

The Year In Review

ISSUE 2006

Rolling Ahead

**Music &
Lyrics**
Building
Partnerships

**Tomorrow's
HITS**

Exclusive
Interviews

Peter Ong
Tay Lim Heng

PLUS

Setting the Stage
Leaders of the Band
The Key Players





Our Vision



A leading maritime
agency driving
Singapore's global
maritime aspirations

Rolling Ahead

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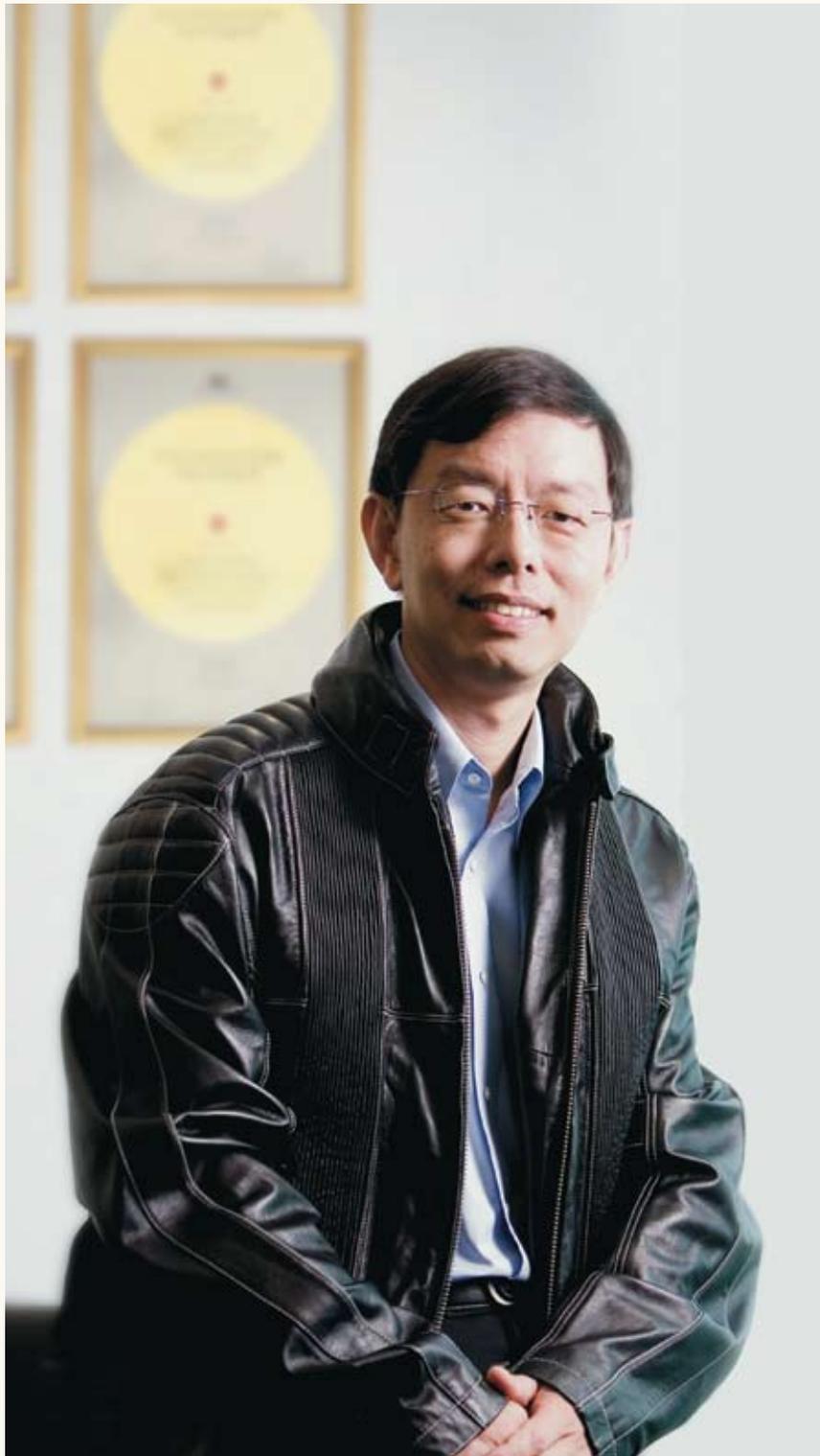
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Exclusive Interview



MPA celebrated its 10th anniversary in 2006. Looking back, how has Singapore performed as a hub port and maritime centre?

MPA and its industry partners have worked hard over the years, and it is gratifying to note that our efforts have borne fruit, with Singapore's port and maritime industry enjoying a decade of good growth year-on-year. These include a steady increase in vessel arrivals in terms of shipping tonnage from 768.5 million gross tons (GT) 10 years ago, to an unprecedented 1.3 billion GT in 2006. Indeed, the Port of Singapore is one of the busiest in the world, with ships arriving and departing every two to three minutes.

The volume of containers and cargo handled at our port terminals has also gone up. Container throughput for 2006 was 24.8 million Twenty-Foot Equivalent Units (TEUs), a 92% increase over the 12.9 million TEUs 10 years ago. Similarly, the total cargo tonnage handled climbed from 314.2 million tonnes in 1996 to 448.5 million tonnes in 2006.

Singapore has also come a long way in terms of building and consolidating its position as the world's top bunkering port. In 2006, the volume of bunkers sold here reached an all-time high – total bunker sales for the year reached 28.4 million tonnes, as compared to the 16.9 million tonnes sold 10 years ago.

The Singapore Registry of Ships chalked impressive growth over the past decade. The total tonnage of ships under our registry has grown by 91%, from 18.2 million GT in 1996 to 34.8 million GT in 2006.

PETER ONG

While the numbers are most encouraging, we are also spurred on by the support from the international shipping community that Singapore remains their port of choice in Asia. Singapore received the "Best Seaport in Asia" award for the 19th time when shipping lines, terminal operators, freight forwarders and shippers from across Asia voted to give Singapore this award at the Asian Freight and Supply Chain Awards (AFSCA) ceremony in 2007. With such support from our maritime partners, MPA will work even harder to ensure that the Port of Singapore remains an attractive port of call in all aspects, including safety, security, efficiency, service quality, cost competitiveness and the overall pro-business regulatory and promotional framework.

Even as we aim to retain our strength as a global hub port, we are also developing nicely as a vibrant International Maritime Centre (IMC), and a one-stop centre for maritime business. As of end 2006, some 80 shipping groups have made Singapore their shipping hub for Asia.

We have seen good growth in maritime ancillary sectors in the last two years. We now have a wide range of services like ship management, ship broking and chartering, shipping finance, marine insurance, and maritime law and arbitration being offered from Singapore. Such strong presence of shipping companies and maritime ancillary service providers here has a leveraging effect to provide the critical mass for business and adds to the vibrancy of the industry.

Today, the maritime sector is a key growth sector of the Singapore

economy. We estimate that its direct value add contribution to Singapore's GDP (Gross Domestic Product) is about 7 to 8%, compared to 5% in 2000. There are more than 4,400 shipping and maritime-related companies in Singapore, and the industry employs some 100,000 people.

What challenges lie ahead?

The good news is that we are experiencing an unprecedented boom in the global maritime sector, fuelled by the rapidly growing economies of China and India. The Singapore maritime sector is poised to tap on this for further growth.

However, new players are emerging and global competition is intensifying more than ever. Countries in the region and beyond are pulling out all the stops for a piece of the action. New players are investing heavily in port infrastructure and embarking on aggressive campaigns to market their maritime services.

Just about everyone is jostling for a place at the top of the maritime charts, and as such, we are likely to see some changes to the chart profile in the near future. Still, we have every intention to do what we can to keep Singapore on the charts.

Beyond numbers, we need to focus on remaining committed to providing quality and efficient services, a safe and secure operating environment, and a cost-competitive and business-friendly regime, so that Singapore remains the location of choice for the international maritime community.

How might Singapore stay ahead of the competition?

I believe that the key lies in our ability to innovate, create value for companies, and in so doing, enhance Singapore's attractiveness for shipping and maritime companies.

We will continue to work in close partnership with the industry to provide Singapore with a longer-term competitive advantage. We will steer the industry beyond the hub port to develop key components in the maritime cluster and make Singapore a truly one-stop centre for maritime business.

To do this, we will need to look at three things. Firstly, we need to set the stage by creating a conducive operational and business environment for maritime companies in Singapore to flourish. We will stay focused on what companies and customers look out for when they do business in Singapore.

Secondly, we need to build sound partnerships at the industry, regulatory and policy levels to enhance the maritime sector and safeguard our interests. The industry and the government must move in concert, just as how various players share the same rhythm and tempo in any great performance.

Last but not least, we need to plan for the hits of tomorrow through continued research and development, as well as maritime manpower development. Singapore has always relied on its human resources and application of cutting edge technology to stay ahead. This is an important strategy for the maritime sector as well.



What were MPA's notable hits in 2006?

We made progress in all three core categories of our hit chart: first, strengthening the hub port; second, growing a maritime cluster beyond hub port; and third, advancing and safeguarding our maritime interests.

We scored two firsts in the port. The Harbour Craft Transponder System (HARTS) was installed on 2,800 powered harbour and pleasure craft. HARTS – the first such system in the world – has enhanced our visibility of small craft in our port waters. We also introduced SS 524 – the world's first standard to enhance management of the bunker (marine fuel) supply chain. Now, our customers have greater quality assurance when lifting bunkers in Singapore.

The maritime cluster was similarly enhanced by two new initiatives. We launched the Maritime Finance Incentive (MFI) scheme to promote the growth of ship financing activity in Singapore. MFI allows shipping companies to tap on alternative sources of funds from the market instead of relying only on owners' equity and debt financing. We also worked with the Singapore Exchange (SGX) to launch SGX AsiaClear, an over-the-counter clearing facility for trading forward freight agreements (FFAs). This facility gives shipowners, charterers and traders an efficient tool to hedge against market volatility and manage price and credit risks.

Another achievement was the establishment of the Information Sharing Centre (ISC) under the

TAY LIM HENG

Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (RECAAP), in Singapore. ReCAAP, involving 16 countries, is the first inter-government agreement dealing with piracy and armed robbery. The ISC, with its multi-national staff, facilitates information sharing amongst member countries and provides analysis of piracy and armed robbery incidents, with the aim of enhancing the safety and security of international shipping in our region.

Were there other chart-busters?

We need a fair share of talent to grow our maritime sector. To raise the awareness of the maritime sector, we worked with the Singapore Maritime Foundation (SMF) and other industry partners to produce two TV hits. "Making Waves" was a six-part Channel NewsAsia documentary on the growth of the maritime sector, profiling key personalities and the value-added jobs involved. "The Peak" was a 21-part drama series on Channel 8 featuring popular local artistes which reached out to the general public.

2006 was also the year we launched Maritime Week, which aims to raise our international profile and build a maritime buzz in Singapore. Some 3,000 maritime luminaries and participants from more than 40 countries gathered in Singapore for a week of international maritime events, including the Singapore International Maritime Awards (IMA), the International Maritime Organisation (IMO) World Maritime Day Parallel Event, the Singapore International Bunkering Conference (SIBCON) and the Women's International Shipping

and Trading Association (WISTA) Annual Conference.

Yet another first was our Maritime Open House, organised in our newly opened Marina South Pier. It showcased the job opportunities in the maritime sector and attracted some 1,000 students.

What is MPA doing today for tomorrow's hits?

Even as we celebrate our hits, we are preparing the ground for future hits by continuing to make long term investments in manpower development and R&D.

We are enhancing our education infrastructure to produce maritime-ready graduates for the industry. We are working with the universities and polytechnics to provide a comprehensive maritime education framework. Going forward, we need to raise the profile and attractiveness of maritime careers. The newly launched MaritimeONE (outreach network) will serve as the cooperative framework for stakeholders to collectively profile, reach out and attract quality manpower for the maritime industry. A host of MaritimeONE activities has been lined up to bring prospective employers and employees together.

Our International Maritime R&D Advisory Panel has drawn up the Singapore Cluster Development Map to guide Singapore's overall maritime R&D initiatives. In the key Offshore and Marine Engineering (OME) sub-sector, MPA initiated a multi-agency approach. Together with the

Agency of Science, Technology and Research (A*STAR) and the Economic Development Board (EDB), we developed an Offshore Technology Research Programme for National University of Singapore's Centre for Offshore and Research and Engineering (CORE), thereby placing CORE as the national focal point for offshore technology R&D.

We also continue to review various policies to ensure that Singapore remains an attractive location for maritime players to do business and set up operations.

...and internally?

We have just completed our Balanced Score-card project and regrouped to ensure that we are strategy-focused. We aim to be the leader driving Singapore's global maritime aspirations. To achieve this, we will nurture competent and committed individuals, build strong partnerships, develop a pro-enterprise business environment, strengthen our operational processes, and work towards achieving international prominence.

2006 saw us being ranked second in the Pro-Enterprise Business Ranking Survey for the second year running. This is an indication of our performance in responding to the needs and demands of our customers. We have done well, but cannot assume that the work is done.

But we believe that we are sailing in the right direction. With our band performing as one, we are confident that we will continue to hit the right notes and stay on course.

OUR mission

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

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

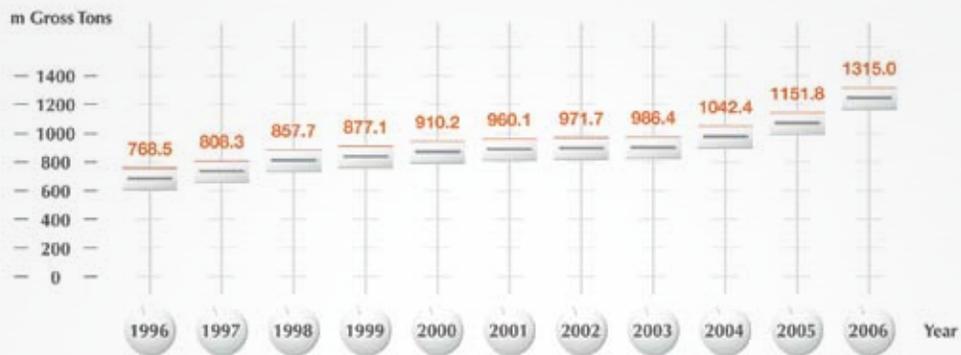
To value teamwork, harmony and unity in our working relationships. We shall do our work with steadfastness and consideration for our colleagues and customers.

Maritime & Port

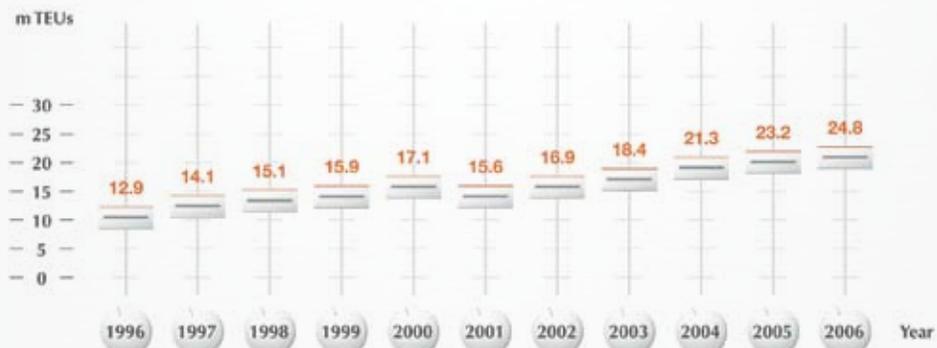
STATIS-HITS 2006



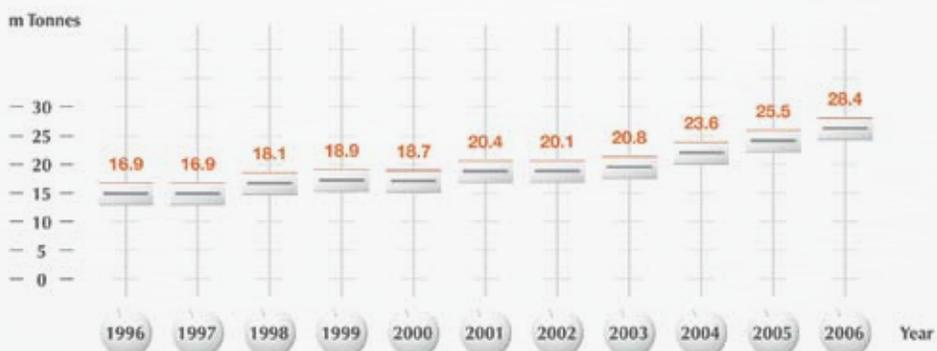
Arrival of Vessels > 75 Gross Tons (in tonnage)



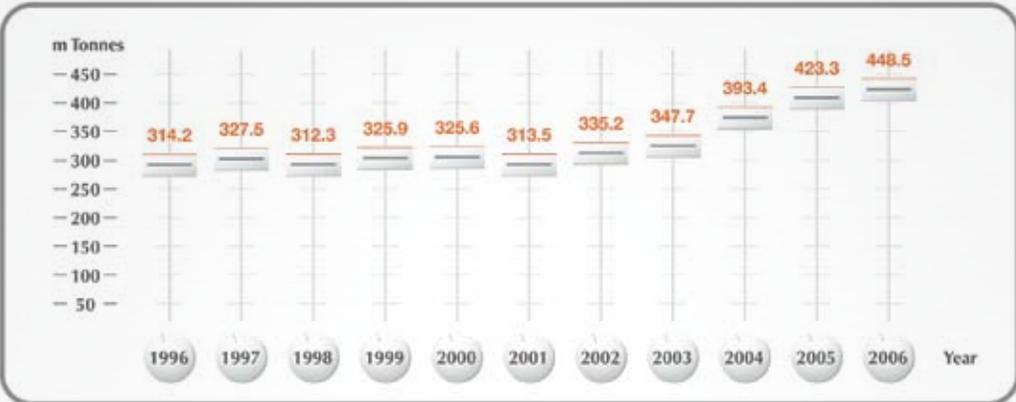
Total Container Throughput



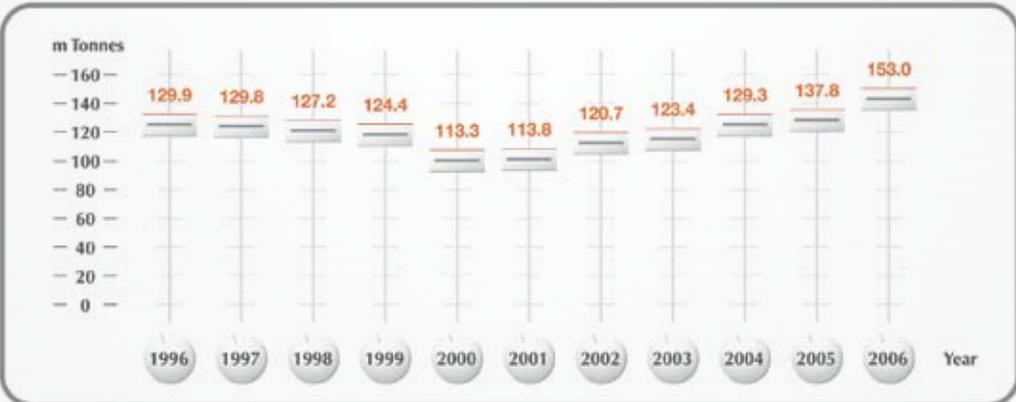
Bunker Sales



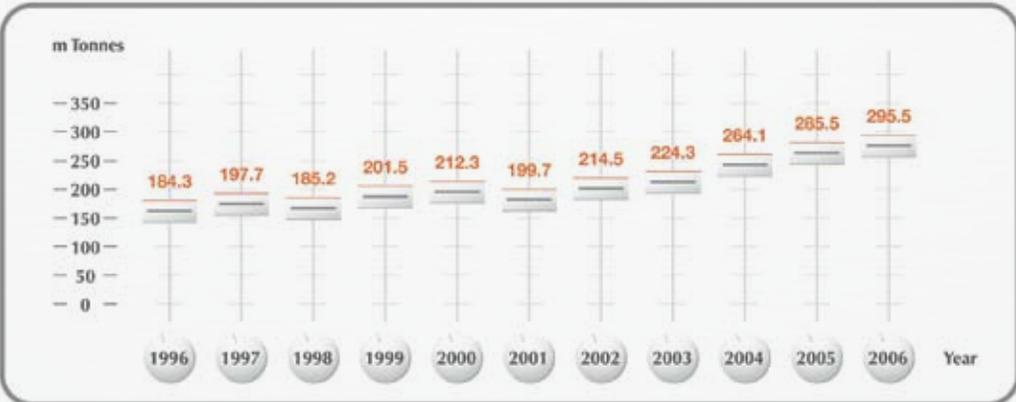
Total Cargo Tonnage

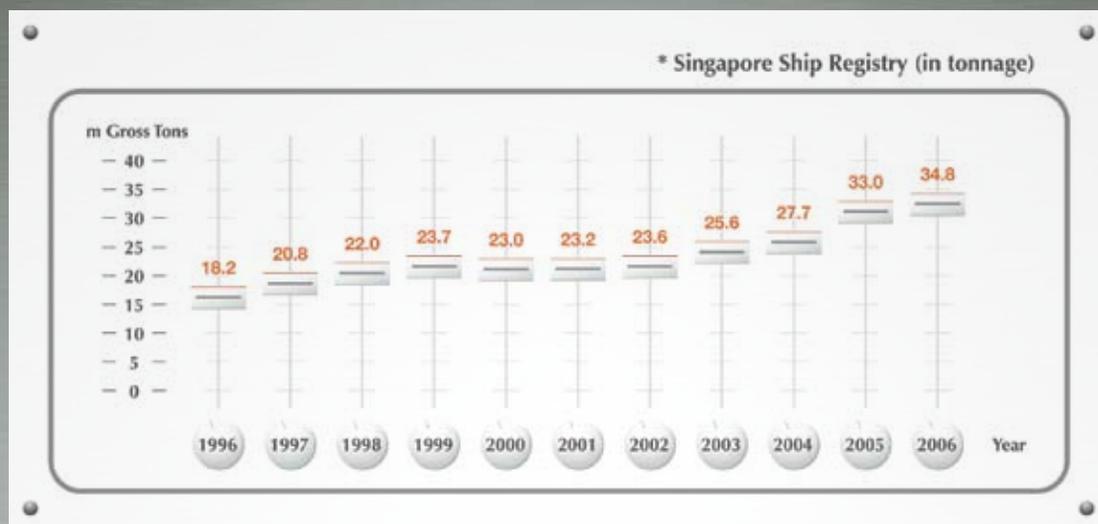


Oil Cargo Tonnage



General Cargo and Non-Oil Bulk Cargo Tonnage





SINGAPORE MERCHANT FLEET

Vessel type

As of end Dec 06

Gross Tonnage

% of fleet by tonnage

Oil Tanker	14,303,070	41.11
Petroleum/Chemical Tanker	1,136,633	3.27
Bulk Carrier	6,352,928	18.26
Container	4,691,839	13.49
Barge	1,821,307	5.23
General Cargo	1,563,899	4.50
Car Carrier	1,413,091	4.06
Liquefied Gas Carrier	1,095,637	3.15
Chemical Tanker	357,963	1.03
Tug Boat	394,569	1.13
Live-stock/Cable laying/Heavyload semi-submersible/Dredger/Landing craft	58,679	0.17
Supply/Reefer/Utility/Research/Salvage/Workboat	153,814	0.44
Passenger/Ferry	13,872	0.04
Floating Storage/Offshore industry mobile unit	1,435,418	4.13

Total

34,792,719

100.00

EXAMINATIONS CONDUCTED AND CERTIFICATES / ENDORSEMENTS ISSUED

Number of Candidates Examined for Certificates of Competency (COC) Examinations

Grade of CoC examined	No of candidates examined in 2006		No of candidates examined in 2005	
	Singaporean	Foreigners	Singaporean	Foreigners
Class 1 Deck	16	100	10	88
Class 2 Deck	7	136	15	191
Class 3 Deck	20	242	4	276
Class 1 MEO	9	148	3	125
Class 2 MEO	7	166	4	167
Class 3/4 MEO	1	0	1	0
Class 5 MEO	9	98	12	155
Total	69	890	49	1002

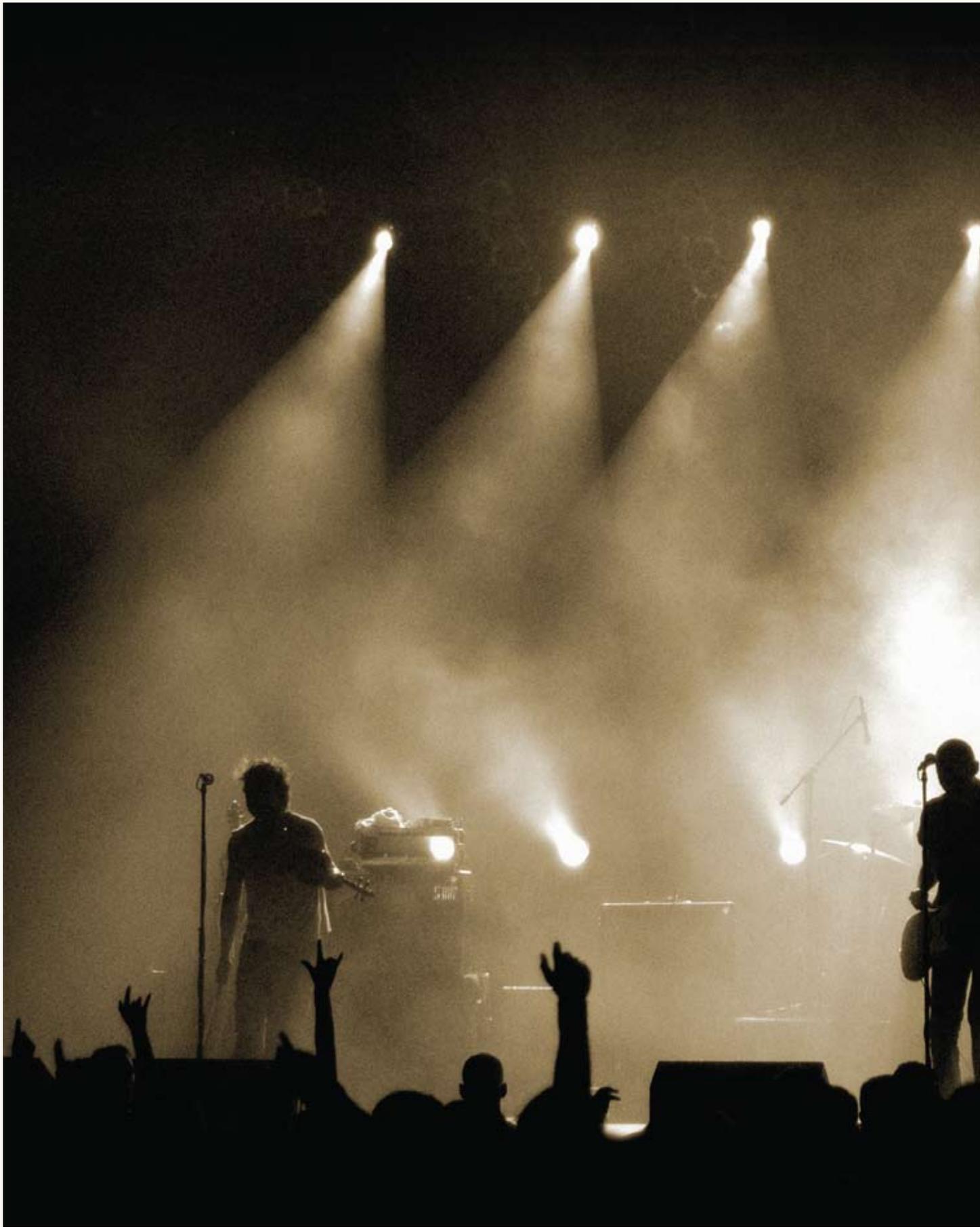
Number of Certificates/Endorsements Issued

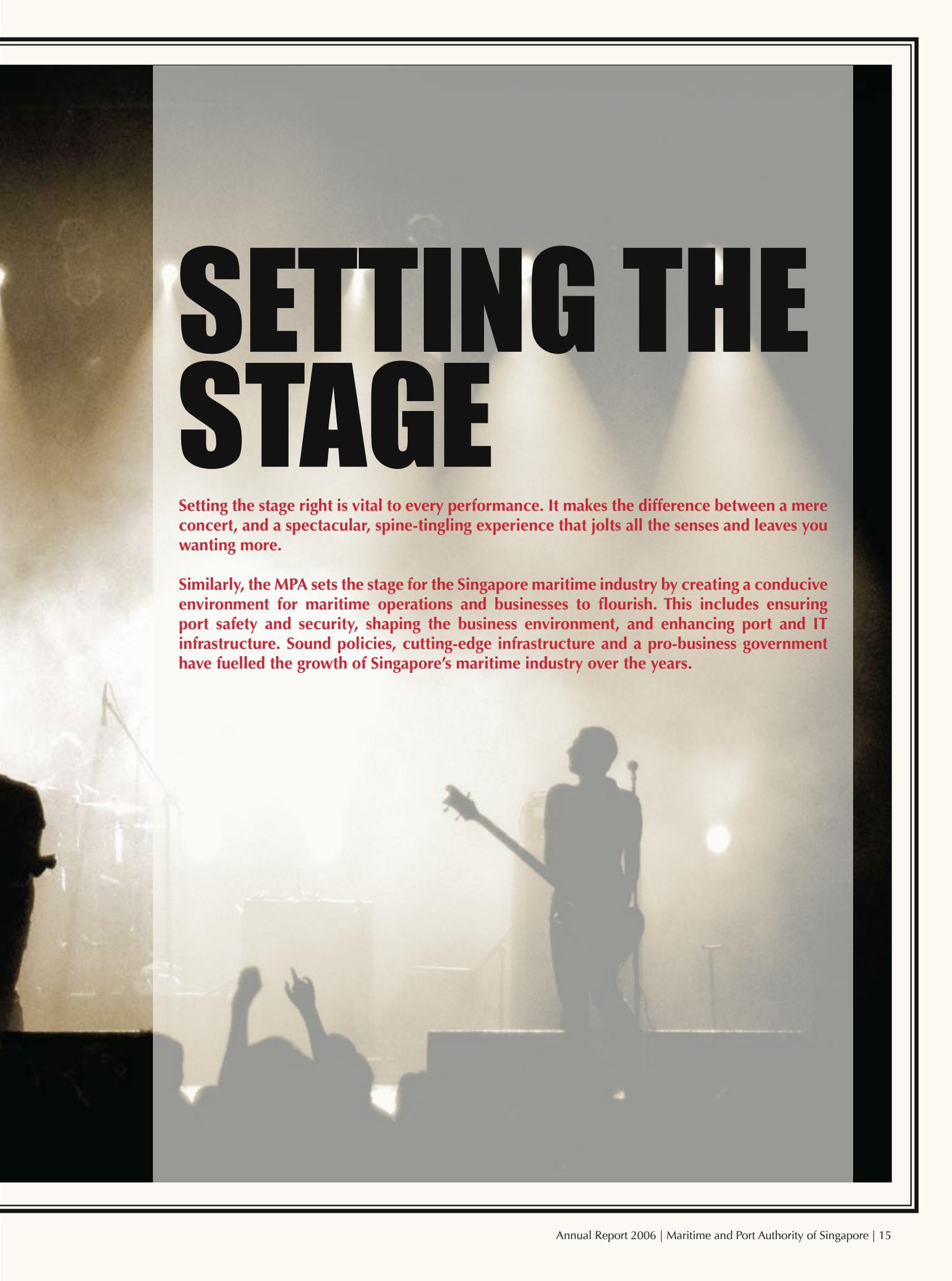
Type of certificate	No issued in 2006	No issued in 2005
Class 1 Deck COC	76	85
Class 2 Deck COC	79	99
Class 3 Deck COC	125	207
Class 5/6 Deck COC	2	0
Class 1 MEO COC	120	121
Class 2 MEO COC	111	94
Class 3/4 MEO COC	2	1
Class 5 MEO COC	104	144
STCW Tanker endorsements	2667	2209
Type Rating Certificates	85	45
Proficiency in Survival Craft and rescue boats certificate	126	181
TOTAL	3497	3186

INTEGRATED SIMULATION CENTRE FIGURES

ITEM	2002	2003	2004	2005	2006					
(A) Assessment										
FULL-MISSION SHIPHANDLING SIMULATOR (FMSS)										
1	Pilot License Renewal, Training and Assessment -									
	a)	Pilot Upgrading Training and Assessment	6	70	45	53	65			
	b)	Crisis Management and Emergency Procedures (CMEP)	14	67	106	20	98			
2	Pilotage Exemption Assessment (Large Vessels)					60	49	25	47	50
3	Pilotage Exemption Renewal Assessment (Large Vessels)					92	92	38	39	29
4	Class 1 Certificate of Competency (Deck) Assessment					0	0	0	46	81
Total for FMSS Assessments			172	278	214	205	323			
TUG / SMALL VESSELS (TSV) SIMULATOR										
5	Class 2 Certificate of Competency (Deck) Assessment					45	114	106	117	98
6	Class 3 Certificate of Competency (Deck) Assessment					161	252	194	225	173
7	Port Limit Tanker Master Course and Assessment					47	64	43	54	50
8	Port Limit Tanker Master Refresher Assessment					76	124	145	156	172
9	Passenger Ferry Safety Course and Assessment					51	65	70	49	65
10	Passenger Ferry Safety Refresher					0	0	95	28	91
Total for TSV Assessments			380	619	653	629	649			
VESSEL TRAFFIC SYSTEM (VTS) SIMULATOR										
11	VTS Operator Course					6	11	36	19	0
12	VTS Supervisor Course								5	0
Total for VTS Assessments			6	11	36	24	0			
Total for Simulation Assessments			558	908	903	858	972			

ITEM	2002	2003	2004	2005	2006	
(B) Courses						
FULL-MISSION SHIPHANDLING SIMULATOR (FMSS)						
13	Bridge Resource Management (BRM) Course	96	245	172	208	182
14	Bridge Team Management (BTM) Course	43	146	117	122	191
15	Anti-Piracy and Anti-Terrorism Course	0	3	74	84	57
Total for FMSS Courses		139	394	363	414	430
TUG / SMALL VESSELS (TSV) SIMULATOR						
16	Pilotage Exemption Assessment Course (Small Vessels)	329	576	268	285	236
17	Pilotage Exemption Refresher Course (Small Vessels)	0	198	342	402	364
18	Pilot Training (Pilot and Advanced Shiphandling Training)					
	a) Pilot Training	0	0	0	0	0
	b) Shiphandling Training	6	109	135	207	190
19	New Tug Master Training and Assessment	0	0	21	23	23
20	Experienced Tug Master Refresher Course	11	158	9	112	7
21	Effective and Safe Navigational Watchkeeping / Effective Bridge Team	6	30	87	0	0
22	Leadership Assessment / Command Assessment	0	9	22	54	87
23	General Simulator Instructors Training for STET	0	12	0	0	0
24	Off-Shore Tug Training for Seabulk Offshore	0	4	0	0	0
Total for TSV Courses		352	1096	884	1083	907
ECDIS SIMULATOR						
25	Electronic Chart Display Information System (ECDIS) Course	0	0	58	43	170
Total for ECDIS Assessments		0	0	58	43	170
CRISIS MANAGEMENT SIMULATOR (CMS)						
26	Crisis Management Course with Full Mission Exercise	83	24	30	0	0
27	Crisis Management Full Mission Exercise	0	9	25	32	15
Total for CMS Courses		83	33	55	32	15
Total for Simulation Courses		574	1523	1360	1572	1522
Total for ISC Assessment & Courses		1132	2431	2263	2430	2494





SETTING THE STAGE

Setting the stage right is vital to every performance. It makes the difference between a mere concert, and a spectacular, spine-tingling experience that jolts all the senses and leaves you wanting more.

Similarly, the MPA sets the stage for the Singapore maritime industry by creating a conducive environment for maritime operations and businesses to flourish. This includes ensuring port safety and security, shaping the business environment, and enhancing port and IT infrastructure. Sound policies, cutting-edge infrastructure and a pro-business government have fuelled the growth of Singapore's maritime industry over the years.

SETTING THE STAGE

SAFETY AND SECURITY

The MPA's efforts to maintain a safe and secure port provides the industry with the assurance to perform.

Some 130,000 vessels called at Singapore's port in 2006. Indeed, ships arrive or depart every two to three minutes. Shipping tonnage of vessel arrivals reached an unprecedented 1.3 billion GT in 2006.

Keeping Our Port Safe

Ensuring navigational safety is no mean feat when it comes to Singapore's busy port waters. So how does Singapore's Port Operations Control Centre (POCC) do it? VTIS, or the Vessel Traffic Information System, plays an important role. This state-of-the-art, radar-based technology monitors the movements of vessels closely, and provides traffic information to shipmasters to help them navigate safely.

VTIS can track up to 5,000 vessels in real time. Large ocean-going vessels like container vessels, tankers, bulk carriers and passenger liners constitute about 40 per cent of the number of vessel arrivals in Singapore.

One critical source of traffic data for the VTIS is the Automatic Identification System (AIS). The AIS enables the automatic identification tracking and transmission of data between ships and coastal



The POCC provides traffic information to ship masters to help them navigate safely

authorities as well as between ships. It is mandated by the International Maritime Organisation's Safety of Life at Sea (SOLAS) Convention.

In June 2006, two remote base station sites were added. This further enhanced the coverage of the AIS in the northern coast and eastern approach, and complemented the five stations set up along the southern coast of Singapore in 2004.

As part of its efforts to keep the Singapore port safe and reduce the number of potential incidents, the MPA conducted more than 1,400 Port State Control inspections of foreign vessels in Singapore waters in 2006. Such inspections also serve to enforce applicable legislation and Conventions.

The MPA also completed the Marine Casualty Investigation System (MCIS) in October 2006 to help minimise potential incidents. This electronic software system captures details on marine incidents that are investigated by the MPA. With quick retrieval of such information, along with statistics and trends, the MCIS is useful for analysis of the causes of incidents. This enables the MPA to share lessons learnt with the maritime industry, so as to avoid similar incidents in future.

To further improve navigational safety in the Singapore Strait, the MPA formed a working group with industry partners in August 2006. The result was the first-ever training course for masters and officers using the Singapore Strait.

Keeping our port safe – initiatives in 2006 include the Marine Casualty Investigation System, first-ever training course for Singapore Straits users, and 3 exercises dealing with oil and chemical spills, and ferry rescue.

Specially developed by MPA and training service providers like the Maritime Education and Training Services Pte Ltd, Singapore Maritime Academy, ST Education & Training Pte Ltd and PSA Marine (PTE) Ltd, the “Effective Navigational Watchkeeping in the Singapore Strait” simulator-based course included case studies of accidents and near misses in the Strait to give participants a better understanding of the peculiarities of the Strait and inculcate safe navigational procedures. The course was conducted at the Integrated Simulation Centre and was well received by mariners and management from shipping companies.



Realistic training at the Integrated Simulation Centre

Recognising the importance of being always prepared to spring into action to protect lives and the marine environment, the MPA also successfully completed three major exercises in 2006. These exercises seek to ensure continued vigilance by MPA and its partners when it comes to responding to chemical and oil spills, as well as ferry mishaps. The Chemical Spill Exercise (CHEMSPILL), Ferry Rescue Exercise

(FEREX) and Joint Oil Spill Exercise (JOSE) conducted during the year with industry partners deployed a total of 280 men and 24 craft.



Joint Oil Spill Exercise (JOSE) 2006

Keeping Our Port Secure

The Port of Singapore does not compromise on security. Singapore was among the first few countries in the world to fully comply with the International Ship and Port Facility Security (ISPS) Code when it came into force on 1 July 2004. Additionally, Singapore implemented a number of other measures to ensure the security of vessels and port facilities not covered by the ISPS Code. The Harbour Craft Transponder System (HARTS) is one noteworthy initiative to monitor potential security threats and ensure the safety of vessels and lives in Singapore’s port. Specially developed for smaller vessels not mandated to carry AIS transponders, the HARTS transponders were successfully installed on 2,800 MPA-licensed powered harbour and pleasure craft. This \$3.48 million initiative was completed in December 2006. The system provides Singapore’s port operations control centre and our security agencies with knowledge of such craft’s whereabouts. Singapore is the first and only country in the world to have a system like HARTS as an added security measure.

In September 2006, the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP) came into force, with the Information Sharing Centre being officially launched two months later.

The Information Sharing Centre (ISC) for the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP), was officially launched in Singapore on 29 November 2006 as an International Organisation. ReCAAP is the first regional government-to-government agreement to deal with piracy and armed robbery in Asia. The first Governing Council meeting took place on the day of ISC’s launch, and Singapore’s Governor, BG (NS) Tay Lim Heng, Chief Executive, MPA, was elected Chairman of the Governing Council.

The ISC will facilitate information sharing to improve incident response by member countries, analyse and produce reports on the piracy and armed robbery situation in the Asian region, and support capacity-building efforts in relevant areas. The Information Network (IFN) system developed is accessible anytime, anywhere by ReCAAP members for submitting incident reports and sharing of information over a secured domain.



Minister for Transport & Second Minister for Foreign Affairs Raymond Lim and Executive Director of ReCAAP ISC Yoshiaki Ito at the launch of ReCAAP ISC

SETTING THE STAGE

Shaping the Business Environment

The MPA shapes Singapore's maritime business environment by listening closely to our industry partners and working with them to address their needs.

80 – Shipping groups that have made Singapore their shipping hub for Asia as of end 2006

19 – New recipients for the Approved International Shipping Enterprise (AIS) and Approved Shipping Logistics (ASL) status in 2006

Making Singapore Attractive for Shipping

To attract international maritime business to use Singapore as a regional operating base, the MPA offers various incentives and works closely with companies interested in setting up shop here.

In fact, according to a World Bank study report released in September 2006, Singapore is the easiest place in the world to do business. Various incentives for shipping like the Approved International Shipping Enterprise (AIS) and Approved Shipping Logistics (ASL) schemes have added to Singapore's pro-business environment.

To provide greater tax certainty in Singapore's maritime environment, the AIS status for shipping companies can now be renewed for a third incentive period of 10 years. This extends the maximum period of incentive from 20 to 30 years.

In 2006, 16 new shipping groups and three new companies were awarded the Approved International Shipping Enterprise (AIS) and Approved Shipping Logistics (ASL) status respectively. At the 3rd Singapore International Maritime Awards held on 26 September 2006, these new recipients of the AIS and ASL schemes were recognised for their commitment to make Singapore their regional base.

Maritime Finance Incentive (MFI) scheme launched in February 2006 to promote the development of ship financing activity and encourage the use of structured financing alternatives in Singapore. The first shipping trust successfully listed on the Singapore Stock Exchange 3 months later.

The Maritime Finance Incentive (MFI) was introduced in February 2006 to boost the ship financing landscape in Singapore. Capitalising on the growing demand for alternative off-balance sheet ship finance, the MFI offers tax exemption for ship investment vehicles and

concessionary tax rate for managers. As of end 2006, four groups were awarded with the MFI status.

In May 2006, the SGX AsiaClear, the first over-the-country (OTC) clearing facility for energy and freight derivatives in Asia, was established to enhance Asian OTC trading and risk management activities. MPA had worked with the Singapore Exchange to support its development of the clearing facility.

SS 524 – world's first standard to enhance management of the bunker supply chain unveiled in Singapore in 2006.

Setting Quality Standards for Bunkering

In other areas such as bunkering, the MPA shapes the business environment by setting quality standards to provide customers with assurance of our bunkering services and products.

Bunkering is an important economic activity in Singapore. In 2006, sales of ship fuel here hit an all-time high of 28.4 million tonnes, securing Singapore's position as the top bunkering port in the world.



Minister of State for Finance and Transport Mrs Lim Hwee Hua with SGX Chairman JY Pillay, and SGX's Senior Executive Vice President Seck Wai Kwong, at the launch of the SGX AsiaClear

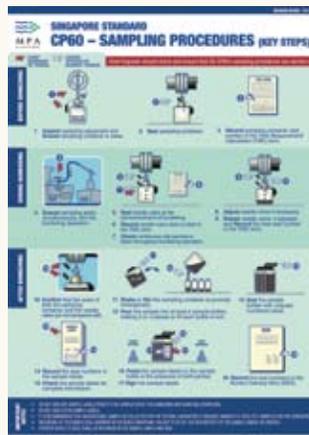


Bunkering operations at port

The Special Bunkering Anchorage (SBA) scheme, which allows qualifying vessels to enjoy port dues concession of over 40 per cent, is one of the incentives for ships to lift bunker in Singapore's port. Its popularity with shipowners and bunker suppliers meant that most of the SBA slots were taken up every day. Hence, the MPA added four new SBA slots in February 2006 so more vessels could benefit from it.

On the quality side, the MPA studiously enforces bunkering standards to ensure that the quality of bunkers delivered meets the regulatory specifications. In Singapore, the official representative SS CP 60 samples are used to determine the quality of bunkers supplied in the port. All parties including chief engineers of ships involved in the bunkering operations are required to be familiar with the SS CP 60 sampling requirements and procedures. To provide an easy reference guide for the industry, the MPA developed two bunkering 101 placards – one on the key steps of the SS CP 60 sampling procedures, and another on the SS CP 60's bunker quantity measurement procedures. These placards were widely distributed to masters and

chief engineers of vessels, bunker suppliers and testing laboratories. To provide bunker customers with greater quality assurance when lifting bunkers in Singapore, a new Singapore Standard on Quality Management for Bunker Supply Chain, or SS 524, was introduced in 2006.



Making it easy to understand sampling procedures with the bunkering placards

The SS 524 is published by the Standards Productivity and Innovation Board (SPRING) Singapore, and was developed by a working group chaired by MPA, and comprising industry members such as the Singapore Shipping Association (SSA), the International Association

of Independent Tankers Owners (INTERTANKO), ship owners, and bunker suppliers.

SS 524 aims to help companies in the industry implement an effective and efficient quality management system for bunker supply chain and to improve the performance of bunker suppliers. It looks into the entire bunker supply chain from management responsibility, product procurement, custody control, right up to the final delivery of bunker fuel to vessels.

With effect from 1 June 2007, all bunker suppliers in Singapore are required to engage a certification body which is accredited by the Singapore Accreditation Council for Quality Management System to certify their compliance with the SS 524 in order to renew their bunkering licences.

An industry-driven Bunker Working Group was formed in July 2006 to gather suggestions and feedback from the industry, as well as identify and develop measures to further enhance the quality and efficiency of bunkering services in Singapore. The Working Group intends to look into applying cost-effective and technology-based solutions to address bunker quantity issues. It is chaired by the International Bunker Industry Association (IBIA) and includes representatives from the MPA, Singapore Shipping Association (SSA), Society of Naval Architects and Marine Engineers Singapore (SNAMES), APL, Global Energy, Shell and Wilhelmsen Premier.

Caring for Seafarers

While working to create a conducive business environment for all maritime businesses, the MPA does not forget seafarers, who are integral to international shipping. Seafarers contribute greatly to make international shipping one of the most efficient and important means of cargo transportation. Today, there

SETTING THE STAGE

are around 50,000 merchant ships trading internationally, transporting every kind of cargo. And they are manned by over a million seafarers of virtually every nationality.

The MPA's seafarer welfare arm – the Singapore Mariners' Club (SMC) – recognises their contributions with its welfare facilities and year-round programme of activities. Within the port area is SMC's international Drop-In Centre for Seafarers. It provides a relaxed atmosphere and convenient amenities such as Internet access and IDD phone booths for seafarers who need to recharge while they are in port and keep in touch with family and friends back home.



A display of athletic ability at the International Sports Week for Seafarers 2006

The annual International Sports Week for Seafarers organised by the SMC is a great time to unwind as seafarers get together to compete in soccer, basketball and various track and field events. On World Maritime Day each year, the MPA also presents gift hampers to 600 ships in port as a gesture of goodwill to some 12,000 seafarers on board.

Tapping into Technology

As part of MPA's efforts to drive Infocomm Technology (ICT) adoption in the maritime industry, various industry-wide ICT R&D projects have

been initiated under the support of the Maritime Innovation and Technology (MINT) Fund.

Bunker companies and ship chandler sector benefit from projects supported by the Maritime Innovation and Technology (MINT) Fund in 2006; close to half a million dollars was further committed.

One such project is the intelligent Bunker Management System (iBMS). Bunkering is a complex process which requires high level of coordination and interaction by multiple parties in the supply chain. As such, the iBMS was developed as an end-to-end solution for bunker suppliers, traders and brokers to handle transactions all the way from sales enquiry to quotation, confirmation, scheduling, contract management, inventory management, delivery, invoicing and management reporting.

Its key features include the mobile module which enables the sales and operational staff to access iBMS while on-the-go using handheld Personal Digital Assistants. It also has a barge module which enables two-way wireless data communication between the bunker barge and the onshore office, as well as a Electronic Data Interchange (EDI) module which automates the sending of bunker sales report directly and securely to the MPA.

iBMS was launched in July 2006 and nine bunker companies have adopted the system so far.

The MINT Fund is also supporting the development of a Marine e-Business Operations Service (MeBOS) in the ship chandler sector. Valued at an estimated SGD\$750 million a year, ship chandling is a niche business

that depends on competitive pricing and personalised services. As an end-to-end solution that facilitates the transacting of ship stores and food supplies between ships and suppliers in a more cost-effective way, MeBOS allows seamless exchange of information between ships and suppliers by combining Electronic Data Interchange (EDI) and the Internet. The e-Business platform in MeBOS also allows trading via online web services, allowing users to carry out requests or business transactions like creating requisitions and quotations, browsing catalogues and checking delivery status. MeBOS is expected to be commercialised in the second half of 2007.



Dr Wyn Williams (left), National Hydrographer and Chief Executive of UKHO and BG(NS) Tay Lim Heng (middle), Chief Executive of MPA, viewing the exhibition at the inaugural World Hydrography Day

To aid mariners and shore-based personnel in managing a range of hydrographic data sets, the MPA and the United Kingdom Hydrographic Office (UKHO) jointly signed a Letter of Intent (LOI) on 7 July 2006, which would allow both organisations to jointly research and develop new and innovative products and services for this purpose. The LOI was signed in conjunction with the inaugural World Hydrography Day (WHD) held in various countries to recognise and publicise the important contributions of hydrography towards safe shipping.

MUSIC AND LYRICS

Great songs come from the right combination of music and lyrics. The two must understand and complement each other and work together in partnership and harmony. The MPA thus works in close partnership with its maritime counterparts and industry partners to create maritime "hits".





FOSTERING GLOBAL RELATIONS

At all international maritime fora, the MPA listens intently and participates actively to play its role. One such forum is the International Maritime Organisation (IMO).

To coordinate a cross-divisional team in engaging the shipping industry and government agencies on IMO issues, the MPA set up a department for this purpose in January 2006.

With environmental concerns increasingly gaining priority world-wide, the MPA is actively participating at IMO meetings to contribute to the discussions in seeking effective and cost efficient ways to protect the environment. These include the development of

new Conventions such as Ballast Water Management to safeguard the marine eco-systems; Ship Recycling for the prevention of pollution of the sea and protection of shore workers from hazardous substances; and the reduction in harmful air emissions from ships. Other issues of interest include the IMO's Investigation Code under review in 2006 which looked at guidelines for interested states to cooperate in the conduct of marine casualty investigation.

The MPA also maintains close relations with international organisations such as the International Petroleum Industry Environmental Conservation Association (IPIECA), Oil Companies International Marine Forum (OCIMF),



International Association of Independent Tanker Owners (INTERTANKO), International Chamber of Shipping (ICS) and International Bunker Industry Association (IBIA) to share and understand each other's views on important issues.

To further strengthen bilateral relations, the MPA initiated the Distinguished Visitors Programme (DVP) in 1997. In February 2006, the MPA welcomed Mr Hastjarja Harijogi, Director-General of

Directorate General Sea Transport (DGST) Indonesia, to Singapore under the DVP. The visit fostered greater understanding and strengthened working relationships between the two administrations. In 2006, two MPA-DGST Memorandum of Understanding (MOU) Meetings were held.



Chairman of MPA Peter Ong (right) presents a gift to MPA's distinguished visitor, Mr Hastjarja Harijogi, Director-General of DGST Indonesia

In 2006, Singapore played host to the China-Singapore MOU / Senior Officials Committee Meeting (SOCM).

TAKING THE LEAD

The MPA plays an active role in upholding the UNCLOS (United Nations Convention on the Law of the Sea) transit passage regime in straits used for international passage. In 2006, the MPA worked closely with IMO member states on such issues.

The MPA also led the Singapore delegation and participated actively in the International Labour Organisation (ILO) meeting in February 2006. More than a hundred member states discussed developments of and subsequently

adopted the ILO Maritime Labour Convention (MLC) 2006 to provide for the protection of seafarers' working terms and conditions. The MPA also chairs the Singapore Working Group (SWG) comprising representatives from the shipowners, the seafarer unions and Singapore's Ministry of Manpower, to look into the various implementation issues.

Singapore took over as Chairman of East Asia Hydrographic Commission (EAHC) at the end of the 9th EAHC Conference held in Korea in September 2006. As Chairman, Singapore initiated several work programmes to enhance cooperation among the EAHC member states. These initiatives included the continued work of the ENC Harmonisation Task Group, Assessment of Critical Shoals and Wrecks along the Main Shipping Routes of South China Sea and Capacity Building in the EAHC.

Closer to home, Singapore works closely with Malaysia, Indonesia and other stakeholders on matters concerning the Straits of Malacca and Singapore. In 2006, Singapore hosted the 31st Tripartite Technical Experts Group (TTEG) Meeting and the TTEG-User States Meeting on the Straits. Singapore also participated actively in the IMO - Kuala Lumpur Meeting on enhancing safety, security and environmental protection in the Straits of Malacca and Singapore in September 2006.

On 26 April 2006, Singapore assumed responsibility for managing the Revolving Fund – a fund that could be drawn by littoral States for emergency use in combating oil pollution caused by ships. This was managed by Malaysia previously. Singapore will manage the fund for the next five years.

E STABLISHING PARTNERSHIPS

In R&D

The MPA and the Research Council of Norway (RCN) signaled their strong commitment to R&D and innovation by extending their existing MOU for another three years on 21 March 2006. The MOU was first signed in 2000 and extended in 2003. This framework will allow the MPA and RCN to continue work on the ongoing maritime R&D projects. New projects embarked will focus on Offshore R&D and Maritime Infocomm Technology (ICT).



Li Shenglin, Minister for Communications, China; Raymond Lim, Minister for Transport & Second Minister for Foreign Affairs; and Ms Lise Nordgaard, Charge d'Affaires, Royal Norwegian Embassy at the signing of the tripartite MOU on maritime R&D, education and training

An MOU on maritime R&D, and education and training was signed between the Ministry of Communications of the People's Republic of China, the Ministry of Trade and Industry of the Kingdom of Norway and the Ministry of Transport of Singapore on 28 August 2006 in Singapore. This tripartite MOU aims to promote cooperation in the area of maritime and shipping related research, development and training,

including cooperative frameworks for joint projects of mutual interest and exchange programmes.

The American Bureau of Shipping (ABS) set up its Singapore Offshore Technology Centre (SOTC) in 2006, signalling its interest to focus its offshore R&D efforts here. The SOTC has been actively involved in R&D projects funded by the MPA's Maritime Innovation and Technology (MINT) Fund, in collaboration with the National University of Singapore (NUS), Nanyang Technological University (NTU), Keppel Offshore & Marine, and the Institute of High Performance Computing (IHPC) of the Agency for Science, Technology and Research (A*STAR) in Singapore. One of the projects led to the establishment of the IHPC-ABS Computational Fluid Dynamics Virtual Lab for offshore applications.

With Maritime Organisations

The MPA helps maritime businesses and organisations to set up offices in Singapore. In 2006, it facilitated the opening of Singapore representative offices for Skuld Protection and Indemnity (P&I) Club, Baltic Exchange, and Nordisk Defence Club.

Together with the Monetary Authority of Singapore, the MPA helped establish a Skuld P&I Club representative office in September 2006. Skuld is one of the 13 International Group (IG) P&I Club members, who jointly provide liability cover for approximately 90 per cent of the world's ocean-going tonnage. With Skuld's office here, there are now three IG P&I club members in Singapore, with the others being the UK P&I Club and Standard Asia.

Baltic Exchange's Asia-Pacific Representative office set up in December 2006 is its first ever overseas office. The Baltic Exchange is a well recognised provider of independent market information for the trading and settlement of physical and derivative contracts.

In January 2007, Nordisk Defence Club (Singapore) Pte Ltd was established. It is the first and only overseas office of Nordisk Skibsrederforening, a maritime law firm based in Oslo. Nordisk Defence Club (Singapore) Pte Ltd was set up to provide legal advice and other assistance to the club's members that operate in Asia.

3RD SINGAPORE IMA WINNERS

International Maritime Centre Award (Individual) – Tan Sri Frank Tsao

International Maritime Centre Award (Corporate) – Pacific International Lines Pte Ltd

Bunker Award - ExxonMobil Marine Fuels

Singapore Registry of Ships' Owner of the Year Award –Neptune Orient Lines Ltd

Excellence in Training Development Award – NYK Shipmanagement Pte Ltd

Outstanding Maritime R&D and Technology Award –NewEarth Pte Ltd

MARITIME WEEK 2006, MAIN EVENTS

IMO World Maritime Day, 25 Sep

Singapore International Maritime Awards (IMA), 26 Sep

Singapore International Bunkering Conference (SIBCON), 27-29 Sep

CREATING NETWORKING BUZZ

In September 2006, the MPA took the initiative to collaborate with industry partners to stage a cluster of nine back-to-back conferences, workshops, seminars, dinners and networking receptions. Maritime Week 2006 saw some 3,000 delegates from all over the world network, exchange ideas, get updates on the latest trends and developments in port and maritime issues, and identify new business opportunities.

Maritime Week kicked off on 25 September with the first Asian “World Maritime Day” event jointly hosted with the International Maritime Organisation (IMO). It was held in parallel with the traditional celebrations at the IMO London headquarters, at the invitation of IMO’s Secretary General.



Minister for Transport & Second Minister for Foreign Affairs Raymond Lim (centre) launching the inaugural Maritime Week

At the high level World Maritime Day@Singapore forum, prominent industry personalities led discussions on the contributions of shipping to the development of countries and challenges of the industry.

That same night saw key decision makers and the diplomatic corp on one stage at the grand reception,

which officially trumpeted the Week’s festivities.

More networking ensued at the Week’s signature social event – the 3rd Singapore International Maritime Awards (IMA).

The thrill of the event culminated with the announcement of winners in five new award categories. Some 100 nominations were received. The winners were unanimously chosen,

With the theme “Bunker Outlook: Managing the Evolving Business and Regulatory Environment” and a stellar line-up of speakers who are movers and shakers in the industry, the conference gave participants much food for thought on various aspects of bunkering.

Maritime Week 2007 happens from 21 to 28 September and there is more to look forward to. These include the inaugural Singapore



AIS and ASL award recipients at the Singapore International Maritime Awards

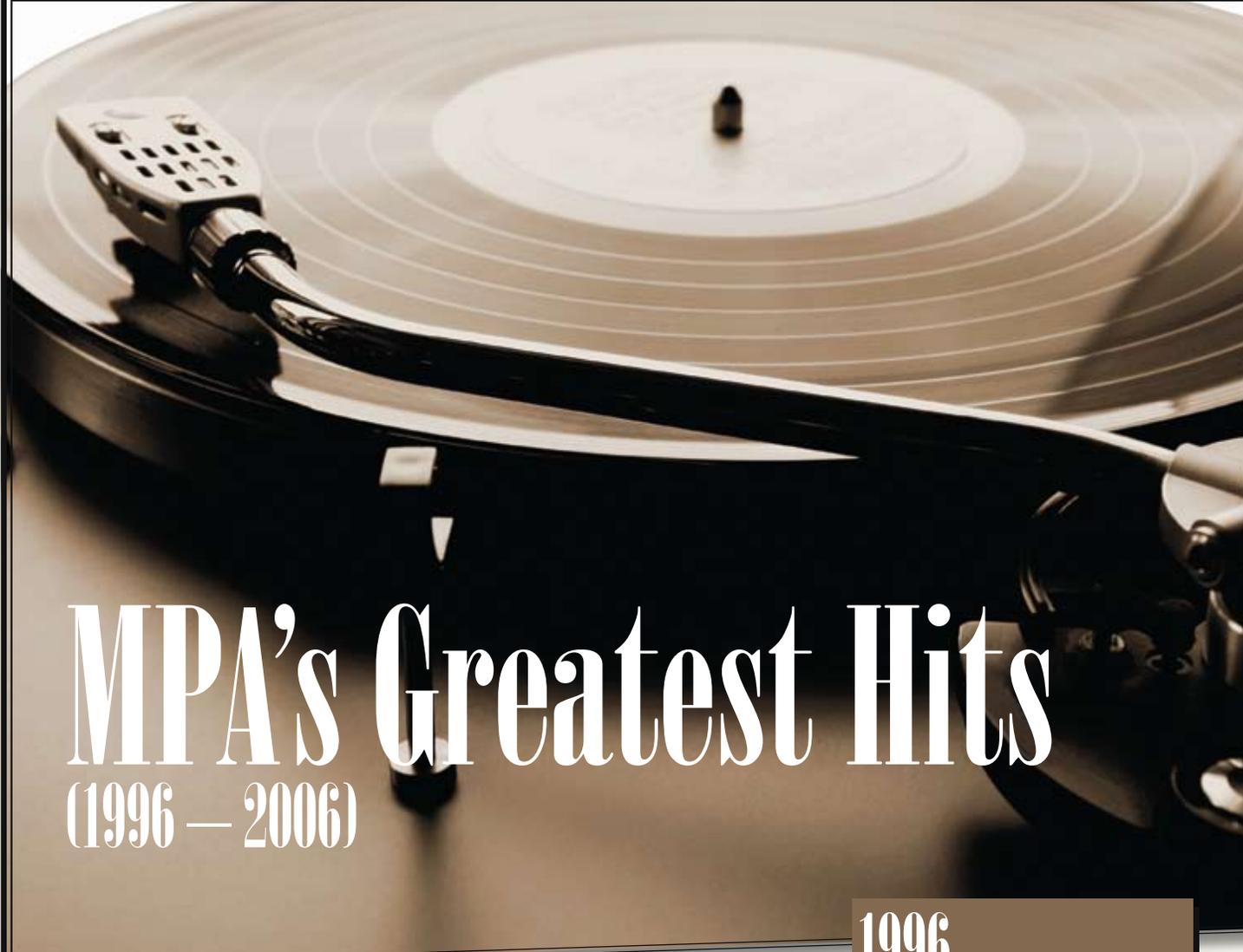
by a judging panel comprising public and private sector representatives, to honour their outstanding contributions to Singapore’s development as an International Maritime Centre.

The 14th Singapore International Bunkering Conference (SIBCON) was another major event of the Week that brought together leading players from the global maritime community to discuss current developments and issues facing the industry. SIBCON 2006 was the largest in the conference’s 14-year history, attracting some 640 participants from about 40 countries.

Maritime Lecture series, Singapore International Maritime Awards, International Chemical and Oil Conference (ICOPCE), as well as the International Maritime-Port Technology Development Conference (MTEC).



Minister of State for Finance and Transport Mrs Lim Hwee Hua welcoming delegates to SIBCON



MPA's Greatest Hits

(1996 — 2006)

Popular singers and music groups have been known to release compilations of their greatest hits in a string of past and current favourites.

Similarly, the Maritime and Port Authority of Singapore (MPA) has come a long way since it was formed on 2 February 1996, through the merger of the former Marine Department, National Maritime Board and the regulatory departments of the then Port of Singapore Authority. The newly formed statutory board was then tasked with the overarching mission to promote Singapore as a premier hub port and international maritime centre, and to safeguard Singapore's strategic maritime interests.

What has the path been like over the past 10 years?

Here's a quick look at MPA's greatest hits.....

1996

- MPA is formed on 2 Feb 1996
- Introduction of 20% port dues concession for container ships

1997

- MPA receives Best Seaport in Asia award on behalf of Singapore for the first time – it is the 10th successive year that Singapore has won the award
- Singapore is the first to establish national standard for bunkering with SS CP60
- MPA issues 1st public port licence to PSA Corporation Ltd

1998

- Launch of Singapore Electronic Navigational Chart
- Singapore signs Memorandum of Understanding (MOU) with International Maritime Organisation on Third Country Training Programme
- Singapore, Malaysia and Indonesia jointly introduce STRAITREP

1999

- MPA launches MARINET for shipping transactions
- Towage services fully liberalised

2000

- Commissioning of MPA's 2nd Port Operations Control Centre
- Establishment of the Singapore Maritime Academy
- Launch of Singapore Maritime Portal for maritime information and services
- MPA signs MOU with Research Council of Norway

2001

- MPA issues 2nd public port licence to Jurong Port Pte Ltd
- MPA signs MOU with Indonesia
- Establishment of Maritime Research Centre
- MPA and UK Hydrographic Office collaborate to produce Dual Badge Charts

2002

- Establishment of SGD\$80 million Maritime Cluster Fund
- Integrated Simulation Centre of Singapore begins operations
- MPA implements SS CP77 for bunker surveying
- MPA signs MOU with the Netherlands

2003

- MPA is appointed "Champion Agency" for international maritime centre development
- Establishment of SGD\$100 million Maritime Innovation & Technology (MINT) Fund
- Establishment of MPA Professorships at local universities
- The Accreditation Scheme for Bunker Suppliers enters into effect

2004

- Singapore achieves its first billion GT mark for vessel arrivals
- Singapore's port facilities and ships meet the ISPS Code deadline
- Launch of first local maritime degree programmes
- Launch of MPA International Maritime Awards
- Launch of industry-led Singapore Maritime Foundation
- MPA signs MOU with Chile

2005

- Singapore and Germany sign MOU on maritime transport
- Establishment of Centre for Maritime Studies in National University of Singapore
- Establishment of the first 4th year Bachelor of Engineering in Naval Architecture and Marine Engineering degree from the Universities of Glasgow and Strathclyde in Singapore
- Inaugural award for coming in 2nd for the ACE (Action Community for Entrepreneurship) ranking on pro-enterprise orientation of government agencies in Singapore

2006

- MPA celebrates 10th year anniversary with a commemorative coffee table book and festivities
- MPA kicks off Singapore's 1st Maritime Week
- Introduction of Maritime Finance Incentive Scheme
- MPA completes implementation of world-first Harbour Craft Transponder System
- Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia (ReCAAP) enters into force; Information Sharing Centre launched in Singapore
- MPA introduces SS 524 – world's first standard on management of bunker supply chain



TOMORROW'S HITS

Every generation of musicians taps into the inspiration of past musicians to create tomorrow's chart toppers. This is what keeps the music industry alive and dynamic.

In the same way, the MPA taps on existing strengths and expertise to develop new ideas and plan for the future. This is to ensure continued growth and vitality in the Singapore port and maritime industry.



TOMORROW'S HITS



The newly launched Marina South Pier

MEETING FUTURE NEEDS

Containers are the core business of the Port of Singapore. In 2006, container traffic climbed to 24.8 million Twenty-Foot Equivalent Units (TEUs), a 6.9 per cent increase from the year before, securing Singapore's position as the world's busiest container port.

In anticipation of future demand, three new berths were added under Phases 1 and 2 of the Pasir Panjang Terminal (PPT) development in 2006 to increase its container handling capacity. This brings the total number of operational berths at PPT to 13, as of end 2006. When completed, PPT Phases 1 and 2 will have 26 berths. Looking even further ahead, the PPT Phases 3 and 4 development initiated in 2006 will add 16 new container berths to meet projected container demand beyond 2010.

In line with the Singapore government's plans to make Singapore an even more attractive place to work and play, the Marina South

Pier (MSP) was officially launched by Minister for Transport and Second Minister for Foreign Affairs Raymond Lim on 30 June 2006. This pier will be the gateway to the new Marina leisure hub. The new pier functionally replaced Clifford Pier in April 2006 as the new landing point for domestic ferry and launch vessels. It provides ferry and charter boat services for visitors to the southern islands as well as serves seafarers to and from the anchorages.

In October 2006, some 100,000 devotees and visitors embarked on their annual Kusu pilgrimage from MSP for the first time. The MPA implemented many measures to ensure their smooth journey, including regular shuttle bus services from train stations to the pier.

PROMOTING MARITIME R&D

Continual research and development (R&D) is important to fuel the growth of Singapore as an International Maritime Centre, and charting a clear and focused approach plays a key role.

The 2nd Maritime Research and Development Advisory Panel (MRDAP), which completed its term in May 2006, mapped the Singapore maritime industry into three sub-clusters. With that, the MPA adopted a cluster approach to promoting maritime R&D, with a focus on Offshore and Marine Engineering (OME), Port and Shipping. The Centre of Offshore Research and Engineering (CORE) in NUS will drive the OME R&D while the Maritime Research Centre in NTU will drive the R&D in Port and Shipping.

The MPA also initiated the establishment of a CORE Steering Committee with the Agency

TOMORROW'S HITS

for Science, Technology & Research (A*STAR), Economic Development Board (EDB) and CORE, as part of its efforts to raise OME R&D to the national level. Under this coordinated effort, CORE developed a three-year offshore oil and gas R&D plan which consists of 13 R&D projects with a total budget of \$15 million. This is co-funded by MPA, A*STAR, EDB and the industry. CORE launched the Offshore Oil and Gas R&D Programme at a Memorandum of Understanding signing ceremony on 22 March 2007.

Maritime R&D Advisory Panel mapped out 3 clusters for research and development - Offshore and Marine Engineering, Port and Shipping

DEVELOPING SINGAPORE'S MARITIME TALENT POOL

For Singapore to grow as an International Maritime Centre, strategic planning for manpower needs is essential. This is covered under the Maritime Manpower Development Plan (MMDP), which provides a comprehensive and focused action plan for enhancing maritime education and training in Singapore. The MPA takes a sectoral approach to study the maritime education and training landscape in order to zoom in on the unique manpower needs of each sector. The MMDP for the seafaring sector was completed in 2006, and the MPA is working on MMDPs for the offshore and marine engineering sector, as well as shore-based maritime services sector.

To create a manpower supply pipeline of maritime-ready graduates for the industry, the MPA worked hard to launch three new tertiary level programmes in 2006.

2006 saw the launch of 3 new tertiary level programmes funded through the MPA's Maritime Cluster Fund. The objective? To enhance and strengthen the talent pool for sectors like maritime law and arbitration, ship / offshore platform design and construction.

The MPA worked with the Economic Development Board to create an Offshore Oil and Gas Technology Specialisation at the NUS Mechanical Engineering Department. Implemented in 2006, an overwhelming 64 mechanical engineering undergraduates enrolled into the inaugural batch. In addition, the MPA worked with the NUS Law Faculty to develop two postgraduate programmes in maritime law, namely the Masters (LLM) in Maritime Law, and the Graduate Diploma in Maritime Law and Arbitration. The programmes will begin in academic year 2007/2008.

These three programmes are funded through the MPA's Maritime Cluster Fund (MCF). This SGD\$80 million fund set up by the MPA in 2002 aims to help promote and strengthen the maritime cluster in Singapore. SGD\$50 million from the MCF has been set aside to enhance maritime manpower development. To date, some SGD\$23.9 million of the MCF has been used to benefit over 2,600 employees from about 700 companies.

A degree track for Diploma in Nautical Studies and Diploma in Marine Engineering students from the Singapore Maritime Academy was also launched in June 2006. This degree track supported by the MPA and developed with the Maritime Institute Willem Barentsz from the Netherlands, is designed specially for seafaring diploma holders. The programme allows seafaring officers to acquire their degrees while simultaneously working on the sea service requirement for their professional certification, thus widening their career prospects in the maritime field, both ashore and at sea.

ENHANCING OUR MARITIME TRAINING

To meet future rising demand for energy, the Singapore government announced in 2006 that it would import Liquefied Natural Gas (LNG) and also develop an LNG terminal. Global demand for LNG has grown rapidly in recent years, especially in the Asia Pacific region.

In light of this and the fact that many LNG tankers are propelled by steam turbines, the MPA worked with the Singapore Maritime Academy to train the relevant manpower. A course was developed to cross-train marine engineers to work on steam propulsion machinery in anticipation of the increasing number of LNG tankers.

New course developed in 2006 in anticipation of manpower needs created by the increasing number of LNG tankers.

TOMORROW'S HITS

To assist simulator instructors from maritime institutes in the Asia Pacific region to design, prepare and conduct training courses for entry level seafarers, the Integrated Simulation Centre (ISC) conducted the 4th Singapore-IMO "Regional Training Course for Simulator Instructors". About 20 participants from 11 countries attended this course at the ISC last year, which was conducted with assistance from training service providers like the Maritime Education and Training Services Pte Ltd, Singapore Maritime Academy, ST Education & Training Pte Ltd and PSA Marine (PTE) Ltd.

The ISC is the main centre for maritime simulation training in Singapore, and it is important that the ISC is kept up-to-date, in terms of its technology, courses and visuals used. In this regard, the MPA upgraded the visual projection system of the 240° Full Mission Shiphandling Simulator (FMSS) by replacing the existing projectors with the latest Digital Light Processing (DLP) projectors. The DLP projectors would ensure that the ISC continues to provide high-quality visuals for better realism in training into the future.

At the same time, the MPA remained diligent in ensuring that the ISC's FMSS visual of the port and its approaches are kept up-to-date. For 2006, the major changes include Marina South Pier, Banyan Basin, Pulau Sebarok, Cruise Bay and West Johor Strait.



Integrated Simulation Centre of Singapore

Training Numbers for 2006

619

Number of Certificates of Competency the MPA issued to deck and marine engineer officers

984

Number of assessments the MPA conducted for deck and marine engineer officers

1,522

Number of simulation courses conducted at the Integrated Simulation Centre

2,646

Number of endorsements the MPA issued to enable seafarers to serve on tankers

TOMORROW'S HITS

Key initiatives undertaken in 2006 to increase public's understanding of the maritime industry include – production of the Mandarin drama 'The Peak', development of two television commercials, as well as a Maritime Open House for students.

The Peak's finale episode had 918,000 people glued to their television screens – a fitting conclusion to the prime time Mandarin drama series that constantly came out tops in viewership ratings for Jan 2007.



The cast and people behind The Peak - one of Singapore's top-rated Mandarin drama series



More than 1,000 students participated in MPA's first Maritime Open House at Marina South Pier

RAISING THE PROFILE OF THE MARITIME SECTOR

Merely creating tomorrow's hits is not enough. We need to ensure that the new generation is tuned in to this music.

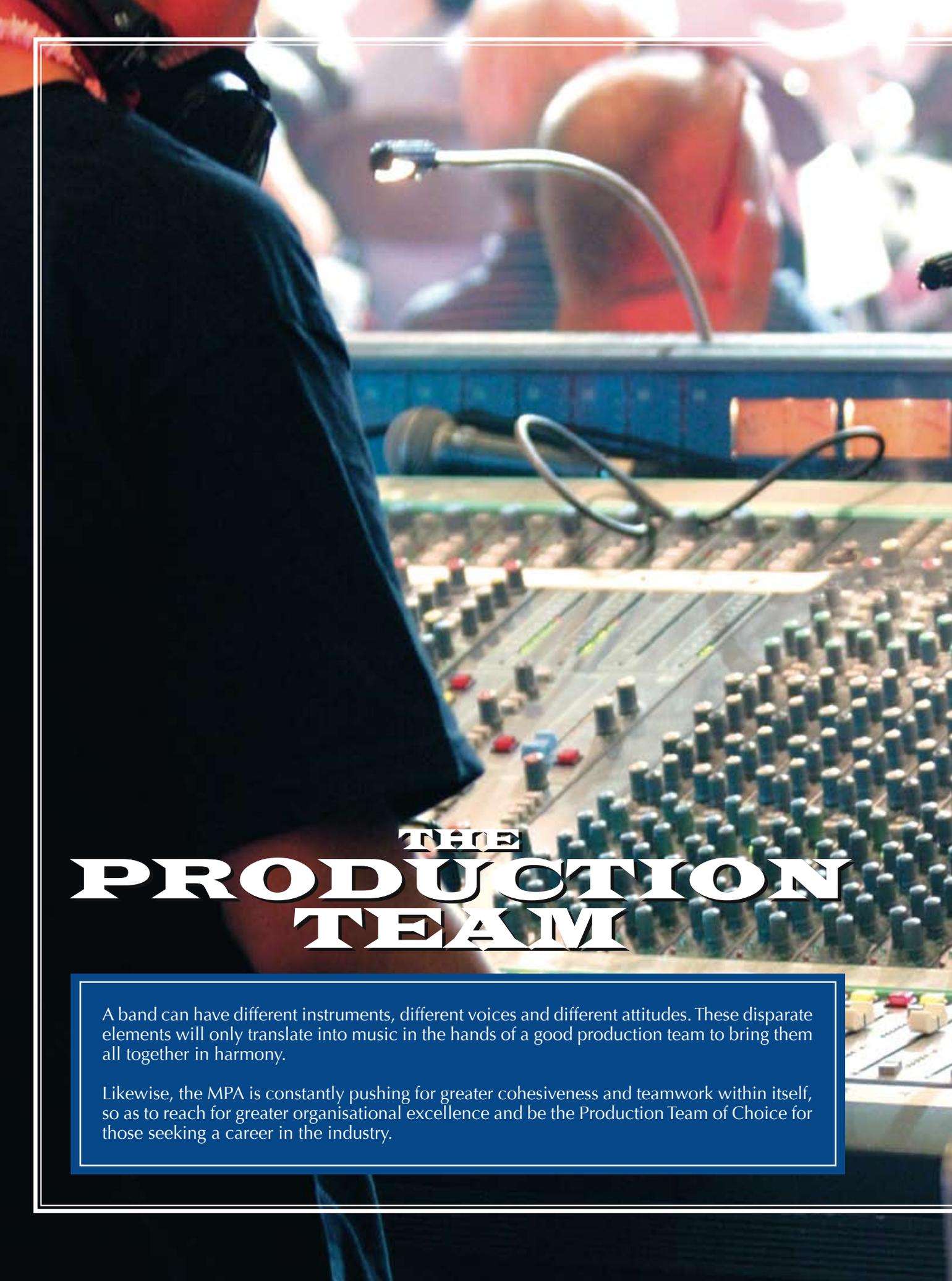
The MPA thus strives to ensure that the new generation of Singaporeans is aware of the opportunities and prospects within the maritime industry.

People in Singapore might not have known much about the maritime industry previously, but MPA made headway in creating awareness and interest in this industry when "The Peak" – a Mandarin television drama serial – aired on 8 January 2007.

A joint collaboration with Keppel Offshore and Marine, Singapore Maritime Foundation (SMF) and Association of Singapore Marine Industries, "The Peak" was among the most watched TV programmes that month, scoring the highest point for the finale episode which had 918,000 people glued to their television screens (information according to Mediacorp's viewership ratings). In fact, the show is expected to air in countries like Malaysia, China and Vietnam. "The Making of The Peak" was also commissioned to give audiences an idea of what happened behind-the-scenes. The actors and actresses were also interviewed on their filming experiences as well as what they learnt about the maritime industry.

Two television commercials were also developed together with SMF. The first commercial titled – "Life Without Us", was aimed at raising awareness of the importance of the maritime industry. The second commercial – "Vibrant Careers", was aimed at raising awareness of the many vibrant careers available in the maritime industry.

To showcase the "Sea of Opportunities and Shore of Possibilities" in the maritime sector, MPA held its first large-scale Maritime Open House on 30 June 2006 to reach out to students as part of Marina South Pier's opening celebrations. Over 1,000 students and teachers from various secondary schools and tertiary institutions got a visual treat of interesting models of oil rigs, semi-submersibles and ships. Industry professionals from Keppel Offshore and Marine, PSA Corporation and Singapore Maritime Academy were also present to provide the students with information about the exciting maritime careers and courses available. The scenic sea tour was one unforgettable highlight of the day for those who came.



THE PRODUCTION TEAM

A band can have different instruments, different voices and different attitudes. These disparate elements will only translate into music in the hands of a good production team to bring them all together in harmony.

Likewise, the MPA is constantly pushing for greater cohesiveness and teamwork within itself, so as to reach for greater organisational excellence and be the Production Team of Choice for those seeking a career in the industry.



THE PRODUCTION TEAM



Chief Executive of MPA BG (NS) Tay Lim Heng receiving the Pro-Enterprise Ranking award from President S R Nathan

RECORD OF ORGANISATIONAL EXCELLENCE

For two years running, MPA was ranked 2nd out of 24 organisations for the Pro-Enterprise Ranking Survey of government agencies. This initiative is central in helping government agencies improve customer responsiveness and focus on the needs of their business customers. Organisations were surveyed in five key areas – general pro-enterprise orientation, customer responsiveness, transparency, compliance cost and review of rules.

2006 saw MPA's Singapore Quality Class Certification (SQC) being successfully renewed. This scheme

recognises organisations that have attained a commendable level of performance in their journey towards organisational excellence.

The MPA was ranked 2nd out of 24 organisations for the Pro-Enterprise Ranking survey of government agencies.



The MPA also bagged The Enterprise Challenge (TEC) Public Service Innovation Award 2006 (Silver Award) and four Transport Minister's Innovation Awards for demonstrating a strong innovative culture through its various projects.



SINGAPORE PROVIDES INTEGRATED QUALITY SERVICE TO THE SHIPPING COMMUNITY THROUGH CONTINUOUS IMPROVEMENT

- The Singapore Registry of Ships (SRS) introduced the appointment-based service to its customers in February 2006. The new service replaced the over-the-counter service. The appointment-based service allows a more personal interaction between SRS officers and the customers, facilitating discussion and helping SRS officers to better understand the customers' needs.
- Based on feedback received from shipping community, Singapore had developed a new electronic crew change form allowing the master on board the vessel to submit crew changes directly with less cost involved. Shipowners and agents could now have various options in the submission of crew change electronically (i.e. either through MARINET, EDI and eForm ENG) instead of carrying out their transactions over the counter at One Stop Document Centre.
- Vessels are required to obtain port clearances before departure. Our Electronic Port Clearance facility has enabled the shipping community to apply for port clearances electronically from the comfort of their work places. This has benefited 99% of ships that arrived and departed from the port compared to 50% in Feb 1996. This e-service initiative has enhanced commercial efficiency and saved the shipping community many man hours from having to turn up personally at MPA's counter for such a service.



As part of its continuous efforts to improve, the MPA also started reviewing its corporate structure and is looking at a realignment to maximise synergies between divisions, keeping in line with MPA's mission objectives. This will be completed and implemented in 2007.

CARING FOR EMPLOYEES

Employees are indeed the MPA's greatest assets. The MPA consciously strives to create a quality work environment for its 574 staff in achieving a fine Work-Life balance well recognised by other agencies. To ensure that employees are motivated and engaged, the MPA pays great attention to both staff development and staff recognition and rewards.

To remain competitive in the tight labour market and to recognise employees for their performance, the MPA adopted the performance-based Management Executive (MX) scheme. This salary scheme coming into effect

in 2007 strengthens the link between staff performance and compensation and is modeled after private sector remuneration policies.

In our drive towards excellence, the MPA still places great importance in having lots of heart and fun.



At the MPA, employees are constantly encouraged to find opportunities to develop their core competencies and knowledge by attending the many courses organised by both the MPA and external training providers. In-house training included the very popular "Basic Shipping Business Course" first introduced in 2006, through which employees gained a first-hand insight into MPA's core business.

To recognise employees who have demonstrated MPA's core values, the FIRST Award was presented to 12 deserving individuals in 2006 to reward them for exemplifying the FIRST (Forward Thinking, Integrity,

Respect, Service Excellence and Teamwork) values in an outstanding way. Such an award not only serves to motivate officers towards the desired MPA values and culture, but also affirms the importance the MPA places on our shared values.

Externally, the MPA was also recognised for its outstanding employees. Captain Khong Shen Ping, Director (Shipping) and Director of Marine, was awarded the Public Administration Medal (Silver) in 2006 – a National Day Honour in recognition of his outstanding contribution to Singapore.

At the corporate level, MPA was able to share the benefits of having met performance targets on our Economy Drive by paying out a Productivity Savings Award to all employees. This was to thank all employees for their commitment and contributions to the MPA.

In its drive towards excellence, the MPA still places great importance in having lots of heart and fun. Many fun-filled events were organised by the

THE
**PRODUCTION
 TEAM**

Staff Well-Being (SWB) Committee to foster strong bonds. Staff Nights were definitely a high point in the events calendar and who could forget the “Merry-time” everyone had at the Annual Dinner and Dance in July – good food, great games and excellent company.

Good health is also a priority for the MPA. For its efforts in promoting workplace health in 2006, the MPA was given the Singapore H.E.A.L.T.H Award (Silver) by the Health Promotion Board.

The MPA strives to be a dynamic and fun organisation to work in, and it believes that every individual has a part to play in bringing the organisation to greater heights. The camaraderie among staff was aptly captured in MPA’s 10th Anniversary Book – a Coffee Table book by the staff and for the staff.



Team MPA at play

LEADERS of the BAND

MPA Board members, as at 31 December 2006



This page from left to right: **Mr Bahren Shaari**, Executive Director, UBS AG /// **Dato' Jude P. Benny**, Managing Partner, Joseph Tan Jude Benny /// **Mr John Lu**, Chairman, Singapore National Shippers' Council /// **RADM Ronnie Tay**, Chief of Navy, Republic of Singapore Navy /// **Mr Ronald D. Widdows**, Chief Executive Officer, APL Co Pte Ltd /// **Mr Peter Ong**, Chairman, Maritime and Port Authority of Singapore. Permanent Secretary, Ministry of Trade & Industry



This page from left to right: **BG (NS) Tay Lim Heng**, Chief Executive, Maritime and Port Authority of Singapore /// **Mr Choo Chiau Beng**, Chairman & Chief Executive Officer, Keppel Offshore & Marine Ltd /// **Mr Laurence Lien**, Director (Governance and Investment), Ministry of Finance /// **Mr Teo Siong Seng**, President, Singapore Shipping Association /// **Mr Leow Ching Chuan**, General Secretary, Singapore Organisation of Seamen /// **Mr Andreas Sohmen-Pao**, Managing Director, BW Shipping Managers Pte Ltd

MPA Board Committees

As at 31 December 2006

INVESTMENT COMMITTEE

Chairman: Mr Peter Ong
Members: BG (NS) Tay Lim Heng
Mr Bahren Shaari
Mr Choo Chiau Beng
Mr Andreas Sohmen-Pao
RADM Ronnie Tay
Secretary: Mr Leong Chee Kheong

POLICY COMMITTEE

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

AUDIT REVIEW COMMITTEE

Chairman: Mr Bahren Shaari
Members: Dato' Jude Benny
Mr Laurence Lien
Mr John Lu
Mr Teo Siong Seng
Secretary: Mr Guan Tak Hwa

REGISTRATION COMMITTEE

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

MINT FUND STEERING COMMITTEE

Chairman: Mr Choo Chiau Beng
Members: BG (NS) Tay Lim Heng
Mr John Lu
Mr Teo Siong Seng
Mr Ronald Widdows
Prof Chong Tow Chong
(Executive Director, Science and
Engineering Research Council, A*STAR)
Secretary: Mr Toh Ah Cheong

WELFARE COMMITTEE FOR SEAMEN

Chairman: Mr Leow Ching Chuan
Members: SSA
Capt Anuraj Singh,
Crew Personnel Manager,
NYK Shipmanagement Pte Ltd

PSA Corporation
Mr Tan Yong Siong,
Operations Manager,
Container Logistics Department

Jurong Port Pte Ltd
Mr Tan Kok Bin,
Snr Vice President (Operations)

Seamen's Missions
Rev Werner Strauss,
Sr Port Chaplain,
International Lutheran Seafarers' Mission

Rev Hans Vestergaard Jensen
Snr Port Chaplain,
Danish Seamen's Mission

MPA
Capt Khong Shen Ping
Mr Richard Tan
Mr Lee Kin Fong

Secretary:

MPA ORGANISATIONAL STRUCTURE

As at 31 December 2006

**CHAIRMAN &
BOARD MEMBERS
OF THE MPA**

**INTERNAL
AUDIT
DEPARTMENT**



**CHIEF
EXECUTIVE**



POLICY DIVISION

INTERNATIONAL DEPARTMENT
MARITIME SECURITY DEPARTMENT
PORT DEVELOPMENT DEPARTMENT
PORT REGULATION DEPARTMENT
STRATEGIC PLANNING DEPARTMENT

PORT DIVISION

HYDROGRAPHIC DEPARTMENT
MARINE ENVIRONMENT & SAFETY DEPARTMENT
MARINE SERVICES DEPARTMENT
PORT OPERATIONS CONTROL DEPARTMENT
PORT SECURITY DEPARTMENT

SHIPPING DIVISION

REGISTRY & MANNING DEPARTMENT
SHIP INVESTIGATION DEPARTMENT
SHIP SAFETY DEPARTMENT
SHIPPING REGULATION AND DEVELOPMENT DEPARTMENT

INTERNATIONAL MARITIME CENTRE DIVISION

IMC DEVELOPMENT DEPARTMENT
IMC PLANNING DEPARTMENT
IMC PROMOTION DEPARTMENT

TRAINING DIVISION

TRAINING DEVELOPMENT DEPARTMENT
TRAINING STANDARDS DEPARTMENT

TECHNOLOGY DIVISION

ELECTRONIC AND COMMUNICATIONS DEPARTMENT
ENGINEERING & PLANNING DEPARTMENT
INDUSTRY DEVELOPMENT DEPARTMENT
INFORMATION TECHNOLOGY DEPARTMENT

CORPORATE SERVICES DIVISION

ADMINISTRATION DEPARTMENT
CORPORATE COMMUNICATIONS DEPARTMENT
FACILITIES MANAGEMENT DEPARTMENT
FINANCE DEPARTMENT
HUMAN RESOURCE DEPARTMENT
LEGAL DEPARTMENT
ORGANISATIONAL DEVELOPMENT DEPARTMENT
SINGAPORE MARINERS' CLUB

Capt Khong Shen Ping
Director, Shipping/
Director of Marine

Mr Toh Ah Cheong
Director, Technology

Ms Tan Beng Tee
Director, International
Maritime Centre

Mr Richard Tan
Director, Corporate
Services



THE KEY PLAYERS

MPA Directors, as at 31 December 2006

Mrs Lee Chin Neo
Director, Special Duties

Mr Yee Cheok Hong
Director, Policy

Capt M. Segar Abdullah
Director, Port/
Port Master

Mr Matthew Lee
Director, Training



MPA Principal Officers

As at 31 December 2006

MPA PRINCIPAL OFFICERS

BG(NS) Tay Lim Heng
Capt Khong Shen Ping
Mr Toh Ah Cheong
Ms Tan Beng Tee
Mr Richard Tan
Mrs Lee Chin Neo
Mr Yee Cheok Hong
Capt M. Segar Abdullah
Mr Matthew Lee Khai Wah
Mr Peter Tan

-Chief Executive
-Director (Shipping)/Director of Marine
-Director (Technology)
-Director (International Maritime Centre)
-Director (Corporate Services)
-Director (Special Duties)
-Director (Policy)
-Director (Port)/Port Master
-Director (Training)
-Corporate Secretary

POLICY DIVISION

Mr Matthew Lee Khai Wah
Mr Manjit Singh
Ms Ho Hsu Mei
Mr Benjamin Wong
Mr Anand s/o Ulaganathan
Ms Jenny Lin
Ms Frances Goh
Mr Yap Wei Yim

-1 Deputy Director (Policy)
-2 Deputy Director (Policy)
-First Secretary (Maritime), Singapore High Commission, London
-Manager (International)
-Manager (Maritime Security)
-Manager (Port Development)
-Manager (Port Regulation)
-Manager (Strategic Planning)

PORT DIVISION

Capt Lee Cheng Wee
Mr Chan Keng Nee
Capt Henry Heng
Mr Parry Oei Soe Ling
Mr Alan Lim

-Deputy Director (Port)/Deputy Port Master
-Assistant Director (Port Operations Control)
-Assistant Director (Port Security)
-Chief Hydrographer
-Senior Manager (Maritime Security)

SHIPPING DIVISION

Capt Mark Heah Eng Siang
Mr Mark Lim
Mr Wong Len Poh

-1 Deputy Director (Shipping)
-2 Deputy Director (Shipping)
-Senior Assistant Director (Ship Safety)

INTERNATIONAL MARITIME CENTRE DIVISION

Ms Bernice Yeoh
Ms Wendy Loo
Mr Gerald Loh

-Assistant Director (IMC Development)
-Assistant Director (IMC Planning)
- Senior Manager (IMC Promotion)

TRAINING DIVISION

Capt Francis Wee Hock Leng
Mr Lim Cheok Hwa
Capt I G Sangameswar

-1 Deputy Director (Training)
-Assistant Director (Training Development)
-Assistant Director (Training Standards)

TECHNOLOGY DIVISION

Mr Loh Chee Kit
Mr Goh Kwong Heng

Mr Teo Chee Beng
Mr Song Tiancheng
Mr Goh Kah Seng

-Deputy Director (Engineering)/ Project Director (PPT)
-Deputy Director (Technology & Industry Development)/
Chief Information Officer
-Assistant Director (Electronics & Communications)
-Assistant Director (Engineering & Planning)
-Assistant Director (Information Technology)

CORPORATE SERVICES DIVISION

Mrs Leanna Lim King Leang
Mrs Teh Geok Siew
Mr Leong Chee Kheong
Mr Martin Marini
Ms Joyce Teng
Ms Pia Boon
Mr Lee Kin Fong

-Deputy Director (Corporate Services)
-Assistant Director (Administration)
-Assistant Director (Finance)
-General Counsel
-Senior Manager (Corporate Communications)
-Manager (Organisational Development)
-General Manager (Singapore Mariner's Club)

INTERNAL AUDIT DEPARTMENT

Mr Guan Tak Hwa

-Assistant Director (Internal Audit)



Singapore, Your Maritime Partner. Realising Your Business Aspirations.

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FINANCIAL Scores

A special supplement to Rolling Ahead Magazine. Not for individual sale.

2006 FINANCIAL PERFORMANCE



Report of the Auditors appointed under the Third Schedule of The Maritime and Port Authority of Singapore Act (Chapter 170A)

We have audited the financial statements of The Maritime and Port Authority of Singapore (the Authority), which comprise the balance sheet of the Authority as at 31 December 2006, the statement of income and expenditure, statement of changes in equity and cash flow statement of the Authority for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 28.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion:

- (a) the financial statements of the Authority are properly drawn up in accordance with the provisions of The Maritime and Port Authority of Singapore Act, Chapter 170A (the Act) and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Authority as at 31 December 2006 and the results, changes in equity and cash flows of the Authority for the year ended on that date;
- (b) proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise; and
- (c) receipts, expenditure and investment monies and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

**KPMG***Certified Public Accountants***Singapore**

28 March 2007

Balance sheet

As at 31 December 2006

	Note	2006 \$	2005 \$
Non-current assets			
Property, plant and equipment	3	100,678,619	74,240,365
Subsidiary	4	2	2
Associate	5	-	300,000
Capital work-in-progress	6	908,020	777,139
Financial assets	7	4,448,538	4,367,940
Funds with fund managers available-for-sale	8	652,679,478	606,869,167
Staff loans	9	-	1,904
		<u>758,714,657</u>	<u>686,556,517</u>
Current assets			
Trade receivables	10	15,155,961	24,205,635
Deposits, prepayments and other receivables	11	1,874,604	743,210
Financial assets	7	-	9,990,406
Cash and cash equivalents	12	33,102,690	95,636,281
		<u>50,133,255</u>	<u>130,575,532</u>
Total assets		<u>808,847,912</u>	<u>817,132,049</u>
Equity			
Capital account	13	147,375,155	147,375,155
Fair value reserve		37,918,872	24,640,033
Accumulated surplus		553,154,709	576,427,326
Total equity		<u>738,448,736</u>	<u>748,442,514</u>
Non-current liabilities			
Employee benefits	14	2,384,157	2,403,317
Deferred capital grant	15	35,091,228	-
		<u>37,475,385</u>	<u>2,403,317</u>
Current liabilities			
Trade and other payables	16	9,432,897	28,730,370
Advances, deposits and unearned income	17	3,211,957	3,418,445
Provision for contribution to Consolidated Fund		20,278,937	34,137,403
		<u>32,923,791</u>	<u>66,286,218</u>
Total liabilities		<u>70,399,176</u>	<u>68,689,535</u>
Total equity and liabilities		<u>808,847,912</u>	<u>817,132,049</u>

The financial statements were approved by:



Peter Ong Boon Kwee
Chairman



BG (NS) Tay Lim Heng
Chief Executive

28 March 2007

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

Statement of income and expenditure

Year ended 31 December 2006

	Note	2006 \$	2005 \$
Revenue			
Port dues and marine services		151,301,258	144,395,571
Shipping services		5,508,445	5,583,971
Rental income		1,543,431	1,532,975
Training		1,119,189	1,455,154
Miscellaneous revenue		1,493,384	1,424,689
		<u>160,965,707</u>	<u>154,392,360</u>
Operating expenditure			
Staff costs	18	42,020,238	41,155,996
Depreciation	3	11,371,746	10,680,421
Hire of marine craft and sea garbage services		6,122,177	6,196,903
Fuel, repairs and maintenance		5,633,641	4,873,117
Other operating expenses	19	30,788,742	31,431,785
		<u>95,936,544</u>	<u>94,338,222</u>
Operating surplus		65,029,163	60,054,138
Other operating surplus	20	36,365,523	37,264,301
Surplus before contribution to Consolidated Fund		101,394,686	97,318,439
Contribution to Consolidated Fund	21	(20,267,303)	(19,463,688)
Surplus for the year		<u>81,127,383</u>	<u>77,854,751</u>

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

Statement of changes in equity

Year ended 31 December 2006

	Capital account \$	Fair value reserve \$	Accumulated surplus \$	Total \$
At 1 January 2005	147,375,155	20,823,713	498,572,575	666,771,443
Fair value gain taken to equity				
- Funds with fund managers available-for-sale	-	3,541,240	-	3,541,240
- Equity securities available-for-sale	-	275,080	-	275,080
Net gains recognised directly in equity	-	3,816,320	-	3,816,320
Surplus for the year	-	-	77,854,751	77,854,751
Total recognised income and expense for the year	-	3,816,320	77,854,751	81,671,071
At 31 December 2005	<u>147,375,155</u>	<u>24,640,033</u>	<u>576,427,326</u>	<u>748,442,514</u>
At 1 January 2006	147,375,155	24,640,033	576,427,326	748,442,514
Fair value gain taken to equity				
- Funds with fund managers available-for-sale	-	12,531,339	-	12,531,339
- Equity securities available-for-sale	-	757,068	-	757,068
Net gains recognised directly in equity	-	13,288,407	-	13,288,407
Transfer to statement of income and expenditure on sale of available-for-sale equity securities	-	(9,568)	-	(9,568)
Surplus for the year	-	-	81,127,383	81,127,383
Total recognised income and expense for the year	-	13,278,839	81,127,383	94,406,222
Return of surplus funds to Government	-	-	(104,400,000)	(104,400,000)
At 31 December 2006	<u>147,375,155</u>	<u>37,918,872</u>	<u>553,154,709</u>	<u>738,448,736</u>

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

Cash flow statement

Year ended 31 December 2006

	Note	2006 \$	2005 \$
Operating activities			
Surplus before contribution to Consolidated Fund		101,394,686	97,318,439
Adjustments for:			
Depreciation expense on property, plant and equipment		11,371,746	10,680,421
Allowance for doubtful receivables (net)		126,794	(1,080)
Provision for employee benefits		137,280	125,492
Other operating surplus	20	(36,365,523)	(37,264,301)
		<u>76,664,983</u>	<u>70,858,971</u>
Changes in working capital:			
Trade receivables		8,922,880	(11,150,745)
Deposits, prepayments and other receivables		(1,199,402)	751,288
Trade and other payables		(2,682,371)	(1,467,873)
Advances, deposits and unearned income		(206,488)	(555,875)
Cash generated from operations		<u>81,499,602</u>	<u>58,435,766</u>
Contribution paid to Consolidated Fund	21	(34,125,769)	(19,688,613)
Repayment of staff loans		13,582	26,410
Payment of employee benefits		(156,440)	(418,390)
Cash flows from operating activities		<u>47,230,975</u>	<u>38,355,173</u>
Investing activities			
Proceeds from sale of property, plant and equipment		37,169	27,883
Purchases of property, plant and equipment and capital work-in-progress		(2,878,878)	(2,422,247)
Purchase of financial assets		(36,191)	(335,611)
Proceeds from sale of financial assets		163,852	-
Additional funds to fund managers		(33,278,972)	(45,609,279)
Investment income received		35,638,048	37,213,171
Proceeds from maturity of bonds		9,990,406	-
Investment in associate		-	(300,000)
Cash flows from investing activities		<u>9,635,434</u>	<u>(11,426,083)</u>
Financing activities			
Return of surplus to Government		(119,400,000)	-
Cash flows from financing activities		<u>(119,400,000)</u>	<u>-</u>
Net (decrease)/increase in cash and cash equivalents		(62,533,591)	26,929,090
Cash and cash equivalents at beginning of the year	12	95,636,281	68,707,191
Cash and cash equivalents at end of the year	12	<u>33,102,690</u>	<u>95,636,281</u>

During the year, the Authority acquired property, plant and equipment with an aggregate cost of \$38,297,420, of which \$37,164,525 (Note 15) was funded through government grant.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 March 2007.

1 Domicile and activities

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

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

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

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

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Chapter 170A) and Singapore Financial Reporting Standards (FRS).

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

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

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

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

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

- Note 3 – depreciation and residual value of property, plant and equipment
- Note 7 – valuation of unquoted equity securities
- Note 10 – allowance for doubtful trade receivables

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

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

2.2 Subsidiaries

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

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

2.3 Associates

Associates are those entities in which the Authority has significant influence, but not control, over their financial and operating policies.

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

2.4 Foreign currencies

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

2.5 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.5 Property, plant and equipment (continued)

cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the statement of income and expenditure as incurred.

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

The estimated useful lives are as follows:

Leasehold land	Over the remaining lease period ranging from 4 to 58 years
Building structures	8 to 60 years
Wharves, hardstanding and roads	5 to 25 years
Renovations	5 years
Plant, machinery and equipment	2 to 15 years
Vehicles	5 years
Computers	3 years
Furniture and fittings	3 to 10 years
Floating crafts	5 to 15 years

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

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

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

2.6 Capital work-in-progress

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

2.7 Impairment – non-financial assets

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

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

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.7 Impairment – non-financial assets (continued)

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

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

2.8 Financial assets

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

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are classified within "trade receivables", "deposits, prepayments and other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Authority has the positive intention and ability to hold to maturity.

(iii) Available-for-sale financial assets

The Authority's investments in equity securities and funds with fund managers are classified as available-for-sale financial assets.

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

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.8 *Financial assets* (continued)

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

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

Available-for-sale financial assets are measured at fair value and changes therein, other than for impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When the financial asset is derecognised, the cumulative gain or loss in equity is transferred to the statement of income and expenditure.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

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

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

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For loans and receivables, held-to-maturity investments and available-for-sale financial assets that are debt securities, the reversal is recognised in the statement of income and expenditure. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

2.9 *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts, if any, which are repayable on demand and which form an integral part of the Authority's cash management.

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.10 Operating leases

When the Authority is a lessee of an operating lease

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

When the Authority is a lessor of an operating lease

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

2.11 Financial liabilities

Non-derivative financial liabilities comprise trade and other payables.

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

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

2.12 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.13 Provisions

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

2.14 Revenue recognition

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

Income from services

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

- Port dues and marine services and maritime welfare fees

Port dues and marine services and maritime welfare fees are recognised over the period in which the services are completed.

- Shipping services

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

Rental income

Rental income receivable under operating leases is recognised in the statement of income and expenditure on a straight-line basis over the term of the lease.

Interest income

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

Dividend income

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

Notes to the financial statements

2 Summary of significant accounting policies (continued)

2.15 Government grant

Grants from the government are recognised at their fair value where there is reasonable assurance that the Authority will comply with the attached conditions and the grant will be received.

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

Notes to the financial statements

3 Property, plant and equipment

	Leasehold land \$	Building structures \$	Wharves, hard-standing and roads \$	Renovations \$	Plant, machinery and equipment \$	Vehicles \$	Computers \$	Furniture and fittings \$	Floating crafts \$	Total \$
Cost										
At 1 January 2005	3,917,307	41,419,059	42,981,889	2,109,332	10,442,267	502,924	47,338,731	616,017	13,937,356	163,264,882
Additions	-	-	86,594	-	836,354	47,144	2,948,652	105,954	-	4,024,698
Disposals/write-off	-	-	-	-	(130,611)	(73,252)	(752,807)	(16,600)	(4,000)	(977,270)
At 31 December 2005	3,917,307	41,419,059	43,068,483	2,109,332	11,148,010	476,816	49,534,576	705,371	13,933,356	166,312,310
Additions	3,745,735	11,570,621	19,178,631	-	1,847,246	172,661	1,251,917	93,350	437,259	38,297,420
Disposals/write-off	(566,666)	(15,753)	(545,913)	-	(1,476,383)	(312,255)	(1,318,637)	(52,149)	(788,052)	(5,075,808)
At 31 December 2006	7,096,376	52,973,927	61,701,201	2,109,332	11,518,873	337,222	49,467,856	746,572	13,582,563	199,533,922
Accumulated depreciation										
At 1 January 2005	771,567	12,277,395	12,332,921	2,109,332	8,849,099	450,940	39,316,133	307,488	5,949,660	82,364,535
Depreciation charge for the year	98,460	2,000,424	1,884,158	-	596,413	15,395	4,617,003	74,460	1,394,108	10,680,421
Disposals/write-off	-	-	-	-	(129,907)	(73,252)	(752,807)	(13,045)	(4,000)	(973,011)
At 31 December 2005	870,027	14,277,819	14,217,079	2,109,332	9,315,605	393,083	43,180,329	368,903	7,339,768	92,071,945
Depreciation charge for the year	196,514	2,340,174	2,430,841	-	849,417	56,981	4,259,196	70,122	1,168,501	11,371,746
Disposals/write-off	(163,176)	(15,753)	(481,523)	-	(1,473,885)	(312,255)	(1,318,637)	(35,107)	(788,052)	(4,588,388)
At 31 December 2006	903,365	16,602,240	16,166,397	2,109,332	8,691,137	137,809	46,120,888	403,918	7,720,217	98,855,303
Carrying amount										
At 1 January 2005	3,145,740	29,141,664	30,648,968	-	1,593,168	51,984	8,022,598	308,529	7,987,696	80,900,347
At 31 December 2005	3,047,280	27,141,240	28,851,404	-	1,832,405	83,733	6,354,247	336,468	6,593,588	74,240,365
At 31 December 2006	6,193,011	36,371,687	45,534,804	-	2,827,736	199,413	3,346,968	342,654	5,862,346	100,678,619

Notes to the financial statements

3 Property, plant and equipment (continued)

Depreciation, useful lives and residual values

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Authority reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded at each financial year. Changes in the expected level of use of the assets and the Authority's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets, therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Authority's results. The residual value is reviewed at each reporting date, with any change in estimate accounted for as a change in estimate and therefore prospectively.

4 Subsidiary

	2006 \$	2005 \$
Investment in subsidiary, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority	
		2006 %	2005 %
MPA Venture Pte. Ltd.	Singapore	100	100

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

The assets and liabilities and results of the subsidiary have not been consolidated as they are not material to the Authority's financial statements. The net tangible liabilities of the subsidiary based on unaudited financial statements as at 31 December 2006 is \$8,555 (2005: \$6,677) and its accumulated deficit as at 31 December 2006 is \$8,557 (2005: \$6,679).

5 Associate

	2006 \$	2005 \$
Investment in associate	300,000	300,000
Impairment loss	(300,000)	-
	-	300,000

Notes to the financial statements

5 Associate (continued)

Details of the associate are as follows:

Name of associate	Country of incorporation	Effective equity held by the Authority	
		2006 %	2005 %
INFO@SEA Pte. Ltd.	Singapore	33	33

The primary objective of the associate is to provide met-ocean information services to the maritime industry.

The net assets and results of the associate have not been accounted for by the Authority using the equity method as they are not material to the Authority's financial statements.

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

The financial information of the associate are as follows:

Assets and liabilities	2006 \$	2005 \$
Total assets	1,036,690	1,385,381
Total liabilities	957,531	715,092
Results		
Revenue	289,044	290,946
Loss after taxation	(561,238)	(229,711)

Impairment losses

In view of continued operating losses and uncertainty of future earnings faced by the associate, the investment in the associate is considered to be impaired. Since the value of the associate cannot be reliably measured, based on existing facts and circumstances surrounding the financial conditions of the associate, the Authority had deemed the recoverable amount of the associate to be \$Nil. Accordingly, an impairment loss of \$300,000 (2005: \$Nil) is recognised and presented within "other operating surplus".

6 Capital work-in-progress

Capital work-in-progress mainly comprises the cost of computer systems under development. No depreciation is provided on capital work-in-progress.

Notes to the financial statements

7 Financial assets

	2006	2005
	\$	\$
Non-current investments		
Available-for-sale equity securities	5,009,307	4,367,940
Impairment losses	(560,769)	-
	<u>4,448,538</u>	<u>4,367,940</u>
Current investments		
Held-to-maturity debt securities	-	<u>9,990,406</u>

The investments in unquoted equity securities amounting to \$721,802 (2005: \$1,246,380) 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 investments in unquoted equity securities is not readily available as there are no quoted market prices in an active market, nor other reasonable methods in determining fair values. The recoverability of these investments is uncertain and 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.

As at 31 December 2005, average range of effective interest rates of debt securities maturing within 12 months was 2.25% to 2.26%.

Impairment losses

During the financial year, the Authority has fully provided for an unquoted equity investment of \$560,769 (2005: \$Nil). As at 31 December 2006, the investee company continued to incur operating losses and recorded a deficit in shareholders' funds. As the going concern of the investee company is also uncertain, for the purpose of the Authority's impairment test, the Authority had deemed the recoverable amount of the investee company to be \$Nil. The impairment loss is presented within "other operating surplus".

8 Funds with fund managers available-for-sale

	2006	2005
	\$	\$
Quoted investments		
Debt securities	423,595,353	351,729,470
Equity securities	224,498,840	177,596,548
Balance carried forward	<u>648,094,193</u>	<u>529,326,018</u>

Notes to the financial statements

8 Funds with fund managers available-for-sale (continued)

	2006	2005
	\$	\$
Balance brought forward	648,094,193	529,326,018
Others		
Fixed deposits	57,837,966	94,923,751
Cash balances	13,989,912	5,147,148
Interest and other receivables	17,886,438	6,599,120
Cash equivalents*	53,706,522	49,166,481
Pending trade payables	(142,572,747)	(78,698,777)
Derivative assets	4,609,012	1,116,204
Accrued administrative fees	(871,818)	(710,778)
	<u>652,679,478</u>	<u>606,869,167</u>

* Cash equivalents consist of commercial paper, short-term bills and notes.

The currencies of instruments whose cash flows are not denominated in the Authority's functional currency are primarily United States Dollar and Euro.

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 include futures and forward foreign exchange contracts.

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

	2006	2005
	\$	\$
Notional amounts		
Futures	9,573,975	36,886,838
Forward foreign exchange purchases	480,327,453	269,884,880
Forward foreign exchange sales	(480,327,453)	(269,884,880)

9 Staff loans

	Note	2006	2005
		\$	\$
Amount repayable:			
Within one year	11	3,121	14,799
After one year		-	1,904
		<u>3,121</u>	<u>16,703</u>

Staff loans, at interest rates of 5% (2005: 5%) per annum, are repayable by monthly instalments over periods of up to 25 years for housing loans.

Notes to the financial statements

9 Staff loans (continued)

The staff loan balance represents loans given out previously under the former National Maritime Board and the Port of Singapore Authority. Since the incorporation of the Authority, all new staff loans are directly given by a commercial bank. The Authority subsidises part of the loan interest charged by the bank.

Staff loans repayable within one year are included in deposits, prepayments and other receivables in the balance sheet.

10 Trade receivables

	2006 \$	2005 \$
Trade receivables	15,438,663	24,361,543
Allowance for doubtful receivables	(282,702)	(155,908)
	15,155,961	24,205,635

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

11 Deposits, prepayments and other receivables

	Note	2006 \$	2005 \$
Deposits		191,973	201,622
Prepayments		691,057	176,805
Other receivables		826,043	133,322
Accrued interest receivable		154,853	211,183
Amount due from subsidiary (non-trade)		7,557	5,479
Staff loans	9	3,121	14,799
		1,874,604	743,210

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

Notes to the financial statements

12 Cash and cash equivalents

	2006 \$	2005 \$
Cash at bank and in hand	9,235,389	8,229,111
Fixed deposits	23,867,301	87,407,170
Cash and cash equivalents in the cash flow statement	33,102,690	95,636,281

The effective interest rates of fixed deposits vary from 3.00% to 3.43% (2005: 1.88% to 3.14%) per annum. Interest rates reprice at intervals of one, nine or twelve months.

The Authority's cash and cash equivalents are denominated in Singapore dollars and Sterling Pounds. The balances held in Sterling Pounds are not material.

13 Capital account

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

14 Employee benefits

	2006 \$	2005 \$
At 1 January	2,403,317	2,696,215
Provision made	137,280	125,492
Provision used	(156,440)	(418,390)
At 31 December	2,384,157	2,403,317

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

15 Deferred capital grant

	2006 \$
At 1 January	-
Assets transferred in using government grants during the year	37,164,525
At 31 December	37,164,525

Notes to the financial statements

15 Deferred capital grant (continued)

2006
\$

Less:		
Accumulated amortisation		
At 1 January		-
Amortisation during the year (Note 20)		2,073,297
At 31 December		<u>2,073,297</u>
		<u>35,091,228</u>

The above represents the unamortised portion of government grant in the form of a transfer of property, plant and equipment from other government agencies for the use of the Authority. The transfer of property, plant and equipment with net book value of \$35.1 million as at 31 December 2006 represents a significant related party transaction.

16 Trade and other payables

2006 **2005**
\$ \$

Trade payables	3,235,191	4,037,512
Accrued capital expenditure	1,217,475	2,832,577
Accrued operating expenses	3,703,030	3,161,460
Provision for return of surplus to Government	-	15,000,000
Other payables	<u>1,277,201</u>	<u>3,698,821</u>
	<u>9,432,897</u>	<u>28,730,370</u>

The Authority's payables denominated in currencies other than the Authority's functional currency are primarily Ringgit Malaysia and Sterling Pounds. The balances held in these currencies and various other foreign currencies are not material.

17 Advances, deposits and unearned income

2006 **2005**
\$ \$

Advances and deposits	994,813	886,467
Unearned annual port dues	<u>2,217,144</u>	<u>2,531,978</u>
	<u>3,211,957</u>	<u>3,418,445</u>

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

Notes to the financial statements

18 Staff costs

The contribution to Central Provident Fund included in staff costs during the financial year is \$3,365,477 (2005: \$3,835,235). Other contributions to defined contribution plans amounted to \$137,280 (2005: \$125,492) (note 14).

19 Other operating expenses

Included in other operating expenses are the following:

	2006	2005
	\$	\$
Contribution to Singapore Maritime Foundation, renovations, consultancy and minor works	6,064,298	6,199,336
Utility charges	3,550,869	2,903,895
Contribution to the Maritime Cluster Fund projects	1,490,124	1,539,813
Contribution to the International Maritime Organisation	2,618,592	2,368,448
Telecommunication charges	2,211,473	2,242,802
Service fees to PSA	1,813,865	1,340,422
Rental/maintenance fees for office premises	1,615,920	1,937,756
Staff welfare	688,674	982,325
Property tax	642,600	679,460
Overseas travelling	679,154	699,958
Board members allowance	79,142	80,000
Bad/doubtful debts	116,155	42,182
Project grants	990,079	1,347,246
Retrenchment benefits	92,185	812,244

20 Other operating surplus

	Note	2006	2005
		\$	\$
Net investment income from funds with fund managers	22	33,278,972	35,178,880
Interest on bank deposits		2,234,645	1,211,895
Interest and discount on bonds		164,565	511,535
Interest waived/on staff loans and trade receivables		(171,064)	247,271
Amortisation of deferred capital grant	15	2,073,297	-
Consultancy fees paid		(45,000)	(64,384)
Dividends from equity securities		119,600	155,480
(Loss)/gain on disposal of property, plant and equipment		(450,251)	23,624
Impairment loss on investments in:			
Associate		(300,000)	-
Unquoted equity investment		(560,769)	-
Gain on disposal of available-for-sale equity securities		21,528	-
		<u>36,365,523</u>	<u>37,264,301</u>

Notes to the financial statements

21 Contribution to Consolidated Fund

The contribution to the Consolidated Fund is in accordance with Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A).

The contribution is based on 20% (2005: 20%) of the surplus for the year.

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

22 Net investment income from funds with fund managers

	2006 \$	2005 \$
(Loss)/gain from sale of investments in debt securities	(1,136,209)	3,549,010
Gain from sale of investments in equity securities	22,101,384	11,227,953
Interest income from:		
Debt securities	13,624,253	10,103,047
Fixed deposits and commercial papers	2,920,925	2,346,646
Dividend income from equity securities	5,407,000	4,602,394
	42,917,353	31,829,050
Investment expenses	(3,394,289)	(3,816,856)
Realised (loss)/gain on foreign exchange	(6,244,092)	7,166,686
	33,278,972	35,178,880

23 Financial instruments

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

Credit risk

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

The Authority has a credit policy in place which established credit limits for customers and monitors their balances on an ongoing basis. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

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

Notes to the financial statements

23 Financial instruments (continued)

Liquidity risk

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

Interest rate and foreign currency risk

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

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

	2006	2005
	\$	\$
Fixed rate		
Maturing in less than 1 year	51,155,583	3,922,375
Maturing between 1 to 5 years	83,901,016	102,199,976
Maturing in more than 5 years	145,986,186	200,166,790
Floating rate		
Repricing in less than 3 months	131,159,960	34,023,342
Repricing between 3 to 6 months	11,392,608	11,416,987
Effective interest rates	Nil% - 8.85% 0.03% - 10.28%	

Estimating the fair values

Equity and debt securities

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

Derivatives used by fund managers

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

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

Notes to the financial statements

23 Financial instruments (continued)

Estimating the fair values (continued)

Derivatives used by fund managers (continued)

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

Other financial assets and liabilities

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

The aggregate net fair values of recognised financial assets and liabilities which are not carried at fair value in the balance sheet at 31 December are represented in the following table:

	Note	Carrying amount 2006 \$	Fair value 2006 \$	Carrying amount 2005 \$	Fair value 2005 \$
Financial assets					
Unquoted equity securities	7	721,802	-*	1,246,380	-*
Quoted debt securities	7	-	-	9,990,406	10,034,620
		721,802	-	11,236,786	10,034,620

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

24 Commitments

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

	2006 \$	2005 \$
Capital expenditure:		
- contracted but not provided for	6,265,200	331,169
- authorised but not contracted for	59,534,000	60,284,631
	65,799,200	60,615,800
Non-cancellable operating lease commitments payable:		
- within 1 year	180,733	135,550
- after 1 year but within 5 years	135,550	-
	316,283	135,550

Notes to the financial statements

25 Related parties

Key management personnel compensation

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

Key management personnel compensation comprised:

	2006	2005
	\$	\$
Short-term employee benefits	2,300,034	2,755,417
Post-employment benefits	-	410,890
Termination benefits	-	157,087
	<u>2,300,034</u>	<u>3,323,394</u>

26 Amounts held in trust

Amounts held in trust and managed by the Authority comprise cash balances with financial institutions:

	2006	2005
	\$	\$
Cash balances with financial institutions	<u>6,484,916</u>	319,082

These amounts are held on behalf of the Straits of Malacca and Singapore Revolving Fund Committee and Singapore Stranded Seafarers' Fund and have been excluded from the Authority's financial statements.

27 Agency funds held in trust

As at the balance sheet dates, the Authority has the following agency funds held in trust of various Ministries:

	2006	2005
	\$	\$
Net assets of agency funds		
Cash at bank	2,577,712	351,249
Less:		
Amounts due to various Ministries	(1,065,227)	(514,541)
GST (payable)/ receivable	<u>(1,512,485)</u>	<u>163,292</u>
	-	-

Notes to the financial statements

28 New accounting standards and interpretations not yet adopted

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

- FRS 40 *Investment Property*
- FRS 107 *Financial Instruments: Disclosures* and the Amendment to FRS 1 *Presentation of Financial Statements: Capital Disclosures*
- INT FRS 107 *Applying the Restatement Approach under FRS 29 Financial Reporting in Hyperinflationary Economies*
- INT FRS 108 *Scope of FRS 102 Share-based Payment*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 110 *Interim Financial Reporting and Impairment*

FRS 40 becomes mandatory for the Authority's 2007 financial statements. Since the properties held by the Authority are "owner-occupied" properties within the definition of FRS 40, the Authority will continue to state these properties at cost less impairment losses.

FRS 107 and amended FRS 1, which become mandatory for the Authority's 2007 financial statements, will require extensive additional disclosures with respect to the Authority's financial instruments and share capital. This standard does not have any impact on the recognition and measurement of the Authority's financial statements.

Other than FRS 40 and FRS 107 and amended FRS 1, the initial application of these standards and interpretations are not expected to have any material impact to the Authority's financial statements. The Authority has not considered the impact of accounting standards issued after the balance sheet date.



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