenges in the safe transportation of oil, chemicals and petrochemicals.



excellence in unity

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.

strategic maritime interests

BILATERAL MARITIME MOU WITH CHINA

A Memorandum of Understanding (MOU) on Maritime, Shipping and Port Co-operation was concluded between the People's Republic of China and the Republic of Singapore. Signed by Mr Li Shenglin, China's Minister for Transport and Mr Lui Tuck Yew, Singapore's Minister for Transport and Second Minister for Foreign Affairs, the MOU extends the scope of co-operation between the two countries, covering areas such as shipping policy, maritime safety and security, education and training. China's Ministry of Transport and MPA will leverage on the existing annual China-Singapore Senior Officials' Committee Meetings to discuss and implement projects and programmes under the MOU.

CO-OPERATIVE MECHANISM ON THE STRAITS OF MALACCA AND SINGAPORE

MPA continued to work closely with the other littoral States of the Straits of Malacca and Singapore to enhance navigational safety and environmental protection. These included setting up a wind, tide and current measurement system, examining the feasibility of establishing emergency towage response capabilities, and the maintenance and improvement of aids to navigation. MPA continued to collaborate with key users, stakeholders and contributors to the Co-operative Mechanism and is working with the roundtable of international shipping associations on a major review and enhancement of measures implemented.



4th Co-operation Forum on safety of navigation and environmental protection in the Straits of Malacca and Singapore was held in Malacca, Malaysia in October 2011.



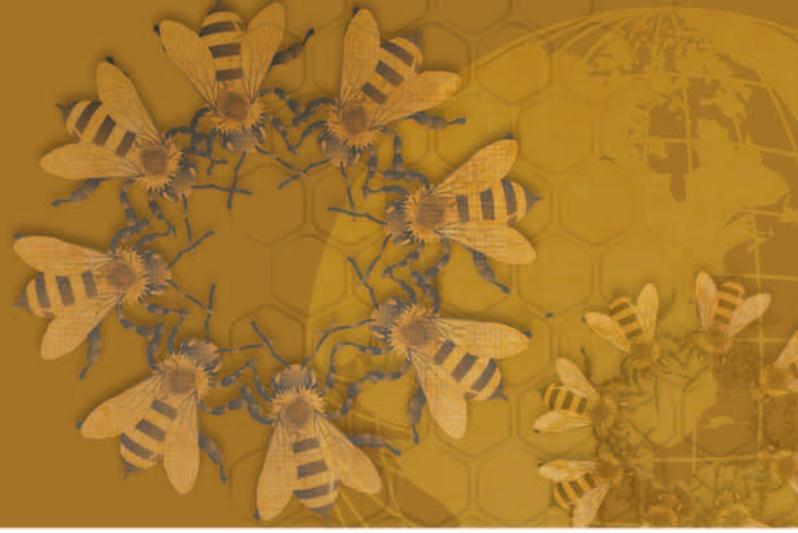
Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs, Singapore and Mr Li Shenglin, Minister of Transport, People's Republic of China, signed the MOU on Maritime, Shipping and Port Co-operation.

IMO COUNCIL ELECTION

Singapore was successfully re-elected to the International Maritime Organization (IMO) Council for a 10th consecutive term in November 2011. MPA was part of the delegation led by Mr Lui Tuck Yew, Minister for Transport and Second Minister for Foreign Affairs, to the IMO Assembly in November, during which the elections were held. Re-election to the Council is an affirmation of Singapore's continuing contribution to advancing the efforts of the international maritime community to enhance navigational safety, promote efficient and sustainable shipping, and protect the marine environment.

“Under the Co-operative Mechanism, the littoral States have taken significant technological and regulatory measures to enhance navigational safety and environmental protection in the Straits.”

Mr Lam Yi Young, Chief Executive, MPA at the official opening of the 4th Co-operation Forum 2011 in Malacca, Malaysia.



MARITIME VISITORS PROGRAMME

Under the Maritime Visitor's Programme, MPA hosted Dr Martin Stopford, Managing Director of Clarkson Research, and organised two talks where Dr Stopford shared his insights on the challenges facing the global shipping markets with industry players and maritime students.



Mr Lam Yi Young, Chief Executive, MPA with Dr Martin Stopford, Managing Director of Clarkson Research.



Captain Chen Aiping, Executive Director-General China Maritime Safety Administration visited the Raffles Lighthouse.



Mr K Mohandas, Secretary of the Indian Ministry of Shipping during a demonstration of the capabilities of the new generation of Vessel Traffic Information System at Port Operations Control Centre - Changi.

SINGAPORE ONBOARD WITH MLC

Singapore became the first Asian country to ratify the Maritime Labour Convention (MLC) on 15 June 2011. The MLC is a global instrument adopted by the International Labour Organisation, that establishes minimum standards governing the working conditions for seafarers onboard ships. Singapore supports the MLC as a responsible maritime nation that is committed to ensuring good employment standards and working conditions at sea.

DISTINGUISHED VISITORS PROGRAMME

The Distinguished Visitors Programme was established in 1997 to engage and develop relations between MPA and leaders in the global maritime community. It also provides a platform for exchange of views and ideas on important maritime issues of mutual interest such as maritime security, protection of the marine environment and other developments at the IMO.

In 2011, MPA hosted Captain Chen Aiping, Executive Director-General, China Maritime Safety Administration; Mr Andreas Norseth, Director-General, Danish Maritime Administration; Mr K Mohandas, Secretary of the Indian Ministry of Shipping; and Mr Sun Weon Pyo, Director-General, Maritime Safety Policy Bureau, Ministry of Land, Transport and Maritime Affairs of the Republic of Korea.



Mr Andreas Norseth, Director-General Danish Maritime Administration (second from left) called on Mr Lui Tuck Yew, Minister for Transport & Second Minister for Foreign Affairs (third from left).

strategic maritime interests



Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport (front row, third from left) and Mr Lam Yi Young, Chief Executive, MPA (front row, second from left)

MARITIME PUBLIC LEADERS' PROGRAMME

MPA introduced the Maritime Public Leaders' Programme in July to provide a sharing and learning platform for senior officials from selected maritime administrations as well as senior management in the maritime industry. The inaugural programme conducted by the Nanyang Technological University was attended by 17 participants from 11 countries.

SINGAPORE'S INTERNATIONAL CONTRIBUTIONS

Singapore continued to boost its profile and presence at the IMO in 2011. Bearing testament to international recognition of Singapore's technical credentials, Captain Muhammad Segar from MPA was unanimously elected as Vice-Chairman of the IMO's Maritime Safety Committee (MSC) for 2012-2013. MPA also enhanced its presence at the IMO with the posting of a second officer to MPA's London Office.

LEADERSHIP AT THE 21ST PSC MEETING

Representatives of the Port State Control Committee, the governing body under the Memorandum of Understanding on Port State Control in the Asia-Pacific Region (Tokyo MOU), met in Busan, Republic of Korea in April.

The Committee agreed on several matters including the agreement with IMO to exchange data and to post ship detention data on the Global Integrated Shipping Information System website, the trial implementation of measures against under-performing ships; and the inclusion of elements of the New Inspection Regime of the Paris MOU into the Tokyo MOU's Target Factor system of ship inspection selection.

MPA hosted the 19th PSC Seminar of the Tokyo MOU in July 2011. A total of 18 PSC authorities attended the seminar which provided a platform to discuss the harmonisation of PSC inspection conduct and the opportunity to strengthen bonds among the participating authorities.

HELMING THE APA

Established in 1975 to provide port officials of ASEAN nations a platform to meet, share and address problems and emerging issues affecting the port sector, the ASEAN Port Authorities (APA) continues to play a vital role in the harmonisation of trade practices in the region. Holding key office of APA for the past two years were two officers from MPA – Captain Muhammad Segar as Chairman and Captain Chan Heng Lum as Secretary-General.

ADVANCING GREEN SHIPPING

In July 2011, the IMO adopted new energy efficiency regulations under the International Convention for the Prevention of Pollution from Ships. This marks a significant milestone in implementing universal mandatory measures to limit greenhouse gas emissions from international shipping. To secure passage of these regulations, Singapore, together with other like-minded partners, played a useful role in bridging differences within the international maritime community by proposing flexibility in implementation for IMO Member States with different circumstances.



12 key organisations signing the inaugural Maritime Singapore Green pledge on 13 Apr 2011 as a pledge of commitment to clean and green shipping.

MARITIME SINGAPORE GREEN PLEDGE

In April 2011, 12 organisations from across Maritime Singapore became the first to pledge their commitment to promote and support clean and green shipping in Singapore at the inaugural Maritime Singapore Green Pledge signing ceremony.

[At the time of print, a total of 27 organisations have signed the Green Pledge.]

MARITIME SINGAPORE GREEN INITIATIVE

The Maritime Singapore Green Initiative, a comprehensive initiative to promote environmentally-friendly shipping, was launched by MPA in April 2011. The Initiative comprises three programmes – Green Ship Programme, Green Port Programme and Green Technology Programme. MPA will invest up to \$100 million over five years in the Maritime Singapore Green Initiative.



Under the Green Ship Programme, MPA will provide incentives to ship owners who adopt energy efficient ship designs that reduce fuel consumption and carbon dioxide emissions. Singapore-flagged ships which go beyond the requirements of

IMO's Energy Efficiency Design Index will enjoy a 50 per cent reduction of Initial Registration Fees (IRF) and a 20 per cent rebate on Annual Tonnage Tax payable. Ship owners will also be recognised through certificates and a new "SRS Green Ship of the Year" award.

The Green Port Programme aims to reduce the emission of pollutants like sulphur oxides and nitrogen oxides by ocean-going ships calling at the Port of Singapore. Ships that



use type-approved abatement/scrubber technology or clean fuels with sulphur content of less than one per cent within Singapore port limits can enjoy a 15 per cent reduction on port dues payable.



The Green Technology Programme aims to encourage local maritime companies to develop and adopt green technologies through co-funding of up to half of qualifying costs. For a start, MPA will set aside \$25 million from the Maritime Innovation and Technology (MINT) Fund for this programme. Another \$25 million will be allocated if response from the industry is good.



pooling brilliance

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.

caring for our people

EMPLOYEE'S AGREEMENT

MPA and AUSBE signed the MPA Employee's Agreement 2011 in December. The signing followed a series of productive meetings between MPA's management and the union conducted in the spirit of partnership. Enhancements included increases in shift, meal and driving allowances, the introduction of a night allowance, and the enhancement of long service awards.

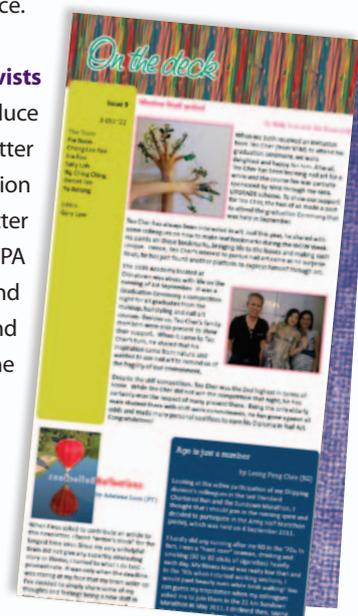
MPA CAN!

In April, MPA launched the MPA Corporate Activists Network (CAN) as part of our commitment towards excellence in the key success areas of People, Systems, Resources, Partners and Customers. CAN consist of seven networks, each focusing on a different area. Each network has a Chief Activist and a number of Activists from all across MPA. The key objective behind MPA CAN is to tap on the ideas, creativity and energy of our people and to empower our people to help make MPA a great place to work in.

The Business Excellence Activists Network (BEAN) introduced a new benchmarking framework for MPA. BEAN benchmarked MPA's performance against the best in class which allowed us to review and enhance MPA's process and systems. This is in line with MPA's drive towards continuous improvements and excellence.

The Communications Activists Network continued to produce the regular internal e-newsletter to enhance communication within MPA. The newsletter serves as a platform for MPA staff to share thoughts and views on work, life and activities with the rest of the organisation.

On the deck: The regular internal e-newsletter enhances communication within MPA.



MPA Employee's Agreement signed on 7 Dec 2011.

The Learning and Innovation Activists Network (LIAN) organised the inaugural Innofestival 2011 which featured an exciting line up of diverse and interesting programmes for staff to experience the four learning dimensions of OWL (Opportunities With Learning) which are Grow (structured class-room learning), Explore (experiential learning), Aspire (additional learning for personal advancement) and Reflect (self learning through own reflection). LIAN also introduced the MPA Innovation Fund to support efforts at innovation and experimentation.



MPA staff at the launch of Innofestival 2011.

The Service Excellence Activist Network (SEAN) introduced a series of initiatives to nurture a strong service mindset among staff. SEAN also organised a learning journey to SIA and a story telling workshop to expose staff to various ways of improving service standards.



MPA staff visited SIA's office on 19 May 2011.



MPA staff came together to celebrate 2011 at the year-end Staff Nite.

The Staff Well-Being Activist Network (SWAN), Work-life Activists Network (WAN) and the CARE Team jointly organised Well-On-Work-Life (WOW) Week in June to celebrate the importance of work-life harmony and to have fun together as an extended MPA family. The revamped staff lounge and gym, MPA's employee portal, e-Connect, and the MPA Interest Groups were also launched during WOW Week.



MPA Family Day 2011 at the Maritime Experiential Museum.



MPA staff in action at the launch of the new MPA gym.

SWAN also organised many fun activities including Staff Night, Healthy Fun Day, regular lunch outings and monthly Food for Health Days. WAN introduced three new initiatives in April to celebrate our people's significant life events in the form of marriage, newborn and birthday gifts. All these are part of MPA's commitment towards engaging, nurturing, developing and caring for our people.



MPA staff enjoyed an afternoon of activities and durians at the Healthy Fun Day at Macritchie Reservoir.



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

corporate social responsibility

CORPORATE SOCIAL RESPONSIBILITY

MPA focuses our Corporate Social Responsibility (CSR) efforts in three key areas: Promoting Responsible Environmental Practices, Encouraging Community Involvement and Caring for Employees. One of the main drivers of MPA's CSR activities is the employee-led CARE Team, that organises and promotes fund raising efforts and volunteering opportunities.



MPA staff cleaned one-room rental flats occupied by the elderly and less well-off families.

Spring Cleaning For the Elderly

The CARE Team worked with the Asian Women's Welfare Association (AWWA) Senior Activity Centre (SAC) and Tanjong Pagar Family Service Centre (FSC) to help clean eight units of one-room rental flats occupied by clients of the two centres (comprising of mainly the elderly and less well-off families). 28 MPA officers volunteered their time and energy for this project. MPA also made donation of \$2,000 towards AWWA SAC's newly renovated recreation centre.



MPA staff visited the Veolia Environmental Services Tuas Material Recovery Facility on 24 Jun 2011.

Energising The Green Movement

The CARE Team helped remind our people to practice recycling and energy conservation at work. In addition to sending out email on environmental issues, the CARE Team organised a visit to the Veolia Environmental Services Tuas Material Recovery Facility in June and a recycling workshop in August.

Green Label for Offices

MPA offices at PSA Building were awarded the Eco-Office Green Office Label Certification by the Singapore Environment Council. This certification demonstrates our continued commitment to achieving and promoting environmental sustainability. The assessment reported positively on the effective energy-efficient and other environmental-friendly measures implemented in the MPA offices.



One of the steps taken to encourage an environmentally-friendly office.



Sparkling Maritime Interest at Northlight School

The CARE Team and MPA volunteers brought students and teachers from Northlight School on learning journeys out to sea and to Raffles Lighthouse to spark their interest in maritime. The CARE team also facilitated MPA's contribution of \$10,000 to Northlight School to fund MPA Awards for deserving students from low income families.

Outing to Raffles Lighthouse

In collaboration with the Tanjong Pagar FSC, the CARE Team organised an outing to Raffles Lighthouse for the children of families receiving assistance from the FSC. The children were brought on a sea tour and were introduced to various aspects of Maritime Singapore.



MPA staff brought students and teachers from Northlight School on learning trips to Raffles Lighthouse.

Groceries Vouchers for the Families of Tanjong Pagar FSC

Groceries vouchers with a total value of \$3,220 were donated by MPA staff to clients of Tanjong Pagar FSC on in May and as part of a year-end wish list project in December 2011.

Sharing the Mid-Autumn Cheer

The community under the care of AWWA SAC, Redhill Moral SAC and Tanjong Pagar FSC were treated to mooncakes and pomelos contributed by MPA staff during mid-autumn celebrations in September 2011.



MPA staff celebrated mid-autumn with AWWA SAC, Redhill Moral SAC and Tanjong Pagar FSC.



MOT Family Charity

In support of the annual Ministry of Transport (MOT) Family Charity Project, MPA staff contributed over \$18,000 through several activities, including the "Say It With Flowers" project held on Valentine's Day, the "MPA Cares" pledge in March as well as auctions of corporate gifts. MPA staff also contributed over \$17,000 under the Community Chest SHARE programme. The total sum raised by MPA staff for the MOT Family Charity Project for 2011 amounted to \$35,662.



'Say It With Flowers' – an initiative to raise fund for MOT family charity.

mpa 15th anniversary



CELEBRATING 15 YEARS

In February 1996, MPA was formed through the merger of the former National Maritime Board, the Marine Department, and the regulatory departments of the then PSA. Over the years, MPA's role has evolved and grown to its current role of port authority, port regulator, port planner, International Maritime Centre champion and Singapore's maritime representative on the international stage.

To celebrate MPA's 15th anniversary in 2011, MPA lined up a series of events and activities to commemorate our special year. Starting with an internal logo design competition to use for celebration collateral and letterheads, many fun events for MPA staff followed.

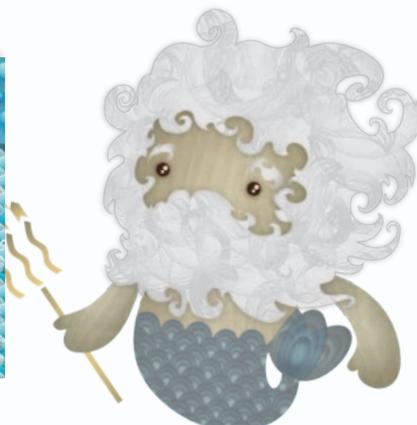


MPA celebrated 15 years with the traditional birthday cake cutting at MPA's workplan seminar.

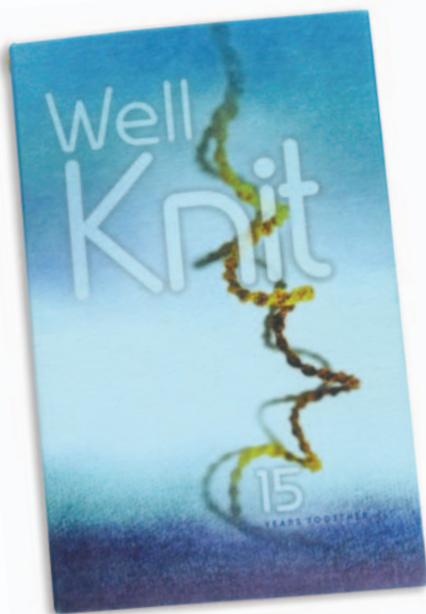


15TH ANNIVERSARY MICROSITE

Following the traditional birthday cake-cutting commemorating MPA's 15th birthday, a dedicated microsite was launched in February at MPA's annual workplan seminar. The microsite served as a platform to chronicle some of MPA's achievements over the years, and included interactive features such as a port controller game. Three photo competitions were held and displayed on the microsite, starting with an internal photo competition for MPA staff themed "Celebrations", followed by "Maritime Fashion" and "Maritime Close-ups" for the general public.



To bring maritime to a wider audience, MPA also commissioned two characters – Pozzie and Keesh – and featured them in desktop wallpapers and e-cards.



WELL-KNIT

To mark our 15th Anniversary, MPA produced a special commemorative book with the theme of "Well-Knit". Each book included a string woven by MPA staff, which symbolises the ties that bind MPA staff together, as well as the teamwork and camaraderie that keep MPA on track to achieve our mission. The book showcased the stories of 15 MPA staff who joined us in each year of MPA's existence, as well as a special photo spread of the divisions that make up MPA.



MPA staff came together to weave strings for the 15th Anniversary commemorative book, "Well-Knit".

"A NIGHT OF CELEBRATION"

A special 15th anniversary gala dinner was held in July where retired staff and past board members joined MPA staff for a night of celebration. With specially-designed NETS FlashPay cards featuring watercolour paintings of Singapore's lighthouses for door gifts, a Taiko drum performance from our Chairman and senior management, entertaining staff performances and games. It was certainly a night to remember.



NETS FlashPay cards featuring paintings of Singapore's lighthouses were given as gifts during MPA's 15th Anniversary Gala Dinner.



MPA's Chairman, Senior Management and staff put up various performances for guests at the 15th Anniversary Gala Dinner.



GO-KART CHALLENGE

MPA organised a 15th anniversary Go-Kart Challenge in October to bring together the maritime community for an afternoon of celebration and fun at Kartright Speedway. The maritime community also joined MPA in contributing to the wider community by raising funds for the Community Chest. Over 30 organisations participated and a total of \$65,000 was raised.



Winners of the MPA 15th Anniversary Go-Kart Challenge.



Over 30 organisations contributed \$65,000 for the Community Chest.

last page

THANK YOU TO OUR CONTRIBUTORS



Sally Loh
Corporate Services Division



Loh Sin Yee
IMC Division



Jareth Ng
Port Policy Division



Serene Koh
Port Division



Ernie Leong
Shipping Division



Abel Quek
Technology Division

BROUGHT TO YOUR BY THE CORPORATE COMMUNICATIONS DEPARTMENT



Joanne Fang



Fang Jiayun



Lam Wee Shann



Karen Wilkinson



Jessica See



Rachel Fok



Evelyn Lim



Serene Liu



Gary Low



Diviya Sivaloganathan



Hadi Bin Hamidil





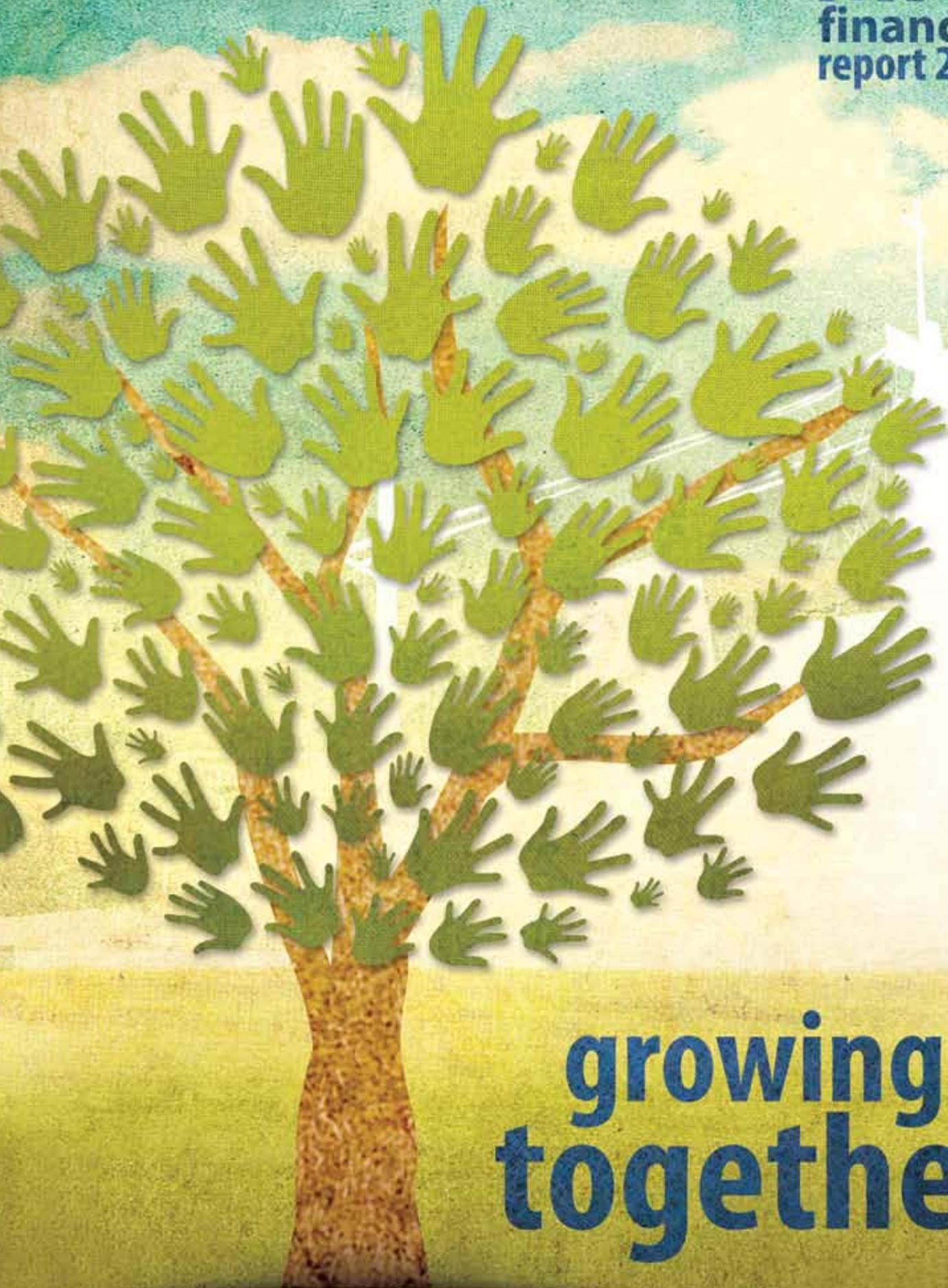
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MPA
financial
report 2011



**growing
together**

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STATEMENT BY BOARD OF MEMBERS

For the financial year ended 31 December 2011

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 55 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 2011 and of the results of the business, changes in reserves and cash flows of the Authority for the financial year then ended in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Cap. 170A) and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Members,



Lucien Wong
Chairman



Lam Yi Young
Chief Executive and Board Member

20 March 2012

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 55, which comprise the consolidated balance sheet as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated 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; and 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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Authority are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2011 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, 20 March 2012

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	2011 \$	2010 \$
ASSETS			
Non-current assets			
Property, plant and equipment	4	80,944,243	78,698,167
Capital work-in-progress	5	51,616,366	27,995,698
Financial assets	7	296,864,196	359,516,809
		429,424,805	466,210,674
Current assets			
Financial assets	7	150,000	150,000
Trade receivables	8	43,462,241	29,997,238
Deposits, prepayments and other receivables	9	7,303,834	11,246,920
Cash and cash equivalents	10	828,654,891	721,472,055
		879,570,966	762,866,213
Total assets		1,308,995,771	1,229,076,887
EQUITY			
Capital and reserves			
Establishment account	11	147,375,155	147,375,155
Equity financing account	12	3,978,616	3,978,616
Fair value reserve		10,330,589	30,797,036
Accumulated surplus		1,055,290,310	939,601,622
Total capital and reserves		1,216,974,670	1,121,752,429
LIABILITIES			
Non-current liabilities			
Employment benefits	13	972,394	1,744,954
Deferred capital grant	14	27,170,148	28,754,364
		28,142,542	30,499,318
Current liabilities			
Trade and other payables	15	27,364,868	34,069,349
Advances, deposits and unearned income	16	12,426,874	13,551,188
Provision for contribution to Consolidated Fund	20	24,086,817	29,204,603
		63,878,559	76,825,140
Total liabilities		92,021,101	107,324,458
Total equity and liabilities		1,308,995,771	1,229,076,887
Funds managed/held on behalf of others	25	1,593,771	27,808,730
Funds' net assets managed/held on behalf of others	25	(1,593,771)	(27,808,730)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at 31 December 2011

	Note	2011 \$	2010 \$
Operating revenue			
Port dues and marine services		248,554,687	226,390,602
Shipping services		8,793,222	8,085,280
Rental income		3,155,661	3,174,147
Training		1,210,201	1,178,566
Miscellaneous revenue		1,372,862	746,225
		263,086,633	239,574,820
Operating expenditure			
Staff cost	17	54,870,209	56,083,452
Depreciation expense on property, plant and equipment	4	9,643,496	10,714,023
Hire of marine craft and sea garbage services		7,743,504	8,055,336
Fuel, repairs and maintenance		8,043,362	6,633,414
Other operating expenses	18	47,721,386	37,768,494
		128,021,957	119,254,719
Operating surplus		135,064,676	120,320,101
Other operating surplus	19	4,353,604	49,887,466
Surplus from operations		139,418,280	170,207,567
Amortisation of deferred capital grant	14	2,353,540	1,584,216
Surplus before contribution to Consolidated Fund		141,771,820	171,791,783
Contribution to Consolidated Fund	20	(24,101,132)	(29,204,603)
Surplus for the financial year		117,670,688	142,587,180
Other comprehensive income/(loss)			
Net change in fair value of:			
- Available-for-sale debt and equity securities placed by fund managers		(23,042,076)	11,021,682
- Available-for-sale equity securities managed internally		45,448	(68,172)
Transfer to income and expenditure on sale of available-for-sale debt and equity securities placed by fund managers		(1,393,392)	(22,082,638)
Impairment loss on available-for-sale debt and equity securities placed by fund managers transferred to income and expenditure	7a	3,923,573	140,732
Other comprehensive losses for the year		(20,466,447)	(10,988,396)
Total comprehensive income for the year		97,204,241	131,598,784

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

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

For the financial year ended 31 December 2011

	Establishment account \$	Equity financing account \$	Fair value reserve \$	Accumulated surplus \$	Total \$
2011					
Beginning of financial year	147,375,155	3,978,616	30,797,036	939,601,622	1,121,752,429
Total comprehensive income	-	-	(20,466,447)	117,670,688	97,204,241
Dividends paid	-	-	-	(1,982,000)	(1,982,000)
End of financial year	147,375,155	3,978,616	10,330,589	1,055,290,310	1,216,974,670
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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Surplus before contribution to Consolidated Fund		141,771,820	171,791,783
Adjustments for:			
- Depreciation on property, plant and equipment	4	9,643,496	10,714,023
- Impairment loss on trade receivables	18	(1,045,113)	1,020,860
- Impairment loss on unquoted equity securities	19	581,370	203,805
- Provision for employee benefits	13	33,992	-
- Net investment gain from funds with fund managers	19	(1,838,852)	(48,844,311)
- Interest income on bank deposits and staff loans	19	(1,921,248)	(571,202)
- Dividend income on equity securities	19	(293,140)	(161,340)
- Gain on disposal of property, plant and equipment	19	(45,872)	(400)
- Amortisation of deferred capital grant	14	(2,353,540)	(1,584,216)
		144,532,913	132,569,002
Changes in working capital:			
- Trade receivables		(12,419,890)	1,940,832
- Deposits, prepayments and other receivables		922,762	3,810,616
- Trade and other payables		(20,064,091)	14,793,410
- Advances, deposits and unearned income		(1,124,314)	1,836,901
- Employment benefits	13	(806,552)	(25,952)
Cash generated from operations		111,040,828	154,924,809
Contribution paid to Consolidated Fund	20	(29,218,918)	(30,816,936)
Net cash provided by operating activities		81,821,910	124,107,873
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		47,970	9,101
Purchases of property, plant and equipment and capital work-in-progress		(19,840,331)	(26,318,599)
Proceeds from capital grants	14	769,324	-
Purchase of unquoted equity securities		(118,180)	-
(Deposit)/Withdrawal of funds from fund managers		(15,997,282)	305,462,244
Interest received		1,895,084	510,061
Dividends received		293,140	161,340
Net cash (used in)/provided by investing activities		(32,950,275)	279,824,147
Cash flows from financing activities			
Dividends paid		(1,982,000)	(21,904,000)
Proceeds from issuance of ordinary shares		-	3,977,616
Placement of industry funds with Accountant-General's Department		(190,182,539)	(214,219,945)
Net cash used in financing activities		(192,164,539)	(232,146,329)
Net (decrease)/increase in cash and cash equivalents		(143,292,904)	171,785,691
Cash and cash equivalents at beginning of financial year		289,089,808	117,304,117
Cash and cash equivalents at end of financial year	10	145,796,904	289,089,808

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

1. General information

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

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

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

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

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

2. Significant accounting policies

2.1 Basis of preparation

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

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

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

Interpretations and amendments to published Standards effective in 2011

On 1 January 2011, 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 Group accounting

(a) *Subsidiary*

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

(b) *Associated companies*

Associated companies are entities over which MPA has significant influence, but not control. Such influence may be exercised in the form of a representation at the board of directors, giving rise to voting rights of 20% and above but not exceeding 50%. Investments in associated companies are initially recognised at cost. In the consolidated financial statements, equity method of accounting is applied, recognising MPA's share of its associated companies' post-acquisition profits or losses. To the extent MPA's associated companies are limited by guarantee and it does not share in their profits or losses, MPA records its contributions to associated companies as grants in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

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.

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 transacted cost.

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".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

2. Significant accounting policies (continued)

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.

2.6 Impairment of non-financial assets

Property, plant and equipment

Investment in subsidiary and associated companies

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in income 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 2011

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 2011

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 2011

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 2011

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, assumptions and judgements

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

(a) *Critical accounting estimates and assumptions*

(i) **Useful lives of property, plant and equipment**

The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded 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.

(ii) **Uncertain tax position**

The Authority is a registered business under the Goods and Services Tax Act. In determining the GST output tax payable and input tax claimable, management considers the implication of the type of services it provides, and the supplies it procures under the GST regulations ("uncertain tax positions").

As at 31 December 2011, the Authority has recorded non-claimable GST expenses of S\$6,767,828 pertaining to uncertain tax positions. Management believes that the positions undertaken are sustainable and the amount recorded is adequate based on the current interpretation of the regulations.

(b) *Critical judgement*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

3. Critical accounting estimates, assumptions and judgements (continued)

(b) Critical judgement (continued)

(ii) Accounting of investment in and contribution to associated companies

MPA has determined that it has significant influence on its associated companies based on the voting rights of 20% and above but not exceeding 50%, held by its representatives at the board of directors of the associated companies. As the associated companies are incorporated as companies limited by guarantee and MPA does not share in their profits or losses, MPA has recorded the contributions of S\$1,248,720 made to the associated companies as grant expenditure in the consolidated statement of comprehensive income.

4. Property, plant and equipment

	Leasehold land	Building structures	Wharves, hard-standing and roads	Plant, machinery and equipment	Vehicles	Computers and fittings	Furniture and fittings	Floating crafts	Total
2011	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Beginning of financial year	7,641,956	53,034,152	61,868,080	12,654,623	317,235	55,515,645	836,544	13,573,613	210,983,506
Additions	-	-	-	81,985	-	11,669,985	20,000	119,700	11,891,670
Disposals/write-off	-	(40,179)	-	(1,587,109)	-	(14,016,567)	(12,486)	-	(15,656,341)
End of financial year	7,641,956	52,993,973	61,868,080	11,149,499	317,235	53,169,063	844,058	13,693,313	207,218,835
Accumulated depreciation									
Beginning of financial year	1,810,553	26,150,612	26,413,969	10,228,236	307,515	50,998,428	487,995	12,078,811	132,285,339
Depreciation charge	241,296	1,745,226	2,567,376	686,952	6,480	2,986,855	52,412	726,330	9,643,496
Disposals/write-off	-	(40,179)	-	(1,587,109)	-	(14,016,541)	(10,414)	-	(15,654,243)
End of financial year	2,051,849	27,855,659	28,981,345	4,496,172	313,995	39,968,742	529,993	12,805,141	126,274,592
Net book value									
End of financial year	5,590,107	25,138,314	32,886,735	1,045,486	3,240	13,200,321	314,065	888,172	80,944,243
2010									
Cost									
Beginning of financial year	7,641,956	53,054,387	61,868,080	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	12,654,623	317,235	55,515,645	836,544	13,573,613	210,983,506
Accumulated depreciation									
Beginning of financial year	1,569,257	23,815,619	23,846,593	3,122,268	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	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	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	4,517,217	348,549	1,494,802	78,698,167

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 and associated companies

(a) *Subsidiary*

	2011	2010
	\$	\$
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	
		2011	2010
		%	%
MPA Venture Pte. Ltd.	Singapore	100	100

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

(b) *Associated companies*

(i) **Singapore Maritime Institute**

In January 2011, the Authority together with A*Star incorporated Singapore Maritime Institute ("SMI"), a company limited by guarantee. The principal activity of SMI is to develop strategies and programmes related to the academic, policy and research and development aspects of the maritime industry. As at 31 December 2011, the Authority had contributed a total amount of \$1.2 million of grants to SMI.

(ii) Singapore Chamber of Maritime Arbitration

Singapore Chamber of Maritime Arbitration ("SCMA") was reconstituted as a company limited by guarantee in May 2009. The principal activity of SCMA is to provide a framework for maritime arbitration in response to the needs of the maritime community. As at 31 December 2011, the Authority has not made any direct contribution to SCMA.

7. Financial assets

	Note	2011 \$	2010 \$
Non-current investments			
Available-for-sale securities:			
Quoted equity securities managed by fund managers	7(a), 21	85,375,795	176,126,447
Quoted debt securities managed by fund managers	7(b), 21	206,305,703	177,789,921
Quoted equity securities managed internally	7(c)	3,510,858	3,465,410
Unquoted equity securities managed internally	7(d)	1,671,840	2,135,031
		296,864,196	359,516,809
Current investment			
Unquoted debt securities		150,000	150,000
		297,014,196	359,666,809

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 \$3,923,573 (2010: \$140,732) during the current year. The impairment loss is presented under "Other operating surplus" 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>	
	\$	\$	%
2011			
Corporate bonds	145,417,027	140,240,738	68
Government bonds	62,730,539	66,064,965	32
	<u>208,147,566</u>	<u>206,305,703</u>	<u>100</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>

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

<u>Credit rating</u>	<u>Fair value</u>	
	\$	%
2011		
AAA/Aaa	45,660,362	22
AA/Aa	7,112,811	3
A/A	92,619,497	45
BBB+/Baa1	31,182,903	15
BBB/Baa2	21,885,018	11
BBB-/Baa3	7,845,112	4
	<u>206,305,703</u>	<u>100</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>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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.

A significant portion of the invested debt securities representing 70% (2010: 82%) 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:

	<u>Fair value</u>	
	\$	%
2011		
Asia (mainly Singapore and Malaysia)	36,948,790	56
European union	14,589,306	22
Australia	10,339,096	16
United States of America	4,187,773	6
	<u>66,064,965</u>	<u>100</u>
2010		
Asia (mainly Singapore and Malaysia)	18,289,087	46
European union	8,949,197	22
Australia	9,038,108	23
United States of America	3,625,170	9
	<u>39,901,562</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 \$1,671,840 (2010: \$2,135,031) 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 2011. 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 \$581,370 (2010: \$203,805) has been recognised in "Other operating surplus" in the current year's consolidated statement of comprehensive income.

8. Trade receivables

	2011	2010
	\$	\$
Trade receivables	44,181,330	32,183,866
Less: Allowance for impairment of receivables	(719,089)	(2,186,628)
Trade receivables – net	43,462,241	29,997,238

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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:

	<u>Gross receivables</u>	<u>Impairment losses</u>
	\$	\$
2011		
Not past due	32,988,517	37,415
Past due 0 - 30 days	4,388,393	33,206
Past due 31 - 60 days	857,757	13,621
More than 60 days	5,946,663	634,847
	<u>44,181,330</u>	<u>719,089</u>
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>

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

	2011	2010
	\$	\$
Beginning of financial year	2,186,628	1,200,741
Impairment loss recognised	719,089	2,186,628
Amount written back	(1,764,202)	(1,165,768)
Allowance utilised	(422,426)	(34,973)
End of financial year	<u>719,089</u>	<u>2,186,628</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

	2011	2010
	\$	\$
Deposits	60,161	230,161
Prepayments	101,616	438,560
Other receivables	4,979,197	8,401,663
Allowance for impairment of other receivables	(165,000)	(165,000)
	4,814,197	8,236,663
Interest receivable	2,327,860	2,341,536
	7,303,834	11,246,920

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:

	2011	2010
	\$	\$
Interest receivable (Note 21)	2,212,626	2,252,466
Receivables on sale of financial instruments (Note 21)	-	1,297,113
Forward foreign exchange purchases (net) (Note 21)	53,463	1,484,780
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 21)	112,466	390,684
	2,378,555	5,425,043

10. Cash and cash equivalents

	2011	2010
	\$	\$
Cash at bank and on hand	16,119,686	34,671,240
Placements with Accountant-General's Department	726,218,907	661,855,512
Short-term bills and notes	43,295,084	-
Fixed deposits	43,021,214	24,945,303
	828,654,891	721,472,055

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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)	828,654,891	721,472,055
Less: Cash and cash equivalents managed by fund managers	(90,655,503)	(30,362,302)
Less: Placements with Accountant-General's Department	(592,202,484)	(402,019,945)
Cash and cash equivalents per consolidated statement of cash flows	145,796,904	289,089,808

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 \$134,016,423 (2010: \$259,835,567) 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 \$592,202,484 (2010: \$402,019,945) 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:

	2011	2010
	\$	\$
Cash at bank and on hand (Note 21)	4,339,205	5,416,999
Short-term bills and notes (Note 21)	43,295,084	-
Fixed deposits (Note 21)	43,021,214	24,945,303
	90,655,503	30,362,302

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.54% to 0.68% (2010: 0.0875% to 0.68%) 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:

	2011	2010
	%	%
Short-term bills and notes	0.25 – 0.37	-
Fixed deposits	0.05 – 0.14	0.08 – 0.18

11. Establishment account

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

Capital management

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

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

The Authority is not subject to externally imposed capital requirements.

12. Equity financing account

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

In the previous financial year, the Authority issued 3,977,616 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

	2011	2010
	\$	\$
Beginning of financial year	1,744,954	1,770,906
Provision made	33,992	-
Provision utilised	(806,552)	(25,952)
End of financial year	972,394	1,744,954

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 2011

14. Deferred capital grant

	2011 \$	2010 \$
Beginning of financial year	28,754,364	30,338,580
Capital grant received during the year	769,324	-
Amortisation to income	(2,353,540)	(1,584,216)
End of financial year	<u>27,170,148</u>	<u>28,754,364</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

	2011 \$	2010 \$
Trade payables	5,479,148	4,599,863
Payables on purchase of financial instruments, managed by fund managers (Note 21)	-	2,312,492
Accrued capital expenditure	4,081,430	11,173,895
Accrued operating expenses	13,106,245	14,606,255
Other payables	4,698,045	1,376,844
	<u>27,364,868</u>	<u>34,069,349</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 performance bonus and group bonus of \$5,950,000 (2010: \$9,000,000) and accrued administrative fee payable to the fund managers and custodian bank amounted to \$391,205 (2010: \$391,110).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

17. Staff cost

	2011	2010
	\$	\$
Wages and salaries	45,151,890	47,324,800
Employer's contribution to Central Provident Fund	5,206,129	4,563,503
Employer's contribution to other defined benefit plans (Note 13)	33,992	-
Other benefits	4,478,198	4,195,149
	54,870,209	56,083,452

18. Other operating expenses

Included in other operating expenses are the following:

	2011	2010
	\$	\$
Project grants	8,653,241	2,128,055
Non-claimable Goods and Services Tax	6,767,828	472,466
Contribution to the Maritime Cluster Fund projects	5,680,701	4,740,443
Utility charges	4,142,637	4,241,504
Telecommunication charges	3,245,645	2,372,178
Contribution to the International Maritime Organisation	2,486,890	2,721,455
Service fees to port operator	2,366,143	2,489,483
Contracted services	1,991,053	1,793,696
Rental/maintenance fees for office premises	1,718,324	1,772,702
(Write back of)/provision for impairment loss on trade receivables, net	(1,045,113)	1,020,860
Property tax	1,028,181	1,009,780
Professional fees	933,098	341,447
Overseas travelling	819,423	758,937
Disaster recovery subscription costs	712,908	470,650
Contribution to Merit Fund	705,844	1,211,105
Corporate publications	624,813	573,620
Printing and stationery	414,164	416,837
Insurance	431,759	364,946
Others	6,043,847	8,868,330
	47,721,386	37,768,494

19. Other operating surplus

	2011 \$	2010 \$
Gain from sale of investments in:		
- Debt securities (a)	1,592,785	9,527,095
- Equity securities (a)	8,421,990	30,457,515
Realised loss on foreign exchange on disposal of available-for-sale financial assets – net (a)	(8,621,382)	(17,901,972)
Impairment loss on investments in available-for-sale equity securities (a)	(3,923,573)	(140,732)
Unrealised gain/(loss) on foreign exchange on debt securities and other monetary assets held by fund managers – net (a)	4,046,567	(11,015,950)
Impairment loss on investments in available-for-sale unquoted equity securities, managed internally	(581,370)	(203,805)
Net gain on available-for-sale financial assets	935,017	10,722,151
Interest income:		
- Debt securities (a)	7,327,064	8,661,204
- Fixed deposits placed by fund managers (a)	38,405	57,461
- Fixed deposits and cash at bank	1,523,345	410,119
- Staff loans and trade receivables	397,903	161,083
Total interest income for financial assets that are not fair value through profit or loss	9,286,717	9,289,867
Fair value (loss)/gain on derivatives (a)	(8,132,989)	25,506,452
Investment expenses (a)	(2,052,771)	(2,700,968)
Dividend income for funds with fund managers (a)	3,142,756	6,364,049
Dividend income for internally managed equity securities	293,140	161,340
Net gain on disposal of property, plant and equipment	45,872	400
Gain/(loss) on foreign exchange on other monetary assets, held internally – net	1,804	(81,669)
Income from liquidated damages received	863,133	631,510
Others	(29,075)	(5,666)
	4,353,604	49,887,466

The total net investment gain from funds with fund managers amounted to \$1,838,852 (2010: \$48,844,311) (refer to (a) above).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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% (2010: 17%) of the surplus for the year.

	2011	2010
	\$	\$
Beginning of financial year	29,204,603	30,816,936
Amount contributed	(29,218,918)	(30,816,936)
Provision for the year	24,101,132	29,204,603
End of financial year	24,086,817	29,204,603

21. Funds with fund managers

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

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

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

	2011	2010
	\$	\$
Debt securities (Note 7)	206,305,703	177,789,921
Equity securities (Note 7)	85,375,795	176,126,447
Interest receivables (Note 9)	2,212,626	2,252,466
Receivables on sale of financial instruments (Note 9)	-	1,297,113
Forward foreign exchange purchases (net) (Note 9)	53,463	1,484,780
Other receivables (mainly dividend receivables and withholding tax receivables) (Note 9)	112,466	390,684
Fixed deposits (Note 10)	43,021,214	24,945,303
Cash balances (Note 10)	4,339,205	5,416,999
Short-term bills and notes (Note 10)	43,295,084	-
Payables on purchase of financial instruments (Note 15)	-	(2,312,492)
Accrued administrative fees (Note 15)	(391,205)	(391,110)
	384,324,351	387,000,111

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

	2011	2010
	\$	\$
Notional amounts		
Fixed income futures contracts	59,318,521	17,294,175
Foreign currency swap and forward contracts	<u>159,395,648</u>	<u>205,022,395</u>

22. Financial risk management

Financial risk factors

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

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

Funds with fund managers

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

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

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

A significant proportion of the Authority's security investments present a risk of loss of capital except for the capital guaranteed portfolio of \$20 million where the exposure to market risk is capped at the Authority's cost of fund invested. The maximum loss of capital is represented by the carrying values of the security investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. Financial risk
management
(continued)

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.

(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:

	2011	2010
	\$	\$
Hong Kong Dollars	17,337,916	17,326,488
Thai Baht	16,539,951	20,048,742
Korean Won	10,444,840	24,881,766
Indonesian Rupiah	6,049,720	28,190,869
Ringgit Malaysia	784,393	11,274,490
Australian Dollars	-	14,236,044
Various other foreign currencies	1,345,994	12,402,052
	52,502,814	128,360,451

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

	2011	2010
	\$	\$
US Dollars	69,961,793	84,033,030
Euro	27,241,178	34,548,453
Australian Dollars	14,069,443	12,640,104
Ringgit Malaysia	14,026,149	3,388,569
Chinese Yuan	13,722,158	-
Thai Baht	5,880,209	-
Sterling Pounds	-	1,770,631
	144,900,930	136,380,787

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

	2011	2010
	\$	\$
US Dollars	1,502,624	1,275,922
Euro	442,436	579,323
Various other foreign currencies	602,298	447,816
	2,547,358	2,303,061

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>
	\$	\$
2011		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	2,625,141	(2,625,141)
2010		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	6,418,023	(6,418,023)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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>
	\$	\$
2011		
Managed by fund managers		
Debt securities	7,245,047	(7,245,047)
Cash and cash equivalents	127,368	(127,368)
Forward foreign exchange purchases (net) and payables on purchase of financial instruments	(5,172,312)	5,172,312
	<u>2,200,103</u>	<u>(2,200,103)</u>
Cash and cash equivalents, managed internally	102,883	(102,883)
	<u>2,302,986</u>	<u>(2,302,986)</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>

(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 <u>scenario</u> \$	-100 basis point <u>scenario</u> \$
2011		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	(7,965,106)	8,270,200
2010		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	(6,674,600)	7,153,114

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 2011

22. Financial risk management (continued)		+100 basis point <u>scenario</u>	-100 basis point <u>scenario</u>
		\$	\$
(a) Market risk (continued)	2011		
	Income and expenditure	161,503	(128,200)
		<hr/>	<hr/>
(ii) Interest rate risk (continued)	2010		
	Income and expenditure	196,691	(196,691)
		<hr/>	<hr/>

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 <u>scenario</u>	-100 basis point <u>scenario</u>
		\$	\$
	2011		
	Income and expenditure	3,347,212	(3,520,882)
		<hr/>	<hr/>
	2010		
	Income and expenditure	1,210,303	(1,259,359)
		<hr/>	<hr/>

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:

	2011	2010
	\$	\$
Fixed rate		
Maturing in less than 1 year	9,194,416	15,041,576
Maturing between 1 to 5 years	87,919,653	52,537,462
Maturing in more than 5 years	91,146,734	91,479,705
Floating rate		
Repricing in less than 3 months	18,044,900	-
Repricing between 3 to 6 months	-	18,731,178
	<hr/>	<hr/>
	206,305,703	177,789,921

(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>
	\$	\$
2011		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	412,584	-
Income and expenditure	921,512	(508,928)
Equity securities, managed internally		
Income and expenditure	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

22. Financial risk management (continued)	<u>+5% scenario</u>	<u>-5% scenario</u>
	\$	\$
2010		
Equity securities, managed by fund managers		
(a) Market risk (continued)		
(iii) Price risk (continued)		
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	-	-
<i>Available-for-sale equity securities, managed by fund managers and managed internally, not impaired</i>		
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>
	\$	\$
2011		
Equity securities, managed by fund managers		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	3,693,196	(3,107,471)
Income and expenditure	-	(585,725)
Equity securities, managed internally		
Other comprehensive income and presented in fair value reserve in consolidated statement of changes in reserves	175,543	(175,543)
Income and expenditure	-	(1,019,316)

	<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)

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty 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:

	2011	2010
	\$	\$
Trade receivable (Note 8)	43,462,241	29,997,238
Deposits (Note 9)	60,161	230,161
Other receivables (Note 9)	4,814,197	8,236,663
Interest receivable (Note 9)	2,327,860	2,341,536
Loans and receivables	50,664,459	40,805,598

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 2011

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 2011, the following financial assets were exposed to credit risk: investment in debt securities, receivables on sale of financial instruments, forward foreign exchange purchases, cash and cash equivalents, derivative financial assets and other receivables. The total carrying amount of financial assets exposed to credit risk amounted to \$299,339,761 (2010: \$211,264,774).

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

(c) Liquidity risk

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

Funds with fund managers

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

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 2011

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

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

	2011	2010
	\$	\$
Property, plant and equipment	<u>22,185,046</u>	<u>48,693,563</u>

Non-cancellable operating lease commitments payable:

	2011	2010
	\$	\$
Within 1 year	154,960	354,760
After 1 year but within 5 years	<u>3,899</u>	<u>221,632</u>
	<u>158,859</u>	<u>576,392</u>

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 party transactions

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

(a) Sales of services

	2011	2010
	\$	\$
Provision of dumping and monitoring services to		
- Land Transport Authority	9,292,950	9,983,100
- Housing & Development Board	7,029,900	5,325,390
	<u>7,029,900</u>	<u>5,325,390</u>

(b) Key management personnel compensation

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

The compensation payable to key management personnel comprises:

	2011	2010
	\$	\$
Short-term employee benefits	3,087,136	2,851,829
Employment benefits	104,428	90,943
Directors' fees	146,810	161,250
	<u>3,338,374</u>	<u>3,104,022</u>

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

Funds held in trust and managed by the Authority comprise:

	2011	2010
	\$	\$
Straits of Malacca and Singapore Revolving Fund Committee	-	6,082,424
Singapore Stranded Seafarers' Fund	332,286	331,645
Agency funds held in trust of Ministry of Transport	1,261,485	21,394,661
	<u>1,593,771</u>	<u>27,808,730</u>

These funds are placed with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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 and the appointment ended on 31 March 2011.

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

	2011	2010
	\$	\$
Accumulated fund	-	6,082,424
Current asset		
Cash and cash equivalents	-	6,082,424

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

	2011	2010
	\$	\$
Interest income	-	42,631
Funds disbursed	-	(146,031)
Deficit for the year	-	(103,400)
Accumulated surplus as at 1 January	-	6,185,824
Accumulated surplus as at 31 December	-	6,082,424

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:

	2011 \$	2010 \$
Accumulated fund	332,364	331,747
Current asset		
Interest receivable	78	102
Cash and cash equivalents	332,286	331,645
	332,364	331,747

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

	2011 \$	2010 \$
Interest income	617	779
Surplus for the year	617	779
Accumulated surplus as at 1 January	331,747	330,968
Accumulated surplus as at 31 December	332,364	331,747

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2011

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

Agency funds held in trust of Ministry of Transport

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

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

	2011	2010
	\$	\$
Accumulated fund	24,331,384	7,399,936
Current assets		
Cash at bank	1,261,485	21,394,661
Amounts due from various Government bodies	26,366,079	8,210,504
	27,627,564	29,605,165
Current liabilities		
GST payable	(2,501,920)	(1,312,331)
Amount due to various Government bodies	(794,260)	(20,892,898)
Net assets	24,331,384	7,399,936

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

	2011	2010
	\$	\$
Grants received	314,086,768	453,969,200
Interest income	14,147	12,463
	314,100,915	453,981,663
Grants disbursed	(293,519,952)	(501,848,689)
Agency fees paid/payable	(3,649,515)	(11,049,265)
Surplus/(Deficit) for the year	16,931,448	(58,916,291)
Accumulated surplus as at 1 January	7,399,936	66,316,227
Accumulated surplus as at 31 December	24,331,384	7,399,936

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

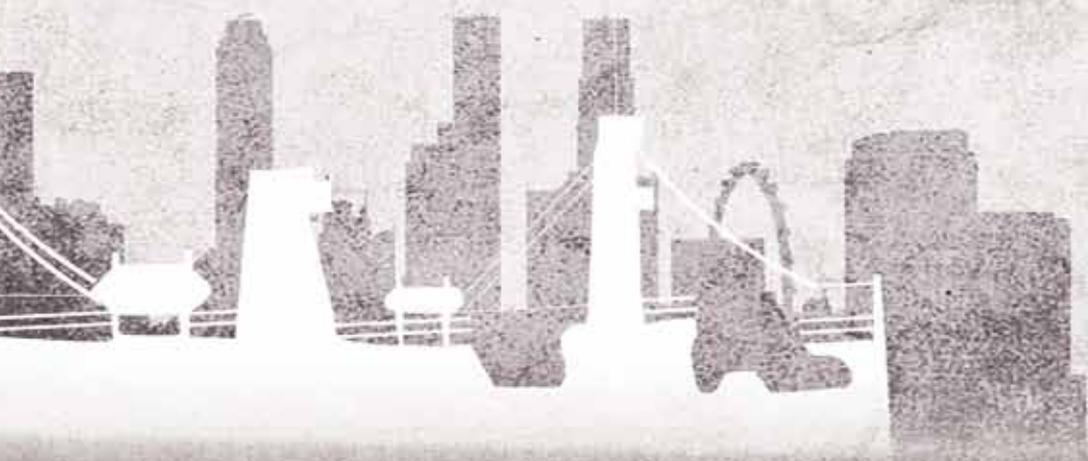
The Authority has not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued as of the balance sheet date but are not yet effective:

- Amendments to SB-FRS 1 *Presentation of Financial Statements*
- Amendments to SB-FRS 19 *Employee Benefits*
- Amendments to SB-FRS 27 *Separate Financial Statements*
- Amendments to SB-FRS 28 *Investments in Associates and Joint Ventures*
- Amendments to SB-FRS 110 *Consolidated Financial Statement*
- Amendments to SB-FRS 111 *Joint Arrangements*
- Amendments to SB-FRS 112 *Disclosure of Interest in Other Entities*
- Amendments to SB-FRS 113 *Fair Value Measurement*

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 20 March 2012.





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