IN GOOD COMPANY

MARITIME AND PORT AUTHORITY OF SINGAPORE

ANNUAL REPORT 2009

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

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

OUR VALUES

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

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

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

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

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

CONTENTS

CHAIRMAN'S MESSAGE

2009 was a turbulent year for many, and the maritime industry was no exception. Global seaborne trade took a dive, registering the lowest growth rate since 1985. Many liner companies incurred substantial losses and carriers are still suffering losses despite achieving some increases in cargo volumes and freight rates. Looking ahead, recovery for the maritime industry is expected to be mixed and uncertain.

In the face of this sombre landscape, the Singapore maritime cluster managed a credible performance in 2009. This is due to our strong fundamentals, with a robust cluster of maritime sectors supported by an extensive transport and logistics network. This is supplemented by a complete and tested legal framework and also backed by Singapore's strengths as both a finance and IT hub.

MPA's strategic thrusts, our five 'Ps' – nurturing competent and committed People; building strong Partnerships; developing a Pro-business environment; improving operational Processes; and achieving international Prominence – serve as our guiding beacon in these unpredictable times, and help MPA achieve our vision as a leading maritime agency driving Singapore's global maritime aspirations.

Singapore maintained its global leading position in vessel arrival tonnage, bunker sales and container volumes. The Singapore Registry of Ships continued to grow and is ranked among the top ten registries worldwide. We are fortunate that the strategies and initiatives that we have put in place have helped us to weather the storm reasonably well.

Close co-operation and consultation between MPA and the industry have helped to foster a business friendly environment in Maritime Singapore that is responsive to changing needs. This has supported the growth of Maritime Singapore and is something that MPA is committed to continuing.

I would like to thank all our stakeholders for their support and the MPA Board, management and staff for their valuable contributions in 2009. As we come off a challenging and eventful year, let us forge ahead for a brighter 2010.

MR LUCIEN WONG
Chairman

CE'S MESSAGE

2009 was without doubt a challenging and difficult year for the maritime industry. We are glad that despite the challenges, Maritime Singapore continued to put up a very credible performance. Singapore maintained its leading position for bunker sales, vessel arrival tonnage and container throughput and the Singapore Registry of Ships continued to grow and ranked among the top ten in the world. 2009 also saw the continued expansion of maritime services in Singapore, with more companies basing more of their operations in Singapore.

At MPA, even as we reflect on our past achievements, we continue to explore new ways to enhance Maritime Singapore's competitive edge as we strive towards our mission of developing and promoting Singapore as a premier global hub port and an International Maritime Centre, and advancing and safeguarding Singapore's strategic maritime interests.

En Route

In strengthening Singapore's position as a global hub port, we adopt a long-term view and approach on port planning and development, making necessary investments on new infrastructure and systems to meet Singapore's future needs for increased capacity and capability.

Despite the economic downturn, we pressed ahead with the expansion of the Pasir Panjang Terminal and the construction of a new Port Operations Control Centre (POCC) in Changi. The new POCC, with its state-of-the-art Vessel Traffic Information System, will play a strategic role in ensuring the navigational safety and efficient management of vessel movements both in our port waters and in the Singapore Strait.

To support the continued growth of Singapore as a top bunkering port, we implemented the SS600 Singapore Standard Code of Practice for Bunkering and drew up a bunkering masterplan for the next five years.

In Sync

We continued to grow and strengthen Singapore as an International Maritime Centre. Twelve new shipping companies joined the Approved International Shipping Enterprise (AIS) scheme in 2009. The year also saw new maritime companies starting their operations in Singapore and existing companies expanding theirs. To support new business developments, MPA allocated an additional S$45 million to the Maritime Cluster Fund (MCF).

The 4th Singapore Maritime Week (SMW) was successfully held in April 2009 to reinforce Singapore's position as a maritime thought capital and choice venue for international maritime events. There were a total of 21 events that attracted 13,200 participants, an increase from the 6,800 that SMW 2008 attracted.

In Touch

On the international front, Singapore was re-elected to the International Maritime Organization (IMO) Council for a 9th consecutive term. With the support of our international partners, we managed to garner the highest number of votes among the 26 countries that contested in Category C.

To enhance navigational safety in the Straits of Malacca and Singapore, MPA worked closely with Malaysia and Indonesia to implement the three components of the Co-operative Mechanism. MPA hosted the 2nd Cooperation Forum and the 2nd Project Coordination Committee Meeting in October 2009, where one of the key outcomes was the conclusion of a Joint Technical Agreement with the IMO to institutionalise the IMO Trust Fund. Singapore also continued to play our part in global issues such as climate change and maritime security through our work in the IMO and ReCAAP.

At Heart

We firmly believe that our people are the most important part of MPA and continue to put focus on engaging, nurturing, developing and caring for our people. Some new initiatives put in place in 2009 include interest-free study loans for staff, an employee referral scheme, the inaugural Service Excellence Day, Learning Journeys, and new work-life harmony initiatives like Wednesdays Are VEry Special (WAVES), the Well-On-Work-life (WOW) Week, and the Workplace Emotional Health Programme.

MPA also played our part in caring for and sharing with the community. MPA staff donated transport vouchers to the Tanjong Pagar Family Service Centre to help needy families. We also supported Dover Park Hospice's SUNday Walk donation drive and collected funds towards helping patients with serious advanced illnesses. The newly formed MPA CARE Team successfully launched the New Year Wish List for the Elderly, which was very well received and saw MPA staff fulfilling the wish list items of elderly living alone in one-room rental flats.

In Good Company

All that we have achieved and gone through together in 2009 would not have been possible without the efforts and contributions of everyone in MPA. I would like to thank MPA staff for their contributions and good work over the past year. I would also like to thank our Board Members for their valuable guidance and commitment, and our partners and friends for their strong support and partnership. As the maritime industry steers ahead towards greater challenges and achievements in 2010, we know that we are clearly in good company.

MR LAM YI YOUNG
Chief Executive

BOARD OF DIRECTORS

1 **MR LUCIEN WONG** (Chairman), Managing Partner, Allen & Gledhill LLP 2 **MR BAHREN SHAARI** Managing Director, Bank of Singapore Limited 3 **DATO' JUDE BENNY** Managing Partner, Joseph Tan Jude Benny 4 **RADM CHEW MEN LEONG** Chief of Navy, Republic of Singapore Navy 5 **MR KENICHI KUROYA** President & CEO, "K" Line Pte Ltd (Board member from 2 Feb to 28 Dec 2009) 6 **MR LAM YI YOUNG** Chief Executive, Maritime and Port Authority of Singapore 7 **MR ANDREAS SOHMEN-PAO** Group CEO, BW Shipping Managers Pte Ltd 8 **MR THOMAS TAY** General Secretary, Singapore Maritime Officers' Union 9 **MR TEO SIONG SENG** President, Singapore Shipping Association 10 **MR JAMES WONG** Deputy Secretary (Policy), Prime Minister's Office Public Service Division 11 **MR WONG WENG SUN** President/COO, Sembcorp Marine Ltd 12 **DR ROBERT YAP** Chairman & CEO, YCH Group

1

2

3


4

5

6

7

8

9

10

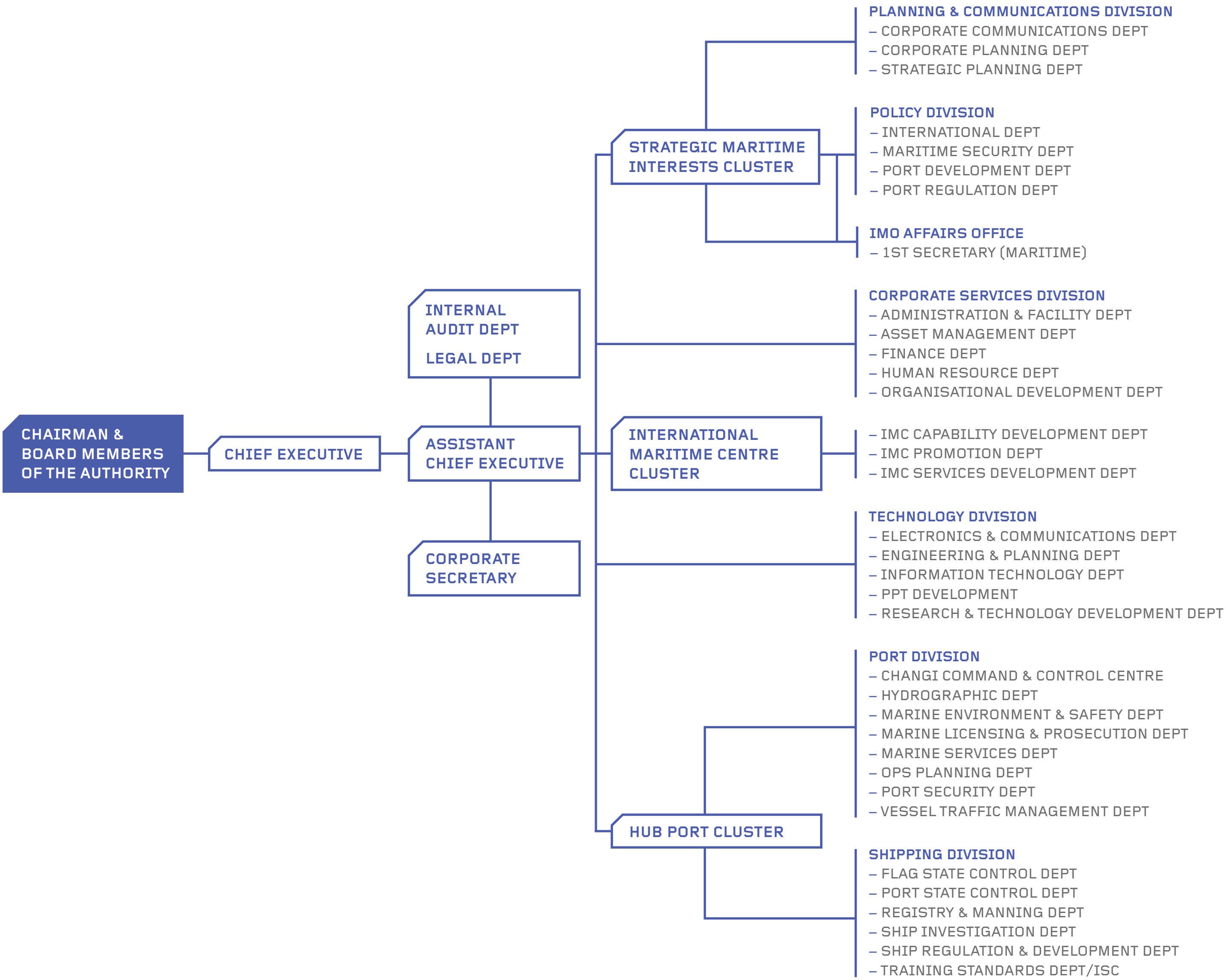
11

12

SENIOR MANAGEMENT

FROM LEFT TO RIGHT
MR CHEONG KENG SOON Director, Shipping Division
MR MATTHEW LEE Head, IMO Affairs Office
MS TAN BENG TEE Group Director, International Maritime Centre
CAPTAIN KHONG SHEN PING Assistant Chief Executive
MR LAM YI YOUNG Chief Executive
MR YEE CHEOK HONG Group Director, Policy & Planning / Director, Planning & Communications
CAPTAIN M SEGAR Group Director, Hub Port Cluster / Director, Port Division
MR TOH AH CHEONG Director, Technology Division
MR TAN CHENG PENG Director, Policy Division

MPA'S ORGANISATIONAL STRUCTURE



1 CE'S OFFICE
2 POLICY
3 PLANNING AND COMMUNICATIONS
4 CORPORATE SERVICES
5 TECHNOLOGY
6 INTERNATIONAL MARITIME CENTRE
7 SHIPPING
8-10 PORT
11 SHIPPING AND PORT


1


2


3


4


5


6


7


8


9


10


11

3


4


1

1 MOST BUSINESS FRIENDLY GOVERNMENT AGENCY

The Action Community for Enterprise (ACE) awarded MPA the top spot for three components in: Pro-Enterprise Orientation, Customer Responsiveness, and the Review of Rules and Regulations. The annual award takes into account areas such as cost compliance, review of rules, customer responsiveness, pro-enterprise orientation and transparency. This marks MPA's third consecutive win of the award.

ACE was launched in May 2003 as a national effort to foster Singapore into a creative and entrepreneurial nation where innovation and enterprise can be translated into wealth creation and where diversity of ideas thrives. The ACE Awards for pro-enterprise agencies is an initiative to encourage regulatory agencies to establish a pro-enterprise environment in Singapore.

2 BEST SEAPORT IN ASIA

Singapore walked away with the Best Seaport in Asia Award for the 21st time at the 23rd Asian Freight and Supply Chain Awards (AFSCA).

Organised by Cargonews Asia, a leading transport publication, this year's ASFCAs took voting online for the first time, and also newly introduced the Green Service Provider awards.

3 BEST 'SINGAPORE EXPERIENCE'

Creating a compelling Singapore Experience through the Singapore Maritime Week earned MPA top honours at the inaugural Singapore Experience Awards 2009.

Organised by the Singapore Tourism Board, the Singapore Experience Awards recognises individuals and organisations with the best product and service delivery that have contributed to a distinctive and compelling Singapore Experience.

These awards bring together industry players in the hospitality, retail, dining, entertainment, attractions, business travel and MICE sectors who delivered the highest level of excellence in product and service delivery. The Awards recognised MPA's achievement in creating a distinctive Singapore Experience for the 'Trade Conference of the Year' category.

4 MODEL PARTNERSHIP

The May Day Model Partnership Award recognises institutions that went the extra mile to help workers ride through the tough times. In 2009, MPA received the award alongside the Singapore Shipping Association (SSA) and other partners Singapore Workforce Development Agency (WDA) and SISEU (Singapore Industrial and Services Employees Union). The awards affirm the strong partnerships between the management, union, workers and government in cutting costs, saving jobs and building new skills and creating new capabilities.

5 SUCCESS AT MINISTER'S INNOVATION AWARDS

MPA's winning innovations that earned four awards at the Minister's Innovation Award 2009 include:

Wireless Broadband Maritime Digital Services at Sea

MPA was elemental in the development of the web-based Maritime Digital Services application which uses the WISEPORT network. With this system in place, the order of Electronic Navigational Charts can be done electronically, at lower costs and better efficiency.

Recycling of Used Lubricating Oil Using Ceramic Membrane Technology

The successful partnership between MPA and the Institute of Environmental Science and Engineering (IESE) and Envipure Pte Ltd has brought to fruition the development of a Ceramic Membrane technology for the recycling of Used Lubricating Oil.

Developing a Secured Advanced Global Satellite Asset Tracking Solution for the Maritime Industry

SingTel's AITrac, a web-based secured tracking system utilising GPS that provides maritime and logistics companies the ability to conduct real-time location and status tracking of goods at sea or land, was one of the projects funded through the MPA Maritime and Innovation (MINT) Fund.

Maritime Fuel Consumption Monitoring and Data Acquisition Solution

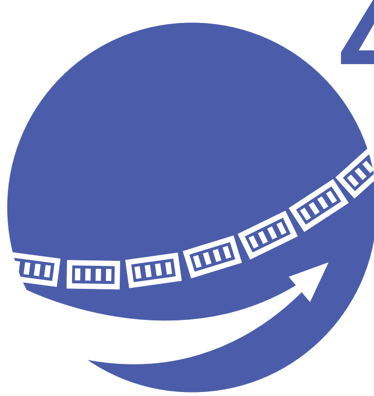
Through MPA and IDA's support, Ascenz has developed a seamless wireless data transmission system for ship owners or operators to obtain shipboard equipment data. Management is able to monitor the performance of their fleet from any location via WISEPORT, GSM, GPRS and/or satellite.

CONTAINER AND CARGO THROUGHPUT

CONTAINER TRAFFIC

25.9 MILLION TEUs*

4x



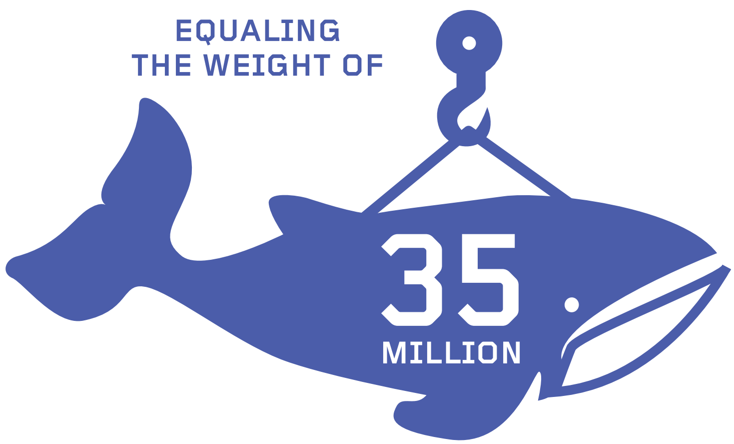
THE NUMBER OF TIMES YOU CAN GO ROUND THE EQUATOR BY PLACING ALL THE CONTAINERS END TO END

* TEU - Twenty-foot equivalent unit

TOTAL CARGO TONNAGE

471.5 MILLION TONNES

EQUALING THE WEIGHT OF



BLUE WHALES

VESSEL ARRIVALS

SHIPPING TONNAGE

1.78 BILLION GROSS TONS*

* Gross tonnage refers to a ship's overall internal volume

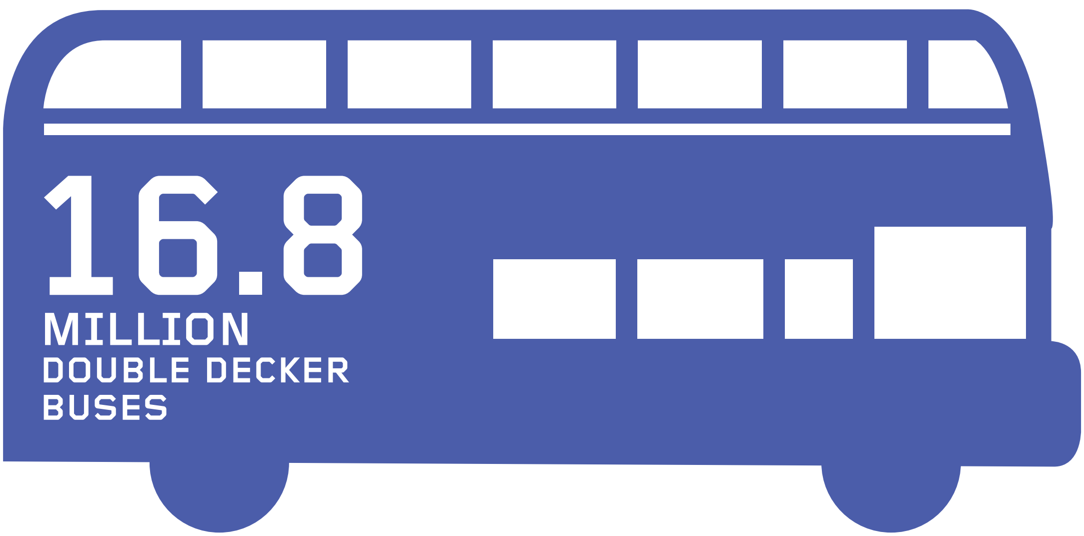
THE SINGAPORE REGISTRY OF SHIPS

TOTAL TONNAGE UNDER SINGAPORE FLAG

45.6

MILLION GROSS TONS

EQUIVALENT TO



TOTAL BUNKER

36.4 MILLION TONNES

THAT CAN FILL

14,560

OLYMPIC-SIZED SWIMMING POOLS

EN ROUTE

PREMIER GLOBAL HUB PORT

Singapore sits strategically at the crossroads of trade, and as a global hub port, has been ranked as the world's busiest port in terms of shipping tonnage. In 2009, over 130,000 vessels called at the port of Singapore. In addition to offering a range of reliable, value-added and cost-efficient marine services and facilities, Singapore is also the world's top bunkering port.

6

1

2

1 PASIR PANJANG TERMINAL EXPANSION

The expansion of Pasir Panjang Terminal (PPT), which commenced in October 2007, is well underway. These new facilities, together with those at PPT Phases 1 & 2 and the city terminals, will boost Singapore's long term cargo handling capacity.

2 BUNKER MASTERPLAN

To maintain Singapore's position as a leading bunkering port, MPA prepared a 5-year Bunker Masterplan with the aim to entrench Singapore as a premier bunkering port known for its integrity, quality and safety. The Bunker Masterplan addressed areas such as standards, technology, infrastructure and manpower.

3 CAPACITY TO HANDLE GROWTH IN THE SINGAPORE STRAIT

Preliminary results of an MPA-commissioned study on the carriage capacity of the Straits of Malacca and Singapore showed that there is still substantial room for vessel traffic growth in the Straits without affecting efficiency or navigational safety. Based on the efficiency and safety indicators, the current traffic level in the Singapore Strait could be increased by at least 75 per cent, assuming the existing processes and operations remain unchanged and there are no advances in technology. MPA shared these findings at the 34th Tripartite Technical Experts Group (TTEG) Meeting hosted by Singapore in October 2009, and at an industry briefing in the same month. The second phase of the study will examine possible measures that can enhance the carriage capacity of the Singapore Strait while at the same time maintaining navigational safety.

4 A NEW HOME FOR MARINA WHARVES

MPA will commence construction of a new lighter facility at Marina South in 2010 to replace the facilities at Marina Wharves which ceased operations in December 2009. Complementing Penjuru Terminal which commenced operations in October 2008, the new facility will reduce traveling time and operating costs for lighter operators servicing vessels in anchorages in the east.

5 NEW POCC AT CHANGI

Everyday, there are about 1,000 vessel movements in our port waters and the Singapore Strait. The Port Operations Control Centres (POCCs) play a strategic role in ensuring navigational safety and efficient vessel movements.

Planning for a new POCC at Changi Command and Control Centre first started in 2007 and the new POCC will harness the latest vessel traffic monitoring technologies to provide a comprehensive traffic situation overview to operators, and offer advanced decision support functions and traffic analysis capabilities.

The tender for the project was awarded in June 2009 and the new POCC is scheduled to be commissioned in 2010.

6 'JOSE' GETS MARINERS OIL SPILL READY

MPA has been conducting the annual Joint Oil Spill Exercise (JOSE) – a set of drill exercises to ensure the nation's readiness to respond to oil spills – since its inception in 2000. This is part of MPA's commitment towards safeguarding and protecting our marine environment and helps in ensuring that our Oil Spill Contingency Plan (OSCP) is kept updated. For 2009, JOSE was held in October and took the form of a multi-agency tabletop exercise which involved both government agencies and industry partners.

7 READY TO RESCUE

To ensure that Singapore will be ready and prepared to deal with any ferry mishaps, MPA held a Ferry Rescue Exercise in August together with the Singapore Police Force, Singapore Civil Defence Force, Immigration and Checkpoints Authority, Singapore Armed Forces, Ministry of Health, Singapore Polytechnic and ferry operators.

8 3RD INTERNATIONAL ECDIS CONFERENCE AND EXHIBITION

MPA and the United Kingdom Hydrographic Office (UKHO) co-hosted the 3rd International ECDIS Conference and Exhibition (IEC) in October 2009. Adopting the theme of "ECDIS – Beyond Navigation", the conference brought together the maritime community to address implementation issues in the run up to the 2012 timeline for mandatory Electronic Chart Display and Information System (ECDIS) carriage. The conference attracted some 300 delegates and was organised with the support of the International Maritime Organization, International Hydrographics Organization, the International Association of Marine Aids to Navigation and Lighthouse Authorities and the Singapore Maritime Academy.

9 ICOPCE 2009 TABLE CHALLENGES IN OIL & CHEMICAL TRANSPORTATION

The biennial International Chemical and Oil Pollution Conference and Exhibition (ICOPCE) was held in April 2009 to discuss methods of prevention and responses to oil and chemical spills. The 2009 edition was also preceded by a Liability and Compensation Workshop.

10 CGS FOR SMOOTHER TRAFFIC NAVIGATION

MPA implemented an enhanced Channel Guidance System (CGS) to regulate the safe navigation of ships due to increased traffic along the routes of East Jurong Channel, Sinki, and West Keppel Fairways. With the system in place, ships are provided with advanced traffic information to help them in making safe navigational decisions along these routes.

11 SINGAPORE NATIONAL DATA CENTRE FOR THE GLOBAL LRIT SYSTEM IN PLACE

Singapore's National Data Centre (NDC) is now fully integrated into the global Long Range Identification and Tracking (LRIT) system and Singapore is in full compliance with the International Maritime Organization's LRIT requirements.

12 HELPING KEEP H1N1 AT BAY

In the wake of the H1N1 flu alert in April 2009, MPA worked closely with the Ministry of Health and other agencies to implement precautionary measures at the various sea checkpoints. This included the deployment of thermal scanners and temperature screening measures. Health alert notices were also handed out to arriving crew and passengers.

13 WISEPORT

With the implementation of the WIreless broadband-access for SEaPORT, or WISEPORT initiative, the Port of Singapore became the first port to provide wireless broadband access via mobile WiMax to vessels in its waters. Crew onboard ships and harbour crafts as well as users on offshore islands are able to enjoy the wireless broadband connectivity for their voice and data communications needs.

14 BUNKERNET

A joint project under the MPA-IDA Infocomm@SeaPort Programme, the BunkerNet System (BNS) is an industry wide solution aimed at enhancing operational efficiencies within the Singapore bunker supply chain. Successfully tested in January 2010 and set for a soft launch in the third quarter of 2010, the BNS will automate bunker operational processes and improve communications and collaboration between bunker barges, offices and related parties.

"Singapore has been the world's busiest container port since 2005. We will continue to make timely investment in our port infrastructure to prepare for an even busier port in the future. The expansion of Pasir Panjang Terminal is proceeding without delay. Plans to construct a new port operations control centre and to deepen our port approaches are also underway. Singapore-based businesses will continue to enjoy the competitive advantage conferred by the superior international connectivity and service levels of our port."

MR RAYMOND LIM
Minister for Transport
Addendum to the President's Address
18 May 2009

8


13


9


EAST ASIA HYDROGRAPHIC COMMISSION
EAHC
SAFE NAVIGATION THROUGH REGIONAL COOPERATION
20


Chairman
20


17

15 MINT FUND DEVELOPMENTS

The Maritime Innovation and Technology (MINT) Fund continued to support research and development in maritime technology. Funding totalling S$7 million was committed for 25 projects in 2009.

One example of a project supported by the MINT Fund is the test-bedding of Ecospec Global Technology's CSNOx™ system, which promises to reduce carbon dioxide (CO2), sulphur oxide (SOx) and nitrogen oxide (NOx) emissions from ships.

16 MARINET MAKES DOCUMENT SUBMISSIONS EASY

With the implementation of MPA's new Marinet System, 99.8% of crew documents are now submitted to the Mercantile Marine Office electronically. As part of MPA's efforts to improve service to the shipping community, Marinet has helped reduce time-consuming manual processing at MPA's One Stop Document Centre by 80%.

17 STANDARD BUNKERING PRACTICES FOR SMOOTH OPERATIONS

To help ensure the quality and quantity of bunkers supplied in the Port of Singapore and to help ensure safety of bunkering operations, MPA implemented the Singapore Standard Code of Practice for Bunkering, or SS600. The SS600 outlines best practices in documentation, equipment requirements and verification procedures during a bunkering operation from pre-delivery to post-delivery.

18 TEMPORARY HARBOUR CRAFT PERMIT FOR MARINE PROJECTS

Specially catering to the needs of marine operators intending short-term deployment of vessels engaged in marine projects, MPA introduced the Temporary Harbour Craft Permit for Marine Projects (THCPMP) in September 2009. The new THCPMP, with a six-month validity period, reduces the administrative and cost burden for agents and operators.

19 ONLINE CHECKS ON SURVEY AND CERTIFICATION STATUS OF SHIPS

MPA is introducing an Electronic Data Interchange System which will enable all authorised classification societies to send information on the status of surveys and certificates of Singapore ships to it electronically. This would allow MPA to better monitor the status of Singapore ships and take timely action against any irregularities. Additionally, it would also help do away with the need for ship agents to submit ship's certificates physically when applying for port clearance, thus enabling faster clearance of Singapore ships in port.

20 SINGAPORE HANDS OVER CHAIRMANSHIP OF EAHC

After being at the helm for three years, Singapore handed over the chairmanship of the East Asia Hydrographic Commission (EAHC) to Thailand at the 10th EAHC Conference in Singapore in October 2009. The Conference reviewed the implementation of several work plans under Singapore's chairmanship, including the development of regional Electronic Navigational Charts (ENC), data harmonisation and capacity building.

21 NEW DROP-IN CENTRE FOR SEAFARERS

Seafarers travelling from afar have a new haven for respite when they dock in Singapore with the opening of the new International Drop-In Centre for Seafarers at Keppel Gate. Relocated in July 2009 from its previous location at Finger Pier Building to a newly constructed building at Keppel Gate, the Centre houses services and amenities such as IDD phone booths and internet access for the convenience and enjoyment of seafarers.

22 IBIA CONVENTION 2009

Some 200 professionals from the international bunkering industry gathered in Singapore for the two day International Bunker Industry Association (IBIA) Convention 2009 in October 2009. In light of the global economic crisis, IBIA Convention 2009 focused on the theme "Positioning for Recovery: Strategies and Challenges for the International Bunker Business". Guest of Honour Mr Choi Shing Kwok, Permanent Secretary, Ministry of Transport was present to address the international bunkering community.

23 SINGAPORE HOSTS 9TH IAPH ASIA/ OCEANIA REGIONAL MEETING

The 9th International Association of Ports and Harbors (IAPH) Asia/Oceania Regional Meeting saw MPA hosting over 150 port officials and industry leaders from over 16 countries in Asia and Oceania. The Meeting served as a valuable networking platform for maritime industry professionals and brought to the table issues such as port security, environmental protection, and competitiveness during the economic downturn.

24 MARINERS TRADE KNOWLEDGE AND SKILLS

As part of efforts to promote manpower development in the maritime industry, MPA signed a Memorandum of Understanding (MOU) with Neptune Ship Management Services Pte Ltd (NSSPL) on the Mariner Exchange Programme in October 2009. The Programme offers selected Certificates of Competency 1 (COC1) mariners from NSSPL training in conducting port state control inspections of ships in local port waters, while MPA COC1 mariners will sail on NSSPL-managed ships to update themselves on the latest developments in shipboard operations and technology.


24


MARINER EXCHANGE PROGRAMME BETWEEN
NEPTUNE SHIPMANAGEMENT SERVICES PTE LTD
AND
MARITIME AND PORT AUTHORITY OF SINGAPORE
24


23

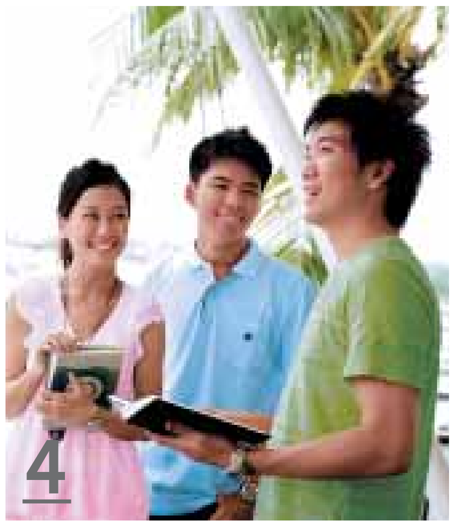
IN SYNC

INTERNATIONAL MARITIME CENTRE

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


5


3


4

1 GROWING OUR POOL OF SHIPOWNERS AND OPERATORS

In 2009, 12 new international shipping groups joined the Approved International Shipping Enterprise (AIS) scheme, bringing the total number of AIS companies to over 120. Together, the AIS companies contribute more than S$2.8 billion in total business spending annually. To better meet the needs of shipping enterprises, MPA extended for a further five years from 1 January 2009 the exemption of withholding tax on interest payable on qualifying loans relating to vessels registered under the Singapore Registry of Ships' Block Transfer Scheme.

2 ENHANCING THE MARITIME CLUSTER FUND (MCF)

About 400 companies drew on the MCF to co-fund more than 900 employees for a wide variety of maritime education and training programmes. An additional S$45 million was injected to form a new business development vertical of the MCF. This aims to assist new maritime companies to join the cluster and to deepen the roots of those already here.

3 DEVELOPING OUR MARITIME SERVICES

In the shipping finance sector, we witnessed the expansions of shipping banks and shipping finance-related companies. There are currently more than 20 banks with shipping desks in Singapore. Singapore's attractiveness as a venue for listing of maritime companies received a boost with the signing of an MOU between the Singapore Exchange and the Oslo Bourse to facilitate dual listings by shipping, offshore and energy companies.

In collaboration with the Monetary Authority of Singapore (MAS), MPA has been encouraging marine insurance players such as Lloyd's Syndicates and International Group Protection & Indemnity (IGP&I) Clubs to set up presence or expand their operations in Singapore. As at end 2009, Singapore was home to 13 Lloyd's Syndicates writing marine business and 4 IGP&I Clubs.

The shipbroking and maritime arbitration and legal sectors have also seen steady growth in recent years. There are now some 20 leading shipbroking companies and about 30 law firms with maritime practice in Singapore. The Singapore Chamber of Maritime Arbitration (SCMA) was reconstituted as a standalone entity to provide an independent, efficient and reliable dispute resolution mechanism that is responsive to the needs of the maritime community.

4 MARITIME MANPOWER AND TRAINING ACTIVITIES

As part of continuous efforts to develop talent for the industry, MPA worked closely with various partners to support manpower development and training initiatives. The ICS-ITI Shipping Programme, jointly offered by the International Trading Institute at Singapore Management University (ITI@SMU) and the Institute of Chartered Shipbrokers (ICS) Singapore Branch, was introduced with the objective of raising professional standards and knowledge across the shipping industry.

The two week Maritime Law & Practice Course was held in Singapore by the Institute of Maritime Law, University of Southampton. This was the first time the course was conducted outside of the United Kingdom.

To attract locals to join the harbour craft sector, MPA worked with the Singapore Workforce Development Agency (WDA) to launch the Place-and-Train Scheme for Port Limit Steersman.

In addition, MPA supported a partnership between the Singapore Shipping Association (SSA) and NTUC to place SSA's training courses under WDA's Skills Programme for Upgrading and Resilience (SPUR).

5 EXTENDING R&D COLLABORATION WITH NORWAY

MPA and the Research Council of Norway (RCN) extended an MOU for Maritime Research and Development, Education and Training for another three years. Signed in June 2009 between MPA and RCN, the extension of the MOU will support continued collaboration between Singapore and Norway on maritime research and development.

6 SINGAPORE MARITIME WEEK

The variety and range of events during the 4th Singapore Maritime Week in April 2009 showcased the diversity of Singapore's maritime cluster, and Singapore's development as a leading international maritime centre, a maritime thought capital and venue for major maritime events. With over 21 events, the 4th Singapore Maritime Week drew over 13,000 local and international participants.

Singapore Maritime Week Regatta

The 4th Singapore Maritime Week kicked off with the Singapore Maritime Week Regatta, a charity event held at Raffles Marina where the maritime community rallied to raise funds for the less fortunate. Funds were raised through the sponsorship of keelboat and dinghy sailing trips, charity auctions and coupon sales for games stalls.

Singapore Maritime Lecture

A well-respected voice in the business community, BW Group Chairman Dr Helmut Sohmen delivered the 3rd Singapore Maritime Lecture, speaking about the business climate and his take on strategies to help the shipping industry strengthen itself for future challenges.

Sea Asia Conference & Exhibition

The Sea Asia 2009 Conference & Exhibition upped the buzz factor with overwhelming response from industry players. More than 4,600 square metres of exhibition space was snapped up by 350 exhibitors from 27 countries. Sea Asia 2009 featured seven country pavilions, where visitors learnt about the maritime industries of China, Japan, Korea, Norway, Panama, Singapore and UK. The Maritime Youth Day@Sea Asia was also held as part of the Singapore Maritime Foundation's outreach programme to expose maritime students to the real maritime world.

Singapore International Maritime Awards Gala Dinner

Held during Singapore Maritime Week, the Singapore International Maritime Awards Gala Dinner recognised individuals and companies for their contributions to Singapore's development as a global hub port and international maritime centre, and played host to luminaries from leading local and international shipping and maritime-related companies.

"In the past year, we have rolled out industry-specific initiatives to help lower business cost, such as the port dues concession and the extension of waiver of withholding tax on interest payment. This is in addition to economy-wide initiatives such as the jobs credit scheme and the special risk sharing initiative. We have allocated extra funds: some $45 million to facilitate the setting up and expansion of new lines of maritime-related businesses; and some $25 million to support maritime research and development efforts."

MRS LIM HWEE HUA
Second Minister for Transport
Singapore Shipping Association
24th Anniversary Gala Dinner
18 September 2009


6


6


NGAPORE
aritimeweek
PORE MARITIME WEEK
18 APRIL 2009


INTERNATIONAL MARITIME CENTRE
6

IN TOUCH

STRATEGIC MARITIME INTERESTS

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

1 IMO COUNCIL ELECTION

Singapore was successfully re-elected to Category "C" of the International Maritime Organization (IMO) Council for a 9th consecutive term in November 2009. It was both an honour for Singapore and an affirmation of Singapore's on-going efforts to contribute to advancing the IMO mission objective of safe, secure and efficient shipping on clean oceans. Singapore has been a member of the IMO Council since 1993.

2 MPA'S IMO AFFAIRS OFFICE

The IMO Affairs Office (IAO) in MPA was set up in September to consolidate and enhance MPA's focus on key IMO issues and its engagement with the IMO. This is part of MPA's continued commitment towards playing an active part in the IMO.

3 CO-OPERATIVE MECHANISM

Singapore hosted the 2nd Co-operation Forum (CF) and the 2nd Project Coordination Committee (PCC) in October 2009. Together with the Aids to Navigation Fund, the CF and the PCC form the three pillars of the Co-operative Mechanism (CM). The CM is a key platform for the three littoral States of the Straits of Malacca and Singapore (SOMS) and the international maritime community to collaborate on issues relating to the safety of navigation and environmental protection in the SOMS.

The 2nd CF saw good progress with pledges of financial contributions to the CM from the European Commission. In 2009, pledges were also received from China. The 2nd CF also saw the formalisation of the IMO Malacca and Singapore Straits Fund, with the signing of a Joint Technical Arrangement between the littoral States and the IMO. For the first time, industry participants were involved in the CF, through panel discussions on safety of navigation and environmental protection. At the 2nd PCC, Singapore tabled a new project proposal for Emergency Towage Vessel (ETV) services in the SOMS.


1


3


6


7

"Out of the 153 countries that were entitled to vote, we collected 141 votes. There were 26 countries vying for 20 positions and we came in top of the list amongst those 20 who made the list. And why did they do that? It's not just because they admire us or think that we are meritorious, but that we have taken the trouble to cultivate friends, to develop relationships and exchange benefits for each other."

PRIME MINISTER LEE HSIEN LOONG
on Singapore's IMO re-election win
30 November 2009

4 CONTRIBUTING TO THE GLOBAL FIGHT AGAINST PIRACY

Singapore continued to play its part against the scourge of piracy, both at the regional and international level.

At the regional level, Singapore remained a committed and active member of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). The transition of the Chairmanship of the Governing Council to the ReCAAP Information Sharing Centre (ISC) from Singapore to Thailand in 2009 went smoothly. Singapore continued to support the ReCAAP ISC through the facilitation of and participation in its many activities, and in raising the ReCAAP ISC's profile at various regional and international forums. Singapore also continued to support the efforts of the Maritime Security Sub-group of the APEC Transportation Working Group, such as its International Ship and Port Facility Security Code Implementation Assistance Program (ICIAP).

Beyond the region, MPA continued to pay close attention to the piracy situation in the Gulf of Aden and off the coast of Somalia. MPA works closely with other government agencies on this issue. Besides Singapore's contributions to the international Combined Task Force 151 set up to deal with piracy in the Gulf of Aden, Singapore also supported efforts to combat the problem at the International Maritime Organization (IMO) and the Contact Group on Piracy off the Coast of Somalia. As the national maritime administration, MPA also constantly engages the shipping community to keep them updated of internationally recommended Best Management Practices to deter piracy.

5 PROTECTING THE ENVIRONMENT

As part of Singapore's continued commitment to the protection of our marine environment, MPA played a leading role in the IMO Technical Group on Emission Control Area and the ISO and IMO initiatives for standardisation of H2S (hydrogen sulphide) in marine fuel oil.

To address the issue of physical blending of oil and chemical cargoes at sea, MPA led the Maritime Safety Committee (MSC) Informal Group and worked with other countries on a joint MSC and Marine Environment Protection Committee (MEPC) Circular on this issue.

Singapore also deposited its instrument of accession to the IMO's "International Convention on the Control of Harmful Anti-Fouling Systems on Ships", or AFS Convention in December 2009. The AFS Convention is the latest of the key environment protection conventions that Singapore has acceded to.

6 HANDS-ON TRAINING FOR SIMULATOR INSTRUCTORS

18 delegates from nine countries and three officers from MPA underwent the Regional Training Course for Simulators Instructors at the Integrated Simulation Centre (ISC) in September 2009. The course covered three Safety Management Systems and participants had the opportunity to get hands-on training with the simulation facilities at the ISC. The course was conducted under the IMO-Singapore Training MOU.

7 DISTINGUISHED VISITORS PROGRAMME

The MPA's Distinguished Visitors Programme (DVP) was established in 1997 as a means for engaging and developing relations between MPA and leaders in the international maritime community. The MPA DVP has facilitated the exchange of views and ideas on important maritime issues with key decision-makers. Under the Programme, MPA has hosted leading maritime personalities from Argentina, Chile, China, Egypt, France, Germany, India, Indonesia, Japan, Malaysia, Lebanon, Netherlands, Nigeria, Turkey and the United States, as well as the IMO and World Shipping Council. In 2009, MPA invited Mr Ju Chengzhi, Director-General, International Cooperation Department, Ministry of Transport, Republic of China to visit MPA under the DVP.

AT HEART

CARING FOR PEOPLE

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

1 "WOW" AT WORK

People are the most important part of MPA and MPA continued to place great emphasis on engaging, nurturing, developing and caring for our people. As part of efforts to promote and enhance work-life harmony, MPA put in place a work-life framework comprising various initiatives. Examples include:

- WAVES Days or 'Wednesdays Are Very Special' – where management committed to end meetings by 5:30pm every Wednesday so as to give our people greater certainty in planning for activities with family and friends.
- WOW Week or 'Well-On-Worklife' - a week of health, entertainment and social activities for our people, held in November 2009.
- WEHP or 'Workplace Emotional Health Programme' – a 24-hour professional counselling hotline was set up specially for our people who may need assistance on work or personal issues.
- Electronic games and board games were made available at the recreational area for our people to gather and bond over fun and games.

2 WE CARE

Volunteers from different parts of MPA came together to form the MPA CARE Team in September 2009. The CARE Team plans and organises community projects to further exercise MPA's Corporate Social Responsibility. Since its inception, the CARE Team has worked with the AWWA Senior Activity Centre to compile a 'wish list' of items requested by elderly residing in one-room rental flats. The CARE Team successfully canvassed for sponsors amongst MPA staff to donate all 67 wish-list items, much to the delight of the elderly.

Some S$1,720 worth of transport vouchers were donated by our staff to help needy families supported by the Tanjong Pagar Family Service Centre. The vouchers were presented to Mr Wong Kwong Sing, Executive Director, Tanjong Pagar Family Service Centre in September 2009.

3 SINGAPORE QUALITY CLASS CERTIFICATION

2009 saw MPA's Singapore Quality Class (SQC) certification being successfully renewed. SQC recognises organisations that have attained a commendable level of performance in their journey towards organisational excellence.

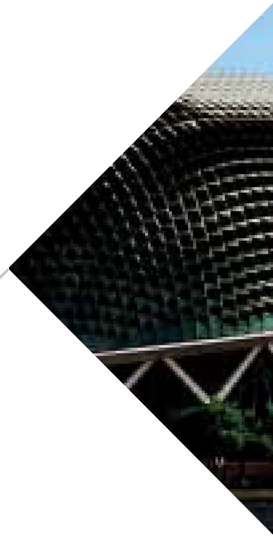
MPA staff were treated to a range of fun-filled events in 2009, such as the annual Dinner & Dance, Staff Nite, Healthy Fun Day, Family Day, Junior@Work, Cluster Games, Lunch Time Outings, Fruit Days and Well-On-Worklife (WOW) Week.

BROUGHT TO YOU BY

THE CORPORATE COMMUNICATIONS DEPARTMENT

FROM LEFT TO RIGHT

JAIME QUEK, LENA HAN, EVELYN LIM, GARY LOW, LAM WEE SHANN, HADI BIN HAMIDIL, MD ELFIAN HARUN, FANG JIAYUN, JOANNE FANG



MPA
SINGAPORE

460 Alexandra Road #19-00 PSA Building Singapore 119963
www.mpa.gov.sg

FINANCIAL REPORT 2009

MARITIME AND PORT AUTHORITY OF SINGAPORE

CONTENTS

Statement by Board of Members

In our opinion:

(a) the financial statements of The Maritime and Port Authority of Singapore (the "Authority") set out on pages FS1 to FS40 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 2009 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

Lam Yi Young
Chief Executive and Board Member

24 March 2010

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 2009, the statement of comprehensive income, 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 FS40.

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 2009 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
24 March 2010

Balance sheet
As at 31 December 2009

	Note	2009 $	2008 $
Non-current assets			
Property, plant and equipment	4	84,261,981	92,434,891
Capital work-in-progress	5	6,836,009	3,751,319
Subsidiary	6	2	2
Financial assets	7	570,830,941	427,208,605
		661,928,933	523,394,817
Current assets			
Financial assets	7	150,000	100,000
Trade receivables	8	32,958,930	26,572,310
Deposits, prepayments and other receivables	9	17,338,417	24,300,547
Cash and cash equivalents	10	387,684,838	292,060,322
		438,132,185	343,033,179
Total assets		1,100,061,118	866,427,996
Capital and other funds			
Establishment account	11	147,375,155	147,375,155
Equity financing account	12	1,000	-
Fair value reserve		41,785,432	(26,660,573)
Accumulated surplus		818,918,442	685,975,094
Total capital and other funds		1,008,080,029	806,689,676
Non-current liabilities			
Employee benefits	13	1,770,906	1,722,713
Deferred capital grant	14	30,338,580	32,156,208
		32,109,486	33,878,921
Current liabilities			
Trade and other payables	15	17,340,380	20,217,193
Advances, deposits and unearned income	16	11,714,287	2,819,645
Provision for contribution to consolidated fund		30,816,936	2,822,561
		59,871,603	25,859,399
Total liabilities		91,981,089	59,738,320
Total equity and liabilities		1,100,061,118	866,427,996
Funds managed/held on behalf of others	25	78,127,259	108,293,353
Funds' net assets managed/held on behalf of others	25	(78,127,259)	(108,293,353)

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

Statement of comprehensive income

Year ended 31 December 2009

	Note	2009 $	2008 $
Revenue			
Port dues and marine services		236,364,764	215,523,268
Shipping services		9,118,885	8,254,591
Rental income		2,752,959	2,190,774
Training		949,579	1,082,075
Miscellaneous revenue		843,726	2,122,416
		250,029,913	229,173,124
Operating expenditure			
Staff costs	17	49,474,048	52,188,258
Depreciation expense on property, plant and equipment	4	11,135,515	10,189,667
Hire of marine craft and sea garbage services		6,180,062	6,422,007
Fuel, repairs and maintenance		6,109,604	6,115,082
Other operating expenses	18	32,431,011	40,219,567
		105,330,240	115,134,581
Operating surplus		144,699,673	114,038,543
Other operating surplus/(deficit)	19	34,669,793	(100,175,288)
Surplus from operations		179,369,466	13,863,255
Amortisation of deferred capital grant	14	1,817,628	1,817,628
Surplus before contribution to Consolidated Fund		181,187,094	15,680,883
Contribution to consolidated fund	20	(30,816,936)	(2,822,561)
Surplus for the year		150,370,158	12,858,322
Other comprehensive income			
Net change in fair value of:			
- Available-for-sale debt and equity securities placed by fund managers		87,308,832	(147,932,241)
- Available-for-sale equity securities		636,272	(1,647,490)
Transfer to income and expenditure on sale of available-for-sale debt and equity securities placed by fund managers		(22,102,641)	36,463,708
Impairment loss on available-for-sale debt and equity securities placed by fund managers transferred to income and expenditure		2,603,542	67,028,355
Other comprehensive income/(losses) for the year, net of tax		68,446,005	(46,087,668)
Total comprehensive income/(losses) for the year		218,816,163	(33,229,346)

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

Statement of changes in reserves
Year ended 31 December 2009

	Establishment Account	Equity Financing Account	Fair value reserve	Accumulated surplus	Total
	$	$	$	$	$
At 1 January 2008	147,375,155	-	19,427,095	673,116,772	839,919,022
Total comprehensive income/ (losses) for the year	-	-	(46,087,668)	12,858,322	(33,229,346)
At 31 December 2008	147,375,155	-	(26,660,573)	685,975,094	806,689,676
At 1 January 2009	147,375,155	-	(26,660,573)	685,975,094	806,689,676
Total comprehensive income for the year	-	-	68,446,005	150,370,158	218,816,163
Transactions with owner, recorded directly in equity					
Contribution by and distribution to owner					
Issue of ordinary shares	-	1,000	-	-	1,000
Dividends to equity holder	-	-	-	(17,426,810)	(17,426,810)
At 31 December 2009	147,375,155	1,000	41,785,432	818,918,442	1,008,080,029

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

Cash flow statement
Year ended 31 December 2009

	Note	2009 $	2008 $
Operating activities			
Surplus before contribution to consolidated fund		181,187,094	15,680,883
Adjustments for:			
Depreciation on property, plant and equipment	4	11,135,515	10,189,667
Impairment losses on: - trade receivables	8	929,147	(34,481)
- unquoted equity securities		99,000	-
Provision for employee benefits	13	48,193	84,000
Net investment (income)/loss from funds with fund managers	19	(33,786,775)	101,035,621
Interest income on bank deposits and staff loans	19	(862,017)	(1,906,793)
Dividend income on equity securities	19	(142,025)	(140,750)
Loss on disposal of property, plant and equipment	19	2,681	68,638
Amortisation of deferred capital grant	14	(1,817,628)	(1,817,628)
		156,793,185	123,159,157
Changes in working capital:			
Trade receivables		(7,315,766)	(6,324,615)
Deposits, prepayments and other receivables		(220,120)	(6,513,346)
Trade and other payables		(279,870)	3,503,771
Advances, deposits and unearned income		8,894,642	(686,054)
Cash generated from operations		157,872,071	113,138,913
Contribution paid to consolidated fund		(2,822,561)	(26,341,783)
Payment of employee benefits	13	-	(790,044)
Cash flows from operating activities		155,049,510	86,007,086
Investing activities			
Proceeds from sale of property, plant and equipment		672	27,425
Purchases of property, plant and equipment and capital work-in-progress		(6,050,648)	(9,483,849)
Purchase of unquoted equity securities		(85,628)	(99,000)
Interest received		862,017	1,906,793
Dividends received from equity securities		142,025	140,750
Cash flows from investing activities		(5,131,562)	(7,507,881)
Financing activities			
Dividend paid		(17,426,810)	-
Proceed from equity injection		1,000	-
Placement of industry funds with Accountant-General's Department		(187,800,000)	-
Cash flows from financing activities		(205,225,810)	-
Net (decrease)/increase in cash and cash equivalents		(55,307,862)	78,499,205
Cash and cash equivalents at beginning of the year		172,611,979	94,112,774
Cash and cash equivalents at end of the year	10	117,304,117	172,611,979

The accompanying notes form an integral part of these 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 24 March 2010.

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 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are stated at fair value/amortised cost as disclosed in the accounting policies set out below.

2.3 Functional and presentation currency

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.

2.4 Use of estimates and judgements

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 4 – depreciation and residual value of property, plant and equipment
- Note 7 – measurement of impairment loss for available-for-sale financial assets
- Note 8 – measurement of impairment loss for trade receivables

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

2.5 Changes in accounting policies

(i) Overview

Starting as of 1 January 2009 on adoption of new/revised FRSs, the Authority has changed its accounting policies in the following areas:

- Presentation of financial statements
- Disclosure of financial instruments measured at fair value

(ii) Presentation of financial statements

The Authority has applied revised SB-FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Authority presents in the statement of changes in reserves all owner changes in equity, whereas all non-owner changes in reserves are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it conforms with the revised standard.

(iii) Disclosure of financial instruments measured at fair value

The Authority applies the amendments to SB-FRS 107 *Financial Instruments Disclosures*, which became effective as of 1 January 2009. As a result, the Authority disclose how the fair value of financial instruments are measured using a "three-level" fair value hierarchy, which will inform users of the relative accuracy of each valuation of financial instruments.

SB-FRS107 does not require comparative information to be restated and therefore, the fair value hierarchy of financial instruments as of 31 December 2008 has not been presented.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 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.

3.2 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 income and expenditure except for differences arising on retranslation of available-for-sale equity instruments (as described in note 3.6).

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment.

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

Property, plant and equipment acquired and funded under Government grant are capitalised and depreciated over their useful lives so as to match the related accretion of deferred capital grant (please refer to note 3.13).

(ii) Subsequent costs

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 income and expenditure as incurred.

(iii) Depreciation

Depreciation on property, plant and equipment is recognised in 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 59 years
Building structures	5 to 60 years
Wharves, hardstanding and roads	10 to 39 years
Renovations	5 years
Plant, machinery and equipment	3 to 15 years
Vehicles	5 years
Computers	3 to 5 years
Furniture and fittings	10 years
Floating crafts	5 to 10 years

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

3.4 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.

3.5 Impairment

(i) Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Authority on terms that the Authority would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Authority considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Authority uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

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 asset's original effective interest rate. Losses are recognised in income and expenditure and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to income and expenditure. The cumulative loss that is removed from other comprehensive income and recognised in income and expenditure is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in income and expenditure. Changes in impairment attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in income and expenditure, then the impairment loss is reversed, with the amount of the reversal recognised in income and expenditure. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(ii) 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.

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.

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 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.

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.

3.6 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.

(a) 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.

(b) 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.

(c) 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 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 other comprehensive income and presented in the fair value reserve in equity. The exceptions are impairment losses and foreign exchange gains and losses on monetary items such as debt securities, which are recognised in income and expenditure. When the financial asset is derecognised, the cumulative gain or loss previously recognised directly in other comprehensive income and presented in fair value reserve is transferred to 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.

3.7 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 income and expenditure on a straight-line basis over the term of the lease. Lease incentives received are recognised in income and expenditure as an integral part of the total lease payment made. Contingent rentals are charged to 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.

3.8 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 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.

3.9 Derivative financial instruments

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

Derivatives are recognised initially at fair value; and the attributable transaction costs are recognised in the 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 income and expenditure.

3.10 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 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 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.

3.11 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.

3.12 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 as and when services are performed.

- *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 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.

3.13 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 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.

3.14 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 at the bottom of the balance sheet of the financial statements as prescribed by *SB-FRS Guidance Note 3 Accounting and Disclosures for Trust Funds*. Income and expenditure relating to these funds are accounted for directly in these funds. Details of income, expenditure, assets and liabilities are disclosed in note 25 to the financial statements.

4 Property, plant and equipment

	Leasehold land	Building structures	Wharves, hard-standing and roads	Renovations	Plant, machinery and equipment	Vehicles	Computers	Furniture and fittings	Floating crafts	Total
	$	$	$	$	$	$	$	$	$	$
Cost										
At 1 January 2008	7,096,376	52,969,777	61,701,201	2,109,332	11,149,241	317,235	50,156,362	766,572	13,582,563	199,848,659
Additions	-	84,610	-	3,594,864	824,028	-	3,444,211	321,931	-	8,269,644
Disposals/write-off	-	-	-	(2,538)	(470,825)	-	(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	11,502,444	317,235	52,434,341	891,560	13,577,613	206,276,815
At 1 January 2009	7,096,376	53,054,387	61,701,201	5,701,658	11,502,444	317,235	52,434,341	891,560	13,577,613	206,276,815
Additions	545,580	-	166,879	-	516,431	-	1,885,908	11,160	-	3,125,958
Disposals/write-off	-	-	-	-	(113,121)	-	(1,412,337)	(10,200)	(4,000)	(1,539,658)
Transfer to capital work in progress	-	-	-	(160,000)	-	-	-	-	-	(160,000)
At 31 December 2009	7,641,956	53,054,387	61,868,080	5,541,658	11,905,754	317,235	52,907,912	892,520	13,573,613	207,703,115
Accumulated depreciation										
At 1 January 2008	1,115,573	19,010,592	18,721,785	2,109,332	8,703,239	145,602	46,246,410	468,212	8,876,937	105,397,682
Depreciation charge for the year	212,208	2,412,204	2,555,388	321,861	733,214	63,420	2,656,787	78,217	1,156,368	10,189,667
Disposals/write-off	-	-	-	(2,538)	(448,506)	-	(1,157,264)	(132,167)	(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	414,262	10,028,355	113,841,924
At 1 January 2009	1,327,781	21,422,796	21,277,173	2,428,655	8,987,947	209,022	47,745,933	414,262	10,028,355	113,841,924
Depreciation charge for the year	241,476	2,392,823	2,569,420	693,613	801,599	50,424	3,162,008	68,096	1,156,056	11,135,515
Disposals/write-off	-	-	-	-	(112,686)	-	(1,411,465)	(8,154)	(4,000)	(1,536,305)
At 31 December 2009	1,569,257	23,815,619	23,846,593	3,122,268	9,676,860	259,446	49,496,476	474,204	11,180,411	123,441,134
Carrying amount										
At 1 January 2008	5,980,803	33,959,185	42,979,416	-	2,446,002	171,633	3,909,952	298,360	4,705,626	94,450,977
At 31 December 2008	5,768,595	31,631,591	40,424,028	3,273,003	2,514,497	108,213	4,688,408	477,298	3,549,258	92,434,891
At 1 January 2009	5,768,595	31,631,591	40,424,028	3,273,003	2,514,497	108,213	4,688,408	477,298	3,549,258	92,434,891
At 31 December 2009	6,072,699	29,238,768	38,021,487	2,419,390	2,228,894	57,789	3,411,436	418,316	2,393,202	84,261,981

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 and therefore future depreciation charges could be revised. Any changes in the economic useful lives could impact the depreciation charges and consequently affect the Authority's results. 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.

5 Capital work-in-progress

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

6 Subsidiary

	2009	2008
	$	$
Investment in subsidiary, at cost	2	2

Details of the subsidiary are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Authority	
		2009	2008
		%	%
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 2009 is $19,090 (2008: $15,496) and its accumulated deficit as at 31 December 2009 is $19,092 (2008: $15,498).

7 Financial assets

	Note	2009 $	2008 $
Non-current investments			
Available-for-sale securities:			
Quoted equity securities managed by fund managers	7(a), 21	202,063,801	102,547,996
Quoted debt securities managed by fund managers	7(b), 21	362,894,721	319,361,091
Quoted equity securities managed internally	7(c)	3,533,583	2,897,310
Unquoted equity securities managed internally		3,915,908	3,830,280
Impairment losses		(1,577,072)	(1,478,072)
	7(d)	2,338,836	2,352,208
		570,830,941	427,158,605
Unquoted held-to-maturity debt securities	7(e)	-	50,000
		570,830,941	427,208,605
Current investment			
Unquoted held-to-maturity debt securities	7(e)	150,000	100,000
		570,980,941	427,308,605

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. Under this impairment assessment approach, the Authority recorded an impairment loss of $1,335,263 (2008: $60,045,360) during the current year. The impairment loss is presented under "other operating surplus" in the current year's statement of comprehensive income.

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

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

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

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

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

	2009			2008		
	Original cost	**Fair value**		**Original Cost**	**Fair value**	
	$	$	%	$	$	%
Assets backed securities	14,208,077	13,331,702	4	27,576,057	24,102,222	7
Commercial mortgage backed securities	20,409,711	19,093,888	5	22,849,585	15,814,753	5
Corporate bonds	144,019,981	146,695,913	40	181,314,743	162,586,369	51
Government bonds	161,148,347	163,006,450	45	92,877,859	91,141,390	29
Non-government backed commercial mortgage obligations	21,813,616	20,766,768	6	36,248,136	25,716,357	8
	361,599,732	362,894,721	100	360,866,380	319,361,091	100

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

	2009		2008	
Credit rating	**Fair value**		**Fair value**	
	$	%	$	%
AAA/Aaa	158,885,507	44	165,415,276	52
AA/Aa	68,588,641	19	24,365,625	8
A/A	106,463,041	29	81,154,011	25
BBB+/Baa1	5,653,585	2	20,534,211	6
BBB/Baa2	10,458,901	3	18,937,059	6
BBB-/Baa3	12,845,046	3	8,954,909	3
	362,894,721	100	319,361,091	100

In determining whether a loss event has occurred, Management, based on the criteria listed above, found debt securities amounting to $1,553,830 (2008: $18,056,007) that indicate evidences of impairment, of which an impairment loss of $1,268,279 (2008: $6,982,995) has been recognised in the current year. The impairment loss is presented under "other operating surplus" in the current year's statement of comprehensive income.

Except for the impaired securities described above, a significant portion of the invested debt securities representing 92% (2008: 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.

Other considerations

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

	2009		2008	
	Fair value		Fair value	
	$	%	$	%
Asia (mainly Singapore and Republic of Korea)	34,629,447	21	46,404,344	51
European Union	65,120,984	40	5,930,235	6
United States of America	31,573,657	19	35,099,083	39
Rest of the world	31,682,362	20	3,707,728	4
	163,006,450	100	91,141,390	100

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

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

The investment in quoted equity security is not impaired as fair value is above its acquisition cost as at 31 Dec 2009.

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

The investments in unquoted equity securities amounting to $2,338,836 (2008: $2,352,208) 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 2009. As the going concern of these investee companies continue to remain uncertain, the Authority continues to deem the fair value less costs to sell of these investee companies to be $Nil. On this basis, an impairment loss of $99,000 (2008: $Nil) has been recognised in "operating surplus" in the current year's statement of comprehensive income.

(e) Unquoted held-to-maturity debt securities

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

8 Trade receivables

	2009	2008
	$	$
Trade receivables	34,159,671	26,843,904
Impairment losses	(1,200,741)	(271,594)
	32,958,930	26,572,310

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:

	2009		2008	
	Gross receivables	Impairment losses	Gross receivables	Impairment losses
	$	$	$	$
Not past due	27,040,691	85,979	24,546,351	-
Past due 0 – 30 days	4,282,976	44,171	1,008,157	-
Past due 31 – 60 days	52,312	35,840	423,412	41,641
More than 90 days	2,783,692	1,034,751	865,984	229,953
	34,159,671	1,200,741	26,843,904	271,594

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

	2009	2008
	$	$
At 1 January	271,594	306,075
Impairment loss recognised	1,200,741	94,848
Amount written back	(271,594)	(129,329)
At 31 December	1,200,741	271,594

Based on historical default rate, the Authority believes that, apart from the above, no impairment allowance is necessary is respect of trade receivables not past due or past due from 0 to more than 90 days.

9 Deposits, prepayments and other receivables

	2009	2008
	$	$
Deposits	230,161	216,782
Prepayments	324,047	388,874
Other receivables	12,614,732	20,813,217
Allowance for doubtful receivables	(165,000)	(165,000)
	12,449,732	20,648,217
Accrued interest receivable	4,317,860	3,033,644
Amount due from subsidiary (non-trade)	16,617	13,030
	17,338,417	24,300,547

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	2009	2008
		$	$
Interest receivable	21	4,289,931	2,968,340
Receivables on sale of financial instruments	21	341,140	28,287
Forward foreign exchange purchases (net)	21	2,354,760	11,128,748
Derivative assets (Credit default swaps)	21	-	250,150
Other receivables (mainly dividend receivables and withholding tax receivables)	21	781,236	573,792
		7,767,067	14,949,317

10 Cash and cash equivalents

	2009	2008
	$	$
Cash at bank and in hand	233,653,379	34,572,138
Short-term bills and notes	26,018,519	38,993,900
Fixed deposits	128,012,940	218,494,284
Cash and cash equivalents	387,684,838	292,060,322
Cash and cash equivalents managed by fund managers	(82,580,721)	(119,448,343)
Cash and cash equivalents placed with the Accountant-General's Department	(187,800,000)	-
Cash and cash equivalents in the cash flow statement	117,304,117	172,611,979

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	2009	2008
		$	$
Cash at bank and in hand	21	22,756,691	17,140,270
Short-term bills and notes	21	26,018,519	38,993,900
Fixed deposits	21	33,805,511	63,314,173
		82,580,721	119,448,343

The effective interest rates of fixed deposits placed directly by the Authority vary from 0.155% to 0.680% (2008: 0.3125% to 1.575%) 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:

	2009	2008
	%	%
Short-term bills and notes	0.47 – 1.60	0.78 - 2.00
Fixed deposits	0.08 – 0.12	0.20 - 0.42

11 Establishment account

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

Capital management

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

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

The Authority is not subject to externally imposed capital requirements.

12 Equity financing account

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

During the year, the Authority issued 1,000 (2008: $Nil) shares of $1 each. The shares have been fully paid for and are held by the MOF, a body incorporated by the Minister for Finance (Incorporation) Act Chapter 183, 1985 Realised Edition).

The holders of the shares are entitled to returns on equity from time to time.

13 Employee benefits (Non-current)

	2009 $	2008 $
At 1 January	1,722,713	2,428,757
Provision made	48,193	84,000
Provision utilised	-	(790,044)
At 31 December	1,770,906	1,722,713

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.

14 Deferred capital grant

	2009 $	2008 $
At 1 January and 31 December 2009	37,864,894	37,864,894
Less:		
Accumulated amortisation		
At 1 January	5,708,686	3,891,058
Amortisation during the year	1,817,628	1,817,628
At 31 December	7,526,314	5,708,686
	30,338,580	32,156,208

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

15 Trade and other payables

	Note	2009	2008
		$	$
Trade payables		2,760,185	4,515,705
Payables on purchase of financial instruments, managed by fund managers	21	-	453,032
Derivatives liabilities (interest-rate swap)	21	-	2,119,790
Accrued capital expenditure		788,823	1,125,507
Accrued operating expenses		13,053,727	10,143,416
Other payables		737,645	1,859,743
		17,340,380	20,217,193

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 $7,134,205 (2008: $5,741,957).

Accrued administrative fee payable to the fund managers and custodian bank amounted to $768,043 (2008: $792,164) is also included in accrued operating expenses.

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

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	$	$	$	$	$
2009					
Non-derivative financial liabilities					
Trade and other payables	17,340,380	(17,340,380)	(17,340,380)	-	-
	17,340,380	(17,340,380)	(17,340,380)	-	-
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)
	20,217,193	(19,884,638)	(18,615,428)	(978,311)	(290,899)

16 Advances, deposits and unearned income

	2009	2008
	$	$
Advances and deposits	1,333,947	1,076,574
Unearned operating lease income	8,665,905	-
Unearned annual port dues	1,714,435	1,743,071
	11,714,287	2,819,645

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.

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

17 Staff costs

The contribution to Central Provident Fund included in staff costs during the financial year is $4,087,670 (2008: $4,220,551). Other contributions to defined contribution plans amounted to $48,193 (2008: $84,000) (note 13).

18 Other operating expenses

Included in other operating expenses are the following:

	2009	2008
	$	$
Capital provisions written off	789,361	10,088,855
Utility charges	5,694,616	5,208,543
Contribution to the Maritime Cluster Fund projects	1,553,997	1,654,935
Contribution to the International Maritime Organisation	2,263,046	2,578,892
Contribution to Merit Fund	1,181,107	1,488,265
Telecommunication charges	2,280,925	2,247,237
Service fees to port operator	2,925,116	2,631,513
Rental/maintenance fees for office premises	1,699,822	1,729,047
Property tax	725,354	1,028,553
Contracted services	1,882,179	1,978,575
Printing and stationery	613,407	592,354
Publicity expenses	195,269	251,324
Overseas travelling	709,366	1,043,258
Project grants	2,417,102	1,395,349

19 Other operating surplus/(deficit)

	Note	2009 $	2008 $
Gain/(loss) from sale of investments in:			
- Debt securities		(1,595,177)	1,231,383
- Equity securities		21,700,626	(30,611,472)
- Cash and cash equivalents (mainly commercial papers)		-	120,479
Realised gain/(loss) on foreign exchange (net) on disposal of available-for-sale financial assets		765,397	(23,800,443)
Fair value loss on equity portion of convertible bonds		-	(270,100)
Fair value gain/(loss) on derivatives		1,231,797	(9,102,855)
Impairment loss on investments in:			
- available-for-sale equity securities		(1,335,263)	(60,045,360)
- available-for-sale debt securities		(1,268,279)	(6,982,995)
Investment expenses		(3,111,806)	(3,431,795)
Unrealised (loss)/gain on foreign exchange (net) on debt securities and other monetary assets held by fund managers		(1,601,311)	7,031,870
Interest income from:			
- Debt securities		13,011,493	16,148,600
- Fixed deposits		78,260	433,623
Dividend income from equity securities		6,074,607	8,267,798
Others		(163,569)	(24,354)
Net investment gain/(loss) from funds with fund managers carried forward		33,786,775	(101,035,621)
Interest income:			
- Fixed deposits and cash at bank		622,159	1,668,373
- Staff loans and trade receivables		239,858	238,420
Dividend income from equity securities		142,025	140,750
Consultancy fees		(96,400)	(71,300)
Loss on disposal of property, plant and equipment		(2,681)	(68,638)
Impairment loss on investments in available-for-sale unquoted equity securities, managed internally	7(d)	(99,000)	-
Gain/(loss) on foreign exchange (net) on other monetary assets, held internally		77,057	(1,047,272)
		34,669,793	(100,175,288)

20 Contribution to Consolidated Fund

The contribution to the Consolidated Fund is determined based on Section 3(a) of the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A). The contribution is based on 17% (2008: 18%) of the surplus for the year.

21 Funds with fund managers

The Authority places its surplus funds with fund managers to manage its investment portfolio under a balanced mandate, a global fixed income mandate and a global equities mandate. These fund managers are given discretion in managing their portfolio, subject to the investment guidelines set out in the 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	2009 $	2008 $
Debt securities	7	362,894,721	319,361,091
Equity securities	7	202,063,801	102,547,996
Interest receivables	9	4,289,931	2,968,340
Receivables on sale of financial instruments	9	341,140	28,287
Forward foreign exchange purchases (net)	9	2,354,760	11,128,748
Other receivables (mainly dividend receivables and withholding tax receivables)	9	781,236	573,792
Derivative assets (Credit default swaps)	9	-	250,150
Fixed deposits	10	33,805,511	63,314,173
Cash balances	10	22,756,691	17,140,270
Short-term bills and notes	10	26,018,519	38,993,900
Payables on purchase of financial instruments	15	-	(453,032)
Derivatives liabilities (interest rate swap)	15	-	(2,119,790)
Accrued administrative fees	15	(768,043)	(792,164)
		654,538,267	552,941,761

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

	2009 $	2008 $
Notional amounts		
Futures sales	(54,271,302)	(87,309,450)
Futures purchases	-	26,435,831
Credit default swaps	-	7,203,750
Interest rate swap	-	(16,568,626)

22 Financial risk management

Overview

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

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 agreements entered with the Authority. All income and realised capital gains are to be reinvested by the fund managers unless otherwise instructed by the Authority.

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

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

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

Credit risk

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

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

	Note	2009	2008
		$	$
Trade receivables	8	32,958,930	26,572,310
Deposits	9	230,161	216,782
Other receivables	9	12,449,732	20,648,217
Accrued interest receivables	9	4,317,860	3,033,644
Amount due from subsidiary (non-trade)	9	16,617	13,030
Loans and receivables		49,973,300	50,483,983

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 2009, 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 $655,306,310 (2008: $556,306,747).

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 and Moody. Given these high credit ratings, except for the impaired securities as described in note 7, management does not expect any counterparty to fail to meet its obligations.

At the balance sheet date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the 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 other comprehensive income and presented as fair value reserve in statement of changes in reserve and income and expenditure by the following amounts:

	2009		2008	
	+5% scenario $	-5% scenario $	+5% scenario $	-5% scenario $
Equity securities, managed by fund managers				
Other comprehensive income and presented in fair value reserve in statement of changes in reserve	(549,033)	-	(1,271,218)	-
Income and expenditure	1,140,140	(591,107)	3,844,581	(2,573,363)
Equity securities, managed internally				
Income and expenditure	-	-	144,866	(144,866)

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

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

	2009		2008	
	+5% scenario	-5% scenario	+5% scenario	-5% scenario
	$	$	$	$
Equity securities, managed by fund managers				
Other comprehensive income and presented in fair value reserve in statement of changes in reserve	9,512,083	(8,854,270)	2,554,037	(1,175,007)
Income and expenditure	-	(657,813)	-	(1,379,030)
Equity securities, managed internally				
Other comprehensive income and presented in fair value reserve in statement of changes in reserve	176,679	(176,679)	-	-

(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 (decrease)/increase the fair values of the debt securities in other comprehensive income and presented as fair value reserve in statement of changes in reserve by the following amounts:

	2009		2008	
	+100 basis point calculation	-100 basis point calculation	+100 basis point calculation	-100 basis point calculation
	$	$	$	$
Other comprehensive income and presented in fair value reserve in statement of changes in reserve	(10,630,925)	11,157,113	(9,274,927)	9,695,269

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

	2009		2008	
	+100 basis point calculation	-100 basis point calculation	+100 basis point calculation	-100 basis point calculation
	$	$	$	$
Income and expenditure	723,520	(723,520)	885,459	(885,459)

Derivatives (futures and swaps), managed by fund managers

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

	2009		2008	
	+100 basis point calculation	-100 basis point calculation	+100 basis point calculation	-100 basis point calculation
	$	$	$	$
Income and expenditure	2,676,002	(2,791,934)	4,022,053	(4,091,210)

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	2009	2008
		$	$
Fixed rate			
Maturing in less than 1 year		70,570,082	32,577,211
Maturing between 1 to 5 years		114,451,335	94,550,314
Maturing in more than 5 years		110,371,023	123,335,217
Floating rate			
Repricing in less than 3 months		60,758,548	66,564,335
Repricing between 3 to 6 months		6,743,733	2,031,458
Repricing in more than 6 months		-	302,556
	7	362,894,721	319,361,091
Effective interest rates		0.27% - 12.50%	0.00% - 9.13%

(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:

	2009 $	2008 $
US Dollars	41,915,853	23,430,649
Euro	20,510,149	16,098,631
Hong Kong dollars	6,200,834	7,567,079
Ringgit Malaysia	4,537,150	1,377,168
Sterling Pounds	9,868,419	4,276,331
Japanese Yen	9,820,498	14,210,973
Australian dollars	25,084,688	2,388,239
Canadian dollars	9,104,567	4,574,003
Indonesian Ruppee	10,116,446	735,962
Thai Baht	18,446,032	6,991,465
Korean Won	9,995,934	1,034,845
Nowegian Kroger	1,099,619	1,027,904
Swedish Krona	1,465,478	907,321
Swiss Franc	2,207,522	2,284,565
Various other foreign currencies	5,491,890	3,595,348
	175,865,079	90,500,483

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

	2009 $	2008 $
US Dollars	166,588,282	183,028,344
Euro	83,679,050	19,198,567
Sterling Pounds	3,237,442	4,064,062
Australian Dollars	29,364,814	11,203,700
Ringgit Malaysia	3,923,912	3,388,261
Nowegian Kroger	3,817,305	2,139,458
Swedish Krona	-	1,866,173
Various other foreign currencies	11,418,620	5,158,626
	302,029,425	230,047,191

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

	2009	2008
	$	$
US Dollars	15,087,073	4,127,559
Euro	1,678,383	4,650,720
Various other foreign currencies	5,200,622	1,229,302
	21,966,078	10,007,581

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

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

	2009		2008	
	+5% scenario	-5% scenario	+5% scenario	-5% scenario
	$	$	$	$
Other comprehensive income and presented in fair value reserve in statement of changes in reserve	8,793,254	(8,793,254)	4,514,918	(4,514,918)

Available-for-sale monetary assets

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

	2009		2008	
	+5% scenario	-5% scenario	+5% scenario	-5% scenario
	$	$	$	$
Managed by fund managers				
Debt securities	15,101,471	(15,101,471)	11,675,894	(11,675,894)
Derivatives (futures and swaps)	-	-	(3,785,148)	3,785,148
Cash and cash equivalents	1,098,304	(1,098,304)	500,379	(500,379)
Forward foreign exchange purchases (net) and payables on purchase of financial instruments	(20,856,279)	20,856,279	(14,985,330)	14,985,330
	(4,656,504)	4,656,504	(6,594,205)	6,594,205
Cash and cash equivalents, managed internally	93,013	(93,013)	159,565	(159,565)
	(4,563,491)	4,563,491	(6,434,640)	6,434,640

Fair value hierarchy

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

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

	Fair value measurement at the end of the reporting date using			
	Level 1	**Level 2**	**Level 3**	**Total**
31 December 2009				
Available-for-sale financial assets				
Managed by fund managers				
Equity securities	202,063,801	-	-	202,063,801
Debt securities	362,894,721	-	-	362,894,721
	564,958,522	-	-	564,958,522
Managed internally				
Quoted equity securities	3,533,583	-	-	3,533,583
	3,533,583	-	-	3,533,583

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.

Other financial assets and liabilities

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

23 Commitments

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

	2009 $	2008 $
Capital expenditure:		
- contracted but not provided for	37,719,474	8,434,349
- authorised but not contracted for	112,643,806	130,657,351
	150,363,280	139,091,700

Non-cancellable operating lease commitments payable:

	2009 $	2008 $
Within 1 year	301,092	337,249
After 1 year but within 5 years	138,844	323,986
	439,936	661,235

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

24 Related parties

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

Key management personnel compensation

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

The compensation payable to key management personnel comprises:

	2009	2008
	$	$
Short-term employee benefits	2,906,326	3,083,138
Post-employment benefits	85,617	78,968
Directors fees	130,000	129,898
	3,121,943	3,292,004

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

Funds held in trust and managed by the Authority comprise:

	2009	2008
	$	$
Straits of Malacca and Singapore Revolving Fund Committee	6,191,454	6,227,734
Singapore Stranded Seafarers' Fund	330,858	329,716
Agency funds held in trust of Ministry of Transport	71,604,947	107,200,080
	78,127,259	113,757,530

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:

	2009	2008
	$	$
Accumulated fund	6,185,824	6,229,079
Non-current asset		
Property, plant and equipment	-	1,345
Current asset		
Cash and cash equivalents	6,191,454	6,227,734
Current Liabilities		
Accruals	(5,630)	-
	6,185,824	6,229,079

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

	2009	2008
	$	$
Interest income	25,425	138,160
Funds disbursed	(67,335)	(145,092)
Depreciation expense	(1,345)	(2,040)
(Deficit)/Surplus for the year	(43,255)	(8,972)
Accumulated surplus as at 1 January	6,229,079	6,238,051
Accumulated surplus as at 31 December	6,185,824	6,229,079

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:

	2009	2008
	$	$
Accumulated fund	330,968	329,946
Current asset		
Interest receivable	110	230
Cash and cash equivalents	330,858	329,716
	330,968	329,946

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

	2009	2008
	$	$
Interest income	1,023	2,167
Surplus for the year	1,023	2,167
Accumulated surplus as at 1 January	329,945	327,779
Accumulated surplus as at 31 December	330,968	329,946

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 $71,604,947 (2008: $107,200,080).

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

	2009	2008
	$	$
Accumulated fund	66,316,227	101,734,328
Current asset		
Cash at bank	71,604,947	107,200,080
Amounts due from various Government bodies	146,652	1,812,654
	71,751,599	109,012,734
Current liabilities		
GST payable	(5,435,372)	(7,278,406)
Net assets	66,316,227	101,734,328

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

	2009 $	2008 $
Grants received	383,624,215	406,379,373
Interest income	18,855	(86,073)
	383,643,070	406,293,300
Grants disbursed	(411,041,439)	(337,935,063)
Agency fees paid/payable	(8,019,732)	(7,177,635)
Surplus for the year	(35,418,101)	61,180,602
Accumulated surplus as at 1 January	101,734,328	40,553,726
Accumulated surplus as at 31 December	66,316,227	101,734,328

26 New accounting standards and interpretations not yet adopted

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

- SB-FRS 27 *Consolidated and Separate Financial Statements*
- Amendments to SB-FRS 32 *Classification of Rights Issues*
- Amendments to SB-FRS 39 *Financial Instruments: Recognition and Measurement –Eligible Hedged Items*
- SB-FRS 103 *Business Combinations*
- General Amendments *Improvements to SB-FRSs 2009*
- INT SB-FRS 117 *Distributions of Non-cash Assets to Owners*

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.

This page is intentionally left blank

Design by Green House Design + Communications

MPA

SINGAPORE

460 Alexandra Road #19-00 PSA Building Singapore 119963
www.mpa.gov.sg