

IN BRIEF

The stories making the headlines

IN DETAIL

Our numbers for FY2008



PULL-OUT SPECIAL

Singapore Maritime Week 2008

MARITIME

SINGAPORE



READY FOR THE FUTURE



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

1996

- 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 first public port licence to PSA Corporation Limited.

1997

- Launch of Singapore Electronic Navigational Chart.
- Singapore signs Memorandum of Understanding (MOU) with International Maritime Organization on Third Country Training Programme.
- Singapore, Malaysia and Indonesia jointly introduce STRAITREP – the Mandatory Ship Reporting System used in the Straits of Malacca and Singapore.

1998

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

1999

- 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.

2000

- MPA issues second public port licence to Jurong Port Pte Ltd.
- MPA signs MOU on Cooperation in the Field of Education and Training for Seafarers with Indonesia.

2001

- Establishment of S\$80 million Maritime Cluster Fund.
- Integrated Simulation Centre of Singapore begins operations.
 - MPA implements SS CP77 for bunker surveying.
 - MPA signs MOU on maritime cooperation with Netherlands.

- Establishment of Maritime Research Centre.
- MPA and UK Hydrographic Office collaborate to produce Dual Badge Charts.

2002

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

2003

- Singapore achieves its first billionth 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 Singapore International Maritime Awards.
- Launch of industry-led Singapore Maritime Foundation.
 - MPA signs MOU on maritime cooperation with Chile.
 - MPA celebrates ten years with a commemorative coffee table book.

2004

- Singapore and Germany sign MOU on maritime transport.
- Establishment of Centre for Maritime Studies in National University of Singapore.
- Establishment of the first fourth-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 second for the ACE (Action Community for Entrepreneurship) ranking on pro-enterprise orientation of Singapore government agencies in Singapore.

2005

- MPA kicks off inaugural Singapore 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 established in Singapore.
- MPA introduces SS524 – world's first standard on management of bunker supply chain.

2006

- Vision statement is revamped and five strategic thrusts of People, Partnership, Pro-Business, Processes and Prominence, are developed to realise the Vision.
- MPA begins reclamation works for Pasir Panjang Terminal Phases 3 and 4.
- Development and administration of the Bareleng-Singapore Electronic Navigation Charts.

2007

- Launch of maritimecareers.com.sg
- MPA and NewEarth Pte Ltd wins joint Environment Protection Award
- Tan Sri Frank Tsao receives Singapore's Honorary Citizen Award 2007.
 - Port of Singapore is first in world to offer Wireless Mobile WiMAX Access to maritime users along the coast and sea.
- IMO Secretary-General Mr Efthimios E Mitropoulos delivers the Second Singapore Maritime Lecture during Singapore Maritime Week.

2008

- Minister Mentor Lee Kuan Yew delivers the inaugural Singapore Maritime Lecture during the second Singapore Maritime Week.
- Launch of a new Cooperative Mechanism to enhance navigational safety and marine environment protection in the Straits of Malacca and Singapore.
- Singapore is the first country in the world with an agreed schedule of rates for oil clean-up operations with the International Tanker Owners Pollution Federation (ITOPF).

MARITIME

SINGAPORE

02 | WORD-FOR-WORD

New faces at the helm: Incoming Chairman and Chief Executive

03 | THE CHART

MPA's organisational structure

04 | IN CHARGE

The MPA Board

07 | THE VOICE

From the desk of the out-going Chairman

09 | FACE-TO-FACE

The outgoing CEO takes our questions

10 | CONTRIBUTORS

Senior management staff who make things happen



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13 | IN BRIEF

Stories making the headlines

18 | IN DETAIL

2008 numbers

SINGAPORE MARITIME WEEK 2008 PULL-OUT SPECIAL

21 | ENTERPRISE

From IMC initiatives and port news to technology and strategic partnerships

35 | LIFESTYLE

At work and at play

40 | LAST PAGE

Quote, unquote

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About the Maritime and Port Authority of Singapore (MPA)

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

New Faces at the Helm

Lucien Wong, “First, I would like to pay tribute to the enormous efforts of my predecessor, Mr Peter Ong, who guided MPA so successfully throughout the past six years. As I take on the challenges of the chairmanship amidst the current economic downturn,

I am assured that I can seek counsel from a very knowledgeable team of Board Members.

I also have the support of a very able and experienced team of management and staff. I look forward to working with all of you in the coming months.”



1 | Lucien Wong Chairman, MPA

Lucien is the Managing Partner of Allen & Gledhill LLP. He has more than 30 years of experience in the practice of law, specialising in banking, corporate and financial services work. Over the years, Lucien has served on the boards of the Monetary Authority of Singapore, Cerebos Pacific Limited, Hap Seng Plantations Holding Berhad, and Singapore Airlines Ltd. He is also a member of the Board of Trustees for SingHealth Foundation and the National University of Singapore. He has been a Board Member of the Maritime and Port Authority of Singapore since November 2007, and was appointed its Chairman in February 2009.

Lam Yi Young, “I am excited and honoured to join MPA and the extended maritime family in Singapore.

I look forward to building on BG (NS) Tay’s good work and continue to develop Singapore as an international maritime centre and global hub port.

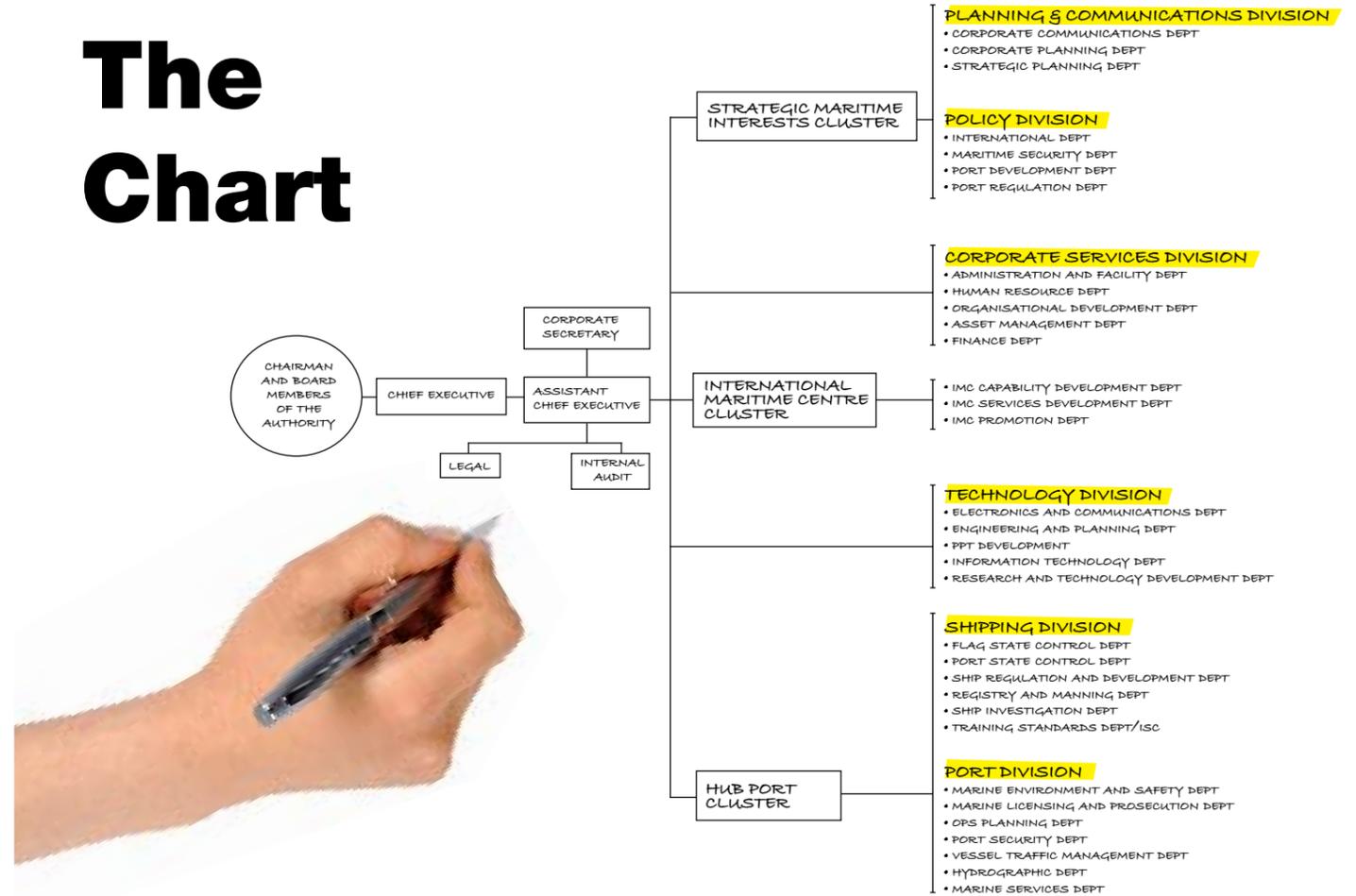
Although we are facing challenging times, I am confident that with everyone in MPA working together in partnership with the industry and unions, Maritime Singapore will ride through the waves and emerge even stronger.”



2 | Lam Yi Young Chief Executive, MPA

Prior to joining MPA, Yi Young was Director, Manpower in the Ministry of Defence, where he was in charge of the full spectrum of human resources issues for National Servicemen and employees of the Ministry of Defence and the Singapore Armed Forces. He also served as a research engineer in the Ministry of Defence, as Assistant Director in charge of budget policy in the Ministry of Finance and as Deputy Director of the Personnel Division in the Ministry of Education. Yi Young sits on the Board of the Accounting and Corporate Regulatory Authority and on the Governing Council of Dover Park Hospice.

The Chart



MPA Principal Officers

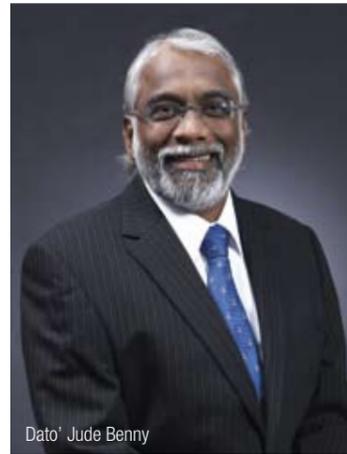
As at 1 May 2009

| | | | | | |
|---|---|--|--|---|---|
| BG (NS) Tay Lim Heng Mr Lam Yi Young Capt Khong Shen Ping Ms Tan Beng Tee | Chief Executive (Till 30 April 2009) Chief Executive (From 1 May 2009) Assistant Chief Executive Group Director (International Maritime Centre) | HUB PORT CLUSTER SHIPPING DIVISION Mr Mark Lim Capt I G Sangameswar Mr Lim Hock Lye Mr Ong Hua Siong Mr Wong Kai Cheong Capt Foong Yee Kuan | 2 Deputy Director (Shipping) Senior Assistant Director (Trg Stds/ISC) Assistant Director (Flag State Control) Assistant Director (Port State Control) Assistant Director (Registry & Manning) Assistant Director (Ship Investigation) | STRATEGIC MARITIME INTERESTS CLUSTER POLICY DIVISION Mr Manjit Singh Randhawa Ms Ho Hsu Mei | 2 Deputy Director (Policy) First Secretary (Maritime), Singapore High Commission, London Senior Assistant Director Assistant Director (International) |
| Mr Yee Cheok Hong Capt M Segar Mr Toh Ah Cheong Mr Richard Tan Mr Matthew Lee Mr Tan Cheng Peng Mr Cheong Keng Soon Mr Peter Tan | Group Director (Policy & Planning) Group Director (Hub Port/Director (Port) Director (Technology) Director (Corporate Services) Director (Planning & Communications) Director (Policy) Director (Shipping) Corporate Secretary | PORT DIVISION Capt Lee Cheng Wee Capt Henry Heng Dr Parry Oei Capt Jolyn Tay | Deputy Director (Port) / Port Master Deputy Port Master Chief Hydrographer Assistant Director (Marine Licensing & Prosecution)/Assistant Director (Operations Planning) Assistant Director (Marine Services) Assistant Director (Marine Services) | Mr Charles Chew Ms Florence Lim Mrs Evangeline Cheong Ms Jenny Lin Ms Frances Goh | Senior Assistant Director Assistant Director (Maritime Security) Assistant Director (Port Development) Assistant Director (Port Regulation) |
| CHAIRMAN/CHIEF EXECUTIVE'S OFFICE Mr Benjamin Wong | Assistant Director | INTERNAL AUDIT DEPARTMENT Mrs Teh Geok Siew | Assistant Director (Internal Audit) | PLANNING & COMMUNICATIONS DIVISION Mr Peter Tan Ms Nicolette Ho | Deputy Director (Planning & Communications) Assistant Director (Corporate Communications) |
| LEGAL DEPARTMENT Mr Martin Marini | General Counsel | CORPORATE SERVICES DIVISION Mrs Leanna Lim Ms Yvonne Chan Mr Chan Keng Nee Ms Cindy Sim Mr Chiu Eng Tatt | Assistant Director (Marine Environment & Safety) Assistant Director (Port Security) Assistant Director (Vessel Traffic Management) Controller (Marine Environment & Safety) | TECHNOLOGY DIVISION Mr Loh Chee Kit Mr Goh Kwong Heng | Deputy Director (Engineering)/ Project Director (Pasir Panjang Terminal) Deputy Director (Technology & Industry Development)/Chief Information Officer |
| | | INTERNATIONAL MARITIME CENTRE CLUSTER Ms Wendy Loo Mr Tay Yeow Min Mr Hoo Hoe Keat Ms Bernice Yeoh | Deputy Director (IMC) Assistant Director (IMC Capability Dev) Assistant Director (IMC Promotion) Assistant Director (IMC Services Dev) | Dr Song Tiancheng Mr Teo Chee Beng Mr Goh Kah Seng | Assistant Director (Engineering & Planning) Assistant Director (Electronics & Communications) Assistant Director (Information Technology) |

New Board at the Helm



Mr Lucien Wong



Dato' Jude Benny



Mr Wong Weng Sun



Mr Andreas Sohlen-Pao



Mr Robert Yap



Mr Kenichi Kuroya



Mr Thomas Tay



Mr James Wong



Mr Lam Yi Young



Mr Teo Siong Seng



Mr Bahren Shaari



RADM Chew Men Leong

Outgoing Board Members (till February 2009)



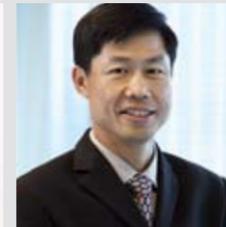
Mr Peter Ong

Mr Choo
Chiau BengMr Leow Ching
Chuan

Mr Laurence Lien



Mr John Lu

BG (NS) Tay
Lim Heng

Mr Ron Widdows

MPA Board Committee

Investment Committee

Chairman Mr Lucien Wong
Members Mr Lam Yi Young, Mr Bahren Shaari, Mr Andreas Sohlen-Pao, Mr Teo Siong Seng
Secretary Mr Leong Chee Kheong

Audit Review Committee

Chairman Dato' Jude Benny
Members RADM Chew Men Leong, Mr James Wong, Mr Wong Weng Sun, Dr Robert Yap
Secretary Mrs Teh Geok Siew

Welfare Committee for Seamen

Chairman Mr Thomas Tay
Members Dato' Jude Benny, Mr Kenichi Kuroya
SSA Capt Anuraj Singh, Crew Personnel Manager, NYK Shipmanagement Pte Ltd
PSA Corporation Mr Ho Yap Kuan, Vice President (Container Terminal)
Jurong Port Pte Ltd Mr Tan Kok Bin, Snr Vice President (Operations)
Seamen's Missions Rev Mervyn Moore, Port Chaplain Mission to Seafarers, Rev Tim Georg Englesvold, Senior Port Chaplain, Norwegian Seamen's Mission
MPA Mr Richard Tan, Mr Cheong Keng Soon
Secretary Mr Lee Kin Fong

Registration Committee

Chairman Mr Andreas Sohlen-Pao
Members Mr Kenichi Kuroya, Mr Thomas Tay, Mr James Wong
Secretary Mr Cheong Keng Soon

MINT Fund Steering Committee

Chairman Mr Wong Weng Sun
Members Mr Lam Yi Young, Mr Bahren Shaari, RADM Chew Men Leong, Dr Robert Yap
Industry representative Mr Boon Swan Foo, Exploit Technologies
Secretary Mr Toh Ah Cheong

Senior Personnel Board

Chairman Mr Lucien Wong
Members Mr Lam Yi Young, Mr Teo Siong Seng
Secretary Mr Richard Tan

The Voice

Note from outgoing MPA Chairman, **Peter Ong**, (February 2003 to January 2009).



The year 2008 was an eventful one for maritime Singapore.

What began as a positive year turned out to be one of the most tumultuous in recent memory. In the last quarter, the global financial crisis sent the trade-dependent maritime sector into a tailspin as freight rates collapsed and cargo volumes declined. Credit conditions tightened considerably and led to disruptions throughout the value chain.

Despite this, the maritime cluster managed a credible performance. The Singapore port was again the world's top port in terms of shipping tonnage, container throughput and bunker sales.

Yet it is among the safest and most efficient ports. Vessel arrival tonnage grew by 11.1% to a record-high of 1.6 billion gross tons while container traffic rose by 7.1% to 29.9 million TEUs, enabling us to retain the title of the world's busiest container port. Similarly, Singapore kept its top spot as a bunkering port, as bunker sales increased by 10.7% to hit 34.9 million tonnes.

The Singapore Registry of Ships, expanded by 10.4% to reach 43.7 million gross tons and by the end of 2008, had more than 3,600 registered vessels under its flag. Total business spending committed by companies under MPA's Approved International Shipping Enterprise Scheme totalled S\$3.3 billion, compared to S\$2.94 billion in 2007.

We also experienced several firsts in 2008. The Wireless-broadband-access for SeaPort

(WISEPORT) was launched in March 2008 and Singapore became the first port in the world to provide wireless broadband access to all ships in port. There were 350 subscribers from 100 companies using the service by the end of 2008, thereby enhancing the efficiency of their operations.

To enhance consistency and capabilities in bunker delivery practices and to help the industry increase their competitiveness internationally through these challenging times, we launched a new bunkering standard, SS 600, another world's first, as part of our continuing commitment to quality and reliability in our port.

On the international front, we contributed to the ongoing discussions on the impact of climate change on the marine environment by participating actively in various platforms, such as the World Ports Climate Conference held in Rotterdam in July 2008, and inviting the IMO Secretary-General to speak on the issue, in particular the reduction of greenhouse gas emissions by shipping, at the 2nd Singapore Maritime Lecture in October 2008.

Closer to home, our strong maritime links with our neighbours were further strengthened by visits from the leaders of the Indonesian and Malaysian maritime agencies. MPA also worked closely with the two countries to further enhance navigational safety and environmental protection in the Straits of Malacca and Singapore. In particular, we worked together to successfully launch all three components of the Cooperative Mechanism within a short span of eight months. The inaugural Cooperation Forum and Project Coordination Committee Meeting were held in May 2008 and more than US\$7 million was contributed to the Aids to Navigation Fund as at end 2008.

While we reflect on what we have accomplished for 2008, we need to be mindful of the continuing effects of the global credit crunch and economic slowdown on our sector. In the face of these challenges, the Singapore maritime industry must be resilient and take this opportunity to review and restructure our business models and upgrade the capabilities of our people so that we will emerge from this storm in a better and stronger position.

As I step down from my role as Chairman of MPA and handover the reins to Mr Lucien Wong, I would like to wish him and the new Board continued success. I also extend my deepest thanks to the departing members of the Board – Mr Choo Chiau Beng, Mr Leow Ching Chuan, Mr Laurence Lien, Mr John Lu, BG (NS) Tay Lim Heng and Mr Ronald Widdows – for their invaluable contributions in building MPA into the maritime agency it is today.

OUR VISION

A LEADING MARITIME AGENCY DRIVING SINGAPORE'S GLOBAL MARITIME ASPIRATIONS

Face-to-Face

Outgoing Chief Executive, **BG (NS) Tay Lim Heng**, (June 2005 to April 2009), takes our questions.

What were MPA's major initiatives and events for 2008?

2008 was a year of two halves. We were grappling with the problems of a booming industry in the first half – port congestion, manpower shortage, high business cost in bunkers and rentals. In the second half, our initiatives were geared towards helping maritime companies weather the downturn.

MPA responded quickly and introduced initiatives totalling about S\$28 million to help lower business costs, mainly through the reduction of port dues and fees.

To boost Research & Development (R&D), the S\$100 million Maritime Innovation and Technology (MINT) Fund was reviewed in 2008 to boost its effectiveness and relevance. One of the main outcomes of the review was the identification of new strategic R&D areas, which are clean energy, maritime environment, maritime telecommunications, and port operations. S\$25 million from the MINT Fund was set aside to support these areas.

In addition, new maritime education and training programmes were launched in 2008. These included the Bachelor of Science in Maritime Studies with Business Major under NTU. MPA also supported the partnership between Singapore Shipping Association (SSA) and NTUC for SSA's training courses to be supported under the Skills Programme for Upgrading and Resilience (SPUR).

To develop our manpower resources, MPA and the industry also gave out 42 scholarship and sponsorship awards worth S\$3.7 million. A dedicated career portal, www.maritimecareers.com.sg was also launched in March 2008 to match job seekers with potential maritime employers based in Singapore.

What was the highlight of 2008 for you?

Overall, MPA enjoyed a good year in 2008. Not only did Singapore remain the world's busiest port, Singapore was also voted the best seaport in Asia at the 22nd Asian Freight and Supply Chain Awards (AFSCA), and the best seaport in ASEAN at the ASEAN Transportation and Logistics Awards. Singapore also performed well as a leading international maritime centre. In 2008, 17 new shipping groups were awarded the Approved International Shipping (AIS) Scheme status, bringing the total number of shipping companies under the scheme to more than 110 companies. We also saw an increase of maritime services enterprises from shipbroking, marine insurance, shipping finance and maritime legal sectors, using Singapore as a key operating base. These achievements were made

possible because of the strong partnerships between MPA and the international maritime community.

Another significant event was the third Singapore Maritime Week, held in October 2008. Showcasing the vibrancy and diversity of Singapore's maritime ecosystem, the line-up of events included the Singapore Maritime Lecture, SIBCON, Lloyd's List Asia Awards and MARTECH. More than 6,800 local and international delegates participated in the event, up from 4,500 in 2007.

Two new events added to the maritime week buzz. They were the Singapore Nautical Run, which brought together the maritime community together to raise funds for charity, and the public exhibition on aids to navigation at VivoCity, which did much to raise awareness of our maritime heritage.

As MPA's chief executive for four years, what was the focal point of your tenure?

We were able to defend, and in some areas, extend the lead we had in the hub port sector – in fact, we had record numbers in shipping tonnage, ships registered under the Singapore flag, container throughput, bunker sales.

At the same time, we were focused on building up Singapore as an international maritime centre. We nearly doubled the number of AIS shipping companies based in Singapore to over 110, and we had even larger percentage increases in the number of maritime services companies setting up in Singapore.

For the longer term, we invested significantly in R&D and manpower development programmes. What gave me just as much satisfaction was the transformation within MPA. Through a process of continuous change, ranging from right-sizing and strategic alignment initiatives, team-building activities, to projects such as the Balanced Scorecard and Competency Framework, we have aligned the strategic objectives of MPA with the efforts of the divisions and individuals, and shaped MPA to be forward-looking, positive and vibrant.

I am glad to have played a small part in advancing Singapore as a premier global hub port and an international maritime centre.

Any parting words?

Truly, my time at MPA had been both challenging and rewarding.

As the agency that looks at all aspects of the maritime industry, from the regulatory functions to the business development functions to the strategic maritime policy functions, there is never

a dull moment. It has been both a pleasure and a privilege to work alongside MPA staff, industry partners and public sector colleagues.

To MPA staff, I want to thank them for their splendid support and positive mindset. Every good captain needs an able crew and, as I look back at the last four years with a sense of pride for our collective achievements, I know I shall miss working alongside them.

To my friends from the industry, it has been an honour to collaborate and work with so many distinguished and dedicated maritime industry partners, whose passion for the industry impressed me and kept me motivated.

To my colleagues from the public sector, both overseas and local, I have enjoyed working with you in the meetings and forums such as IMO, IAPH, Cooperative Mechanism Framework, Cargo Supply Chain Security, ReCAAP, as we worked together to overcome the challenges of the maritime world.

Good luck, and best wishes to all of you.

OUR MISSION

TO DEVELOP AND PROMOTE SINGAPORE AS A PREMIER GLOBAL HUB PORT AND INTERNATIONAL MARITIME CENTRE, AND TO ADVANCE AND SAFEGUARD SINGAPORE'S STRATEGIC MARITIME INTERESTS





BG (NS) Tay Lim Heng
Outgoing Chief Executive



Mr Lam Yi Young
Chief Executive

Movers & Shakers

Meet the people who make things happen.



Capt Khong Shen Ping
Assistant Chief Executive



Ms Tan Beng Tee
Group Director, International Maritime Centre



Mr Yee Cheok Hong
Group Director, Policy and Planning



Capt M Segar
Group Director, Hub Port



Mr Toh Ah Cheong
Director, Technology



Mr Richard Tan
Director, Corporate Services



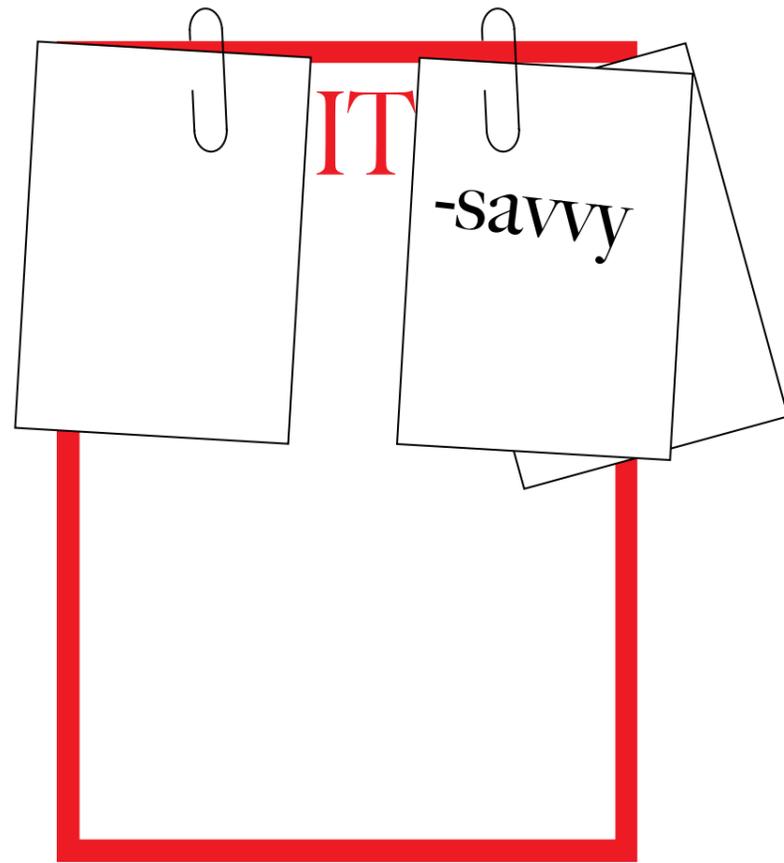
Mr Matthew Lee
Director, Planning and Communications



Mr Tan Cheng Peng
Director, Policy



Mr Cheong Keng Soon
Director, Shipping



Future-ready.

At MPA, one of our core values is to be pro-active and innovative. We harness the best technologies and practices so as to stay relevant, efficient and competitive.

Forward Thinking
a core value.

Headliners



Rising to the occasion

Singapore Maritime Week 2008 – Coming of Age

Into its third year, the MPA-driven Singapore Maritime Week was recognised as a must-attend event for the local and international maritime community when it won the Convention of the Year award at the Singapore Business Events Awards 2008.

Singapore Maritime Week 2008 (10-17 October) went beyond the clustering of business activities to include international conferences, seminars, and dialogues on topical issues; social activities for business networking; community events; and even an exhibition for the general public.

The inaugural Singapore Nautical Run, flagged off by Mr Raymond Lim, Minister for

Transport and Second Minister for Foreign Affairs, saw the maritime community coming together for charity. With 1,300 runners taking part, the event raised S\$333,000 for the President's Challenge and The Straits Times School Pocket Money Fund.

Tapping the success of the first Singapore Maritime Lecture in 2007, the second in 2008 featured International Maritime Organization Secretary-General Mr Efthimios E Mitropoulos, who shared his insights on shipping and the issue of climate change.

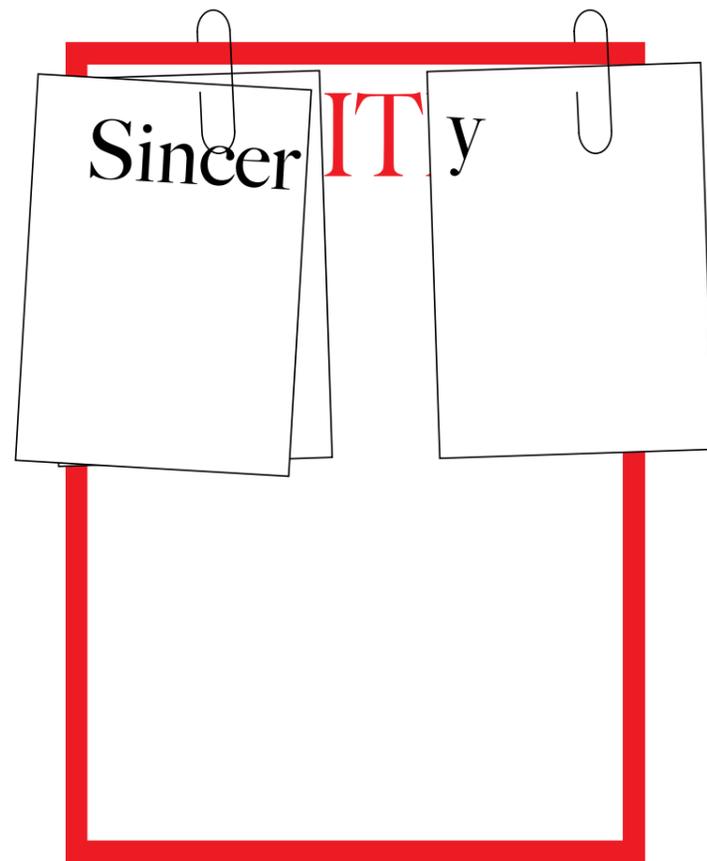
Singapore Maritime Week 2008 also saw about 1,000 delegates attending the 15th Singapore International Bunkering Conference.

This largest bunkering conference in the world provided a platform for stakeholders to discuss the environmental challenges faced by the marine fuel industry. And, to put words into action, a Joint Oil Spill Exercise (JOSE) led by MPA was held after the conference.

To provide insights into Singapore's maritime and hydrographic heritage, a three-day exhibition on aids to navigation, From Lighthouses to Electronic Charts, was held at public mall, VivoCity, drawing about 12,000 visitors.

Singapore Maritime Week 2008's cosmopolitan nature reflected the profile of Singapore's maritime cluster, paralleling the country's development as an international maritime centre.

MPA NUMBERS **6,800** Local and international delegates attended Singapore Maritime Week 2008



All above board.

At MPA, one of our core values is 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.

Integrity
a core value.

A round-up of the year's front-page news

Implementation of the Cooperative Mechanism

To further enhance navigational safety and environmental protection in the Straits of Malacca and Singapore, MPA worked closely with Malaysia and Indonesia to inaugurate all three components of the Cooperative Mechanism, namely the Aids to Navigation Fund, Cooperation Forum and Project Coordination Committee in 2008.

The inaugural Cooperation Forum was well attended, and good progress on the Straits projects was made at the first Project Coordination Committee Meetings. As at the end of 2008, the Aids to Navigation Fund had garnered contributions of more than US\$7 million.



Wireless @ SeaPort

Launched in March 2008, the Wireless-broadband-access for SeaPort (WISEPORT) provides mobile broadband Internet access in coastal waters up to 15 km from Singapore's shores. Singapore is the first port in the world to offer such a service which enables the industry to improve operational efficiencies, enhance communications, and generate new business opportunities.

Improvements to Maritime Innovation and Technology Fund

MPA's Maritime Innovation and Technology (MINT) Fund was reviewed to boost its effectiveness and relevance. New strategic R&D areas of focus were identified — clean energy, maritime environment, maritime telecommunications, and port operations.

New Bunkering Standard

A national bunkering standard, the SS 600, was launched in October 2008 to further enhance consistency in bunker delivery practices. A world-first, this standard is part of MPA's continuing commitment to quality and reliability in Singapore's port.



Launch of Maritime Career Portal

A one-stop maritime education and career portal, www.maritimecareers.com.sg, was launched in March 2008. The portal, which supports Singapore's growth as an international maritime centre, promotes maritime careers and education, and aims to bring prospective employers and job seekers together. The portal features a wide variety of jobs spanning shore-based maritime services, offshore and marine engineering, and seafaring.

2nd Annual Meeting of the ReCAAP Information Sharing Centre Governing Council

MPA participated in the 2nd Annual Meeting of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre (ISC) Governing Council was held in February 2008. The ReCAAP ISC's inaugural annual research report on piracy and armed robbery against ships in Asia was launched at the meeting, and more countries including China, India and the Republic of Korea made additional commitments of support to the ReCAAP ISC.



MPA NUMBERS

SS 600

World's first standard to further enhance consistency in bunker delivery practices

The A-list



Best Seaport in Asia (AFSCA Awards)

Once again, the port of Singapore picked up the title of Best Seaport in Asia at the annual Asian Freight and Supply Chain Awards (AFSCA). Winners were chosen by organisations from across the Asian maritime industry. This reaffirms Singapore as a choice port of call and leading maritime centre in Asia. The AFSCA awards, organised by *Cargoneews Asia*, are designed to recognise organisations for demonstrating leadership, as well as consistency in service quality, innovation, customer relationship management and reliability.



Best Seaport (ASEAN)

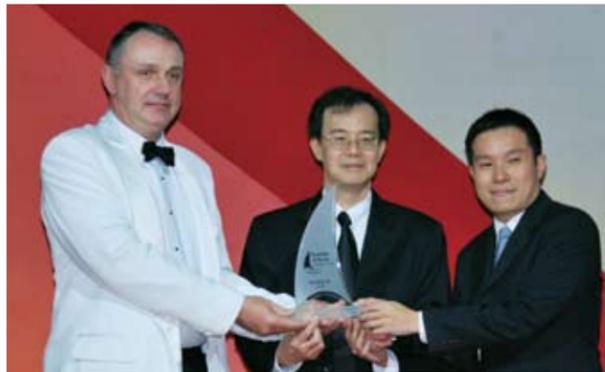
The Port of Singapore emerged champions in the brand new category, Best Seaport (ASEAN), in the ASEAN Transportation & Logistics Awards organised by Frost & Sullivan. The annual event recognises brilliant performances by companies in the transportation and logistics industry in Southeast Asia. Winners are evaluated based on their customers' satisfaction level, gathered from an in-depth analysis and interviews with the respective customers of the short-listed companies. The award is an endorsement of MPA's efforts to continuously enhance its port services.



Seatrade Awards

Port Authority Award

MPA beat competition from Shanghai and Busan to clinch the Port Authority Award at the inaugural Seatrade Asia Awards. The win came in the wake of MPA's top-notch contributions to the region's maritime sector over the past year. The Seatrade Award was introduced to recognise companies and individuals that are frontiers in stimulating and encouraging technical innovation in the shipping industry.



Environment Protection

For their joint efforts in championing eco-friendly innovations, MPA and NewEarth received the Seatrade Award for Environment Protection. Their collaborative venture developed crystallisation technology that recycles maritime and industrial waste into value-added construction materials. Votes for the award were cast based on criteria such as the development of new technology or significant improvements to existing technology that can reduce or prevent marine and atmospheric pollution.



ACE Pro-Enterprise Award

MPA retained top honours for the second consecutive year in the ACE Pro-Enterprise Awards, recognising MPA as Singapore's most pro-business government agency. Organised annually by the Action Community for Entrepreneurship (ACE), it recognises the strong partnerships between the public and private sectors and the pro-enterprise orientation of Singapore government agencies. Agencies are rated in the five adjudged components of Compliance Cost, Review of Rules, Transparency, Customer Responsiveness and Pro-Enterprise Orientation.

MOT Minister Innovation Award

MaritimeONE

As part of a Private Public Partnership (PPP) Initiative, MaritimeONE (Maritime Outreach Network) was awarded the Minister Innovation Award (MIA). A tripartite partnership comprising the maritime industry, institutes of higher learning (IHLs) and the government, it aims to promote better understanding of the maritime industry and the careers available, and provides networking opportunities for students and maritime employers. Not only has MaritimeONE raised the profile of the maritime industry locally, it has also raised the global profile of Singapore as an international maritime centre.

WISEPORT

The new Mobile WiMAX technology under the Wireless-broadband-access for SEaPORT (WISEPORT) offers seamless connectivity within port waters for maritime businesses in Singapore. It enables ships and harbour craft to carry out electronic transactions, submit documents, exchange information and access Internet applications and services. The first of its kind in the world, this venture serves as a springboard for exciting developments in the future, including innovative ship-to-shore solutions and maritime Internet-based content, applications and services. The project was credited the distinguished MIA.

Innovative Land-Fill Technology

Standing out for its avant-garde, cost-saving and eco-friendly technologies, MPA clinched an MIA for its revolutionary work in Pasir Panjang Terminal Phases 3 and 4. The project recycles excavated construction waste as an alternative resource for landfills. The idea serves to resolve pressing on-the-ground issues, such as a huge shortfall of sand for reclamation fill and a lack of disposal ground for construction waste in land-scarce Singapore.



MPA NUMBERS

120,000 Annually, more than 120,000 ships call at Singapore

1.6 BIL

Vessels amounting to more than 1.6 billion Gross Tons called at Singapore in 2008

29.9 MIL

Singapore Port handled 29.9 mil TEUs in container throughput in 2008

By the Numbers

An overview of 2008 Maritime statistics.

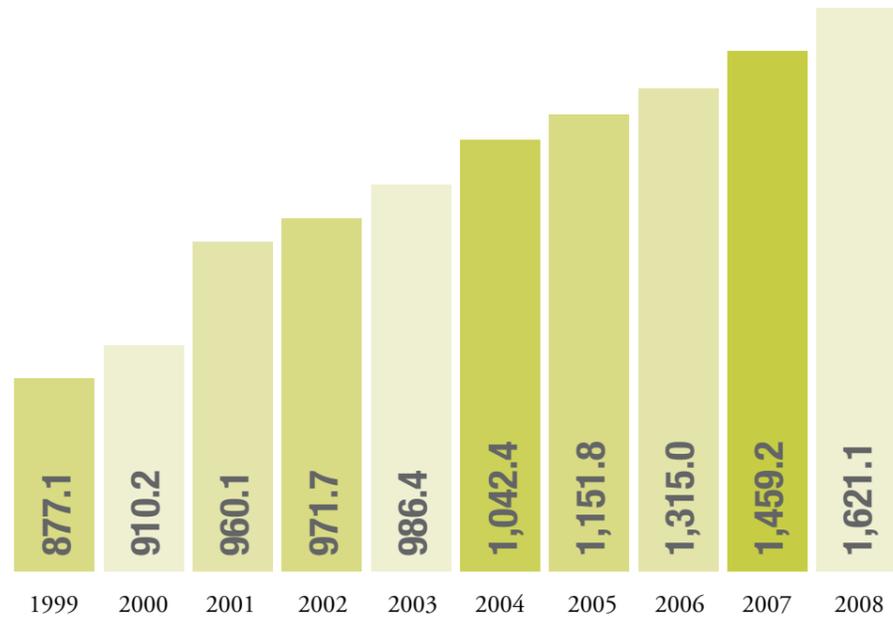
Arrival of Vessels

1,621.1

2008 Arrival of Vessels (m Gross Tons)

1,459.2

2007 Arrival of Vessels (m Gross Tons)

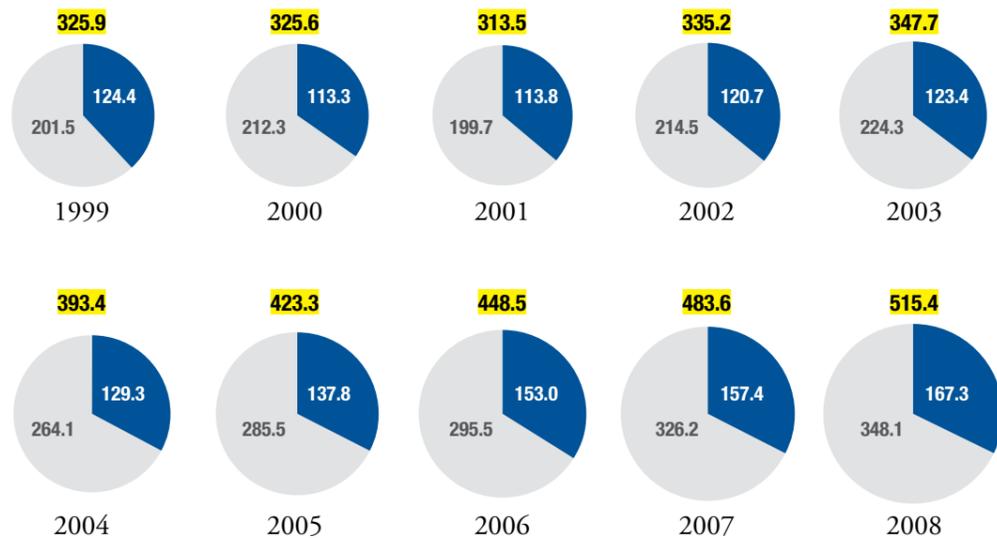


Cargo Tonnage

TOTAL Total Cargo Tonnage

Oil Cargo Tonnage (m Tonnes)

General Cargo and Non-Oil Bulk Cargo Tonnage (m Tonnes)



Annual Total Business Spending

(by Approved International Shipping companies)

(Billion S\$)

3.3 in 2008

2.9 in 2007

2.8 in 2006

2.7 in 2005

2.2 in 2004

Students

enrolled in maritime courses in university and polytechnic

882 2008

755 2007

Participants

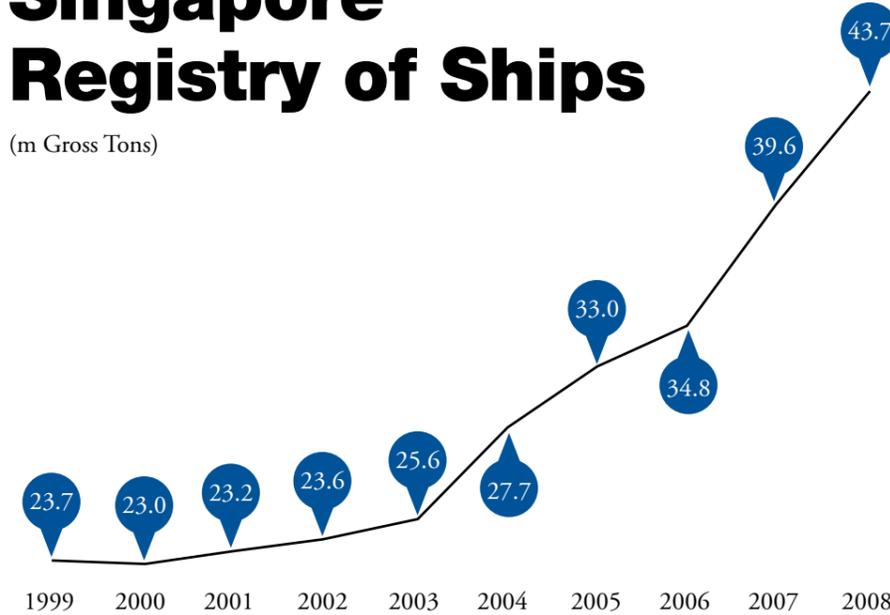
in maritime training programmes under Maritime Cluster Fund co-funding schemes

679 2008

577 2007

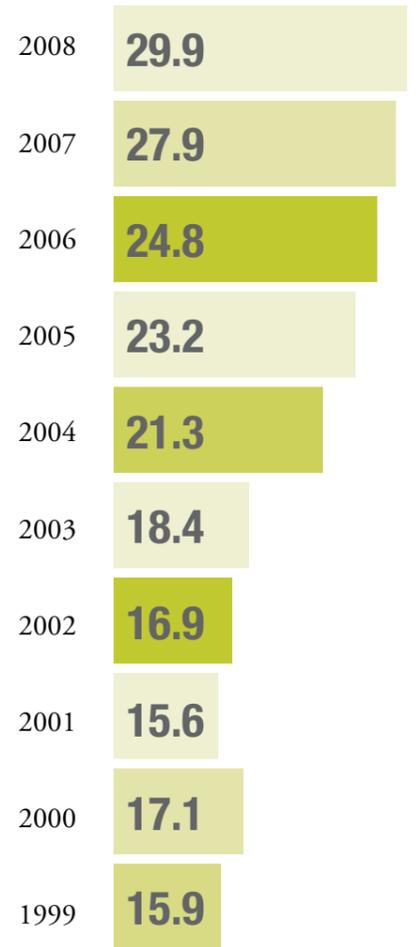
Singapore Registry of Ships

(m Gross Tons)



Total Container Throughput

(m TEUs)



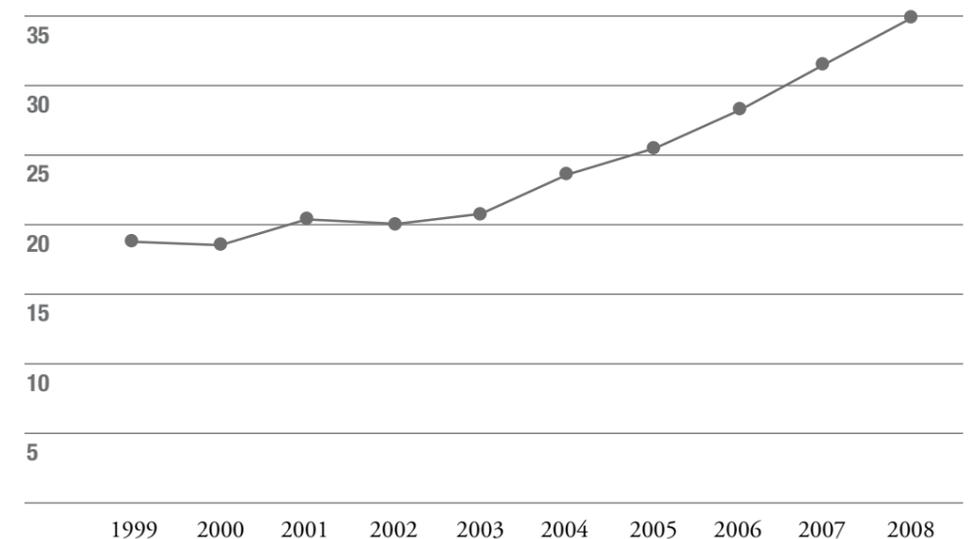
Bunker Sales

34.9

2008 Bunker sales (m Gross Tonnes)

31.5

2007 Bunker sales (m Gross Tonnes)



Enterprise

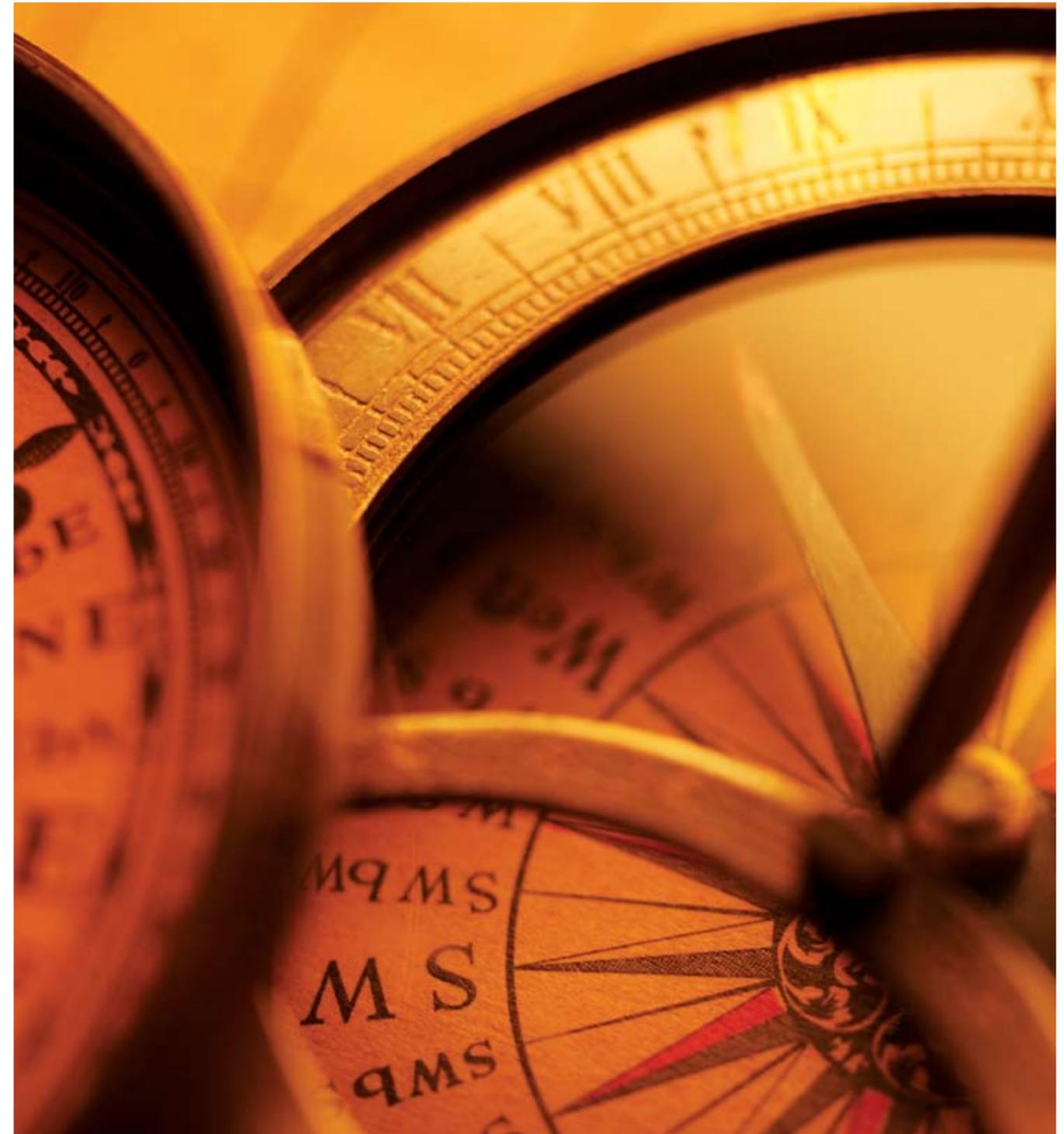
IMC INITIATIVES

PORT

TECHNOLOGY

STRATEGIC PARTNERSHIPS

NURTURE COMPETENT & COMMITTED **PEOPLE**
 DEVELOP A **PRO-BUSINESS** ENVIRONMENT
 BUILD STRONG **PARTNERSHIPS**
 IMPROVE OPERATIONAL **PROCESSES**
 ACHIEVE INTERNATIONAL **PROMINENCE**



IMC INITIATIVES

Maritime Singapore

Singapore builds on its status as a global hub port to develop into a premier international maritime centre. In continually broadening and deepening the breadth and depth of maritime services in Singapore, the MPA is strengthening Maritime Singapore for further growth.



Branding Initiative

To align with the new MPA vision and strategic thrusts that were developed in 2007, MPA conducted a brand review exercise. The branding exercise also took into consideration MPA's roles as regulator, authority and champion agency developing Singapore as an IMC. The resulting brand identity showcases the dynamism of the organisation and its members, and connotes a sense of motion, ambition and progressiveness.

Corporate Website Revamp

MPA unveiled its new corporate website boasting a host of new features. Leveraging new media tools that appeal to web- and tech-savvy users while retaining its core functions, the newly revamped MPA website seeks to engage and reach out to not just the maritime community, but also the general public and especially the youth. Enhanced offerings include interactive features like video streaming and a photo gallery.



Singapore's Honorary Citizen Award 2007

Tan Sri Frank Tsao Wen-King, Founder and Senior Chairman of the IMC Group, received Singapore's Honorary Citizen Award in August 2008. Tan Sri Tsao is the first maritime luminary to receive this highest form of recognition given by the Singapore Government for outstanding contributions of foreigners to the country's growth and development.



Posidonia

A delegation of 15 major players from the Singapore maritime industry attended the biennial Posidonia exhibition, held outside Athens in June 2008. The Singapore pavilion showcased Singapore's multi-faceted maritime clusters and diverse capabilities.

The Approved International Shipping Scheme

Singapore continues to attract shipping companies to set up base in Singapore. In 2008, 17 new shipping groups were awarded the Approved International Shipping (AIS) status, bringing the total to more than 110 shipping companies based in Singapore. These 110 AIS companies contributed an annual total business spending of S\$3.3 billion in 2008.

MARITIME FINANCE INCENTIVE SCHEME

The Maritime Finance Incentive was introduced in 2006 with the aim of encouraging the growth of Singapore's shipping finance sector. By 2008, the scheme had attracted six companies.

DEVELOPMENT OF MARITIME INSURANCE, REINSURANCE AND P&I CLUBS

MPA partnered the Monetary Authority of Singapore (MAS) to grow the Lloyd's Syndicates in Singapore. As at end 2008, the number of Lloyd's Syndicates on this unique platform had grown to 15, with 12 writing the marine line of business. As part of our efforts to enhance the attractiveness of Singapore as a centre for marine insurance, MPA also worked closely with the MAS in successfully fine-tuning the regulatory framework for marine mutuals such as the International Group Protection and Indemnity (P&I) Clubs.

On 1 January 2008, the MAS put into effect the proposed changes in capital and solvency requirements and submissions of statutory returns. By the end of 2008, there were four International Group P&I Clubs in Singapore, with the North of England P&I Club applying to upgrade its Representative Office to a Branch Office.

DEVELOPMENT OF RISK MANAGEMENT SECTOR – FORWARD FREIGHT AGREEMENTS TRADING

In 2008, SGX AsiaClear's network of counterparty accounts expanded to 260. The volume of Over-the-Counter oil and Forward Freight Agreements trades cleared in 2008 increased to 50,797 contracts — a 98% increase from 2007. The value of total trades cleared in 2008 increased by 34% from the year before, to US\$6.3 billion.

Graduation of First Batch of BSC Maritime Studies

The pioneer cohort from the Nanyang Technological University's (NTU) Bachelor of Science (BSc) in Maritime Studies programme graduated in July 2008. Almost all 57 graduates have since secured employment within the maritime industry.

Launch of Double Major in Maritime Studies and Business

MPA also worked with NTU to create a Double Major in Maritime Studies and Business. Building on the current BSc in Maritime Studies, the new Double Major programme offers more business modules from NTU's Nanyang Business School, thereby nurturing graduates with both maritime-specific knowledge and general business management education. This new programme admitted its first batch of students in Academic Year 2008.

Tripartite Maritime Scholarship Scheme and Seafaring Alternative an Investment for Life Scholarship Programme

In 2008, 15 students were awarded seafaring scholarships, bringing the total to more than 70 scholarships offered under the Seafaring Alternative an Investment for Life (SAIL) and Tripartite Maritime Scholarship Scheme (TMSS) programmes. Of the 15 students, 12 were awarded under TMSS and three, the SAIL scholarships. They are presently enrolled in the maritime-related diploma courses at the Singapore Maritime Academy.

Continuing Education and Training Programmes

SUPPORTING SKILLS PROGRAMME FOR UPGRADING AND RESILIENCE (SPUR)

Under a partnership between the Singapore Shipping Association (SSA) and National Trades Union Congress (NTUC), SSA's training courses were placed under SPUR, an NTUC funding programme. This partnership was supported by MPA.

PROGRAMMES/SCHEMES SUPPORTED UNDER THE MARITIME CLUSTER FUND (MCF) MANPOWER

To promote continuous training and employee development, a total of 90 maritime-related courses were supported under the MCF-Course Fee Subsidy (CFS) scheme in 2008. The CFS scheme as well as the other co-funding schemes and programmes supported under the MCF have benefited more than 670 participants from over 300 companies.

Internship Positions

A MARITIMEONE INITIATIVE

Working with the Singapore Maritime Foundation and institutes of higher learning, a total of 94 internships in 39 maritime companies were offered to maritime students under MaritimeONE in 2008.

MARITIME SCHOLARSHIPS EVENT

The first joint MPA and MaritimeONE scholarship award ceremony was held in 2008. Forty-two students received scholarship and sponsorship awards totalling almost S\$3.7 million to pursue studies that will prepare them for a promising career in Singapore's thriving maritime sector.



PORT



Full Steam Ahead

With investments for an eventual upturn, the port will come out ahead and stronger than before.

Dockmaster's Scheme for Oil and Storage Terminals

MPA extended its Approved Dockmaster Scheme for shipyards to the oil and storage terminals. Allowing large oil and storage terminals to plan their terminal movements, this scheme reduces congestion, optimises berth utilisation and increases terminal operational efficiencies. In addition, it also helps to reduce the dependency on and demand for pilotage service, without compromising on navigational safety.

Channel Management System for Sembawang Control

A customised Channel Management System (CMS) was developed for Sembawang Control to facilitate the granting of channel clearances to vessels in the East Johor Strait. With the CMS, Sembawang Control operators have better visibility of all future movements, thereby enhancing planning efficiency. The CMS also allows vessel movement statistics to be easily retrieved from the system.

Improvement to Seaborne Garbage Collection Process

In a bid to improve the seaborne garbage collection process, MPA, in partnership with Ngee Ann Polytechnic and Tian San Shipping Pte Ltd, embarked on a pilot project for the implementation of compactors on garbage collection vessels. Trials were successfully carried out between July and November 2008, and compactors will be deployed on garbage collection vessels by the end of 2009.

PORT



Implementation of new International Maritime Organization Conventions Bunker Convention

MPA successfully implemented new International Maritime Organization (IMO) Conventions. One of these was the Bunker Convention, during which MPA developed the necessary framework for both Singapore-flagged ships and ships calling at Singapore's port. This included ensuring that all ships under the Singapore Registry of Ships (SRS) are compliant with the new Convention. Under the Bunker Convention, Singapore, as a Convention party, is required to issue Bunker Convention Certificates (BCC) to foreign non-tanker ships calling in Singapore. In 2008, MPA issued BCCs to the following two categories of ships: foreign non-Convention ships calling at Singapore covered under the IG 13 P&I clubs; and foreign ships calling at Singapore which are covered by the recognised Fixed Premium Underwriters with the Bunker Convention Certificate, which has a validity tied to port stay.

Long Range Identification and Tracking

MPA set up its National Data Centre (NDC) to meet the IMO's Long Range Identification and Tracking (LRIT) requirements. This NDC is now in the process of being integrated into the IMO's International LRIT Data Exchange.

Revision to the Gate System for licensing of Port Limit Bunker Tankers

To protect the port environment, the Gate System for the licensing of port limit bunker tankers was enhanced in April 2008. By including Regulation 13 of MARPOL Annex VI as part of the harbour craft licensing requirements for newly licensed bunker tankers, new Harbour Craft Licences (Bunker Tanker) are only issued to oil tankers which are subject to and comply with Regulation 13 of MARPOL Annex VI, in addition to other MARPOL requirements. This new requirement aims to better manage emissions in the Singapore port.



PIRACY AND ARMED ROBBERY AGAINST SHIPS

The IMO initiated a review of its guidance on piracy and armed robbery against ships, to take into account recent developments such as the increase in hijackings off the coast of Somalia. MPA participated in the Correspondence Group undertaking the review, and worked closely with the Singapore Shipping Association (SSA) to incorporate industry views in Singapore's input.

MPA worked with other relevant Singapore government agencies on Singapore's multi-faceted response to the piracy situation off the coast of Somalia. MPA issued several shipping circulars to keep the shipping community informed of recommended prevention and deterrence measures, and of initiatives by military forces in the Gulf of Aden which could benefit Singapore owners. Singapore also supported efforts to address this issue at the United Nations and the IMO, including supporting the relevant United Nations Security Council Resolutions.



AUTO VETTING AND APPROVAL PROCESS

MPA streamlined the vetting and auto approval of Dangerous Goods declarations via Portnet, JPOnline and MARINET. As a result, 97% of such declarations are now auto vetted and approved, with the remaining 3% done manually for more hazardous cargo, for which added scrutiny and information are needed.

REVIEW OF LICENSING REQUIREMENTS

To streamline licensing and registration requirements, all harbour craft under the SRS no longer have to produce the craft's statutory certificates when applying for, or renewing, harbour craft licences. Starting from October 2008, SRS-registered harbour craft owners only need to send in their applications via mail. New licences are issued and sent by post to the owners upon payment of harbour craft dues.

CHANGES TO OPERATING PROCEDURES FOR PRIVATE WHARFAGE CHARGES

As part of MPA's efforts to consolidate operations, MPA reviewed the operating procedures for private wharfage charges and reduced the declaration/payment frequency from once every fortnight to once a month for pre-approved applicants. In addition, wharfage charges

for ad hoc applicants are now calculated as a whole instead of item-by-item.

E-INVOICE INITIATIVE

In line with the Government's call to promote e-invoices, MPA implemented e-invoicing. This initiative brings about cost savings and greater convenience for users, as well as increased transparency and efficiency in the invoicing and payment process.



ECONOMIC ASSISTANCE SCHEMES

To help the shipping industry during the economic downturn, MPA introduced measures to keep business costs down.

These include extending the waiver of annual harbour craft port dues for new double-hull bunker tankers, port dues concession for all ocean-going vessels with a port stay of not more than 10 days; and port dues concession for harbour craft engaged in commercial activities within Singapore port waters. MPA maintains the existing licence fee formula in 2009 and will review the formula to be adopted for subsequent years at a later date.

IMPLEMENTATION OF FINANCIAL ASSISTANCE SCHEME

MPA implemented a Financial Assistance Scheme to aid bunker suppliers with compliance costs and give them an incentive to attain the SS 524:2006 certification.

PORT



Berthing Arrangements for Cruise Ships

To accommodate cruise ships which are unable to berth at Harbourfront, MPA, together with the Singapore Tourism Board, facilitated the renewal of the agreement between Singapore Cruise Centre Pte Ltd and PSA Corporation for the berthing of cruise ships at PSA terminals for the cruise seasons in 2008/2009.

6th Pilotage Awards

At the 6th Pilotage Awards held in 2008, MPA handed out incentive awards to five marine pilots. Introduced in 1998, the biennale Pilotage Incentive Award aims to boost Singapore's pilotage service standards and recognise the important role of marine pilots in enhancing navigational safety in our port. The five, who were singled out from a pool of 166 for their professionalism, technical

expertise, and excellent customer service, were Sam Goh Ek Kang, Hamzah Bin Ismail, Low Chong Lim, Jeremy Tan Hon Chai, and Yap Kok Chuan. Each received a cash award and a certificate.

Revision to the Gate System for Raising Pilotage Exemption Limit for Port Limit Tankers

MPA raised the pilotage exemption limit for port limit tankers from 7,000 GT to 15,000 GT, to meet the growing size of container vessels. This has not only resulted in a faster turnaround time, bunker operators have also enjoyed greater operational efficiencies.

Material Safety Data Sheet

The Material Safety Data Sheet (MSDS) aims to enhance the health and safety of seafarers and comes into force on 1 July 2009. MPA



LIGHTER FACILITY AT PENJURU TERMINAL

The Penjuru Terminal was officially opened by BG (NS) Choi Shing Kwok, Permanent Secretary of the Ministry of Transport on 24 October 2008. The lighter operators at Pasir Panjang Lighter Wharves were moved to Penjuru Terminal to make way for the development of Pasir Panjang Terminal's (PPT) Phases 3 and 4. **The Penjuru Terminal has newer and improved facilities, including on-site offices and enhanced security,** to meet the requirements of lighter operators and relevant agencies.

CHANNEL GUIDANCE SYSTEM FOR WEST SECTOR

To enhance safety of increased marine traffic in the western sectors of the port due to the reclamation of the Pasir Panjang Terminal Phases 3 and 4, **MPA put in place a Channel Guidance System (CGS) which provides advance traffic information to guide shipping traffic safely** through the East Jurong Channel, Sinki and West Keppel Fairways. It also allows vessel movement statistics to be readily retrieved.

TUAS PORT

Plans for the final port layout of Tuas Port was submitted to the Ministry of Finance for adoption and funding.



participated actively in the debate at the IMO to ensure that the format and details to be captured in the MSDS for bunker fuel are practical for the bunker industry so that the MSDS is able to meet its intended objectives of enhancing safety and environment protection without being onerous and costly to the industry.

Sea Space Study

In view of the competing demands for sea space, MPA needs to further optimise its future anchorage space to meet port expansion, growth in vessel traffic, and future minimum width requirements for fairways and channels. In 2008, MPA commissioned a study to develop an anchorage capacity simulation model. This will be used to evaluate the usage and capacity of the current anchorages as well as whether the planned anchorages are sufficient for the anticipated increase in traffic in the future.

Exercise Northstar VI

Exercise Northstar VI simulating a fire on board a large cruise vessel was successfully conducted on 23 May 2008, with participation from 26 agencies and 1,600 personnel. MPA, was the Incident Manager for this inter-agency national exercise.

Bunker Sulphur Review

Bunker sulphur limits: MPA participated in the IMO's review of MARPOL Annex VI (Air Pollution) regulations on sulphur oxides (SOx), to set practical targets for the shipping and oil industries, with a phased reduction of emission requirements on SOx, nitrogen oxides, particulate matter and volatile organic compound from ships. One of the main standards adopted was to reduce the global bunker fuel sulphur limit from the current 4.5% to 3.5% as from 1 January 2012. Singapore will take the necessary steps to give effect to the revised Annex VI before it enters into force in early 2010.

Vulnerability Matrix for Regional Ferries Operating from Singapore

To assist in the audit of regional ferries plying the terminals, MPA developed a vulnerability matrix, which serves as a guide for operators in enhancing their on-board security.

Singapore Registry of Ships

SRS gained 13 new customers in 2008. The 13 new ship owners, who originate from Scandinavia, Europe, Middle East and Asia, flagged their vessels for the first time under the Singapore Flag. About one third of these new ship owners flagged their vessels using the Singapore Block Transfer Scheme (BTS) which accords them, among other incentives, an 80% discount over the normal registration fee.

VOLUNTARY IMO MEMBER STATE AUDIT SCHEME (VIMSAS)

Singapore successfully participated in the VIMSAS audit in November 2008. These audits were initiated by the IMO to provide an audited Member State with a comprehensive and objective assessment of how effectively it is administering and implementing mandatory IMO instruments. **The audit team assessed that Singapore substantially met its obligations with respect to mandatory IMO instruments.** These responsibilities included compliance with international safety and environment protection rules, and with guidelines for Singapore's ships, port, and search-and-rescue facilities.

TECHNOLOGY

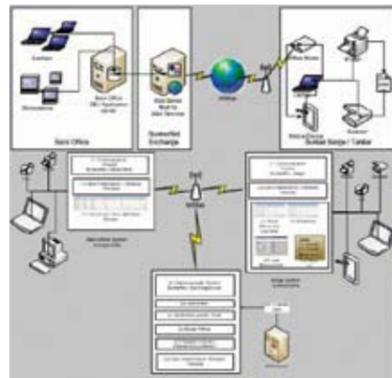
Laying the Bedrock

With the foundation of solid technology and infrastructure set, MPA is ready for the future.



Knowledge Management Systems

Initiated in 2007, MPA's Knowledge Management (KM) system seeks to safeguard knowledge assets, promote the sharing of information and facilitate collaboration for better organisational excellence. In 2008, the KM implementation framework and tools were introduced. They consist of an electronic filing cabinet, an intelligent enterprise search engine and a collaboration e-project room.



BunkerNet

MPA issued a Call for Collaboration in July 2008, inviting proposals for the development of a network linking all parties within the bunkering supply chain. An initiative under the Infocomm@SeaPort Programme, BunkerNet aims to automate and streamline processes within the bunker delivery operations. A three-month pilot will commence in the third quarter of 2009 before actual implementation.



MPA-IHPC Maritime Research Programme

MPA and the Institute of High Performance Computing (IHPC) at A*STAR signed an MOU on 19 September 2008,

which enables maritime companies to leverage IHPC's computational science and engineering capabilities to solve real-life engineering problems. Ongoing projects include the development of advanced designs for semi-submersible jack-up rigs and the application of large-scale computational fluid dynamics.

12th MPA-RCN MOU Meeting

The Research Council of Norway (RCN) and MPA signed an MOU to collaborate on maritime R&D, education and training. In February 2008, Det Norske Veritas and the National University of Singapore held a workshop on Arctic engineering and identified some potential areas for collaboration in the field of offshore technology. The 12th MPA-RCN MOU meeting, which was held in Singapore in April 2008, focused on three ongoing projects in the areas of offshore and environment infocomm technology, and established nine more potential projects for further development.



Refurbishing of Maritime House & Singapore Mariners Club (SMC) apartments

After undergoing refurbishment works valued at S\$5 million, the SMC apartments at the Maritime House in Cantonment Road were re-opened by Mr Lim Swee Say, Minister, Prime Minister's Office and Secretary-General NTUC. In addition to the apartments, which house some 6,000 foreign seafarers each year, the seafarers' lounge, games room and the SMC office were also upgraded.

12th Maritime Forum

The 12th Maritime Forum, held at NTU@One-North Campus on 19 September 2008, revolved around the theme of 'Developing Singapore as a Maritime Research and Technology Hub'. The forum featured speakers such as Mr Sven Ullring, Chairman of the 3rd Maritime R&D Advisory Panel, and Torger Reve, Professor Chair, BI Norwegian School of Management. It was attended by some 200 participants from Singapore's maritime cluster and government agencies.



Pilot Plant to Recycle used Lubricating Oil

A pilot plant to test a new technology for recycling used lubricating oil was set up with project partners in August 2008. The pilot utilised a ceramic membrane-type technology and was successfully completed after five months of intensive tests.



MPA-SingTel MOU

MPA and SingTel signed an MOU on 28 April 2008 to jointly explore the development and implementation

of maritime telecommunication technology research and innovation initiatives, particularly in satellite broadband technology. The MOU provides a collaborative framework for leveraging satellite broadband technology and growing Singapore as a maritime telecommunications hub, as well as a centre for research, development and test-bedding of low-cost broadband satellite technology for maritime use.



3rd Maritime R&D Advisory Panel Meeting (MRDAP)

The 3rd MRDAP, chaired by Mr Sven Ullring, a Board Member of Keppel Corporation, and

comprising 13 prominent overseas and local industry and academic personalities and experts, continued their two-year term in 2008. Their findings, vision and recommendations to MPA included a call for the strengthening of the Singapore maritime cluster via the development of a global maritime knowledge hub in Singapore to complement the city-state's hub port and international maritime centre. The Panel also recommended elevating maritime R&D to the highest national level, and proposed new R&D programmes and areas on which Singapore could focus.

International Relations

MPA is committed to nurturing existing partnerships and strives to forge new ones.



MPA's Distinguished Visitors

Under MPA's Distinguished Visitors Programme, MPA played host to the following Maritime Officials in 2008:

- Capt Ahmad Othman, Director-General of the Marine Department Peninsular, Malaysia, 21-22 January 2008;
- Mr Effendi Batubara, Director-General of the Indonesian Directorate-General of Sea Transportation (DGST), 16-17 July 2008; and
- Professor John Tzoannos, Secretary-General of the Hellenic Ministry of Mercantile Marine, 14-16 October 2008.

These visits helped to further strengthen the existing strong relations and cooperation between MPA and our counterpart maritime administrations, and facilitated consultation on maritime issues of common interest.



Inaugural Singapore-Norway-China Tripartite MOU meeting

The inaugural tripartite MOU meeting between China, Norway and Singapore was held in April 2008, bringing together researchers from China, Norway and Singapore to collaborate on maritime R&D projects.



3rd Singapore-Indonesia Senior Officials Meeting

The 3rd Singapore-Indonesia Senior Officials Meeting (SOM) was held on 16 July 2008 in Singapore. In addition to strengthening bilateral maritime relations, the 3rd SOM also agreed on the maritime training that MPA would conduct for the Indonesian Directorate-General of Sea Transportation in the second half of 2008.



Visit by World Maritime University students

MPA hosted a study visit by World Maritime University (WMU) students from the Master of Science in Maritime Affairs programme in November 2008. This is the fifth visit from WMU hosted by MPA since 2004.

WMU is an International Maritime Organization (IMO) institution, and hosting these visits is part of Singapore's support of and contribution towards the work of the IMO.

The programme included briefings on issues such as port planning and maritime security, as well as visits to various MPA facilities and industry affiliates such as PSA Corporation.

The visits also provided networking opportunities between MPA officers and the WMU students, who are officials from the national maritime and port administrations of their countries.

The Communications Team



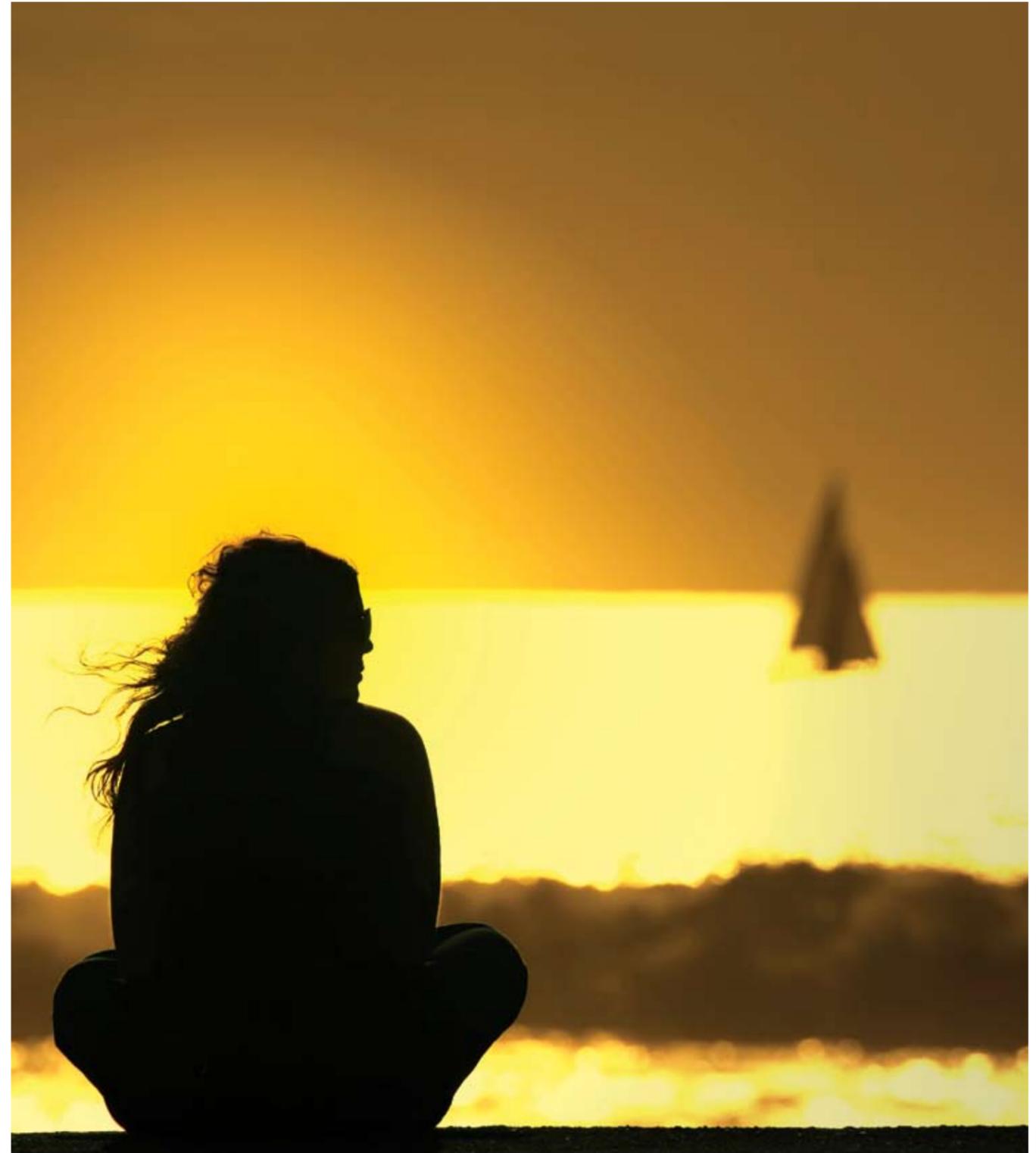

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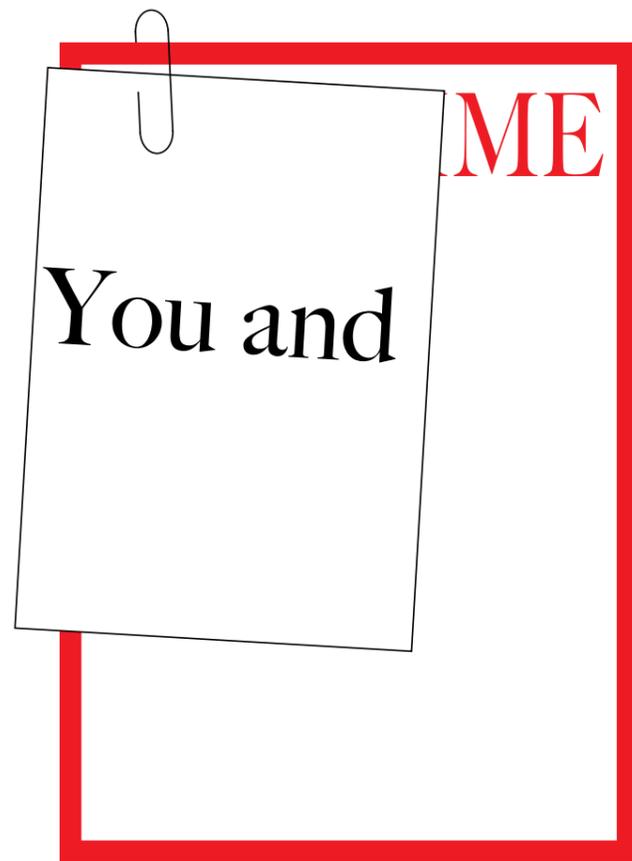
Singapore Nautilus is a quarterly corporate magazine produced by the Maritime and Port Authority of Singapore. The publication features articles that cover topical local as well as international maritime issues and has a worldwide distribution, which includes local and international members of the shipping/maritime community, port/marine personnel, government bodies, and academic institutions.

To receive a print copy, write in to us at singaporenautilus@mpa.gov.sg with your contact details and mailing address and we will add you on our mailing list!

We would like to hear from you as well. Send your feedback to singaporenautilus@mpa.gov.sg.

Lifestyle





Hand in hand.

At MPA, one of our core values is to value teamwork, harmony and unity in our working relationships. We shall do our work with steadfastness and consideration for our colleagues and customers.

Teamwork
a core value.

LIFESTYLE

Quality Work Life

The journey towards a healthy, happy and productive organisation.



Employment Engagement Survey

The Employee Engagement Survey conducted in 2008 saw a significant increase in the staff participation rate, from 72% (in the last exercise conducted in 2005) to 92%. This indicated the willingness of the staff to provide feedback on how the organisational health of MPA could be improved. Compared to the 2005 response, there was improvement in all areas, in particular the staff's perception of MPA's image.

Project Dolphin

As part of improvement to finance processes and procedures, MPA embarked on the implementation of SAP to enhance real-time processing and facilitate increasing e-business transactions. The new system is expected to be fully operational by the end of 2009.

Scouting for Talent

MPA embarked on an outreach programme targeting potential employees and scholars. This included activities such as campus recruitment drives in our local universities, as well as open-house visits for mid-career officers and final-year junior college students. MPA also contributed maritime-related content to the BrightSparks website, meant for those interested in taking up undergraduate scholarships.

Strengthened Management-Union Relations

In recognition of MPA's continual support of the labour movement and the Amalgamated Union of Statutory Board Employees (AUSBE), NTUC presented

MPA with a Plaque of Commendation in May 2008. MPA, together with other AUSBE statutory boards, also signed an MOU on 29 October 2008 to demonstrate support for nation-wide efforts in the re-employment of mature workers.

Quarterly Leadership Seminar

MPA organises quarterly leadership seminars for the management team to share thoughts and ideas on leadership and management issues. During these half-day workshops, invited speakers give talks on topics ranging from counselling skills to creating leadership and organisational excellence. It provides an additional platform for the MPA leadership team to deliberate on the significant organisational issues that shape MPA.

COMPETENCY FRAMEWORK

MPA embarked on a competency-based system to align competency-building with identified knowledge, skills and behaviours required. This is to meet the organisation's business objectives and contribute to achieving Key Performance Indicators.

These competencies should also fulfil department and individual roles as defined in the organisation structure.

The Competency Framework aims to:

- Align individual behaviours with organisational objectives.

- Provide a clearer idea of expectations.
- Allow for more targeted learning and development efforts.
- Offer clarity on career progression requirements and enable the development of clear career paths.
- Drive performance and raise standards, by providing a more objective and transparent basis for judging behaviours, and ensuring a more robust appraisal and reward system.



INTER-DIVISIONAL GAMES - CARROM, 26-06-08

INTER-DIVISIONAL GAMES - CARROM, 26-06-08

FAMILY DAY, 15-11-08



INTER-DIVISIONAL GAMES - CARROM, 26-06-08

WORKPLAN SEMINAR, 04-02-08



INTER-DIVISIONAL BADMINTON, 24-04-08

WORKPLAN SEMINAR, 04-02-08



DRAGON BOAT COMPETITION, 18-05-08



SWIMMING COMPETITION, 28-08-08

FIRST X-COUNTRY RUN AND DURIAN PARTY, 24-07-08

FIRST X-COUNTRY RUN AND DURIAN PARTY, 24-07-08



SWIMMING COMPETITION, 28-08-08

SWIMMING COMPETITION, 28-08-08

INTER-DIVISIONAL POOL, 28-02-08



DINNER AND DANCE, 22-08-08

DINNER AND DANCE, 22-08-08



DINNER AND DANCE, 22-08-08

“Singapore remains an attractive hub port vis-à-vis our competitors with ancillary maritime services growing in both breadth and depth to support our port operations and the needs of ship owners and operators.”

— Mr Raymond Lim, Minister for Transport and Second Minister for Foreign Affairs

“Singapore seeks to be the first mover in the use of advanced technology and in the promotion of innovation to enhance Singapore’s value proposition in the maritime community. This is necessary in order for us to increase the value add contribution of the maritime sector to our economy.”

— Mr Peter Ong, Chairman, MPA (February 2003 to February 2009)

“MPA will continue to partner the industry to develop and implement new initiatives to further Singapore’s growth as a global hub port and maritime centre.”

— BG (NS) Tay Lim Heng, Chief Executive Officer, MPA (June 2005 to May 2009)

“Singapore offers many advantages, not least of which is the comprehensive legal framework with regard to maritime law and arbitration.”

— Dato’ Jude Benny, Board Member, MPA, Managing Partner, Joseph Tan Jude Benny, Advocates & Solicitors

“Singapore serves as a one-stop hub for maritime enterprises — opportunities abound not only for maritime students but also for those from other disciplines seeking a challenging career in maritime.”

— Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport

“We must continue to upgrade our competitiveness and attractiveness as a location for maritime businesses – be it in terms of enhancing our incentives, deepening the sophistication of our cluster, or investing in R&D and human capital.”

— Mrs Lim Hwee Hua, Minister in Prime Minister’s Office and Second Minister for Finance and Transport

“Singapore is a small country. Yet it is one of the most internationalised cities in the world and extremely efficient. We are also the maritime centre of Asia, with leaders in the maritime clusters based in Singapore, forming the nerve centre.”

— Mr John Lu, Board Member, MPA, Chairman, Singapore National Shippers’ Council

“Singapore’s pro-business policies, coupled with a tax-friendly environment, have enhanced Singapore’s allure as a strategic and conducive centre for maritime businesses.”

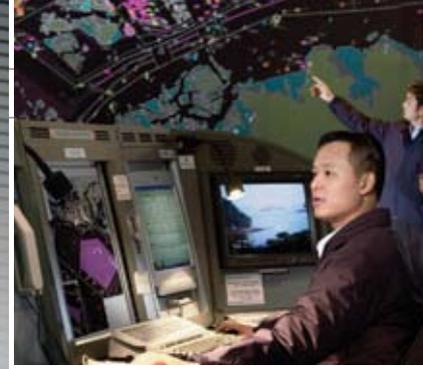
— Mr Choo Chiau Beng, Board Member, MPA (February 2003 to February 2009), Chairman & Chief Executive Officer, Keppel Offshore & Marine

“Given the global and open nature of the industry, maritime players have a broad choice of location. Singapore offers access to talent, a good infrastructure, stable policies and a competitive tax environment.”

— Mr Andreas Sohmen-Pao Board Member, MPA, Chief Executive Officer, BW Shipping Manager Pte Ltd

“We will continue building the talent pipeline that our industry requires. People are the greatest assets of the maritime industry, and it is important to attract new talent, especially young people, as well as provide continuous education, upgrading and training to those who are already in the industry.”

— Mr Teo Siong Seng, Board Member, MPA, President, Singapore Shipping Association



Singapore

Asia's Port of Choice



Singapore's natural geographic advantage, extensive range of maritime services and facilities as well as cutting-edge maritime research and development contribute to its growth as a leading international maritime centre.



FINANCIAL

MARITIME

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Statement by Board of Members

In our opinion:

The Maritime and Port Authority of Singapore

Annual Report Year ended 31 December 2008

- (a) the financial statements of The Maritime and Port Authority of Singapore (the "Authority") set out on pages FS1 to FS39 are properly drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2008 and the results, changes in reserves and cash flows of the Authority for the year ended on that date in accordance with the provisions of The Maritime and Port Authority of Singapore Act, Chapter 170A and Statutory Board Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Members



Lucien Wong
Chairman



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

30 March 2009

Independent auditors' report

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

We have audited the financial statements of The Maritime and Port Authority of Singapore (the Board), which comprise the balance sheet as at 31 December 2008, the statement of income and expenditure, statement of changes in reserves and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS39.

Management's responsibility for the financial statements

The Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the The Maritime and Port Authority of Singapore Act, Chapter 170A (the Act) and Statutory Board Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards to give a true and fair view of the state of affairs of the Authority as at 31 December 2008 and the results, changes in reserves and cash flows of the Authority for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Authority have been properly kept in accordance with the provisions of the Act.

Report on other legal and regulatory requirements

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



KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
30 March 2009

Balance sheet
As at 31 December 2008

| | Note | 2008 \$ | 2007 \$ |
|--|------|--------------------|--------------------|
| Non-current assets | | | |
| Property, plant and equipment | 3 | 92,434,891 | 94,450,977 |
| Capital work-in-progress | 4 | 3,751,319 | 2,537,114 |
| Subsidiary | 5 | 2 | 2 |
| Financial assets | 6 | 427,208,605 | 536,018,384 |
| | | <u>523,394,817</u> | <u>633,006,477</u> |
| Current assets | | | |
| Financial asset | 6 | 100,000 | - |
| Trade receivables | 7 | 26,572,310 | 20,213,214 |
| Deposits, prepayments and other receivables | 8 | 24,300,547 | 7,715,453 |
| Cash and cash equivalents | 9 | 292,060,322 | 259,462,057 |
| | | <u>343,033,179</u> | <u>287,390,724</u> |
| Total assets | | <u>866,427,996</u> | <u>920,397,201</u> |
| Capital and other funds | | | |
| Capital account | 10 | 147,375,155 | 147,375,155 |
| Fair value reserve | | (26,660,573) | 19,427,095 |
| Accumulated surplus | | 685,975,094 | 673,116,772 |
| | | <u>806,689,676</u> | <u>839,919,022</u> |
| Funds managed/held on behalf of others | 23 | 108,293,353 | 47,119,556 |
| Funds' net assets managed/held on behalf of others | 23 | (108,293,353) | (47,119,556) |
| | | - | - |
| Total capital and other funds | | <u>806,689,676</u> | <u>839,919,022</u> |
| Non-current liabilities | | | |
| Employee benefits | 11 | 1,722,713 | 1,515,063 |
| Deferred capital grant | 12 | 32,156,208 | 33,973,836 |
| | | <u>33,878,921</u> | <u>35,488,899</u> |
| Current liabilities | | | |
| Trade and other payables | 13 | 20,217,193 | 14,228,104 |
| Advances, deposits and unearned income | 14 | 2,819,645 | 3,505,699 |
| Employee benefits | 11 | - | 913,694 |
| Provision for contribution to consolidated fund | | 2,822,561 | 26,341,783 |
| | | <u>25,859,399</u> | <u>44,989,280</u> |
| Total liabilities | | <u>59,738,320</u> | <u>80,478,179</u> |
| Total equity and liabilities | | <u>866,427,996</u> | <u>920,397,201</u> |

Statement of income and expenditure
Year ended 31 December 2008

| | Note | 2008 \$ | 2007 \$ |
|---|------|--------------------|--------------------|
| Revenue | | | |
| Port dues and marine services | | 215,523,268 | 174,499,962 |
| Shipping services | | 8,254,591 | 6,683,522 |
| Rental income | | 2,190,774 | 1,808,528 |
| Training | | 1,082,075 | 1,074,078 |
| Miscellaneous revenue | | 2,122,416 | 1,435,042 |
| | | <u>229,173,124</u> | <u>185,501,132</u> |
| Operating expenditure | | | |
| Staff costs | 15 | 52,188,258 | 48,364,989 |
| Depreciation expense on property, plant and equipment | 3 | 10,189,667 | 10,236,374 |
| Hire of marine craft and sea garbage services | | 6,422,007 | 6,261,632 |
| Fuel, repairs and maintenance | | 6,115,082 | 6,496,675 |
| Other operating expenses | 16 | 40,219,567 | 31,586,683 |
| | | <u>115,134,581</u> | <u>102,946,353</u> |
| Operating surplus | | 114,038,543 | 82,554,779 |
| Other operating (deficit)/surplus | 17 | (100,175,288) | 61,936,906 |
| Surplus from operations | | <u>13,863,255</u> | <u>144,491,685</u> |
| Amortisation of deferred capital grant | 12 | 1,817,628 | 1,817,761 |
| Surplus before contribution to Consolidated Fund | | <u>15,680,883</u> | <u>146,309,446</u> |
| Contribution to consolidated fund | 18 | (2,822,561) | (26,347,383) |
| Surplus for the year | | <u>12,858,322</u> | <u>119,962,063</u> |

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

Statement of changes in reserves
Year ended 31 December 2008

| | Note | Capital account \$ | Fair value reserve \$ | Accumulated surplus \$ | Total \$ |
|---|------|--------------------------|-----------------------------|------------------------------|--------------------|
| At 1 January 2007 | | 147,375,155 | 37,918,872 | 553,154,709 | 738,448,736 |
| Net change in fair value of: | | | | | |
| - Available-for-sale debt and equity securities placed by fund managers | | - | 32,326,445 | - | 32,326,445 |
| - Available-for-sale equity securities | | - | 818,063 | - | 818,063 |
| | | - | 33,144,508 | - | 33,144,508 |
| Transfer to statement of income and expenditure on sale of available- for-sale debt and equity securities placed by fund managers | | - | (64,064,157) | - | (64,064,157) |
| Impairment loss on available-for-sale equity securities placed by fund managers transferred to statement of income and expenditure | 17 | - | 12,427,872 | - | 12,427,872 |
| Net losses recognised directly in equity | | - | (18,491,777) | - | (18,491,777) |
| Surplus for the year | | - | - | 119,962,063 | 119,962,063 |
| Total recognised income and expense for the year | | - | (18,491,777) | 119,962,063 | 101,470,286 |
| At 31 December 2007 | | <u>147,375,155</u> | <u>19,427,095</u> | <u>673,116,772</u> | <u>839,919,022</u> |
| At 1 January 2008 | | 147,375,155 | 19,427,095 | 673,116,772 | 839,919,022 |
| Net change in fair value of: | | | | | |
| - Available-for-sale debt and equity securities placed by fund managers | | - | (147,932,241) | - | (147,932,241) |
| - Available-for-sale equity securities | | - | (1,647,490) | - | (1,647,490) |
| | | - | (149,579,731) | - | (149,579,731) |
| Transfer to statement of income and expenditure on sale of available- for-sale debt and equity securities placed by fund managers | | - | 36,463,708 | - | 36,463,708 |
| Impairment loss on available-for-sale equity securities placed by fund managers transferred to statement of income and expenditure | 17 | - | 67,028,355 | - | 67,028,355 |
| Net losses recognised directly in equity | | - | (46,087,668) | - | (46,087,668) |
| Surplus for the year | | - | - | 12,858,322 | 12,858,322 |
| Total recognised income and expense for the year | | - | (46,087,668) | 12,858,322 | (33,229,346) |
| At 31 December 2008 | | <u>147,375,155</u> | <u>(26,660,573)</u> | <u>685,975,094</u> | <u>806,689,676</u> |

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

Cash flow statement
Year ended 31 December 2008

| | Note | 2008 \$ | 2007 \$ |
|---|------|--------------|--------------|
| Operating activities | | | |
| Surplus before contribution to consolidated fund | | 15,680,883 | 146,309,446 |
| Adjustments for: | | | |
| Depreciation expense on property, plant and equipment | | 10,189,667 | 10,236,374 |
| Allowance for doubtful receivables (net) | 7 | (34,481) | 23,373 |
| Provision for employee benefits | 11 | 84,000 | 84,000 |
| Net investment loss/(income) from funds with fund managers | 17 | 101,035,621 | (60,847,923) |
| Interest income on bank deposits and staff loans | | (1,906,793) | (1,861,597) |
| Dividend income on equity securities | | (140,750) | (234,058) |
| Loss/(gain) on disposal of property, plant and equipment | | 68,638 | (7,456) |
| Amortisation of deferred capital grant | | (1,817,628) | (1,817,761) |
| Impairment loss on unquoted equity securities | | - | 782,303 |
| | | 123,159,157 | 92,666,701 |
| Changes in working capital: | | | |
| Trade receivables | | (6,324,615) | (5,374,190) |
| Deposits, prepayments and other receivables | | (6,513,346) | (174,285) |
| Trade and other payables | | 3,503,771 | 4,026,104 |
| Advances, deposits and unearned income | | (686,054) | 293,742 |
| Cash generated from operations | | 113,138,913 | 91,438,072 |
| Contribution paid to consolidated fund | 18 | (26,341,783) | (20,284,537) |
| Payment of employee benefits | 11 | (790,044) | (39,400) |
| Cash flows from operating activities | | 86,007,086 | 71,114,135 |
| Investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 27,425 | 19,412 |
| Purchases of property, plant and equipment and capital work-in-progress | | (9,483,849) | (4,949,412) |
| Purchase of unquoted equity securities | | (99,000) | (2,313,710) |
| Purchase of debt security | | - | (150,000) |
| Additional funds placed with fund managers | | - | (4,200,000) |
| Interest received | | 1,906,793 | 1,255,601 |
| Dividends received from equity securities | | 140,750 | 234,058 |
| Cash flows from investing activities | | (7,507,881) | (10,104,051) |
| Net increase in cash and cash equivalents | | 78,499,205 | 61,010,084 |
| Cash and cash equivalents at beginning of the year | 9 | 94,112,774 | 33,102,690 |
| Cash and cash equivalents at end of the year | 9 | 172,611,979 | 94,112,774 |

In the previous financial year, the Authority acquired certain property, plant and equipment with an aggregate cost of \$4,020,688, of which \$700,369 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 30 March 2009.

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

Under the Accounting Standards Act (No. 39 of 2007) which came into operation on 1 November 2007, the Accountant-General was appointed as the legal authority to prescribe accounting standards for statutory bodies. On 11 March 2008, the Accounting-General issued the Statutory Board Financial Reporting Standards (SB-FRS). The Accounting Standards Act requires the financial statements of statutory bodies to be prepared in accordance with SB-FRS.

In line with the above, the financial statements of the Board have been prepared in accordance with the provisions of the Maritime and Port Authority of Singapore Act (Chapter 170A) and the SB-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 in conformity with SB-FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

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

- Note 3 – depreciation and residual value of property, plant and equipment
- Note 6 – measurement of impairment allowance for available-for-sale financial assets
- Note 7 – measurement of impairment allowance for doubtful trade receivables

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

2.2 Subsidiaries

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

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

2.3 Foreign currencies

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

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

2.4 Property, plant and equipment

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

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

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

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

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

The estimated useful lives are as follows:

| | |
|---------------------------------|--|
| Leasehold land | Over the remaining lease period ranging from 4 to 58 years |
| Building structures | 10 to 60 years |
| Wharves, hardstanding and roads | 15 to 30 years |
| Renovations | 5 years |
| Plant, machinery and equipment | 3 to 15 years |
| Vehicles | 5 years |
| Computers | 3 to 5 years |
| Furniture and fittings | 10 years |
| Floating crafts | 5 to 10 years |

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 2.14).

2.5 Capital work-in-progress

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

2.6 Impairment – non-financial assets

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

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

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

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

2.7 Financial assets

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

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

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified within "trade receivables", "other receivables" and "cash and cash equivalents" on the balance sheet.

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

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

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

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

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

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

Impairment of financial assets

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

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

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

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

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

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

2.8 Operating leases

When the Authority is a lessee of an operating lease

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

When the Authority is a lessor of an operating lease

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

2.9 Financial liabilities

Non-derivative financial liabilities comprise trade and other payables.

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

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

2.10 Derivative financial instruments

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

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

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

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

2.11 Employee benefits

Defined contribution plans

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

Short-term benefits

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

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

2.12 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.

2.13 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 maritime welfare fees*

Port dues and maritime welfare fees are recognised upon the departure of vessels.

■ *Marine services*

Marine services are recognised over the duration of stay of the vessels.

■ *Shipping services*

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

Rental income

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

Interest income

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

Dividend income

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

2.14 Government grants

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

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

2.15 Funds managed/held on behalf of others

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

The assets and liabilities of funds - Straits of Malacca and Singapore Revolving Fund Committee, Singapore Stranded Seafarer' Fund and agency funds held in trust for Ministry of Transport are presented as a line item under the capital and other funds section on the face of the balance sheet of the financial statements as prescribed by *SB-FRS Guidance Note 1*. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in note 23 to the financial statements.

3 Property, plant and equipment

| | Leasehold land | Building | Wharves, hard-standing and roads | Plant, machinery and equipment | Vehicles | Computers | Furniture and fittings | Floating crafts | Total |
|----------------------------------|----------------|------------|----------------------------------|--------------------------------|------------|-------------|------------------------|-----------------|-------------|
| Cost | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| At 1 January 2007 | 7,096,376 | 52,973,927 | 61,701,201 | 2,109,332 | 11,518,873 | 337,222 | 49,467,856 | 13,582,563 | 199,533,922 |
| Additions | - | - | - | 332,162 | 32,430 | 3,634,496 | 21,600 | - | 4,020,688 |
| Disposals/write-off | - | (4,150) | - | (701,794) | (52,417) | (2,945,990) | (1,600) | - | (3,705,951) |
| At 31 December 2007 | 7,096,376 | 52,969,777 | 61,701,201 | 2,109,332 | 317,235 | 50,156,362 | 766,572 | 13,582,563 | 199,848,659 |
| Additions | - | 84,610 | - | 3,594,864 | - | 3,444,211 | 321,931 | - | 8,269,644 |
| Disposals/write-off | - | - | - | (2,538) | - | (1,166,232) | (196,943) | (4,950) | (1,841,488) |
| At 31 December 2008 | 7,096,376 | 53,054,387 | 61,701,201 | 5,701,658 | 317,235 | 52,434,341 | 891,560 | 13,577,613 | 206,276,815 |
| Accumulated depreciation | | | | | | | | | |
| At 1 January 2007 | 903,365 | 16,602,240 | 16,166,397 | 2,109,332 | 8,691,137 | 137,809 | 46,120,888 | 7,720,217 | 98,855,303 |
| Depreciation charge for the year | 212,208 | 2,412,502 | 2,555,388 | - | 702,070 | 60,210 | 3,071,512 | 65,764 | 10,236,374 |
| Disposals/write-off | - | (4,150) | - | (689,968) | (52,417) | (2,945,990) | (1,470) | - | (3,693,995) |
| At 31 December 2007 | 1,115,573 | 19,010,592 | 18,721,785 | 2,109,332 | 8,703,239 | 145,602 | 46,246,410 | 8,876,937 | 105,397,682 |
| Depreciation charge for the year | 212,208 | 2,412,204 | 2,555,388 | 321,861 | 733,214 | 63,420 | 2,656,787 | 78,217 | 10,189,667 |
| Disposals/write-off | - | - | - | (2,538) | (448,506) | - | (1,157,264) | (4,950) | (1,745,425) |
| At 31 December 2008 | 1,327,781 | 21,422,796 | 21,277,173 | 2,428,655 | 8,987,947 | 209,022 | 47,745,933 | 10,028,355 | 113,841,924 |
| Carrying amount | | | | | | | | | |
| At 1 January 2007 | 6,193,011 | 36,371,687 | 45,534,804 | - | 2,827,736 | 199,413 | 3,346,968 | 5,862,346 | 100,678,619 |
| At 31 December 2007 | 5,980,803 | 33,959,185 | 42,979,416 | - | 2,446,002 | 171,633 | 3,909,952 | 4,705,626 | 94,450,977 |
| At 31 December 2008 | 5,768,595 | 31,631,591 | 40,424,028 | 3,273,003 | 2,514,497 | 108,213 | 4,688,408 | 3,549,258 | 92,434,891 |

Depreciation

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

Residual value of floating crafts

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

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

4 Capital work-in-progress

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

5 Subsidiary

| | 2008 \$ | 2007 \$ |
|---|--------------------------|--------------------------|
| Investment in subsidiary, at cost | 2 | 2 |
| Details of the subsidiary are as follows: | | |
| Name of subsidiary | Country of incorporation | Effective equity held by |
| | | 2008 % |
| | | 2007 % |
| MPA Venture Pte. Ltd. | Singapore | 100 |
| | | 100 |

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

The assets and liabilities and results of the subsidiary have not been consolidated as they are not material to the Authority's financial statements. The net liabilities of the subsidiary based on unaudited financial statements as at 31 December 2008 is \$15,496 (2007: \$11,891) and its accumulated deficit as at 31 December 2008 is \$15,498 (2007: \$11,893).

6 Financial assets

| | Note | 2008 \$ | 2007 \$ |
|---|----------|-------------|-------------|
| Non-current investments | | | |
| Available-for-sale securities: | | | |
| Quoted equity securities managed by fund managers | 6(a), 19 | 102,547,996 | 221,978,837 |
| Quoted debt securities managed by fund managers | 6(b), 19 | 319,361,091 | 307,091,536 |
| Quoted equity securities managed internally | 6(c) | 2,897,310 | 4,544,800 |
| Unquoted equity securities managed internally | | 3,830,280 | 3,731,283 |
| Impairment losses | | (1,478,072) | (1,478,072) |
| | 6(d) | 2,352,208 | 2,253,211 |
| | | 427,158,605 | 535,868,384 |
| Unquoted held-to-maturity debt securities | 6(e) | 50,000 | 150,000 |
| | | 427,208,605 | 536,018,384 |
| Current investment | | | |
| Unquoted held-to-maturity debt securities | 6(e) | 100,000 | - |
| | | 427,308,605 | 536,018,384 |

Measurement of impairment assessment for available-for-sale financial assets managed by fund managers, quoted and unquoted financial assets managed internally

The Authority follows the guidance of SB-FRS 39 in determining when a financial asset is considered impaired. This determination requires significant judgement exercised by Management.

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

For available-for-sale equity securities that are listed in an active market, Management believes that there is an objective evidence of impairment if there is a significant or prolonged decline in the fair value of the equity security below its acquisition cost. As at the balance sheet date, an equity security is considered to be impaired if its fair value declines in excess of 20% against its acquisition cost. The Authority holds a diversified portfolio of equity securities that spans across many industries in different geographical locations. Accordingly, Management considers the basis adopted in its impairment assessment to be appropriate and prudent. Under this impairment assessment approach, the Authority recorded an impairment loss of \$60,045,360 (2007: \$12,427,872). The impairment loss is presented under "other operating deficit" in the current year's statement of income and expenditure.

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

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

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

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

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

| | Original cost \$ | 2008 Fair value \$ | % | Original Cost \$ | 2007 Fair value \$ | % |
|---|------------------------|-----------------------------|-----|------------------------|-----------------------------|-----|
| Assets backed securities | 27,576,057 | 24,102,222 | 7 | 33,130,596 | 31,437,252 | 10 |
| Commercial mortgage backed securities | 22,849,585 | 15,814,753 | 5 | 18,606,339 | 18,024,063 | 6 |
| Corporate bonds | 181,314,743 | 162,586,369 | 51 | 114,791,938 | 110,986,833 | 36 |
| Government bonds | 92,877,859 | 91,141,390 | 29 | 113,115,958 | 113,090,733 | 37 |
| Non-government backed commercial mortgage obligations | 36,248,136 | 25,716,357 | 8 | 34,353,732 | 33,552,655 | 11 |
| | 360,866,380 | 319,361,091 | 100 | 313,998,563 | 307,091,536 | 100 |

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

| Credit rating | 2008 | | 2007 | |
|---------------|-------------|-----|-------------|-----|
| | Fair value | | Fair value | |
| | \$ | % | \$ | % |
| AAA/Aaa | 165,415,276 | 52 | 181,958,512 | 59 |
| AA/Aa | 24,365,625 | 8 | 22,521,266 | 7 |
| A/A | 81,154,011 | 25 | 59,215,183 | 19 |
| BBB+/Baa1 | 20,534,211 | 6 | 2,582,653 | 1 |
| BBB/Baa2 | 18,937,059 | 6 | 34,569,909 | 11 |
| BBB-/Baa3 | 8,954,909 | 3 | 6,244,013 | 3 |
| | 319,361,091 | 100 | 307,091,536 | 100 |

In determining whether a loss event has occurred, Management, based on the criteria listed above, found debt securities amounting to \$18,056,007 that indicate evidences of impairment, of which an impairment loss of \$6,982,995 (2007: \$Nil) has been recognised. The impairment loss is presented under “other operating deficit” in the current year’s statement of income and expenditure.

Other considerations:

As at 31 December 2008, investment in corporate bonds issued by financial institutions in the United States of America amounted to \$5,727,584. As part of the Authority’s impairment assessment on these corporate bonds, Management forms a view that despite the financial difficulties faced by these financial institutions in the United States of America, there is no evidence of impairment on future contractual cash flows associated with the debt securities issued by them since most of them have received financial support from the Government of the United States of America.

Except for the impaired securities described above, a significant portion of the invested debt securities representing 85% (2007: 85%) are rated “A” and above by the credit rating agencies; and for the remaining debt securities rated “BBB+” and below, Management is of the view that these debt securities remain “investment grade” and are not impaired.

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

The investment in quoted equity security has been impaired since a decline in the fair value in excess of 20% against its acquisition cost has occurred during the year. The impairment loss is presented under “other operating deficit” in the current year’s statement of income and expenditure.

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

The investments in unquoted equity securities amounting to \$2,352,208 (2007: \$2,253,211) are stated at cost less impairment losses. These securities represent investments in companies that are engaged in research and development activities and are involved in the commercial application of this knowledge. The fair value of these unquoted equity securities is not readily available as there are no quoted market prices in an active market. The recoverability of these investments is uncertain and is highly dependent on the outcome of the research and development activities, which cannot presently be determined. The Authority is also unable to disclose the range of estimates within which a fair value is highly likely to lie.

Impairment losses on unquoted equity securities

Certain investee companies continue to incur operating losses and recorded a deficit in shareholders’ funds as at 31 December 2008. As the going concern of these investee companies continue to remain uncertain, the Authority continues to deem the fair value less costs to sell of these investee companies to be \$Nil. In the previous year’s statement of income and expenditure, an impairment loss of \$782,303 had been recognised.

(e) Unquoted held-to-maturity debt securities

The unquoted debt securities are interest-free and mature in 2009 and 2010. If the debt securities are not redeemed by the contractual maturity dates, the securities shall bear an interest rate of 12%.

7 Trade receivables

| | 2008 | 2007 |
|-------------------|------------|------------|
| | \$ | \$ |
| Trade receivables | 26,843,904 | 20,519,289 |
| Impairment losses | (271,594) | (306,075) |
| | 26,572,310 | 20,213,214 |

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

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. The Authority’s historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Authority’s trade receivables.

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

Impairment losses

The ageing of trade receivables at the reporting date is:

| | 2008 | | 2007 | |
|-----------------------|-------------------|----------------|-------------------|----------------|
| | Gross | Impairment | Gross | Impairment |
| | \$ | \$ | \$ | \$ |
| Not past due | 24,546,351 | - | 17,796,730 | - |
| Past due 0 – 30 days | 1,008,157 | - | 645,427 | - |
| Past due 31 – 60 days | 423,412 | 41,641 | 1,034,562 | 23,373 |
| More than 90 days | 865,984 | 229,953 | 1,042,570 | 282,702 |
| | <u>26,843,904</u> | <u>271,594</u> | <u>20,519,289</u> | <u>306,075</u> |

Based on historical default rates, the Authority believes no impairment allowance is necessary in respect of trade receivables that are not past due or past due 0 – 30 days.

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

| | 2008 | 2007 |
|----------------------------|----------------|----------------|
| | \$ | \$ |
| At 1 January | 306,075 | 282,702 |
| Impairment loss recognised | 94,848 | 23,373 |
| Amount written back | (129,329) | - |
| At 31 December | <u>271,594</u> | <u>306,075</u> |

8 Deposits, prepayments and other receivables

| | 2008 | 2007 |
|--|-------------------|------------------|
| | \$ | \$ |
| Deposits | 216,782 | 211,043 |
| Prepayments | 388,874 | 407,058 |
| Other receivables | 20,813,217 | 4,037,604 |
| Allowance for doubtful receivables | (165,000) | (165,000) |
| | <u>20,648,217</u> | <u>3,872,604</u> |
| Accrued interest receivable | 3,033,644 | 3,214,855 |
| Amount due from subsidiary (non-trade) | 13,030 | 9,893 |
| | <u>24,300,547</u> | <u>7,715,453</u> |

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

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

| | Note | 2008 | 2007 |
|---|------|-------------------|------------------|
| | | \$ | \$ |
| Interest receivable | 19 | 2,968,340 | 2,854,661 |
| Receivables on sale of financial instruments | 19 | 28,287 | - |
| Forward foreign exchange purchases (net) | 19 | 11,128,748 | 1,328,481 |
| Derivative assets (Credit default swaps) | 19 | 250,150 | - |
| Other receivables (mainly dividend receivables and withholding tax receivables) | 19 | 573,792 | 712,427 |
| | | <u>14,949,317</u> | <u>4,895,569</u> |

9 Cash and cash equivalents

| | 2008 | 2007 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash at bank and in hand | 34,572,138 | 47,212,111 |
| Commercial papers | - | 107,568,565 |
| Short-term bills and notes | 38,993,900 | 27,116,064 |
| Fixed deposits | 218,494,284 | 77,565,317 |
| Cash and cash equivalents | <u>292,060,322</u> | <u>259,462,057</u> |
| Cash and cash equivalents managed by fund managers | (119,448,343) | (165,349,283) |
| Cash and cash equivalents in the cash flow statement | <u>172,611,979</u> | <u>94,112,774</u> |

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

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

| | Note | 2008 | 2007 |
|----------------------------|------|--------------------|--------------------|
| | | \$ | \$ |
| Cash at bank and in hand | 19 | 17,140,270 | 27,863,235 |
| Commercial papers | 19 | - | 107,568,565 |
| Short-term bills and notes | 19 | 38,993,900 | 27,116,064 |
| Fixed deposits | 19 | 63,314,173 | 2,801,419 |
| | | <u>119,448,343</u> | <u>165,349,283</u> |

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.3125% to 1.575% (2007: 2.20% to 2.83%) per annum. Interest rates reprice at intervals of one, two, three or twelve months.

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

| | 2008 | 2007 |
|----------------------------|-------------|-------------|
| | % | % |
| Commercial papers | Nil | 2.00 - 2.48 |
| Short-term bills and notes | 0.78 - 2.00 | 0.58 - 2.20 |
| Fixed deposits | 0.20 - 0.42 | 1.31 |

10 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.

Capital management

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

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

The Authority is not subject to externally imposed capital requirements.

11 Employee benefits

| | 2008 | 2007 |
|--------------------|-----------|-----------|
| | \$ | \$ |
| At 1 January | 2,428,757 | 2,384,157 |
| Provision made | 84,000 | 84,000 |
| Provision utilised | (790,044) | (39,400) |
| At 31 December | 1,722,713 | 2,428,757 |
| Non-current | 1,722,713 | 1,515,063 |
| Current | - | 913,694 |
| | 1,722,713 | 2,428,757 |

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

12 Deferred capital grant

| | 2008 | 2007 |
|---|------------|------------|
| | \$ | \$ |
| At 1 January | 37,864,894 | 37,164,525 |
| Assets acquired using Government grants | - | 700,369 |
| At 31 December | 37,864,894 | 37,864,894 |
| Less: | | |
| Accumulated amortisation | | |
| At 1 January | 3,891,058 | 2,073,297 |
| Amortisation during the year | 1,817,628 | 1,817,761 |
| At 31 December | 5,708,686 | 3,891,058 |
| | 32,156,208 | 33,973,836 |

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

13 Trade and other payables

| | Note | 2008 | 2007 |
|---|------|------------|------------|
| | | \$ | \$ |
| Trade payables | | 4,515,705 | 4,302,283 |
| Payables on purchase of financial instruments, managed by fund managers | 19 | 453,032 | - |
| Derivatives liabilities (interest-rate swap) | 19 | 2,119,790 | - |
| Accrued capital expenditure | | 1,125,507 | 1,061,334 |
| Accrued operating expenses | | 10,143,416 | 6,908,380 |
| Other payables | | 1,859,743 | 1,956,107 |
| | | 20,217,193 | 14,228,104 |

Trade payables are mainly denominated in the Authority’s functional currency. Payables on purchase of financial instruments, managed by fund managers, are mainly denominated in SGD dollars.

Accrued operating expenses include provision for special performance bonus and group bonus of \$5,741,957 (2007: \$2,663,550).

Accrued administrative fee payable to the fund managers and custodian bank amounted to \$792,164 (2007: \$897,665) is also included in accrued operating expenses.

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

| | Cash flows | | | | |
|---|---------------------|---------------------|---------------------|------------------|------------------|
| | Carrying \$ | Contractual \$ | Within \$ | Within \$ | More than \$ |
| 2008 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | (18,097,403) | (18,097,403) | (18,097,403) | - | - |
| Derivative financial liabilities | | | | | |
| Interest rate swap used for duration hedging purposes | | | | | |
| - Outflow (net) | (2,119,790) | (1,787,235) | (518,025) | (978,311) | (290,899) |
| | <u>(20,217,193)</u> | <u>(19,884,638)</u> | <u>(18,615,428)</u> | <u>(978,311)</u> | <u>(290,899)</u> |
| 2007 | | | | | |
| Non-derivative financial liabilities | | | | | |
| Trade and other payables | (14,228,104) | (14,228,104) | (14,228,104) | - | - |

14 Advances, deposits and unearned income

| | 2008 \$ | 2007 \$ |
|---------------------------|------------------|------------------|
| Advances and deposits | 1,076,574 | 1,222,849 |
| Unearned annual port dues | 1,743,071 | 2,282,850 |
| | <u>2,819,645</u> | <u>3,505,699</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.

15 Staff costs

The contribution to Central Provident Fund included in staff costs during the financial year is \$4,220,551 (2007: \$4,286,094). Other contributions to defined contribution plans amounted to \$84,000 (2007: \$84,000) (note 11).

16 Other operating expenses

Included in other operating expenses are the following:

| | 2008 \$ | 2007 \$ |
|---|------------|------------|
| Capital provisions written off | 10,088,855 | 5,069,925 |
| Utility charges | 5,208,543 | 3,110,291 |
| Contribution to the Maritime Cluster Fund projects | 1,654,935 | 1,612,743 |
| Contribution to the International Maritime Organisation | 2,578,892 | 2,912,523 |
| Contribution to Merit Fund | 1,488,265 | 1,911,214 |
| Telecommunication charges | 2,247,237 | 2,101,812 |
| Service fees to port operator | 2,631,513 | 1,441,160 |
| Rental/maintenance fees for office premises | 1,729,047 | 1,804,285 |
| Property tax | 1,028,553 | 1,101,720 |
| Contracted services | 1,978,575 | 1,853,949 |
| Printing and stationery | 592,354 | 565,914 |
| Publicity expenses | 251,324 | 524,846 |
| Overseas travelling | 1,043,258 | 887,992 |
| Project grants | 1,395,349 | 1,042,339 |

17 Other operating (deficit)/surplus

| | 2008 \$ | 2007 \$ |
|---|---------------|--------------|
| Gain/(loss) from sale of investments in: | | |
| - Debt securities | 1,231,383 | (4,885,590) |
| - Equity securities | (30,611,472) | 75,249,151 |
| - Cash and cash equivalent (mainly commercial papers) | 120,479 | 14,983 |
| Realised loss on foreign exchange (net) on disposal on available-for-sale financial assets | (23,800,443) | (9,036,304) |
| Fair value loss on equity portion of convertible bonds | (270,100) | - |
| Fair value (loss)/gain on derivatives | (9,102,855) | 699,152 |
| Impairment loss on investments in: | | |
| - available-for-sale equity securities | (60,045,360) | (12,427,872) |
| - available-for-sale debt securities | (6,982,995) | - |
| Investment expenses | (3,431,795) | (3,787,481) |
| Unrealised gain/(loss) on foreign exchange (net) on debt securities and other monetary assets held by fund managers | 7,031,870 | (6,863,991) |
| Interest income from: | | |
| Debt securities | 16,148,600 | 14,457,231 |
| Fixed deposits and commercial papers | 433,623 | 1,878,902 |
| Dividend income from equity securities | 8,267,798 | 5,517,923 |
| Others | (24,354) | 31,819 |
| Net investment (loss)/gain from funds with fund managers carried forward | (101,035,621) | 60,847,923 |

| | 2008 | 2007 |
|---|----------------------|-------------------|
| | \$ | \$ |
| Net investment (loss)/gain from funds with fund managers brought forward | (101,035,621) | 60,847,923 |
| Interest income: | | |
| - Fixed deposits | 1,539,081 | 1,423,033 |
| - Cash at bank | 129,292 | 192,762 |
| - Staff loans and trade receivables | 238,420 | 245,802 |
| Dividend income from equity securities | 140,750 | 234,058 |
| Consultancy fees | (71,300) | (103,263) |
| (Loss)/gain on disposal of property, plant and equipment | (68,638) | 7,456 |
| Impairment loss on investments in available-for-sale unquoted equity securities, managed internally | 7 | (782,303) |
| Loss on foreign exchange (net) on other monetary assets, held internally | (1,047,272) | (128,562) |
| | <u>(100,175,288)</u> | <u>61,936,906</u> |

18 Contribution to Consolidated Fund

The contribution to the Consolidated Fund is determined based on Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The contribution is based on 18% (2007: 18%) of the surplus for the year.

19 Funds with fund managers

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

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

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

| | Note | 2008 | 2007 |
|---|------|--------------------|--------------------|
| | | \$ | \$ |
| Debt securities | 6 | 319,361,091 | 307,091,536 |
| Equity securities | 6 | 102,547,996 | 221,978,837 |
| Interest receivables | 8 | 2,968,340 | 2,854,661 |
| Receivables on sale of financial instruments | 8 | 28,287 | - |
| Forward foreign exchange purchases (net) | 8 | 11,128,748 | 1,328,481 |
| Other receivables (mainly dividend receivables and withholding tax receivables) | 8 | 573,792 | 712,427 |
| Derivative assets (Credit default swaps) | 8 | 250,150 | - |
| Fixed deposits | 9 | 63,314,173 | 2,801,419 |
| Cash balances | 9 | 17,140,270 | 27,863,235 |
| Commercial papers | 9 | - | 107,568,565 |
| Short-term bills and notes | 9 | 38,993,900 | 27,116,064 |
| Payables on purchase of financial instruments | 13 | (453,032) | - |
| Derivatives liabilities (interest rate swap) | 13 | (2,119,790) | - |
| Accrued administrative fees | 13 | (792,164) | (897,665) |
| | | <u>552,941,761</u> | <u>698,417,560</u> |

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

| | 2008 | 2007 |
|----------------------|---------------------|---------------------|
| | \$ | \$ |
| Notional amounts | | |
| Futures sales | (87,309,450) | (60,025,046) |
| Futures purchases | 26,435,831 | 10,522,749 |
| Credit default swaps | 7,203,750 | - |
| Interest rate swap | (16,568,626) | - |
| | <u>(69,238,495)</u> | <u>(49,492,297)</u> |

20 Financial risk management

Overview

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

Funds with fund managers

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

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

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

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

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

Credit risk

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

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

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

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

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

Funds with fund managers

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

At 31 December 2008, the following financial assets were exposed to credit risk: investment in debt and equity securities, receivables on sale of financial instruments, forward foreign exchange purchases, cash and cash equivalents, derivative financial assets and other receivables. The total carrying amount of financial assets exposed to credit risk amounted to \$556,306,747 (2007: \$699,315,225).

The Authority limits its credit risk exposure in respect of investments in debt securities by restricting the fund managers to invest in debt securities that have a sound credit rating from Standard & Poor's and Moody's. Given these high credit ratings, except for the impaired securities as described in note 6, management does not expect any counterparty to fail to meet its obligations.

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

Liquidity risk

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

Funds with fund managers

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

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

Market risk

(a) Price risk

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

The Authority's policy to manage price risk is via diversification and selection of securities and other financial instruments within specified limits set by the Investment Committee. The majority of the Authority's equity investments is publicly traded and is included in the S&P 500 Index. The overall market position of these equity investments is monitored on a daily basis by the fund managers and is reviewed on a quarterly basis by the members of the Investment Committee. Compliance with the Authority's fund management mandate is reported to the members of the Investment Committee by an external investment consultant on a quarterly basis.

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

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

| | 2008 | | 2007 | |
|--|-------------|--------------------|-------------|--------------------|
| | +5% \$ | -5% scenario \$ | +5% \$ | -5% scenario \$ |
| Equity securities, managed by fund managers | | | | |
| Statement of changes in reserves | (1,271,218) | - | (1,566,068) | - |
| Statement of income and expenditure | 3,844,581 | (2,573,363) | 2,831,496 | (1,265,428) |
| Equity securities, managed internally | | | | |
| Statement of changes in reserves | - | - | 227,240 | (227,240) |
| Statement of income and expenditure | 144,866 | (144,866) | - | - |

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

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

| | 2008 | | 2007 | |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
| | +5% scenario \$ | -5% scenario \$ | +5% scenario \$ | -5% scenario \$ |
| Statement of changes in reserves | 2,554,037 | (1,175,007) | 9,833,514 | (6,584,639) |
| Statement of income and expenditure | - | (1,379,030) | - | (3,248,875) |

(b) Interest rate risk

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

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

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

| | 2008 | | 2007 | |
|----------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | +100 basis point calculation \$ | -100 basis point calculation \$ | +100 basis point calculation \$ | -100 basis point calculation \$ |
| Statement of changes in reserves | (9,274,927) | 9,695,269 | (8,868,940) | 8,136,121 |

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

| | 2008 | | 2007 | |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | +100 basis point calculation \$ | -100 basis point calculation \$ | +100 basis point calculation \$ | -100 basis point calculation \$ |
| Statement of income and expenditure | 885,459 | (885,459) | 870,441 | (870,441) |

Derivatives (futures and swaps), managed by fund managers

At 31 December, if interest rates had been 100 basis point higher/lower with all other variables held constant, the increase/(decrease) in the fair values of the derivatives (swaps and futures) in the statement of income and expenditure would be as follows:

| | 2008 | | 2007 | |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | +100 basis point calculation \$ | -100 basis point calculation \$ | +100 basis point calculation \$ | -100 basis point calculation \$ |
| Statement of income and expenditure | 4,022,053 | (4,091,210) | 3,658,039 | (3,408,803) |

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

| | Note | 2008 \$ | 2007 \$ |
|---------------------------------|------|----------------------|----------------------|
| Fixed rate | | | |
| Maturing in less than 1 year | | 32,577,211 | 54,836,384 |
| Maturing between 1 to 5 years | | 94,550,314 | 76,225,605 |
| Maturing in more than 5 years | | 123,335,217 | 90,530,819 |
| Floating rate | | | |
| Repricing in less than 3 months | | 66,564,335 | 68,696,840 |
| Repricing between 3 to 6 months | | 2,031,458 | 16,801,888 |
| Repricing in more than 6 months | | 302,558 | - |
| | 6 | <u>319,361,093</u> | <u>307,091,536</u> |
| Effective interest rates | | <u>0.00% - 9.13%</u> | <u>0.35% - 8.85%</u> |

(c) **Foreign exchange risk**

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

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

| | 2008 \$ | 2007 \$ |
|----------------------------------|-------------------|--------------------|
| US Dollars | 23,430,649 | 39,655,910 |
| Euro | 16,098,631 | 37,151,853 |
| Hong Kong dollars | 7,567,079 | 24,941,992 |
| Ringgit Malaysia | 1,377,168 | 16,196,130 |
| Sterling Pounds | 4,276,331 | 17,013,253 |
| Japanese Yen | 14,210,973 | 11,794,025 |
| Australian dollars | 2,388,239 | 5,074,170 |
| Canadian dollars | 4,574,003 | 5,219,398 |
| Indonesian Ruppee | 735,962 | 7,328,486 |
| Thai Baht | 6,991,465 | 4,035,537 |
| Korean Won | 1,034,845 | 3,295,822 |
| Nowegian Kroger | 1,027,904 | 3,403,919 |
| Swedish Krona | 907,321 | 3,989,529 |
| Swiss Franc | 2,284,565 | 3,310,645 |
| Various other foreign currencies | 3,595,348 | 8,150,230 |
| | <u>90,500,483</u> | <u>190,560,899</u> |

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

| | 2008 \$ | 2007 \$ |
|----------------------------------|--------------------|--------------------|
| US Dollars | 183,028,344 | 159,228,447 |
| Euro | 19,198,567 | 16,520,702 |
| Sterling Pounds | 4,064,062 | - |
| Japanese Yen | - | 10,047,726 |
| Ringgit Malaysia | 3,388,261 | 5,894,548 |
| Nowegian Kroger | 2,139,458 | 5,091,917 |
| Swedish Krona | 1,866,173 | 5,638,070 |
| Various other foreign currencies | 16,362,326 | 10,272,551 |
| | <u>230,047,191</u> | <u>212,693,961</u> |

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

| | 2008 \$ | 2007 \$ |
|----------------------------------|-------------------|------------------|
| US Dollars | 4,127,559 | 5,836,340 |
| Euro | 4,650,720 | 78,269 |
| Various other foreign currencies | 1,229,302 | 869,435 |
| | <u>10,007,581</u> | <u>6,784,044</u> |

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

At 31 December, if there is a +/-5% movement in exchange rates relative to the Singapore dollar, with all other variables held constant and assuming that the equity securities are not impaired, the increase/(decrease) in the fair value of equity securities in the statement of changes in reserves would be as follows:

| | 2008 | | 2007 | |
|----------------------------------|-----------|--------------------|-----------|--------------------|
| | +5% \$ | -5% scenario \$ | +5% \$ | -5% scenario \$ |
| Statement of changes in reserves | 4,514,918 | (4,514,918) | 9,521,821 | (9,521,821) |

Available-for-sale monetary assets

At 31 December, if there is a +/-5% movement in exchange rates relative to the Singapore dollar, with all other variables held constant, the increase/(decrease) in the fair value of monetary assets in the statement of income and expenditure would be as follows:

| | 2008 | | 2007 | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | +5% scenario \$ | -5% scenario \$ | +5% scenario \$ | -5% scenario \$ |
| Managed by fund managers | | | | |
| Debt securities | 11,675,894 | (11,675,894) | 10,804,601 | (10,804,601) |
| Derivatives (futures and swaps) | (3,785,148) | 3,785,148 | (2,816,471) | 2,816,471 |
| Cash and cash equivalents | 500,379 | (500,379) | 339,202 | (339,202) |
| Forward foreign exchange purchases (net) and payables on purchase of financial instruments | (14,985,330) | 14,985,330 | (17,275,818) | 17,275,818 |
| | (6,594,205) | 6,594,205 | (8,948,486) | 8,948,486 |
| Cash and cash equivalents, managed internally | 159,565 | (159,565) | 127,409 | (127,409) |
| | (6,434,640) | 6,434,640 | (8,821,077) | 8,821,077 |

Estimation of the fair values

Investments in quoted equity and debt securities

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

Derivatives used by fund managers

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

The fair value of forward exchange contracts is based on their listed market price.

The fair value of swaps is based on quotations from independent third party vendors and sources that apply fair value techniques.

Unquoted equity securities

The fair values of investments in unquoted equity securities are not available as there are no quoted market prices in an active market and other methods of determining fair value do not result in a reasonable estimate (note 6).

Other financial assets and liabilities

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

21 Commitments

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

| | 2008 \$ | 2007 \$ |
|-------------------------------------|--------------------|-------------------|
| Capital expenditure: | | |
| - contracted but not provided for | 8,434,349 | 19,826,400 |
| - authorised but not contracted for | 130,657,351 | 57,714,100 |
| | <u>139,091,700</u> | <u>77,540,500</u> |

Non-cancellable operating lease commitments payable:

| | 2008 \$ | 2007 \$ |
|---------------------------------|----------------|----------------|
| Within 1 year | 337,249 | 135,550 |
| After 1 year but within 5 years | 323,986 | - |
| | <u>661,235</u> | <u>135,550</u> |

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

22 Related parties

With the adoption of SB-FRS by the funds during the financial year, the funds need not comply with the requirements of paragraphs 17 to 22 of SB-FRS 24 – “Related Party Disclosures” with respect to the disclosures of transactions and balances with parent Ministry and other state-controlled entities.

Key management personnel compensation

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

Compensation payable to key management personnel comprises:

| | 2008 \$ | 2007 \$ |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 2,988,819 | 2,649,323 |
| Post-employment benefits | 173,287 | 67,000 |
| Directors fees | 129,898 | 134,676 |
| | <u>3,292,004</u> | <u>2,850,999</u> |

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

Funds held in trust and managed by the Authority comprise:

| | 2008 \$ | 2007 \$ |
|---|--------------------|-------------------|
| Straits of Malacca and Singapore Revolving Fund Committee | 6,227,734 | 6,234,666 |
| Singapore Stranded Seafarers' Fund | 329,716 | 327,140 |
| Agency funds held in trust of Ministry of Transport | 107,200,080 | 34,659,123 |
| | <u>113,757,530</u> | <u>41,220,929</u> |

These funds are placed with financial institutions.

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

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

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

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

| | 2008 \$ | 2007 \$ |
|-------------------------------|------------------|------------------|
| Accumulated fund | <u>6,229,079</u> | <u>6,238,051</u> |
| Non-current asset | | |
| Property, plant and equipment | 1,345 | 3,385 |
| Current asset | | |
| Cash and cash equivalents | <u>6,227,734</u> | <u>6,234,666</u> |
| | <u>6,229,079</u> | <u>6,238,051</u> |

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

| | 2008 \$ | 2007 \$ |
|---------------------------------------|------------------|------------------|
| Interest income | 138,160 | 163,737 |
| Funds disbursed | (145,092) | (90,541) |
| Depreciation expense | (2,040) | (2,448) |
| (Deficit)/Surplus for the year | (8,972) | 70,748 |
| Accumulated surplus as at 1 January | 6,238,051 | 6,167,303 |
| Accumulated surplus as at 31 December | <u>6,229,079</u> | <u>6,238,051</u> |

Singapore Stranded Seafarers' Fund ("SSSF")

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

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

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

| | 2008 \$ | 2007 \$ |
|---------------------------|----------------|----------------|
| Accumulated fund | <u>329,946</u> | <u>327,779</u> |
| Current asset | | |
| Interest receivable | 230 | 639 |
| Cash and cash equivalents | 329,716 | 327,140 |
| | <u>329,946</u> | <u>327,779</u> |

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

| | 2008 \$ | 2007 \$ |
|---------------------------------------|----------------|----------------|
| Interest income | 2,166 | 4,062 |
| Surplus for the year | 2,166 | 4,062 |
| Accumulated surplus as at 1 January | 327,779 | 323,717 |
| Accumulated surplus as at 31 December | <u>329,945</u> | <u>327,779</u> |

Agency funds held in trust of Ministry of Transport

(a) On 11 March 2005, the Authority was appointed by Ministry of Transport (“MOT”) as its managing agent in connection with the proposed land reclamation at Pasir Panjang Terminal Phases 3 and 4 and other related works. At the balance sheet date, the agency funds held in trust and managed by the Authority, represented by cash at bank, amounted to \$107,200,080 (2007: \$34,659,123).

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

| | 2008 | 2007 |
|--|--------------------|-------------------|
| | \$ | \$ |
| Accumulated fund | <u>101,734,328</u> | <u>40,553,726</u> |
| Current asset | | |
| Cash at bank | 107,200,080 | 34,659,123 |
| Amounts due from various Government bodies | 1,812,654 | 8,349,875 |
| | <u>109,012,734</u> | <u>43,008,998</u> |
| Current liabilities | | |
| GST payable | (7,278,406) | (2,455,272) |
| | <u>101,734,328</u> | <u>40,553,726</u> |

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

| | 2008 | 2007 |
|---------------------------------------|--------------------|--------------------|
| | \$ | \$ |
| Grants received | 406,379,373 | 205,741,337 |
| Interest income | (86,073) | 64,700 |
| | <u>406,293,300</u> | <u>205,806,037</u> |
| Grants disbursed | (337,935,063) | (179,063,719) |
| Agency fees paid/payable | (7,177,635) | (15,639,544) |
| Surplus for the year | 61,180,602 | 11,102,774 |
| Accumulated surplus as at 1 January | 40,553,726 | 29,450,952 |
| Accumulated surplus as at 31 December | <u>101,734,328</u> | <u>40,553,726</u> |

24 Subsequent event

On 23 February 2009, the Authority received \$1,000 of equity injection from Ministry of Finance (“MOF”) and the Authority has 60 days from the date of receipt of the equity injection to issue share certificate to MOF. The shares do not carry any voting rights nor par value.

25 New accounting standards and interpretations not yet adopted

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

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

- SB-FRS 1 (revised 2008) *Presentation of Financial Statements*
- SB-FRS 23 (revised 2007) *Borrowing Costs*
- Amendments to SB-FRS 32 *Financial Instruments: Presentation* and SB-FRS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to SB-FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to SB-FRS 101 *First-time Adoption of Financial Reporting Standards* and SB-FRS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to SB-FRS 102 *Share-based Payment – Vesting Conditions and Cancellations*
- SB-FRS 108 *Operating Segments*
- Improvements to SB-FRSs 2008
- INT SB-FRS 113 *Customer Loyalty Programmes*
- INT SB-FRS 116 *Hedges of a Net Investment in a Foreign Operation*

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



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