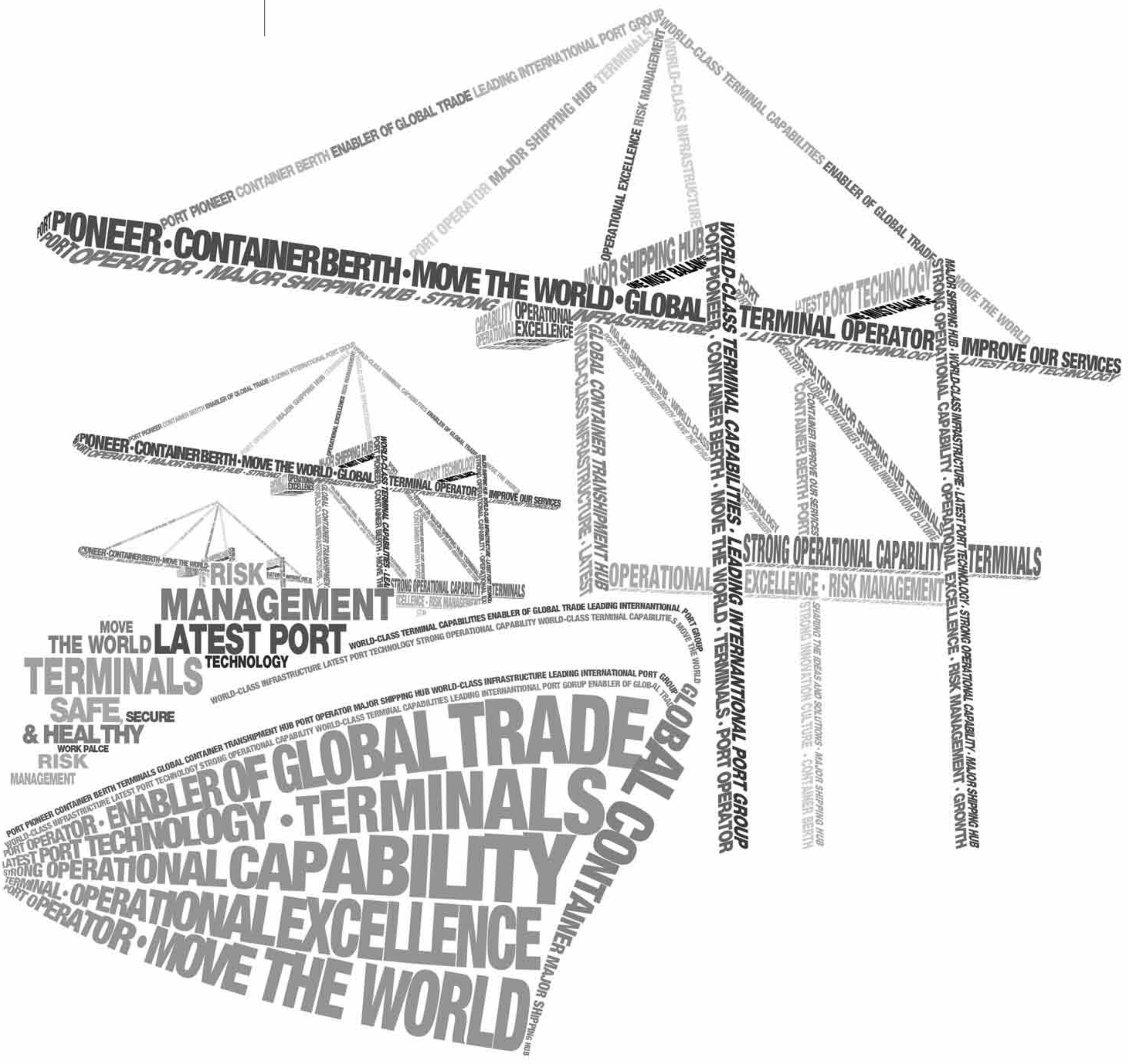
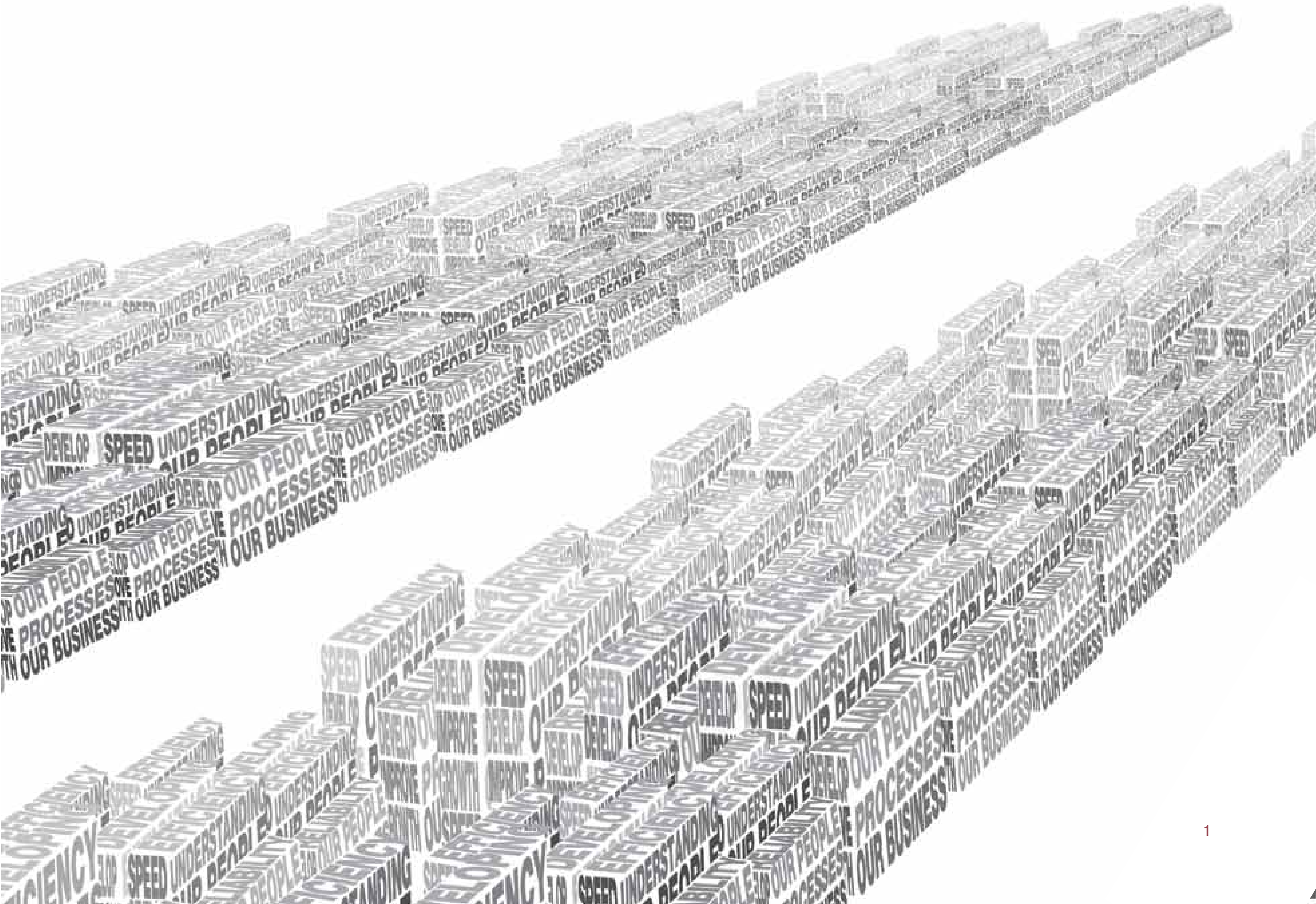
ALONGSIDE

PSA INTERNATIONAL PTE LTD
ANNUAL REPORT 2013



CONTENTS



SPEED
UNDERSTANDING
DEVELOP
OUR PEOPLE
PROCESSES
OUR BUSINESS

It’s what we do Alongside that defines us as The World’s Port of Call.
Being there.
Building great teams & partnerships.
Charging up the industry with purpose & possibilities.
Aiming beyond reliable, innovating to your advantage.
Creating connections - listening, understanding & communicating.

We choose to be… **ALONGSIDE.**

PSA. The World’s Port of Call.

OUR VALUES

COMMITTED TO EXCELLENCE
We set new standards by continuously improving results and innovating in every aspect of our business.

DEDICATED TO CUSTOMERS
We help our customers, external and internal, succeed by anticipating and meeting their needs.

FOCUSED ON PEOPLE
We win as a team by respecting, nurturing and supporting one another.

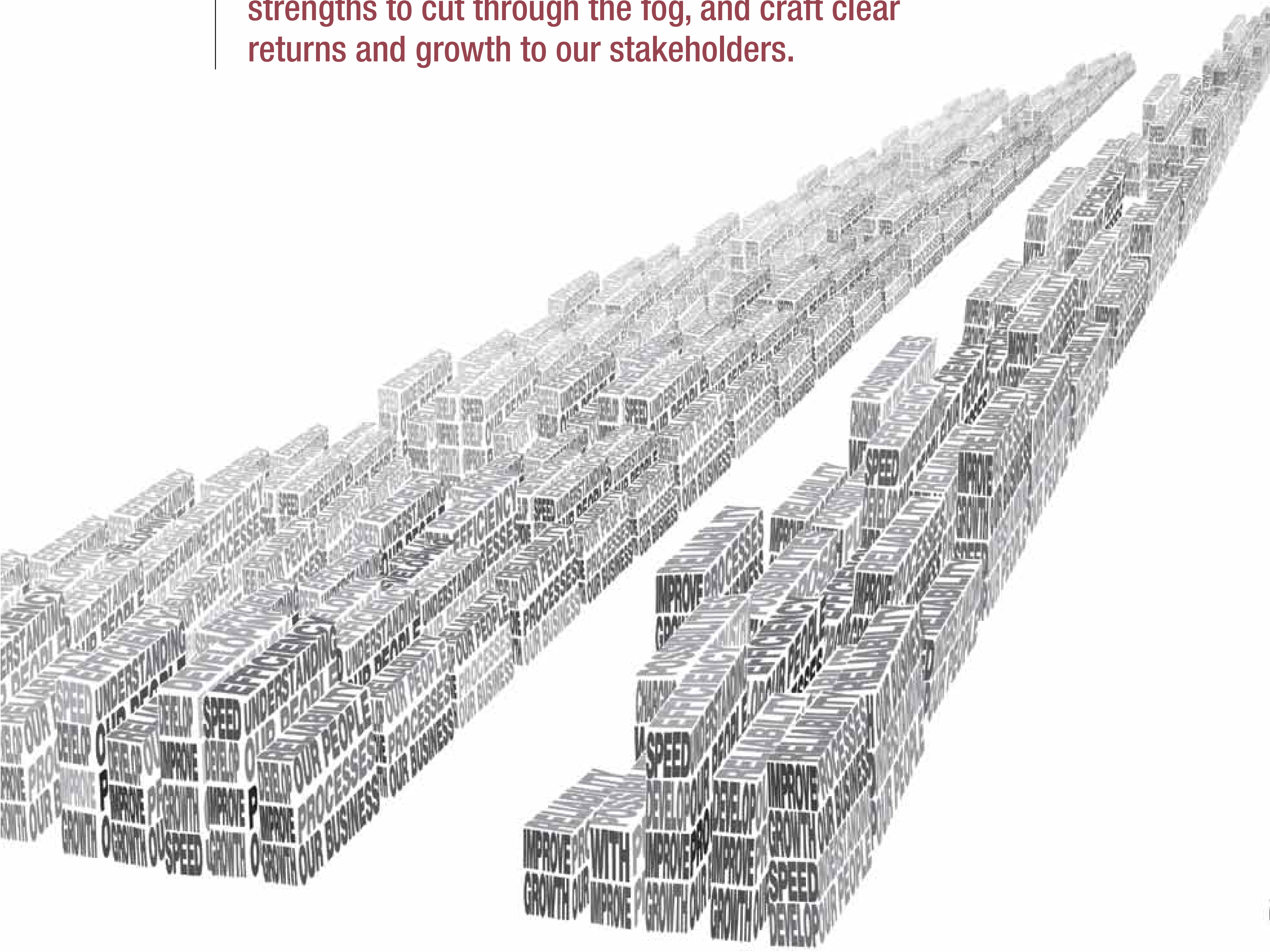
INTEGRATED GLOBALLY
We build our strength globally by embracing diversity and optimising operations locally.

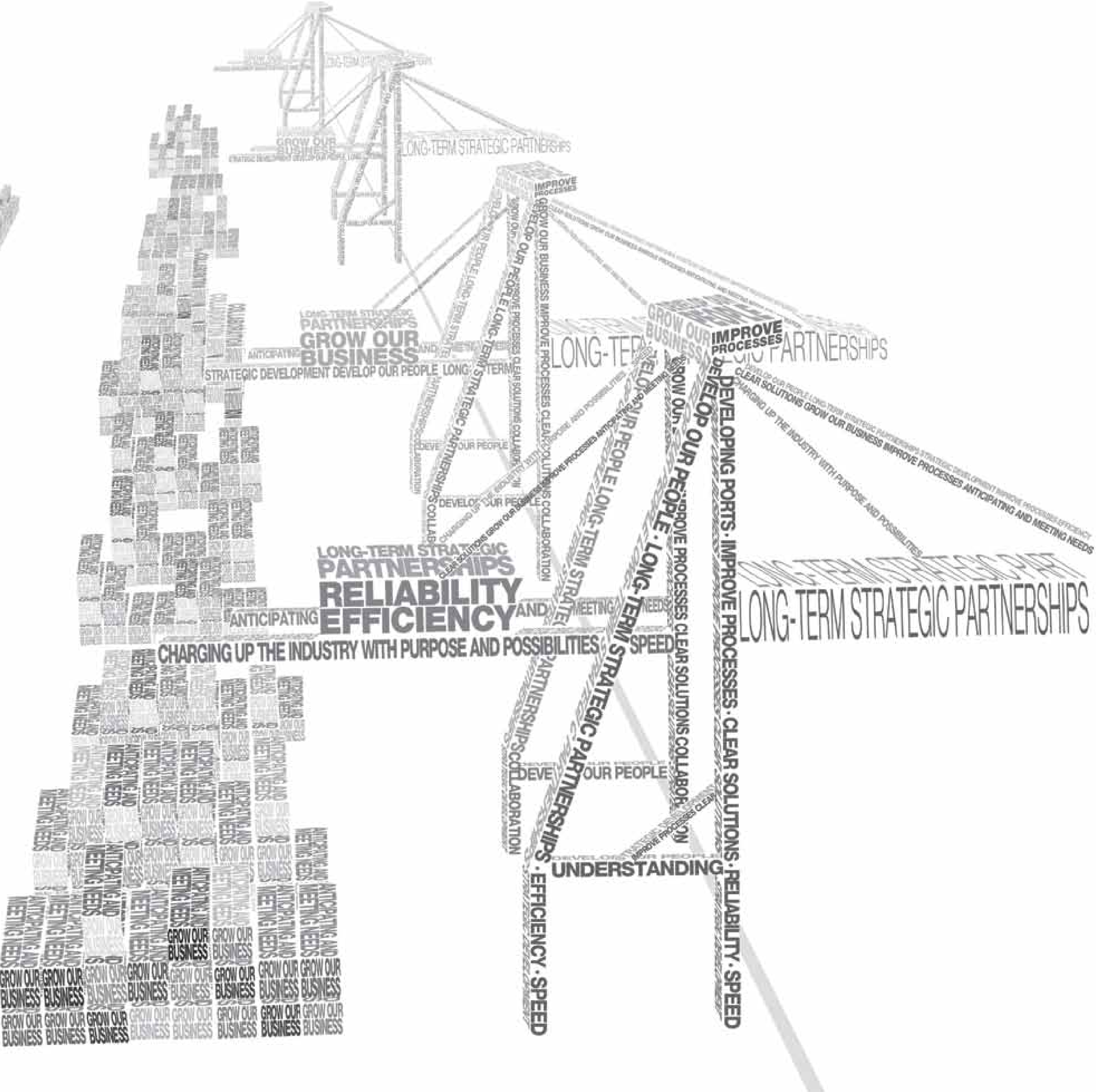
OUR MISSION

TO BE THE PORT OPERATOR OF CHOICE IN THE WORLD'S GATEWAY HUBS, RENOWNED FOR BEST-IN-CLASS SERVICES AND SUCCESSFUL PARTNERSHIPS.

CLEAR
RESOLUTION

Typography is the art of clarity. Font sizes, spacing between letters and every other detail matters when delivering the desired message through the right medium. In an ever-changing world that is abundant with opportunities and challenges alike, we are resolved to leverage on our diverse strengths to cut through the fog, and craft clear returns and growth to our stakeholders.




LONG-TERM STRATEGIC PARTNERSHIPS
GROW OUR BUSINESS
IMPROVE PROCESSES
LONG-TERM STRATEGIC PARTNERSHIPS
GROW OUR BUSINESS
STRATEGIC DEVELOPMENT DEVELOP OUR PEOPLE
LONG-TERM STRATEGIC PARTNERSHIPS
RELIABILITY
EFFICIENCY
ANTICIPATING AND MEETING NEEDS
CHARGING UP THE INDUSTRY WITH PURPOSE AND POSSIBILITIES
SPEED
LONG-TERM STRATEGIC PARTNERSHIPS
DEVELOPING PORTS · IMPROVE PROCESSES · CLEAR SOLUTIONS · RELIABILITY · SPEED
DEVELOP OUR PEOPLE · LONG-TERM STRATEGIC PARTNERSHIPS · EFFICIENCY · SPEED
UNDERSTANDING
DEVELOP OUR PEOPLE
COLLABORATION

GROUP CHAIRMAN'S MESSAGE

PSA has performed creditably amid a difficult year in 2013 which saw unsettling volatility, much uncertainty and uneven growth across the global economic landscape.

On a group-wide basis, PSA achieved 61.8 million Twenty-foot Equivalent Units (TEUs), representing 2.9% increase over 2012. Adjusting for port portfolio changes, the Group's like-for-like volume growth over 2012 is 4.6%, with stronger performance from the overseas terminals.

Our flagship PSA Singapore Terminals (PSA ST) contributed 32.2 million TEUs and our terminals outside Singapore handled 29.6 million TEUs.

The Group's revenue and net profit reached S$4.65 billion and S$1.43 billion respectively in 2013. Our balance sheet remained strong with the debt equity ratio steadying at 0.58 times.

On the portfolio front, PSA made good progress in the various regions we operate. We made further inroads into China, an important origin-destination market for PSA, through two significant developments.

Firstly, we deepened our collaboration with Fuzhou Port Group by acquiring a significant stake in Fujian Jiangyin Container Terminal. This investment expands PSA's capacity in the Port of Fuzhou to 3.6 million TEUs.

Next, PSA acquired a stake in a new container terminal company in Lianyungang Port in Jiangsu Province, increasing PSA's presence in the economically dominant Yangtze River Delta. This is a 2.8 million-TEU facility which is well served by road and rail to the cargo rich hinterland.

We have also made strides in South America. Partnering with International Container Terminal Services, Inc. (ICTSI), we committed to jointly develop, construct and operate the container port terminal and ancillary facilities located in the Peninsula of Aguadulce, Buenaventura, Valle del Cauca, Colombia.

Meanwhile, the construction of PSA's container facility in Dammam, Saudi Arabia, is progressing quickly and the project is due to receive its first container vessel in 2014.

Various investments in facilities and equipment were also made across the PSA Group as we upgraded our capability to better serve our clients needs.

Notably, at PSA ST, we added new quay cranes at Brani and Pasir Panjang Terminals in 2013 that can serve the needs of Triple-E class vessels. We also received the first batch of automated rail-mounted gantry cranes for the Pasir Panjang Terminal Phases 3 & 4 development. These electrically-powered cranes are unmanned and environmentally friendly to operate.

Our focus on service and on our customers did not waver despite the challenging business climate. Our commitment to excel and provide best-in-class service was not compromised. In recognition of our efforts, the industry has voted us into the top place for several industry awards, for which we are very grateful.

PSA International was conferred with the "Best Global Container Terminal Operating Company" award for the eighth year and PSA ST bagged the "Best Container Terminal - Asia (over 4 million TEUs per year)" for the 24th time at the 27th Asian Freight and Supply Chain Awards.

Our Mersin International Port in Turkey performed a hat trick with the 'Port Operator of the Year' award at the 2013 Turkey Logistics Awards. Chennai International Terminals received the Container Terminal Operator of the Year (Specific) - 2013 award at the 5th South East Cargo and Logistics Awards.

These accolades underscore the continued recognition we have garnered for the "constant care" and high quality value-add that we offer through our services.

Let me express our thanks to our customers and business partners for their continued trust, support and constant high expectation of our ability to deliver. It is their support and patronage which give us the opportunity to serve and to continually challenge ourselves to do even better for them.

I am also greatly indebted to our Board Directors who have guided and supported me throughout the past year of strategic deliberations and hard choices. Without their valuable insights and incisive feedback, the quality of our decision making would have suffered. I would also like to welcome to the Board Mr Tommy Thomsen who will no doubt add perceptive industry angles to our discussions.

Last but not least, let me thank the PSA management, unions and staff for rising to the challenges of a difficult year. Our harmonious tripartite relationship is a vital ingredient of PSA's success over the years and the trust that we have built up will continue to be a key pillar in bolstering our competitive advantage now and in the future.

Even as we give thanks for our business performance and celebrate areas where we have demonstrated improvements, we remember to show our concern to the people, communities and environments we operate in. We seek to give back to these groups in various ways.

We continued to present the Howe Yoon Chong PSA scholarships to deserving students from low-income households for studies at the Institute of Technical Education and tertiary institutions in Singapore. In continuing our support for education, we donated to the Lee Kuan Yew Fund at the Singapore University of Technology and Design.

In Singapore, PSA organised a Charity Fair fundraiser for the benefit of the Muscular Dystrophy Association (Singapore). PSA ST also made a corporate financial contribution towards St Luke's Eldercare for the purchase of a new van for their Telok Blangah Centre.

PSA Antwerp and PSA Zeebrugge partnered the New Belgica, a non-profit organisation, to build a replica of the Belgica, which Belgian Adrien de Gerlach sailed in the first South Pole expedition in 1897. An important maritime icon for Belgium, the Belgica also serves a social function. More than 500 people will be engaged in the rebuilding of the replica with the objective of training them so that they can find employment in the regular labour market

Looking ahead, I foresee persisting challenges - the volatility, uncertainty and unevenness of growth that plagued 2013 will stubbornly remain as common features for 2014.

While some observers have argued that the world economic outlook has improved, the overall growth will likely be muted. In the developed economies, the US is slowly on the mend, Europe appears to be turning the corner and Japan seems to be responding to its government's stimulus program.

However, the economic powerhouse, China remains encumbered with structural and policy problems and will possibly not see much improvement in its growth prospects in 2014. India, which is in a crucial election year, is also trying to regain its pace in economic growth while the world looks on with a degree of scepticism.

Politically, potential flashpoints abound, ranging from the unresolved tension in the Middle East, the territorial disputes in the South China Sea, and the growing conflicts between China and Japan.

Overall, I see a mixed picture in 2014. However, this should not deter PSA from pressing ahead with its plans for growth and with the raising of the bar in service quality in servicing our customers efficiently around the globe.

We have to remain agile, tread with caution and work closely with our customers and partners to seize the opportunities while avoiding the pitfalls. I remain confident in our ability as a Group to overcome the challenges that come our way.

We have a wide network of customers, a global presence, a good reputation for service delivery and a strong balance sheet. Combined with a skilled and determined workforce, we have the attributes that stand us in good stead as we grow and push the frontiers of our industry.

FOCK SIEW WAH
Group Chairman

GROUP CEO'S MESSAGE

GROUP CEO'S MESSAGE

The container shipping and port industry has been rocked by game-changing developments in recent years. From the launch of mega 18,000-TEU ships, to slow steaming becoming the industry norm, and ever larger shipping alliances: these noteworthy shifts precipitated the shake-up we have seen in 2013.

Amidst these watershed developments in container shipping, the liners themselves faced anaemic growth in container movements globally as major economies and trading blocs struggled through recessions, faltering recovery, sovereign debt crisis and restructuring. The result was a prolonged period of overcapacity in container shipping tonnage and consequently, volatile and reduced freight rates. In the face of such difficult conditions, many shipping lines turned to terminal operators to ensure adequate capacity, higher productivity and better cost-effectiveness to ensure fast and reliable turnarounds during port calls so that they can save on energy consumption through slow steaming.

Against this backdrop, PSA as a global terminal operator continues to serve close to 10% of the world's market share in container handling, recording a global throughput of 61.8 million TEUs in 2013, an increase of 2.9% from the year before. Adjusting for portfolio changes, our like-for-like throughput actually grew by 4.6%. Our flagship PSA Singapore Terminals (PSA ST) handled 32.2 million TEUs, a 3.1% improvement over the previous year, and underscored its continuing relevance as the world's largest container transhipment hub.

In a highly competitive landscape where shipping lines often have multiple choices, I would like to thank all our customers for continuing to make PSA facilities their ports of call. They have my assurance that PSA will continue to invest in port assets, equipment, systems and training across our terminals in tandem with their "mega" business requirements.

One of the highlights of 2013 was receiving the maiden voyage of *Maersk Mc-Kinney Moller*, the world's first 18,000-TEU ship, at PSA ST in September, followed by *Mary Maersk* at PSA Antwerp's Deurganck Terminal the following month. Both were memorable calls which we served with dedication and distinction. Another was the official opening of PSA Zeebrugge International Port in Belgium in July, which has also been designed for Triple-E class ships.

Having the capability to serve our customers' mega ships globally is our imperative and a commitment to our stakeholders. Our investments into Lianyungang PSA Container Terminal and Fuzhou Jiangyin International Container Terminal will strengthen this capability. These facilities boast deep waters of at least 16.5 metres and quay cranes which can handle 22 rows on a containership. I also look forward to welcoming our customers' ships in 2014 when we start up operations at the King Abdul Aziz Port in Dammam.

Having taken into account industry trends, our Dammam facility and equipment are sized for the mega ships plying the oceans today. Even our newest addition in Buenaventura, Colombia, is being built in preparation for the arrival of mega vessels to that part of the world.

As ever, one of our top priorities is to work even closer with our customers to make ports and shipping more cost-effective and sustainable for the long term. Just as it is hugely capital-intensive to invest in mega ships, the capital investments needed for berths, equipment and landside infrastructure to support mega vessels are also massive. Over the next few years, we will be investing in new terminals and upgrading older ones, ploughing back a high proportion of our annual earnings to serve our customers' future requirements and growth. Besides a physical matching of the terminal assets with the dimensions of the ships, both parties can explore working synergies to achieve higher productivity and asset utilisation to jointly share the benefits in efficiency and costs. Indeed, a more consultative and inclusive arrangement between liners and terminal operators, carried out by individual companies or through representative groups, could well be the next game changer, one that assures the health of shipping and ports for the distant future.

Together with forging stronger partnerships with our stakeholders, PSA is also on a journey towards strengthening our organisational capabilities. Internally, our focus is on developing our human capital to release untapped potential. The "Individual Development Plan" for talent management and short-term executive development courses are some mechanisms put in place to mobilise talents within PSA for diversity, career development and succession planning.

The FISH! Philosophy, our common language for corporate cultural change, has created a strong and engaged workforce, as reaffirmed in our recent employee opinion survey. Building on FISH!, we have developed FISH+, our next phase in corporate culture change which seeks to further focus the positive energy generated by FISH! into business-oriented behaviours and outcomes.

Two other key areas of focus in 2013 were Safety and Innovation. We inaugurated the PSA Group Safety Week and intensified the rollout of the PSA Group Health, Safety, Security and Environment Management System Framework to our terminals. In our efforts to be industry pacesetters, we have raised our creative efforts to see our group innovation drive receiving almost 100 entries, many of which have yielded practical and effective solutions to current needs, saving the organisation millions of dollars over time.

Two other group-wide programs, the Centres of Expertise and the Terminal Operations team, have been introduced. These hand-picked PSA specialists from our global span, all well-versed in the intricacies of port-related IT, equipment, civil engineering and operations, have been appointed as a common resource for all PSA terminals to tap on. Here, I envisage that our customers and partners will be the direct or indirect beneficiaries of their contributions towards enhancing our terminal operations and service levels globally.

We see all these steps as essential to the continuous process of raising our organisational capabilities. We look forward to building on this groundwork in 2014 and the years beyond.

My senior management colleagues and I cannot solely lay claim to steering the PSA ship in its steady course throughout 2013. I must thank our Group Chairman and Board of Directors for their able stewardship, sound advice and unwavering support of management initiatives. Their contributions have helped PSA to navigate the challenges during this period of unprecedented and fast-paced industry developments.

A hearty thank you is also due to all staff and unions in PSA, for their earnest feedback, congenial partnership and steely determination. No enterprise as large as PSA can make steady progress without the collective efforts of these able hands-on-deck and I am truly heartened by their positive energy and attitude. I have learnt even more from you in my second year with PSA than in my first.

2014 has all the makings of an ambivalent year, with pessimists and optimists squaring off evenly on either side. Some markets will recover; others will slow down. There is no foretelling the future with certainty but we can prepare ourselves by buttressing the range and depth of capabilities we have to offer our customers and partners, with a commitment to stay alongside our customers through the winds of change, ready to meet their ever-evolving needs with best-in-class service.

I look forward to the journey ahead together - a time for forging partnerships, consolidating strengths and an opportunity to work together for the best results!

TAN CHONG MENG
Group CEO


KNOWLEDGE
DRIVEN
LATEST
PORT
LISTENING
COMMUNICATING
STRONG
CAPABILITY
GROWING
PORTFOLIO
EXCELLENCE
PORT
EMPOWER
DEVELOPING
TALENTS
RISK
MANAGEMENT
GROWING
IMPROVING PROCESSES
PLANNING
STAYING
OUR COURSE
BUILDING GREAT TEAMS AND PARTNERSHIPS · LATEST PORT TECHNOLOGY · STRONG OPERATIONAL
RISK MANAGEMENT · GROWING PORTFOLIO · REFRESHER SAFETY COURSES · STAYING OUR COURSE · RISK
EXECUTIVE DEVELOPMENT PROGRAMS
MENTORING TALENT POOL
COACHING / MENTORING
TALENT POOL · SUCCESSION PLANNING · DEVELOPING SAFETY
BUILDING · DEVELOPING OUR PEOPLE · GROWING PORTFOLIO
GREAT
TEAMS AND
PARTNERSHIPS
EXECUTIVE DEVELOPMENT PROGRAMS · GROW · SUCCESSION PLANNING
EXCELLENCE DEVELOPING PROGRAMS · SUCCESSION
GROWING
PROCESSES
COACHING / MENTORING TALENT
SUCCESSION PLANNING
IMPROVING PROCESSES · STAYING OUR COURSE
REFRESHER SAFETY COURSES · STAYING OU
OPERATIONAL EXCELLENC

SETTING THE TONE

An excellent typographer understands not only the meaning behind a message, but also how to elevate and combine the best elements to make a message more memorable and meaningful. Our understanding comes from leaders and talents who meld their experience, foresight, passion and dedication setting the tone to deliver a premier standard of port management.

BOARD OF DIRECTORS

FOCK SIEW WAH

Group Chairman

Main Committees
Chairman, EXCO
Chairman, LDCC

TAN CHONG MENG

Main Committee
Member, EXCO

Supervisory Committees
Member: Southeast Asia; Northeast Asia; Middle East South Asia; Europe, Mediterranean & The Americas; Marine Services

KUA HONG PAK

Main Committees
Chairman, Audit
Member, EXCO

Supervisory Committee
Chairman, Southeast Asia

TAN CHIN NAM

Main Committee
Member, Audit

Supervisory Committee
Member, Middle East South Asia

FRANK WONG

Main Committees
Member, EXCO
Member, Audit
Member, LDCC

Supervisory Committee
Chairman, Northeast Asia

Notes:
EXCO - Executive Committee
LDCC - Leadership Development & Compensation Committee

KOH POH TIONG

Main Committee
Member, EXCO

Supervisory Committees
Chairman, Europe, Mediterranean & The Americas
Member, Northeast Asia

DAVINDER SINGH

Main Committee
Member, LDCC

Supervisory Committee
Member, Southeast Asia

CHAN LAI FUNG

Supervisory Committees
Member: Europe, Mediterranean & The Americas; Marine Services

KAIKHUSHRU SHIAVAX NARGOLWALA

Main Committee
Member, EXCO

Supervisory Committee
Chairman, Middle East South Asia

TOMMY THOMSEN

Main Committee
Member, Audit

Supervisory Committee
Member, Europe, Mediterranean & The Americas

SENIOR MANAGEMENT COUNCIL

TAN CHONG MENG

Group CEO

CAROLINE LIM

Global Head of Human Resource & Corporate Affairs

LIM PEK SUAT

Group CFO

GOH MIA HOCK

Head of Group Process Excellence

TERENCE TAN

Head of Group Legal & Company Secretary

WAN CHEE FOONG

Head of Group Business Development & Group Commercial Development

TAN PUAY HIN
Regional CEO
Southeast Asia

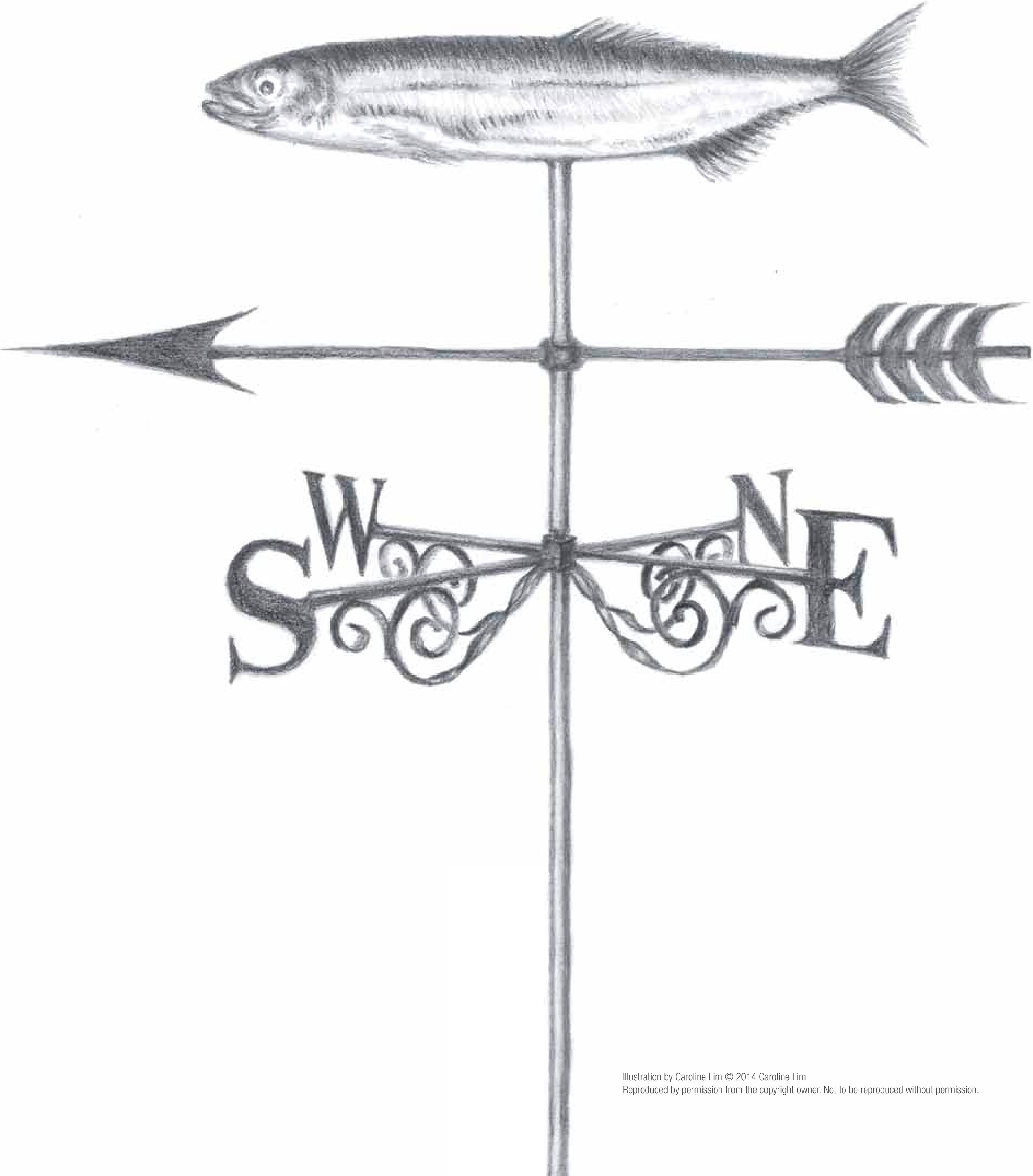
DAVID YANG
Regional CEO
Europe, Mediterranean & The Americas

LEE CHEN YONG
Regional CEO
Middle East South Asia

ONG KIM PONG
Regional CEO
Northeast Asia

BEYOND BORDERS

The multitude of cultures and languages worldwide translates into a dizzying array of unique and wonderful approaches as to how a message can be delivered. With port projects and terminals around the globe, we embrace diversity and harness it to enhance our delivery. Though language and culture may differ in the various ports we manage around the world, one thing unites us – our commitment to being alongside for our customers, creating connections of value for our industry.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GLOBAL FOOTPRINT

SOUTHEAST ASIA

SINGAPORE
PSA Singapore Terminals 1

THAILAND
Eastern Sea Laem Chabang Terminal 2

VIETNAM
SP-PSA International Port 3

MIDDLE EAST SOUTH ASIA

INDIA
Tuticorin Container Terminal 4
Chennai International Terminals 5
Kolkata Container Terminal 6

SAUDI ARABIA
Saudi Global Ports 7

NORTHEAST ASIA

CHINA
Dalian Terminals 8
Fuzhou Terminals 9
Guangzhou Container Terminal 10
Tianjin Terminals 11
Dongguan Container Terminal 12
Lianyungang PSA Container Terminal 13

SOUTH KOREA
Incheon Container Terminal 14
Pusan Newport International Terminal 15

JAPAN
Hibiki Container Terminal 16

EUROPE & MEDITERRANEAN

BELGIUM
PSA Antwerp 17
PSA Zeebrugge 18

ITALY
Voltri Terminal Europa 19
Venice Container Terminal 20

PORTUGAL
Sines Container Terminal 21

TURKEY
Mersin International Port 22

THE AMERICAS

PANAMA
PSA Panama International Terminal 23

ARGENTINA
Exolgan Container Terminal 24

COLOMBIA
Sociedad Puerto Industrial Aguadulce 25


STRONG
OPERATIONAL
CAPABILITY
WORLD-CLASS
MAJOR SHIPPING HUB
A NAME PEOPLE TRUST
PORT PIONEER
INNOVATION
LATEST PORT
UNIQUE
CONTINENTS
OPERATIONAL
EXCELLENCE
GLOBAL
OPERATOR
PUSH
BOUNDARIES
HUB
CONTAINER
IMPROVE OUR SERVICES
CONTAINER BERTH
STRONG
GLOBAL
OPERATIONAL
CAPABILITY
LATEST
PORT
CONTAINER
INNOVATION
SAFE
WORLD-CLASS
INFRASTRUCTURE
CONTAINER
BERTH
TERMINALS
CREATING CONNECTIONS
PORT TERMINALS
WORLD-CLASS
MAJOR
EXCELLENCE
PORT
OPERATOR
PROMOTE SUSTAINABLE
CONTINENTS
OPERATIONAL
EXCELLENCE
GLOBALLY
BERTH
TERMINALS
1
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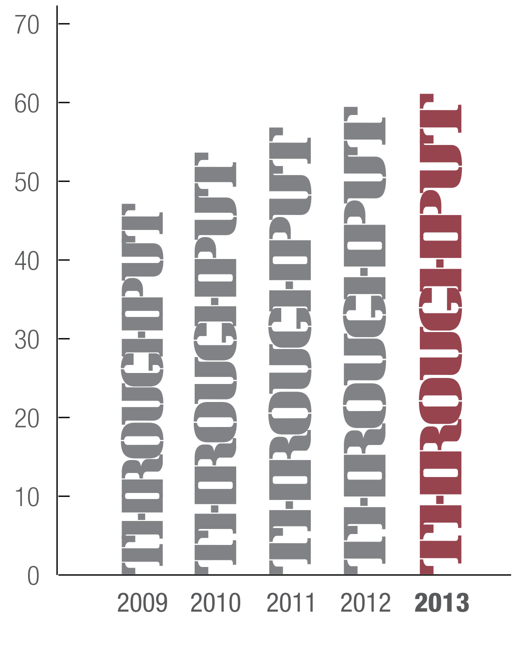
GROUP FINANCIAL HIGHLIGHTS

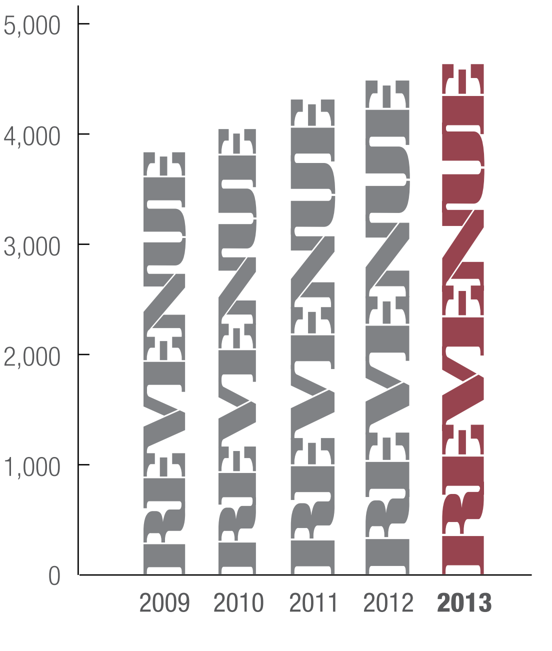
TEUs – Twenty-foot Equivalent Units All amounts in Singapore dollars	2013	2012	2011	2010	2009
THROUGHPUT (MILLION TEUs)					
Singapore	32.2	31.3	29.4	27.7	25.1
Overseas	29.6	28.8	27.7	26.4	22.3
Global	**61.8**	**60.1**	**57.1**	**54.1**	**47.4**
CONSOLIDATED INCOME STATEMENT ($ MILLION)					
Revenue	4,649	4,499	4,314	4,076	3,835
Operating Expenses	(2,977)	(2,885)	(2,836)	(2,622)	(2,631)
Operating Profit	1,672	1,614	1,478	1,454	1,204
Other Income	195	42	178	14	3
Profit from Operations	1,867	1,656	1,655	1,468	1,207
Finance Costs	(271)	(248)	(280)	(340)	(342)
Share of Profit of Associates	187	183	69	261	244
Profit before Income Tax	1,783	1,591	1,444	1,389	1,109
Income Tax Expense	(309)	(304)	(288)	(191)	(145)
Profit for the year	1,474	1,287	1,155	1,198	964
Non-controlling Interests	(49)	(31)	(20)	(19)	12
Profit attributable to Owner of the Company	1,425	1,257	1,135	1,179	976
CONSOLIDATED FINANCIAL POSITION ($ MILLION)					
Total Assets	18,555	17,185	17,003	18,950	19,611
Total Liabilities	8,187	7,628	8,131	10,101	11,318
Total Equity	10,368	9,558	8,871	8,849	8,293
FINANCIAL RATIOS					
Operating Margin[1]	36.0%	35.9%	34.3%	35.7%	31.4%
Return on Average Total Assets[2]	9.8%	9.0%	8.0%	8.0%	6.8%
Return on Average Total Equity[3]	14.8%	14.0%	13.0%	14.0%	12.0%
Total Debt/Equity (times)[4]	0.58	0.58	0.69	0.93	1.13
Economic Value Added ($ million)	601	451	297	220	173
Earnings per Share ($)	2.35	2.07	1.87	1.94	1.61

1 Operating profit expressed as a percentage of revenue
2 Profit for the year, add back finance costs, expressed as a percentage of average total assets
3 Profit for the year, expressed as a percentage of average total equity
4 Total debt divided by total equity

THROUGHPUT (million TEUs)

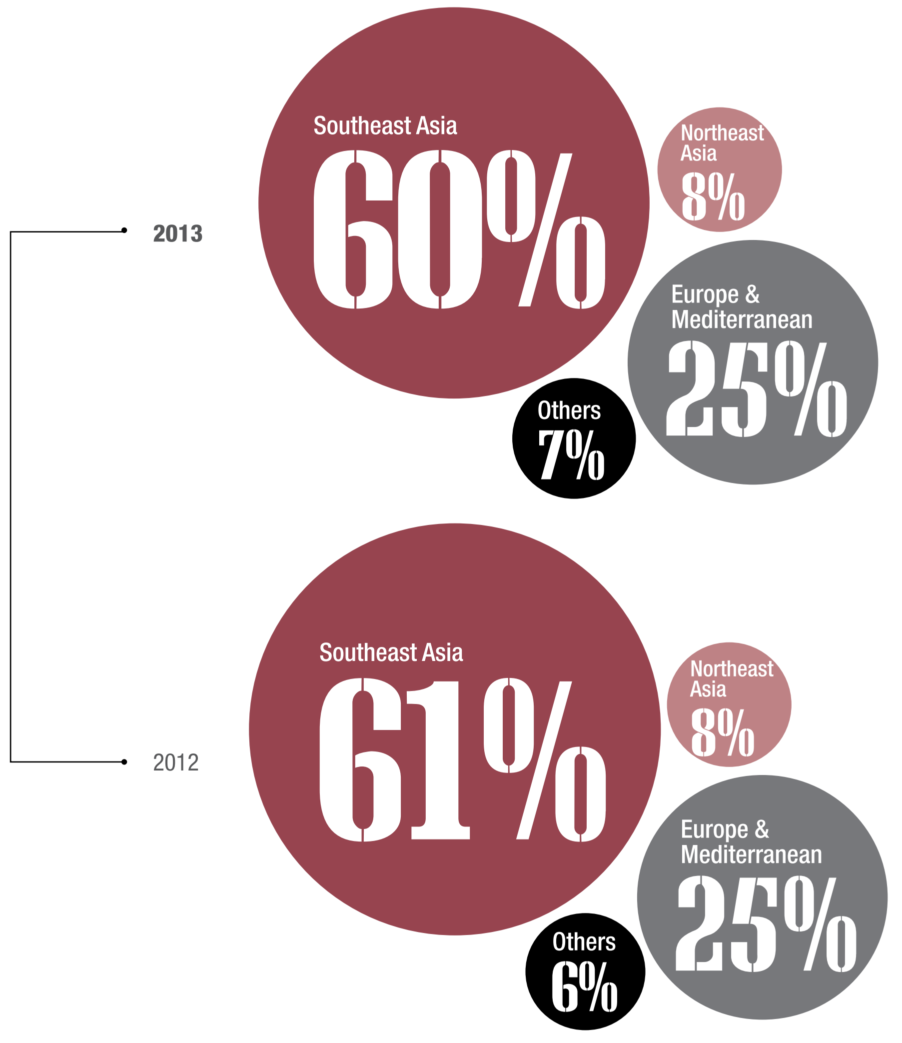


REVENUE ($ million)

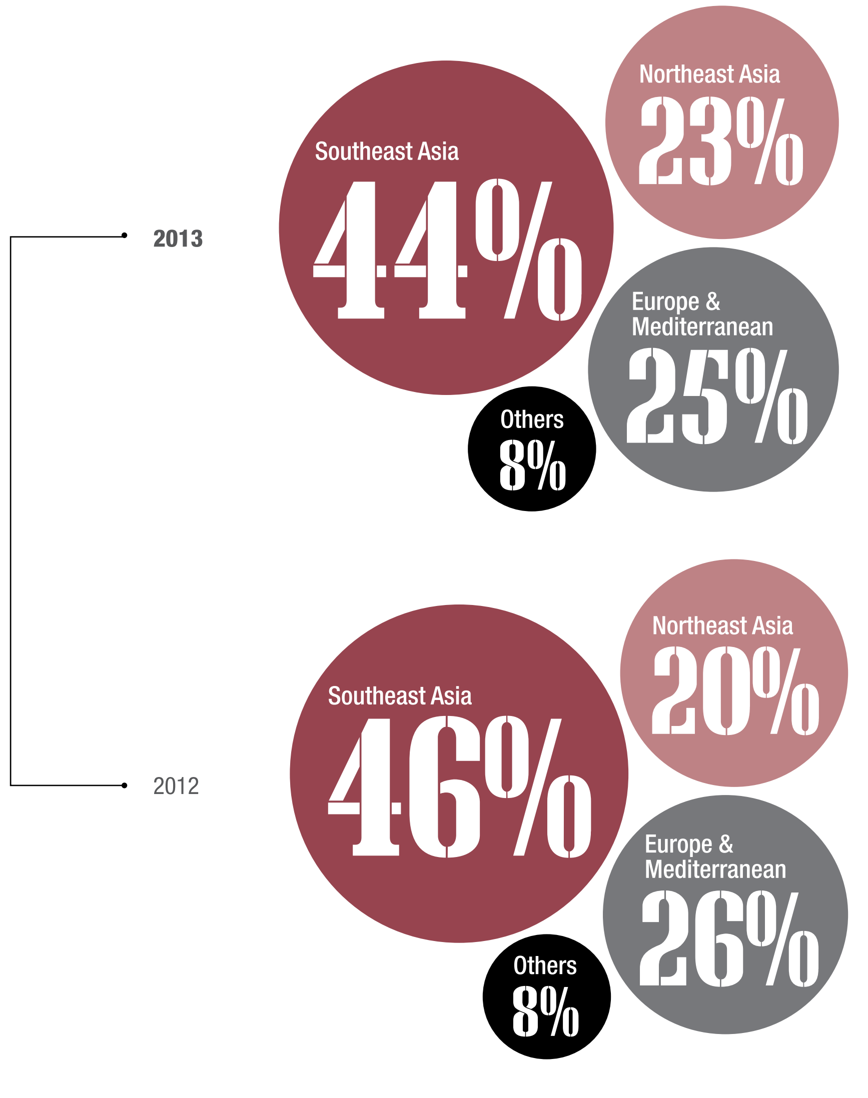


GEOGRAPHICAL CONTRIBUTION

SEGMENT REVENUE



SEGMENT NON-CURRENT ASSETS




ANTICIPATING AND MEETING NEEDS · EMBRACING DIVERSITY · OPTIMISING OPERATIO
UNRIVALLED CAPACITY WITH
EMBRACING DI
RESPECT, NURTURE AN
OPERATION · EMBRACING
EMBRACING DIVERSITY
OPTIMISING
RESPECT
OPPORTUNITIES
RESPECT, NURTURE AND SUPPORT
LONG-TERM STRATEGIC PARTNER
AND MEETING NEEDS RESPECT
RESPECT
LONG-TERM STRATEGIC PARTNER
UNRIVALLED CAPACITY WITH EFFICIENT AND RELIABLE INFRASTRUCTURE AND PORT SERVICES
EMBRACING DIVERSITY · OPTIMISING OPERATIONS · RESPECT, NURTURE AND SUPPORT
SUPPORT · EMBRACING DIVERSITY · LONG-TERM STRATEGIC PARTNER
ANTICIPATING AND MEETING NEEDS EMBRACING DIVERSITY · OPTIMISING OPERATIONS
UNRIVALLED CAPACITY WITH EFFICIENT AND RELIABLE
INFRASTRUCTURE AND PORT SERVICES
RESPECT, NURTURE AND SUPPORT
OPTIMISING OPERATION
OPERATIONAL EXCELLENCE
ANTICIPATING AND MEETING NEEDS
CREATING CONNECTIONS

PURPOSEFUL EVOLUTION

The field of typography continues to adapt and change in new ways to express ideas, even becoming a form of modern art. At PSA, we too continually strive to better ourselves. Driven by our purpose and possibilities, we seek to do what we do best better, and innovate to achieve advantages for our customers.

OPERATIONS REVIEW

SOUTHEAST ASIA

PSA Singapore Terminals (PSA ST) handled a throughput of 32.2 million TEUs in 2013, a 3.1% increase from the year before. In addition, its multi-purpose terminal handled nearly 900,000 tonnes of cargo and a new record of over 1.2 million vehicles.

PSA ST continued to invest in expanding new capacities and upgrading its existing berths and equipment to handle mega vessels and their complex transhipment operations. The development of the first two berths at Pasir Panjang Phase 3 and 4 are on schedule with the mega quay cranes and new generation automated rail-mounted gantry cranes being progressively delivered and commissioned; the berths are on track to start operations in mid 2014. Mega quay cranes with longer outreach were also added at both Brani and Pasir Panjang Terminals.

By the end of 2013, 18 berths at PSA ST have the operational capability to handle mega vessels. During the year, over 1,100 mega vessels called at PSA ST, an increase of over 40% compared to 2012. In 2013, two naming ceremonies were held at PSA ST's Pasir Panjang Terminal, one in March for the 14,000-TEU *APL Temasek*, and another in November for the 18,000-TEU *Mary Maersk*. The *Mary Maersk's* sister ship, the *Maersk-McKinney Moller*, also made her maiden call at PSA ST in September 2013.

These arrivals reinforced PSA ST's status as a global transhipment hub, where customers leverage on its excellent connectivity, service and scale of operations. In February 2013, PSA ST attained a new productivity milestone with a record vessel rate of 324 moves per hour for *MSC Irene*. As customers deploy larger vessels and widen their areas of co-operation with each other, PSA ST continues to seek greater enhancements to its productivity and operational processes to manage greater business complexities and changing customer requirements.

Automation will play a transformative role in PSA ST's future. Four automated guided vehicle (AGVs) prototypes were delivered in 2013 as part of its focus on developing automated solutions for the future Tuas mega port. Integration tests with their navigation systems are underway and live operational trials will continue in 2014.

PSA ST continues to be recognised as an industry leader. It was voted "Best Container Terminal Asia (over 4 million TEUs)" for the 24th time at the 2013 Asian Freight & Supply Chain Awards. Additionally, Tanjong Pagar Terminal Engineering Department received the Safety and Health Award Recognition for Projects (SHARP) from the Workplace Safety and Health Council for maintaining sound safety and health management systems. PSA ST was also awarded Champion at the inaugural Singapore Road Safety Award 2013 under the Heavy Vehicle - Fleet category, by the Singapore Road Safety Council.

Eastern Sea Laem Chabang Terminal in Thailand was operating at full capacity in 2013. SP-PSA International Port, PSA's investment in Vietnam, continues to seek liner opportunities.

NORTHEAST ASIA

Amidst continued challenges in the business environment, Northeast Asia's volume growth turned in a total volume of 12.1 million TEUs in 2013. The region has also expanded in strategic locations to enhance PSA's network of ports.

PSA's terminals in Dalian made good strides over the year. The combined throughput for Dalian Container Terminal and Dalian Port Container Terminal (DPCT) reached 2.9 million TEUs, a healthy increase of 13.1% compared to 2012, due in part to new services calling at both terminals. DPCT also ordered new quay cranes which will be commissioned for use in 2014.

Tianjin Port Pacific International Container Terminal and Tianjin Port Alliance International Container Terminal (TACT) achieved a 3.8% growth in their container volumes to reach 3.7 million TEUs for 2013. With the upgrade in berth classification for TACT, both PSA terminals in the Port of Tianjin are now capable of receiving mega vessels of more than 150,000 DWT.

In November 2013, PSA marked its first major foray into the Yangtze River Delta region with the acquisition of a new container terminal company in Lianyungang Port in northern Jiangsu. The joint venture between PSA and Lianyungang Port Group has taken over the container terminal project from China Shipping Container Lines. The container terminal has a designed capacity of 2.8 million TEUs. With 1,700 metres of quay length, super Post-Panamax quay cranes (of 22-row outreach) and a water depth of 16.5 metres, the terminal will be a premium facility to service the world's mega container vessels.

Fuzhou International Container Terminal (FICT) attracted new services operated by shipping lines Yang Ming, Wan Hai and Pacific International Lines. The terminal was once again ranked as one of China's top 10 container terminals by China Shipping Gazette. During the year, PSA increased its presence in Fuzhou by acquiring a stake in Fujian Jiangyin International Container Terminal (FJCT) in Fuzhou Port. With nearly 700 metres of quay length and water depth of 17.5 metres, FJCT is capable of handling the mega container vessels plying the waters today. FJCT marks PSA's third joint venture with Fuzhou Port Group (FPG). The three terminals have undergone consolidation, and are managed by a single and common operator with a joint management team called Fuzhou Container Terminal (FCT). This leverages FPG and PSA's strengths to create greater service excellence for our customers.

In addition to acquiring new quay cranes, yard equipment and a new customer, Guangzhou Container Terminal handled close to 980,000 TEUs for the year. PSA Dongguan Container Terminal saw its volumes exceed 570,000 TEUs, aided by the introduction of new services.

In South Korea, Incheon Container Terminal (ICT) achieved a record throughput of 602,000 TEUs in 2013, making it also the top annual throughput among terminal operators in the Port of Incheon. It attracted new international services by shipping lines TSL, Hanjin, KMTC and Heung-A. ICT also received special commendation from the Mayor of Incheon City for its contribution to Incheon

Port's achievement of 2 million TEUs in 2013. Recognising the opportunities to work more closely together for mutual benefit, PSA International signed a Memorandum of Understanding (MOU) with the Incheon Port Authority.

Pusan Newport International Terminal (PNIT) enjoyed healthy growth of 46.4% to reach 1.9 million TEUs. To boost its operational capacity, the terminal added new quay cranes and terminal equipment. PNIT also signed a MOU with Pusan Newport Company to organise and co-operate in establishing a Safety First Policy.

MIDDLE EAST & SOUTH ASIA

In India, Chennai International Terminals recorded a robust 23.1% growth to handle 740,000 TEUs in 2013. New reefer capacity was also added during the year.

Besides enjoying volume growth of 7.1%, Tuticorin Container Terminal was recognised for service excellence by the Indian Chamber of Commerce & Industry, Tuticorin. Kolkata Container Terminal maintained maximum capacity utilisation.

Construction at Saudi Global Ports, PSA's port project in Dammam in the Kingdom of Saudi Arabia, is on track. The terminal, which will have a quay length of 1,200 metres and 12 quay cranes, is slated to commence operations in 2014.

EUROPE & THE MEDITERRANEAN

In Belgium, PSA Antwerp handled over 8.6 million TEUs while PSA Zeebrugge moved over 735,000 TEUs in 2013.

The highlight for PSA Antwerp was the handling of the Triple-E class *Mary Maersk* at Deurganck Terminal in October 2013. With a length of 400 metres, the vessel is the largest to call at the Port of Antwerp.

Work on deepening of the quay wall at Noordzee Terminal is progressing well. By early 2014, about 750 metres of its quay wall had been deepened to 17 metres of water depth, enabling the terminal to enjoy berthing of mega vessels. The deepening works will be completed by end 2014.

Zeebrugge International Port was officially opened in July 2013 with the berthing of the first deep-sea container vessel from Evergreen. Witnessing the event was the Flemish Minister for Transport and Public Works, Mrs Hilde Crevits.

Upgrading work at Container Handling Zeebrugge to deepen alongside water depth to 17 metres is making good progress.

PSA's two terminals in Italy, Voltri Terminal Europa (VTE) and Venice Container Terminal, had a combined throughput of more than 1.4 million TEUs. During the year, VTE welcomed two new services by Hapag-Lloyd, and also acquired a new reefer area making it the largest reefer facility within the North Tyrrhenian region. Two new quay cranes also commenced operations at the terminal in February 2013.

In spite of a weakened economic environment in Portugal, Sines Container Terminal saw its volume surge by nearly 70%. New traffic from Asia to West Africa and increased cargo movement to US/ Canada contributed to the strong performance at Sines. The terminal's second phase of development got underway with the quay being extended by 210 metres to 940 metres.

Mersin International Port (MIP) in Turkey did well in 2013 to handle 1.4 million TEUs. During the year, several infrastructural works were carried out to improve the terminal's facilities. New services from shipping lines such as CSCL, ZIM, Med Cross Lines and Hapag-Lloyd were also introduced. MIP was recognised as "Port Operator of the Year" for the third consecutive year at the 2013 Turkey Logistics Awards.

THE AMERICAS

In Argentina, Exolgan Container Terminal added a super post-Panamax quay crane and three rubber-tyred gantries to its fleet. The access Channel was widened to allow larger ships to enter and exit with ease. A new "intelligent" appointment system for import delivery, which reduces the competing demands for berth and yard processing, was also implemented.

PSA Panama International Terminal more than doubled its container volumes to reach 135,000 TEUs in 2013. Five new services were introduced during the course of the year.

MARINE

PSA Marine continued to register growth in its pilotage and harbour towage businesses. The company took delivery of two 60-tonne bollard pull harbour tugs in January 2014 and has awarded contracts to build four 60-tonne bollard pull harbour tugs, three waterboats and four launches as part of its fleet renewal program. They are expected to be ready from 2014 onwards.

Besides securing the new water licence agreement with the Maritime and Port Authority of Singapore to provide potable water to vessels, PSA Marine was also awarded the National Environmental Agency Semakau landfill contract.

The PSAM Academy was established in January 2013 with the purpose of providing customised training programs in fleet management, management of pilotage and towage for overseas port authorities, foreign pilots and oil and gas terminals. The programs are conducted by PSA Marine's experienced professional harbour pilots and tug masters.

MUTUAL
GROWTH

At the heart of typography is the ability to share ideas and information in an appealing manner. In this way, increasing receptiveness to the message in order to benefit its readers and bring them together in understanding and growth. Similarly, we are conscious that every move we make and connection we create is ultimately to fulfill the needs of someone out there, bettering lives and enhancing futures. True growth is when we uphold corporate responsibility principles that help us build a sustainable and enduring future together.


Diversity
Class
Services

STRONG DIRECTION

More than ever before, PSA International's Board of Directors plays a vital role in overseeing the organisation's business affairs and providing guidance on strategic planning, particularly in growth and financial performance.

Meeting every quarter, the Board sets business directions, reviews investment opportunities, and approves budgets and audited accounts. Decision-making is based on a majority voting system. In the event of a tie in votes, the Chairman holds the deciding vote.

THE BOARD IS SUPPORTED BY THE FOLLOWING COMMITTEES:

- **Executive Committee (EXCO)**

The EXCO develops and reviews long-term strategies for the Group. It is responsible for the approval of major acquisitions, loans, disposal of investments, capital expenditures, provision of guarantees, investment policies, customer contracts, tenders, and purchase contracts.

- **Audit Committee (AC)**

The AC identifies significant risk areas and mitigates them through regular reviews of the effectiveness of control procedures. It assesses the reliability of management reporting and compliance with applicable laws and regulations, and reviews the statutory accounts.

- **Leadership Development & Compensation Committee (LDCC)**

The LDCC oversees leadership development, talent management, and remuneration. Its task is to ensure that the Group has in place appropriate programs and consistent policies for grooming leaders, developing global talent and preparing potential successors for key leadership positions. It also reviews the performance and approves the remuneration of PSA's senior management.

- **Supervisory Committees (SCs)**

The SCs are responsible for aligning management resources to better manage PSA's global portfolio of terminals. There are five SCs, namely: Southeast Asia SC, Northeast Asia SC, Middle East South Asia SC, Europe, Mediterranean & The Americas SC and Marine Services SC. Each SC plans and reviews growth strategies, and approves major capital expenditures, customer contracts, tenders and purchase contracts for PSA entities within its respective business purview.

As a leading port operator, the commercial practices within the PSA Group are further guided by the Code of Business Conduct to ensure utmost business integrity.

MORE THAN WORDS

PSA believes in building a positive legacy. In the many places we operate in, we reach out to the local community, endeavouring to improve lives and protect the environment.

In 2013, under the Howe Yoon Chong PSA Endowment Fund, PSA awarded the fifth batch of bond-free scholarships to students in Singapore. With contributions from PSA, Temasek Holdings and NSL, the Fund is endowed to perpetuity to provide deserving students from low-income families the opportunity to pursue formal education at institutes of higher education in Singapore. PSA also donated to the Lee Kuan Yew Fund at the Singapore University of Technology and Design (SUTD). The funds raised will go toward enhancing academic and learning excellence, as well as providing scholarships and bursaries for needy students at SUTD and the National University of Singapore. PSA also continued to support St Luke's Hospital, the Assisi Hospice, as well as the Asian Women's Welfare Association.

During the year, PSA Singapore Terminals (PSA ST) pressed on with activities to engage the disabled, the elderly and the young. The PSA Charity Fair fundraiser was organised for the benefit of the Muscular Dystrophy Association (Singapore) and attracted well over 500 participants.

PSA ST continued to support the elderly by sponsoring a second van with a hydraulic wheelchair lift for the St Luke's Eldercare Centre at Telok Blangah. Staff volunteers also organised festive celebrations for the elderly at the Centre. On youth development, PSA ST reached out to a new partner, The Haven, a residential home for children and youth who are unable to be cared for by their own families, with renovation and refurbishment of the Home.

PSA ST also received the Community Chest SHARE Platinum Award 2013 for its continued support of the Community Chest SHARE (Social Help and Assistance Raised by Employees) program. PSA staff in Singapore continue to contribute monthly to the Community Chest's more than 300,000 beneficiaries.

In other parts of the world, Mersin International Port (MIP), in partnership with the Human Resources Foundation of Turkey (TIKAV), financially supported the refurbishment of a building into a nursery school. MIP also continued to be a patron of the Mersin International Music Festival, an annual event organised by the Mersin Governorship and Mersin Chamber of Commerce and Industry.

PSA Panama sponsored a music camp for children and youths to develop their musical talent through educational and artistic activities. In addition to organising public education programs for children from neighbouring public primary schools, Exolgan Container Terminal in Argentina donated clothing to the needy and underprivileged. Over in Asia, our Tuticorin Container Terminal in India organised a Children's Day event; while Thailand's Eastern Sea Laem-Chabang partnered Phu Ngam Non Sa-ard School in Chachoengsao Province to develop the school's infrastructure.

Over in Europe, PSA Antwerp and PSA Zeebrugge have partnered The New Belgica vzw, a non-profit organisation which will be building a replica of the Belgica, the first ship that the Belgians sailed on their maiden South Pole expedition in 1897. The aim of this five year-project is to engage 500 job-seekers in its construction. They would be trained and mentored thereafter to find employment on the regular job market. Continuing its patronage for sports, PSA Antwerp also participated in the Antwerp Dragon Boat Race for the third consecutive year.

In Italy, Voltri Terminal Europa (VTE) organised the 2013 Port Run, which saw 1200 runners taking part in the run inside a container yard, a first in Europe. The proceeds from the Port Run went to the Giannina Gaslini Paediatric Hospital. Meanwhile, Sines Container Terminal in Portugal contributed medical equipment to the local hospital.

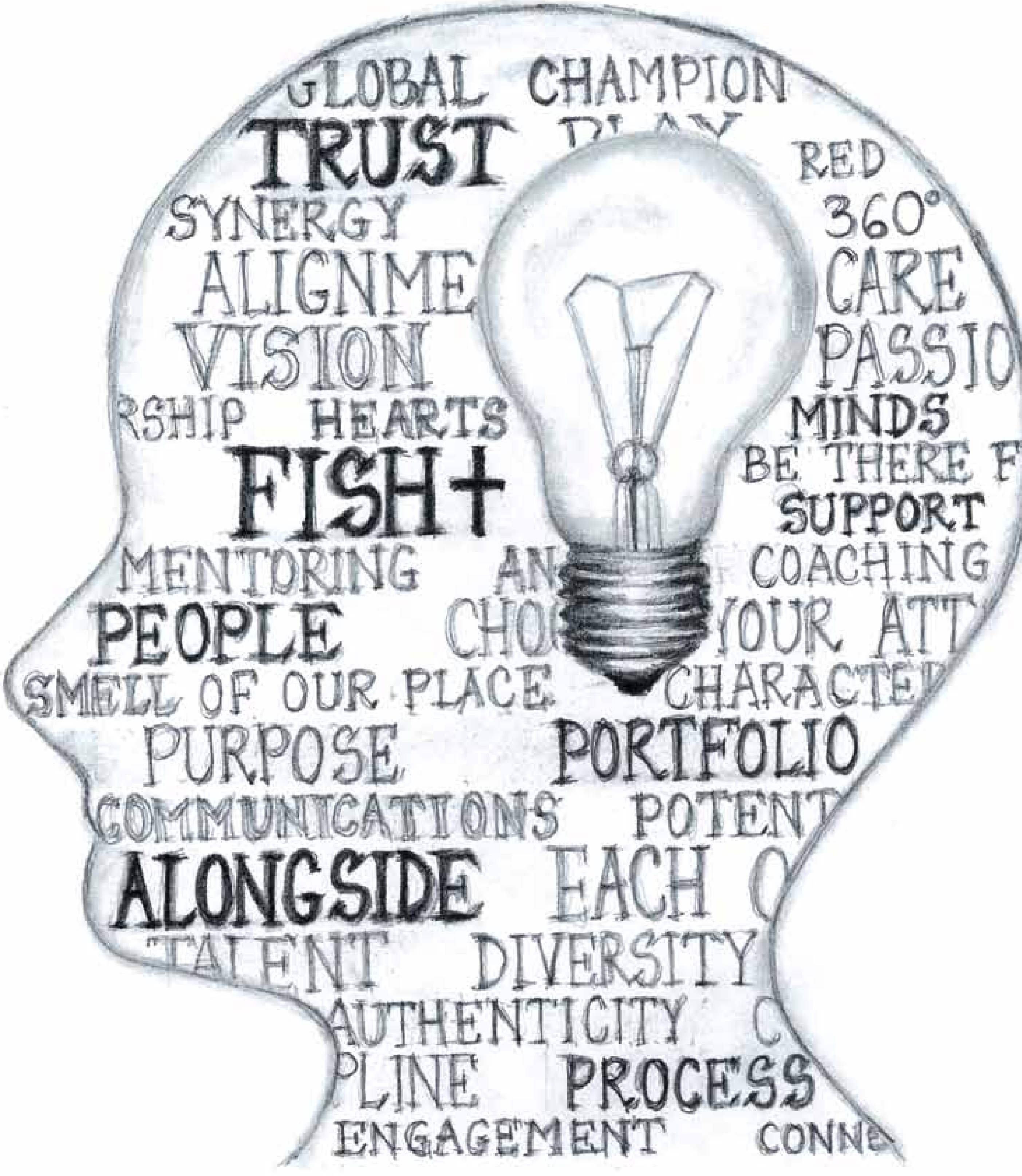
As a long-standing participant in corporate social responsibility, PSA understands the importance of multiple, flexible modes of civic engagement. During the Vietnamese Lunar New Year of Tet, SP-PSA staff volunteers visited and donated gifts to disadvantaged families at Phu My town, Tan Thanh District. Up in Dongguan, China, staff donated to the victims of the Yaan earthquake in Sichuan Province as well as to the Guangdong Province charity.

Always striving to play a positive role towards achieving greater environmental sustainability, PSA ST has been adopting green technologies by installing power converters on rubber-tyred gantry cranes (RTGs) to help with engine power optimisation. It has also invested heavily in automation technologies such as automated rail-mounted gantry cranes (aRMGs) and automated guided vehicles (AGVs) which will improve productivity and be more environmentally friendly.

In 2013, PSA ST opened its first PSA Eco Garden at Keppel Terminal. The Eco Garden boasts several eco-friendly features such as solar-powered LED lights that illuminate the garden's footpath at night with solar energy collected during the day, as well as the collection of rain water that feeds into a special irrigation system around the garden. These new features help reduce energy consumption and conserve water. In recognition of its green efforts in building maintenance, PSA ST also received the Green Mark (Gold) award for Keppel Distripark from the Building and Construction Authority. It continues to work towards obtaining Green Mark accreditation for other buildings.

OUR PEOPLE, OUR CHARACTER

Man's ability to communicate with language has always been our defining feature. That we are able to share what we have learned and teach it to following generations through language means that our collective pool of knowledge is not only preserved, but grows over time. At PSA, we continually seek to develop our people through the sharing of hard-won knowledge and leading by example, to not only maximise their potential, but also strengthen the foundations for even greater things to come.


GLOBAL CHAMPION
TRUST
RED
SYNERGY
360°
ALIGNME
CARE
VISION
PASSIO
RSHIP HEARTS
MINDS
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BE THERE F
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CHARACTE
PURPOSE
PORTFOLIO
COMMUNICATIONS
POTENT
ALONGSIDE
EACH
TALENT
DIVERSITY
AUTHENTICITY
PLINE
PROCESS
ENGAGEMENT
CONNE

OUR HUMAN CAPITAL

At PSA, we believe that people are our key enabler, both in growing our global Portfolio and enhancing Processes for effective delivery. To serve the evolving needs of our customers and to continually add value to our partners and stakeholders, are the imperatives for PSA's 29,000 employees around the world, in partnership with our labour unions.

To that end, 2013 was a year when PSA went full ahead on People Development and Engagement.

The eIDP, an online Individual Development Plan, was extended globally to all mid-managers and above, beginning in 2013 and phasing into 2014. The eIDP provides greater clarity, openness and ownership for supervisor-employee development conversations. By highlighting individual career aspirations and interests in job rotation and international mobility, the eIDP aids global resourcing and is a tool aligned to the organisation's business needs and succession planning - essential in tapping the integrated synergies of "One PSA".

The RED and TEAM RED 360° were also launched in 2013 for senior leaders. Designed in-house, these unique and innovative 360° online feedback systems are for leaders and teams to receive feedback from all quarters. Completely confidential and fit-for-purpose, the systems allow individuals and teams to be rated according to the PSA framework of Global Leadership Competencies. In complement to the feedback, a GAPS Grid is later applied to clearly identify strengths and areas for improvement.

From coaching the leader, to the leader as coach, an in-house signature program, the Tao of Coaching, was conducted in 2013. Initial batches of senior leaders were equipped with techniques to expand their coaching repertoire for greater effectiveness. Coaching is dovetailed with the roll-out of our mentoring program where senior leaders come alongside younger leaders and high-potentials to help them grow. Over time, we aspire to create a coaching and mentoring culture that will take root organisation-wide to benefit all levels.

In addition to enhancements in the areas of Develop and Engage, active steps have been taken to benchmark and fine-tune in the area of Acquire, with the pilot run of our Global Recruitment Best Practices Workshop in 2013. Well-received by participants, the in-house workshop will be cascaded to recruiters across the organisation from 2014 to enhance organisational capabilities in hiring the right people and retaining staff.

In the areas of Talent Diversity and Deployment, the Senior Management Council continued its prime focus on People with monthly discussions in 2013, steering People strategy and building consensus and coordination on leadership bench strength and talent development.

Managed Open Resourcing was initiated in 2013. Five-year business projections are matched with talent availability to better facilitate international deployment. Global assignments are determined with a view to groom talent, develop leaders and bench-strength, as well as fulfil business requirements by having the right people with requisite skills and experience at the right places. Extending the talent pipeline, the Short-Term Overseas Assignments program was also communicated in 2013 and would take effect in 2014, with hand-picked high potentials taking on value-adding business projects during short-term international attachments.

Providing a career planning and skills development compass organisation-wide, the Experience Navigators were launched in 2013. Aspiring employees can refer to the checklist of “critical work experiences” to chart their mid- to long-term development. Supervisors and business unit leaders can likewise use the guide to plan team and organisational requirements.

Of equal importance to People Development and Engagement is our work environment and culture, termed “the Smell of the Place”. Indicative of the quality of the “Smell”, are the results of our Employee Opinion Poll (EOP). Conducted every two years, the most recent EOP was held at the end of 2013. The recently-released results show the Corporate Centre and flagship PSA Singapore Terminals performing strongly across the whole range of engagement factors. The percentage of the employee participation in the EOP, their sense of satisfaction with PSA as a place of work, and their sense of being well-led, all scored in the 80 percent range. This was also the first time the EOP was carried out across the other PSA business units in various regions around the world, the results of which will offer us a better measure of engagement, once this “Smell” scorecard has a basis of comparison come the next global EOP.

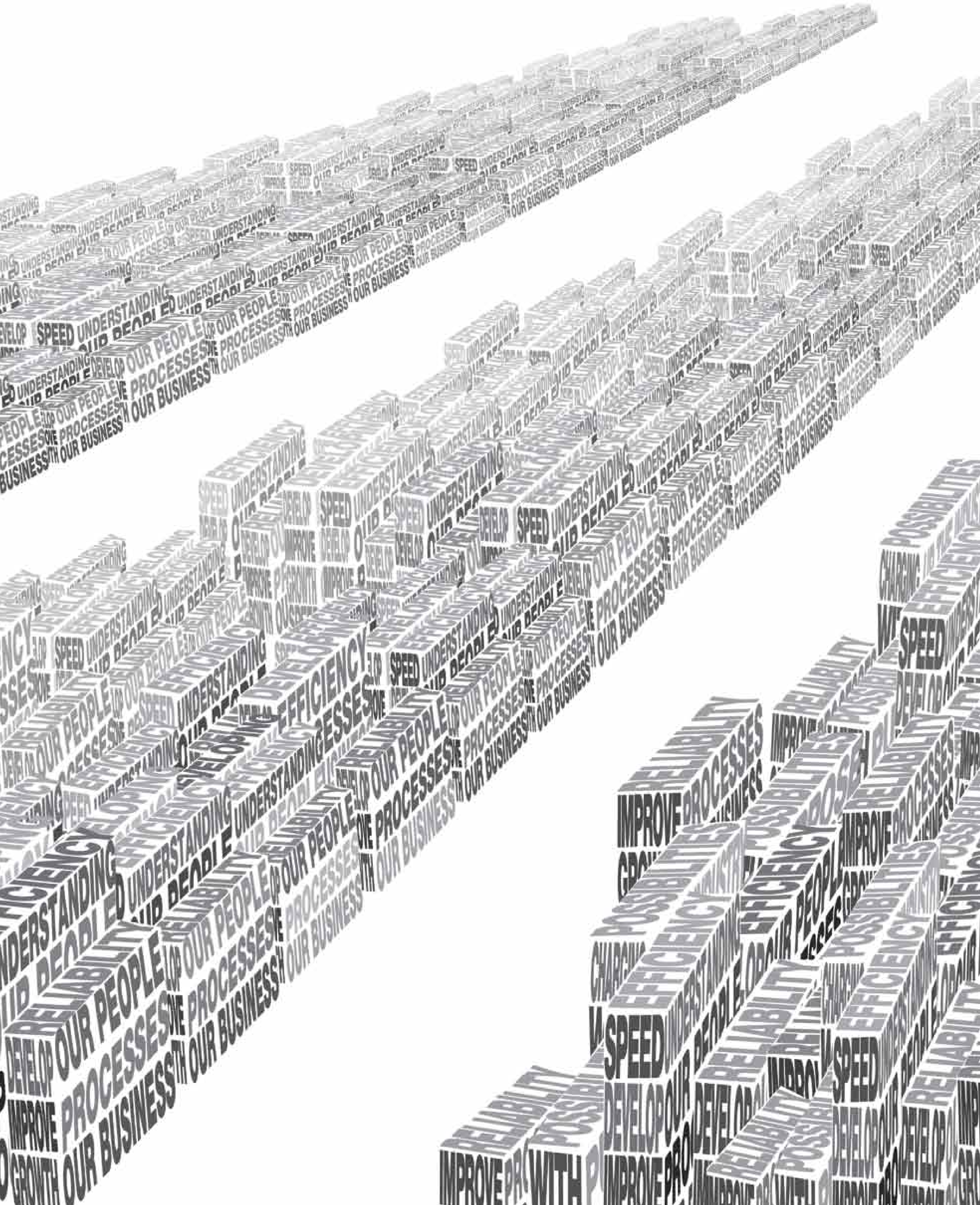
This high employee engagement would not have been possible without the strong partnership between unions and the management, to garner the commitment of the workforce. In testament to this, PSA Singapore Terminals was awarded the highest accolade from Singapore’s National Trades Union Congress – the May Day Plaque of Commendation (Star) – for its excellent union-management relations and contributions to the union movement.

In EOP 2013, Fish! was voted one of the best PSA initiatives for the third year running. It was a clear endorsement of the Organisational Development initiative that had formed the foundational corporate language for all PSA since 2005. Beyond 18,000 staff and still increasing, the recipients of PSA’s Fish! cascade embrace values of teamwork, excellent customer service, positivity and camaraderie. 400,000 Fish! App fishes and appreciative messages have been sent over 2012-2013. Since 2009, 520 leaders and mid-managers have attended the LeaderFish! program and been enrolled in walking the talk as role models. The high energy and engagement garnered by Fish! forms the basis on which a new and enhanced initiative called Fish+ is being rolled out. Fish! emphasises “everyone for each other” and Fish+ “everyone for the business”. Together, both initiatives are complementary for the business and the bottomline. A greater drive on cascading Fish+ will commence in 2014 in parallel with the expanding immersion of the workforce in Fish!.

A comprehensive and integrated employee communications infrastructure is necessary for sustaining engagement and development. Launched in 2013, GlobalConnect is a global web-based collaboration platform that meshes the various PSA entities and countries of operation together. It supplements the email communiqués (Global Clips and Global Edge) and half-yearly Webcasts hosted by the Senior Management Council, in disseminating information for corporate alignment. It is also interactive and enables active content sharing and co-creation across geographical boundaries, in a virtual and secure environment.

In its second year, the PSA Global Champions Awards 2013 saw four more employees being conferred the title PSA Global Champion. This Award is to honour our champions – visionaries and role models who have gone above and beyond the call of duty through their outstanding contributions, embodying an exceptional spirit of courage and commitment which will help to direct our course for the future. Prior to 2013, the inaugural annual PSA Global Champions Awards selected three recipients for this award while the PSA Global Associates Award went to our JV Partner in China.

2013 has indeed been a rewarding journey for our People and we are deeply appreciative of the collaboration across all levels as we forge towards our vision of being a Global Champion. To all who have endorsed and supported our People strategy alongside us - a most heartfelt thank-you.


SPEED
UNDERSTANDING
OUR PEOPLE
PROCESSES
OUR BUSINESS
EFFICIENCY
RELIABILITY
DEVELOP
IMPROVE
GROWTH
POSSIBILITIES
WITH

FINANCIAL REVIEW

DIRECTORS' REPORT
Year ended 31 December 2013

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2013.

Directors

The directors in office at the date of this report are as follows:

Mr Fock Siew Wah (Group Chairman)
Mr Tan Chong Meng (Group Chief Executive Officer)
Ms Chan Lai Fung
Mr Davinder Singh s/o Amar Singh
Mr Frank Kwong Shing Wong
Mr Kaikhushru Shiavax Nargolwala
Mr Koh Poh Tiong
Mr Kua Hong Pak
Dr Tan Chin Nam
Mr Tommy Thomsen (Appointed on 1 September 2013)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in related corporations are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Fock Siew Wah		
Singapore Telecommunications Limited		
- Ordinary shares	3,240	3,240
Tan Chong Meng		
Singapore Airlines Limited		
- Ordinary shares	–	10,000
Chan Lai Fung		
Singapore Telecommunications Limited		
- Ordinary shares	1,550	1,550
Davinder Singh s/o Amar Singh		
Singapore Airlines Limited		
- S$300 million 2.15% Bonds due 2015	S$500,000	S$500,000
Singapore Technologies Engineering Ltd		
- Ordinary shares	40,537	49,337
Singapore Telecommunications Limited		
- Ordinary shares	1,800	1,800
Frank Kwong Shing Wong		
Mapletree Greater China Commercial Trust Management Ltd.		
- Unit holdings in Mapletree Greater China Commercial Trust	N.A.	540,000[#1]

DIRECTORS' REPORT

Year ended 31 December 2013

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Kaikhushru Shiavax Nargolwala		
Mapletree Logistics Trust Management Ltd.		
- Perpetual securities	–	5,000[#1]
Singapore Telecommunications Limited		
- Ordinary shares	400,000[#1]	400,000[#1]
Koh Poh Tiong		
Neptune Orient Lines Limited		
- S$300 million 4.40% Notes due 2021	500,000[#1]	500,000[#1]
Singapore Telecommunications Limited		
- Ordinary shares	50,000	50,000
StarHub Ltd		
- Ordinary shares	10,000	10,000
Kua Hong Pak		
Singapore Telecommunications Limited		
- Ordinary shares	3,027	3,027
Tan Chin Nam		
Mapletree Commercial Trust Management Ltd.		
- Unit holdings in Mapletree Commercial Trust	60,000	60,000
Singapore Airlines Limited		
- Ordinary shares	1,870	1,870
Singapore Telecommunications Limited		
- Ordinary shares	367	367

[#1] Held in trust by trustee company on behalf of the director.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except for salaries, bonuses and fees that are disclosed in note 33 to the financial statements, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

DIRECTORS' REPORT

Year ended 31 December 2013

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Fock Siew Wah
Director

Tan Chong Meng
Director

7 March 2014

STATEMENT BY DIRECTORS

Year ended 31 December 2013

In our opinion:

(a) the financial statements set out on pages 41 to 86 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

Fock Siew Wah
Director

Tan Chong Meng
Director

7 March 2014

INDEPENDENT AUDITORS' REPORT

Year ended 31 December 2013

Member of the Company
PSA International Pte Ltd

Report on the financial statements

We have audited the accompanying financial statements of PSA International Pte Ltd (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 41 to 86.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
7 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group		Company	
		2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Assets					
Property, plant and equipment	3	6,705,154	6,113,676	1,702	275
Intangible assets:					
- Port use rights		772,840	738,585	–	–
- Other intangible assets		521,613	528,367	689	–
	4	1,294,453	1,266,952	689	–
Subsidiaries	5	–	–	8,416,307	8,282,305
Associates	6	4,337,072	4,118,620	–	–
Financial assets	8	1,505,762	1,417,911	–	–
Other non-current assets	9	16,216	46,503	–	–
Deferred tax assets	10	22,050	10,917	7,978	187
Non-current assets		13,880,707	12,974,579	8,426,676	8,282,767
Inventories		71,125	67,682	–	–
Financial assets	8	229,658	–	229,658	–
Trade and other receivables	11	669,481	693,412	275,489	262,480
Cash and bank balances	14	3,703,613	3,449,527	2,590,869	2,461,060
Current assets		4,673,877	4,210,621	3,096,016	2,723,540
Total assets		18,554,584	17,185,200	11,522,692	11,006,307
Equity					
Share capital	15	1,135,372	1,135,372	1,135,372	1,135,372
Reserves	16	8,921,466	8,129,734	7,673,430	7,386,762
Equity attributable to owner of the Company		10,056,838	9,265,106	8,808,802	8,522,134
Non-controlling interests		311,076	292,578	–	–
Total equity		10,367,914	9,557,684	8,808,802	8,522,134
Liabilities					
Borrowings	17	5,746,405	5,349,161	2,468,388	2,251,133
Provisions	18	45,802	61,668	–	–
Other non-current obligations	19	123,082	171,694	–	–
Deferred tax liabilities	10	354,563	269,105	–	–
Non-current liabilities		6,269,852	5,851,628	2,468,388	2,251,133
Trade and other payables	20	1,395,640	1,251,543	239,628	228,030
Borrowings	17	271,459	240,848	–	–
Current tax payable		249,719	283,497	5,874	5,010
Current liabilities		1,916,818	1,775,888	245,502	233,040
Total liabilities		8,186,670	7,627,516	2,713,890	2,484,173
Total equity and liabilities		18,554,584	17,185,200	11,522,692	11,006,307

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

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Revenue	22	4,648,661	4,498,955
Other income	23	340,907	147,886
Staff and related costs	24	(906,174)	(819,238)
Contract services		(604,265)	(584,261)
Running, repair and maintenance costs		(477,290)	(472,999)
Other operating expenses		(559,610)	(525,918)
Property taxes		(35,885)	(37,442)
Depreciation and amortisation		(539,153)	(550,975)
Profit from operations	25	1,867,191	1,656,008
Finance costs	26	(270,912)	(247,673)
Share of profit of associates, net of tax		186,977	182,846
Profit before income tax		1,783,256	1,591,181
Income tax expense	27	(309,347)	(303,686)
Profit for the year		1,473,909	1,287,495
Profit attributable to:			
Owner of the Company		1,425,388	1,256,688
Non-controlling interests		48,521	30,807
Profit for the year		1,473,909	1,287,495

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 $'000	2012 $'000
Profit for the year	1,473,909	1,287,495
Other comprehensive income		
Items that are or may be reclassified subsequently to income statement		
Exchange differences of foreign operations	159,756	(352,665)
Exchange differences on monetary items forming part of net investment in foreign operations	41,691	(21,902)
Exchange differences on hedge of net investment in a foreign operation	(95,695)	156,671
Exchange differences of subsidiaries and jointly-controlled entities transferred to income statement on disposal	90,112	5,115
Effective portion of changes in fair value of cash flow hedges	8,242	(12,504)
Net change in fair value of cash flow hedges transferred to income statement	44,990	15,904
Net change in fair value of available-for-sale financial assets	69,390	290,306
Net change in fair value of available-for-sale financial assets transferred to income statement on recognition of impairment loss	143,651	3,509
Share of capital reserve in associates	6,350	(6,921)
Share of fair value reserve in associates	(2,896)	(4,920)
Share of hedging reserve in associates	363	359
Share of foreign currency translation reserve in associates	1,687	12,907
Income tax on other comprehensive income	(99,086)	(1,441)
Other comprehensive income for the year, net of tax	368,555	84,418
Total comprehensive income for the year	1,842,464	1,371,913
Total comprehensive income attributable to:		
Owner of the Company	1,791,732	1,344,955
Non-controlling interests	50,732	26,958
Total comprehensive income for the year	1,842,464	1,371,913

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share capital $'000	Capital reserve $'000
At 1 January 2012	1,135,372	33,880
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income		
Exchange differences of foreign operations	–	–
Exchange differences on monetary items forming part of net investment in foreign operations	–	–
Exchange differences on hedge of net investment in a foreign operation	–	–
Exchange differences of subsidiaries and jointly-controlled entities transferred to income statement on disposal	–	–
Effective portion of changes in fair value of cash flow hedges	–	–
Net change in fair value of cash flow hedges transferred to income statement	–	–
Net change in fair value of available-for-sale financial assets	–	–
Net change in fair value of available-for-sale financial assets transferred to income statement on recognition of impairment loss	–	–
Share of reserves in associates	–	(6,921)
Income tax on other comprehensive income	–	–
Total other comprehensive income	–	(6,921)
Total comprehensive income for the year	–	(6,921)
Transactions with owner, recorded directly in equity		
Contributions by and distributions to owner of the Company		
Capital contribution by non-controlling shareholders of subsidiaries	–	–
Dividends paid to non-controlling shareholders of subsidiaries	–	–
Interim tax exempt dividends declared and paid of $0.99 per share	–	–
Total contributions by and distributions to owner of the Company	–	–
Changes in ownership interests in subsidiaries		
Acquisitions of non-controlling interests without a change in control	–	–
Disposal of subsidiary	–	–
Total changes in ownership interests in subsidiaries	–	–
Changes in ownership interests in subsidiaries of an associate	–	–
At 31 December 2012	1,135,372	26,959

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

Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
97,357	(641,623)	(55,337)	90,772	7,892,341	8,552,762	318,493	8,871,255
–	–	–	–	1,256,688	1,256,688	30,807	1,287,495
–	(348,712)	–	–	–	(348,712)	(3,953)	(352,665)
–	(21,902)	–	–	–	(21,902)	–	(21,902)
–	156,671	–	–	–	156,671	–	156,671
–	5,115	–	–	–	5,115	–	5,115
–	–	(11,763)	–	–	(11,763)	(741)	(12,504)
–	–	15,059	–	–	15,059	845	15,904
–	–	–	290,306	–	290,306	–	290,306
–	–	–	3,509	–	3,509	–	3,509
–	12,907	359	(4,920)	–	1,425	–	1,425
–	–	(1,441)	–	–	(1,441)	–	(1,441)
–	(195,921)	2,214	288,895	–	88,267	(3,849)	84,418
–	(195,921)	2,214	288,895	1,256,688	1,344,955	26,958	1,371,913
–	–	–	–	–	–	9,909	9,909
–	–	–	–	–	–	(8,454)	(8,454)
–	–	–	–	(600,000)	(600,000)	–	(600,000)
–	–	–	–	(600,000)	(600,000)	1,455	(598,545)
–	–	–	–	(30,122)	(30,122)	(52,635)	(82,757)
–	–	–	–	–	–	(1,693)	(1,693)
–	–	–	–	(30,122)	(30,122)	(54,328)	(84,450)
–	–	–	–	(2,489)	(2,489)	–	(2,489)
97,357	(837,544)	(53,123)	379,667	8,516,418	9,265,106	292,578	9,557,684

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share capital $'000	Capital reserve $'000
At 1 January 2013	1,135,372	26,959
Total comprehensive income for the year		
Profit for the year	–	–
Other comprehensive income		
Exchange differences of foreign operations	–	–
Exchange differences on monetary items forming part of net investment in foreign operations	–	–
Exchange differences on hedge of net investment in a foreign operation	–	–
Exchange differences of subsidiaries and jointly-controlled entity transferred to income statement on disposal	–	–
Effective portion of changes in fair value of cash flow hedges	–	–
Net change in fair value of cash flow hedges transferred to income statement	–	–
Net change in fair value of available-for-sale financial assets	–	–
Net change in fair value of available-for-sale financial assets transferred to income statement on recognition of impairment loss	–	–
Share of reserves in associates	–	6,350
Income tax on other comprehensive income	–	–
Total other comprehensive income	–	6,350
Total comprehensive income for the year	–	6,350
Transactions with owner, recorded directly in equity		
Contributions by and distributions to owner of the Company		
Capital contribution by non-controlling shareholders of subsidiaries	–	–
Dividends paid to non-controlling shareholders of subsidiaries	–	–
Final tax exempt dividend declared and paid of $0.49 per share	–	–
Interim tax exempt dividends declared and paid of $1.15 per share	–	–
Total contributions by and distributions to owner of the Company	–	–
Changes in ownership interests in subsidiaries		
Disposals of subsidiaries	–	–
Total changes in ownership interests in subsidiaries	–	–
At 31 December 2013	1,135,372	33,309

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

Insurance reserve $'000	Foreign currency translation reserve $'000	Hedging reserve $'000	Fair value reserve $'000	Accumulated profits $'000	Total attributable to owner of the Company $'000	Non-controlling interests $'000	Total equity $'000
97,357	(837,544)	(53,123)	379,667	8,516,418	9,265,106	292,578	9,557,684
–	–	–	–	1,425,388	1,425,388	48,521	1,473,909
–	157,825	–	–	–	157,825	1,931	159,756
–	41,691	–	–	–	41,691	–	41,691
–	(95,695)	–	–	–	(95,695)	–	(95,695)
–	90,112	–	–	–	90,112	–	90,112
–	–	8,700	–	–	8,700	(458)	8,242
–	–	44,252	–	–	44,252	738	44,990
–	–	–	69,390	–	69,390	–	69,390
–	–	–	143,651	–	143,651	–	143,651
–	1,687	363	(2,896)	–	5,504	–	5,504
–	–	(5,924)	(93,162)	–	(99,086)	–	(99,086)
–	195,620	47,391	116,983	–	366,344	2,211	368,555
–	195,620	47,391	116,983	1,425,388	1,791,732	50,732	1,842,464
–	–	–	–	–	–	3,591	3,591
–	–	–	–	–	–	(34,285)	(34,285)
–	–	–	–	(300,000)	(300,000)	–	(300,000)
–	–	–	–	(700,000)	(700,000)	–	(700,000)
–	–	–	–	(1,000,000)	(1,000,000)	(30,694)	(1,030,694)
–	–	–	–	–	–	(1,540)	(1,540)
–	–	–	–	–	–	(1,540)	(1,540)
97,357	(641,924)	(5,732)	496,650	8,941,806	10,056,838	311,076	10,367,914

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Profit for the year		1,473,909	1,287,495
Adjustments for:			
Depreciation and amortisation		539,153	550,975
Impairment made for:			
Financial assets		143,651	3,509
Intangible assets		–	90,000
Property, plant and equipment		–	3,731
Dividend income from financial assets		(72,119)	(74,259)
(Gain)/loss on disposal of:			
Jointly-controlled entities		(28,437)	5,093
Subsidiaries		(22,585)	(6,045)
Property, plant and equipment		(19,473)	1,687
Reversal of impairment of financial assets		(122,820)	–
Share of profit of associates, net of tax		(186,977)	(182,846)
Finance costs	26	270,912	247,673
Interest income		(59,201)	(54,898)
Income tax expense		309,347	303,686
Net fair value loss on fair value hedge		255	518
		2,225,615	2,176,319
Changes in working capital:			
Inventories		(4,927)	2,843
Trade and other receivables		57,685	(94,564)
Trade and other payables		39,772	70,667
Cash generated from operations		2,318,145	2,155,265
Income taxes paid		(359,512)	(316,341)
Net cash from operating activities		1,958,633	1,838,924
Cash flows from investing activities			
Dividends received		191,786	165,518
Interest received		58,449	53,430
Purchase of property, plant and equipment and intangible assets		(682,870)	(484,398)
Proceeds from disposal of property, plant and equipment and intangible assets		47,068	9,284
Purchase of financial assets		(231,701)	(1,001)
Proceeds from financial assets		122,820	–
Acquisitions of jointly-controlled entities, net of cash acquired	31	(337,651)	–
Disposals of subsidiaries and jointly-controlled entities, net of cash disposed	31	298,732	6,109
Net cash used in investing activities		(533,367)	(251,058)
Cash flows from financing activities			
Proceeds from bank loans and notes		705,735	260,892
Repayment of bank loans and notes		(584,593)	(512,640)
Interest paid		(262,985)	(249,766)
Payment of finance lease liabilities		(2,556)	(3,343)
Dividends paid to owner of the Company		(1,000,000)	(600,000)
Dividends paid to non-controlling shareholders of subsidiaries		(34,285)	(8,454)
Capital contribution by non-controlling shareholders of subsidiaries		3,591	9,909
Repayment of loans from non-controlling shareholders of subsidiaries		(1,176)	(2,924)
Acquisitions of non-controlling interests		–	(82,757)
Net cash used in financing activities		(1,176,269)	(1,189,083)
Net increase in cash and bank balances		248,997	398,783
Cash and bank balances at beginning of the year		3,449,527	3,067,262
Effect of exchange rate fluctuations on cash held		5,089	(16,518)
Cash and bank balances at end of the year	14	3,703,613	3,449,527

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 7 March 2014.

1 Domicile and activities

PSA International Pte Ltd (the Company) is incorporated in the Republic of Singapore and has its registered office at 460 Alexandra Road, PSA Building, #38-00, Singapore 119963.

The principal activities of the Company are investment holding and the provision of consultancy services on port management, port operations and information technology. The principal activities of the subsidiaries are mainly those of providers of port and marine services.

The immediate and ultimate holding company during the financial year is Temasek Holdings (Private) Limited, a company incorporated in the Republic of Singapore.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities) and the Group's interests in associates and jointly-controlled entities.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS) under the historical cost basis except for certain financial assets and liabilities that are carried at fair value and/or amortised cost as disclosed in the accounting policies set out below.

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise presented.

On 1 January 2013, the Group has adopted the new and revised FRS and Interpretations of FRS (INT FRS) that are mandatory for the financial year beginning on 1 January 2013. The adoption of these FRS and INT FRS has no significant financial impact to the Group. Other than the new and revised FRS and INT FRS, 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.

The preparation of financial statements in conformity with 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.

Critical judgements in applying accounting policies

Impairment of available-for-sale financial assets

The Group recognises impairment losses on available-for-sale financial assets when there has been a significant or prolonged decline in their fair value below their cost. The determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of the financial asset is less than its cost.

Critical accounting estimates

Impairment of property, plant and equipment and intangible assets

The Group has made substantial investments in tangible and intangible non-current assets in its port business. Changes in technology or changes in the intended use of these assets may cause the estimated period of use or value of these assets to change.

Assets that have an infinite useful life are tested for impairment annually. Assets that are subject to depreciation and amortisation are reviewed to determine whether there is any indication that the carrying values of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Such impairment loss is recognised in the income statement.

Management judgement is required in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may indicate that the related asset values may not be recoverable; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Depreciation and amortisation

Depreciation and amortisation of non-financial assets constitute substantial operating costs for the Group. The costs of these non-financial assets are charged as depreciation/amortisation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates.

Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

Residual values of the port assets are estimated after considering the price that could be recovered from the sale of the port assets and the expected age and condition at the end of their useful lives, after deducting the estimated costs of disposal.

2.2 Basis of consolidation

Business combinations

Business combinations are accounted for under the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the income statement.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been adjusted where necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the income statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Associates are accounted for in the consolidated financial statements under the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the post-acquisition results and reserves of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. The latest audited financial statements of the associates are used and where these are not available, unaudited financial statements are used. Any differences between the unaudited financial statements and the audited financial statements obtained subsequently are adjusted for in the subsequent financial year.

The Group's investments in associates include goodwill on acquisition and other intangible assets acquired from business combinations. Where the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has incurred an obligation or has made payments on behalf of the associate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

Jointly-controlled entities

Jointly-controlled entities are those entities over whose activities the Group has contractual agreements to jointly share the control over the strategic financial and operating decisions of the jointly-controlled entities.

The Group's interests in jointly-controlled entities are recognised in the consolidated financial statements by including its proportionate share of the income and expenses, assets and liabilities and cash flows with items of a similar nature on a line-by-line basis, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

Transactions with non-controlling interests

The Group elects on a transaction-by-transaction basis whether to measure non-controlling interests, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, at fair value, or at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value at acquisition date.

Changes in the Group's ownership interest in a subsidiary that do not result in a change in control are accounted for as transactions with owners in their capacity as owners and therefore the carrying amounts of assets and liabilities are not changed and goodwill and bargain purchase gain are not recognised as a result of such transactions.

Any difference between the adjustment to non-controlling interests and the fair value of consideration paid or received is recognised directly in equity and presented as part of equity attributable to owner of the Company.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting for subsidiaries, associates and jointly-controlled entities

Investments in subsidiaries, associates and jointly-controlled entities are stated in the Company's statement of financial position at cost less accumulated impairment losses.

2.3 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the income statement, except for differences arising on the retranslation of available-for-sale equity instruments and a financial liability designated as a hedge of the net investment in a foreign operation that is effective (see note 2.13), which are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at the average exchange rates for the year.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the closing rate. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented within equity in foreign currency translation reserve. However, if the operation is not a wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed such that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve is transferred to the income statement as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is transferred to the income statement.

Net investment in a foreign operation

Foreign exchange gains and losses arising from monetary items that in substance form part of the Group's net investment in a foreign operation are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to the income statement as an adjustment to the gain or loss arising on disposal.

2.4 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated 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, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and an estimated cost of dismantling and removing the items and restoring the site on which they are located when the Group has an obligation to remove the asset or restore the site, and capitalised borrowing costs, where applicable.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

The gain or loss on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net in the income statement.

Subsequent costs

The cost of replacing a component 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation

Depreciation is recognised in the income statement on a straight-line basis to write down the cost of property, plant and equipment to its estimated residual value over the estimated useful life (or lease term, if shorter) of each component of an item of property, plant and equipment.

Estimated useful lives are as follows:

Leasehold land	20 to 80 years
Buildings	5 to 50 years
Wharves, hardstanding and roads	5 to 50 years
Plant, equipment and machinery	3 to 25 years
Floating crafts	10 to 20 years
Dry-docking costs	2.5 to 5 years
Motor vehicles	2 to 10 years
Computers	3 to 5 years

No depreciation is provided on capital work-in-progress until the related property, plant and equipment is ready for use. Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

2.5 Intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses. Intangible assets with infinite useful lives or not ready for use are stated at cost less accumulated impairment losses.

Port use rights

The expenditure incurred in relation to the right to operate a port is capitalised as port use rights. Port use rights are amortised in the income statement on a straight-line basis over their estimated useful lives of 18 to 84 years (the period of the operating rights being available).

Goodwill

Goodwill arising on the acquisition of subsidiaries and jointly-controlled entities is presented in intangible assets. Goodwill arising on the acquisition of associates is presented together with investments in associates.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. When the excess is negative, a bargain purchase gain is recognised immediately in the income statement.

Goodwill is measured at cost less accumulated impairment losses and is subject to testing for impairment, as described in note 2.6.

Software development costs

Development expenditure attributable to projects where the technical feasibility and commercial viability of which are reasonably assured, is capitalised and amortised over the time period for which the tangible benefits of the projects are expected to be realised. Software development costs are not amortised until the completion date and when the software is ready for use. Amortisation is charged to the income statement on a straight-line basis over its estimated useful life of 3 years.

Computer software

Computer software, which is acquired by the Group, where it is not an integral part of the related hardware, is treated as an intangible asset. Computer software is amortised in the income statement on a straight-line basis over its estimated useful life of 3 years, from the date on which it is ready for use.

2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax 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. Goodwill and other non-financial assets with infinite useful lives or not yet available for use are tested for impairment at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. The recoverable amount of an asset or CGU 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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in the income statement unless it reverses a previous revaluation credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs) and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.7 Non-derivative financial assets

A financial asset is recognised when the Group becomes a party to the contractual provisions of the asset. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, or it transfers the rights to receive the contractual cash flows on the financial assets in a transaction in which substantially all the risks and rewards of ownership of the financial assets are transferred. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial assets are measured according to the following categories:

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise cash and cash equivalents, trade and other receivables and other non-current assets which are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

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

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses (see note 2.8) and foreign exchange gains and losses on available-for-sale debt instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When the financial asset is derecognised, the cumulative gain or loss in fair value reserve is transferred to the income statement.

Financial assets carried at cost

Investments in unquoted equity securities are classified as financial assets carried at cost only when the equity instruments do not have a quoted market price in an active market and whose fair value cannot be reliably measured because the range of possible fair value estimates is wide and the probabilities of the various estimates within the range cannot be reasonably assessed.

2.8 Impairment of financial assets

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

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

All individually significant loans and receivables are assessed for specific impairment. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

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

Impairment losses for loans and receivables and available-for-sale debt securities are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised. Impairment losses once recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in fair value of such assets is recognised in other comprehensive income and presented within equity in the fair value reserve.

2.9 Financial guarantees

Financial guarantee contracts issued by the Company to external parties on behalf of entities within the Group are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2.10 Leases

When entities within the Group are lessees of a finance lease

Leased assets in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Leased assets are depreciated over the shorter of the lease term and their useful lives. Lease payments are apportioned between finance cost and reduction of the lease liability. The finance cost is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

At inception, an arrangement that contains a lease is accounted for as such based on the terms and conditions even though the arrangement is not in the legal form of a lease.

When entities within the Group are lessees of an operating lease

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

2.11 Inventories

Inventories mainly comprise stores and consumables which are valued at cost of purchase (including cost incurred in bringing the inventories to their present location and condition) on a weighted average cost method less any applicable allowance for obsolescence. When inventories are consumed, the carrying amount of these inventories is recognised as an expense in the year in which the consumption occurs.

2.12 Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities into the other financial liabilities category. A financial liability is recognised when the Group becomes a party to the contractual provisions of the liability. Financial liabilities are derecognised when its contractual obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial liabilities comprise borrowings and trade and other payables, and are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.13 Derivative financial instruments and hedging activities

The Group holds derivative financial instruments to hedge its foreign exchange, fuel price and interest rate risk exposures. The use of hedging instruments is governed by the Group's policies which provide written principles on the use of financial instruments consistent with the Group's risk management strategy.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as follows:

Cash flow hedges

Changes in the fair value of the derivative designated as a hedging instrument of a cash flow hedge is recognised in other comprehensive income and presented within equity in the hedging reserve to the extent the hedge is effective. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to the income statement.

The cumulative gain or loss previously recognised in other comprehensive income and presented within equity in the hedging reserve remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects the income statement.

Fair value hedges

Changes in the fair value of a derivative designated as a hedging instrument of a fair value hedge are recognised in the income statement. The hedged item is also stated at fair value in respect of the risk being hedged; the gain or loss attributable to the hedged risk is recognised in the income statement and the carrying amount of the hedged item is adjusted.

Hedge of net investment in a foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve, to the extent that the hedge is effective. The ineffective foreign currency differences are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in foreign currency translation reserve is transferred to the income statement as an adjustment to the gain or loss on disposal when the investment in the foreign operation is disposed.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the income statement as part of foreign currency gains and losses.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the income statement.

2.14 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense in the income statement when incurred.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligations in respect of defined benefit plans are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

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

2.15 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.16 Provisions

A provision is recognised if, as a result of a past event, the Group 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. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

2.17 Revenue recognition

Income from services

Income from services rendered is recognised as and when such services are rendered, provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be reliably measured.

Dividend income

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

Interest income

Interest income is recognised as it accrues, using the effective interest method, except where the collection is contingent upon certain conditions being met, then such income is recognised when received.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2.18 Finance costs

Finance costs comprise interest expense on borrowings which includes reclassifications of net losses previously recognised in other comprehensive income and the unwinding of the discount on provisions. All borrowing costs are recognised in the income statement using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of a qualifying asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

2.19 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.20 Non-current assets held for sale or distribution

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal group) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured under different rules in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in the income statement. Gains are not recognised in excess of any cumulative impairment loss.

2.21 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Executive Committee and Senior Management Council of the Company to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

3 Property, plant and equipment

	Leasehold land $'000	Buildings $'000	Wharves, hardstanding and roads $'000
Group			
Cost			
At 1 January 2012	1,590,345	908,646	2,873,109
Reclassifications	14,502	7,794	178,601
Additions	139	4,865	44,929
Disposals	(657)	(26,318)	(2,976)
Disposals of subsidiaries and jointly-controlled entities	–	(11,200)	(5,407)
Transferred to intangible assets	–	–	–
Translation differences on consolidation	(15,663)	(32,289)	(65,938)
At 31 December 2012 and 1 January 2013	1,588,666	851,498	3,022,318
Reclassifications	2,242	12,099	86,994
Acquisitions of jointly-controlled entities	2,030	3,724	47,943
Additions	793	9,425	11,738
Disposals	–	(5,825)	(24,334)
Disposals of subsidiaries and jointly-controlled entity	(11,371)	(85,950)	–
Translation differences on consolidation	12,332	27,283	58,013
At 31 December 2013	1,594,692	812,254	3,202,672
Accumulated depreciation and impairment losses			
At 1 January 2012	602,246	382,944	965,006
Depreciation charge for the year	49,665	31,429	125,715
Disposals	(446)	(26,131)	(1,669)
Disposals of subsidiaries and jointly-controlled entities	–	(8,626)	(3,633)
Transferred to intangible assets	–	–	–
Impairment losses	–	–	–
Translation differences on consolidation	(2,006)	(12,436)	(13,886)
At 31 December 2012 and 1 January 2013	649,459	367,180	1,071,533
Acquisitions of jointly-controlled entities	15	267	2,059
Depreciation charge for the year	49,596	30,868	120,840
Disposals	–	(3,968)	(6,483)
Disposals of subsidiaries and jointly-controlled entity	(3,342)	(16,809)	–
Translation differences on consolidation	1,827	17,930	12,703
At 31 December 2013	697,555	395,468	1,200,652
Carrying amounts			
At 1 January 2012	988,099	525,702	1,908,103
At 31 December 2012	939,207	484,318	1,950,785
At 31 December 2013	897,137	416,786	2,002,020

	Plant, equipment and machinery $'000	Floating crafts and dry-docking costs $'000	Motor vehicles $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
	4,625,575	459,019	24,340	153,908	420,010	11,054,952
	133,043	–	2,476	8,178	(344,594)	–
	119,931	2,220	4,337	3,500	292,221	472,142
	(58,460)	(9,797)	(1,220)	(13,729)	(15)	(113,172)
	(18,815)	(2,615)	(394)	(388)	(108)	(38,927)
	–	–	–	(799)	(337)	(1,136)
	(98,117)	(11,871)	(956)	(2,582)	(16,926)	(244,342)
	4,703,157	436,956	28,583	148,088	350,251	11,129,517
	319,637	22,318	1,790	3,637	(448,717)	–
	76,945	–	201	2	246,076	376,921
	57,505	18,973	596	5,175	622,430	726,635
	(38,446)	(15,703)	(1,488)	(12,242)	(1,842)	(99,880)
	(48,224)	–	(269)	(4,875)	(435)	(151,124)
	114,627	1,842	(271)	1,830	6,183	221,839
	5,185,201	464,386	29,142	141,615	773,946	12,203,908
	2,439,890	170,915	11,017	145,527	–	4,717,545
	258,986	22,241	2,824	9,571	–	500,431
	(49,433)	(9,797)	(1,127)	(13,662)	–	(102,265)
	(7,619)	(366)	(376)	(362)	–	(20,982)
	–	–	–	(794)	–	(794)
	3,731	–	–	–	–	3,731
	(47,441)	(3,230)	(691)	(2,135)	–	(81,825)
	2,598,114	179,763	11,647	138,145	–	5,015,841
	4,569	–	76	1	–	6,987
	248,329	30,009	3,357	9,814	–	492,813
	(33,906)	(14,261)	(1,432)	(12,235)	–	(72,285)
	(24,323)	–	(245)	(4,504)	–	(49,223)
	71,367	(535)	(278)	1,607	–	104,621
	2,864,150	194,976	13,125	132,828	–	5,498,754
	2,185,685	288,104	13,323	8,381	420,010	6,337,407
	2,105,043	257,193	16,936	9,943	350,251	6,113,676
	2,321,051	269,410	16,017	8,787	773,946	6,705,154

	Plant, equipment and machinery $'000	Motor vehicles $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Company					
Cost					
At 1 January 2012	40	650	1,027	–	1,717
Additions	16	–	44	–	60
Disposals	–	–	(21)	–	(21)
At 31 December 2012 and 1 January 2013	56	650	1,050	–	1,756
Additions	121	–	192	1,287	1,600
Disposals	–	–	(8)	–	(8)
At 31 December 2013	177	650	1,234	1,287	3,348
Accumulated depreciation					
At 1 January 2012	32	372	996	–	1,400
Depreciation charge for the year	6	69	27	–	102
Disposals	–	–	(21)	–	(21)
At 31 December 2012 and 1 January 2013	38	441	1,002	–	1,481
Depreciation charge for the year	24	69	80	–	173
Disposals	–	–	(8)	–	(8)
At 31 December 2013	62	510	1,074	–	1,646
Carrying amounts					
At 1 January 2012	8	278	31	–	317
At 31 December 2012	18	209	48	–	275
At 31 December 2013	115	140	160	1,287	1,702

Impairment loss

At 31 December 2012, the recoverable amount of the property, plant and equipment of a jointly-controlled entity, estimated based on its value in use, was lower than its carrying value. Accordingly, an impairment loss of $3.7 million was recognised in other operating expenses in the income statement. There was no impairment loss recognised for the current year.

Leased property, plant and equipment

At 31 December 2013, the net carrying amount of leased property, plant and equipment of the Group was $105.1 million (2012: $103.6 million).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

4 Intangible assets

	Goodwill on consolidation $'000	Computer software $'000	Software development costs $'000	Capital work-in-progress $'000	Total other intangible assets $'000	Port use rights $'000	Total intangible assets $'000
Group							
Cost							
At 1 January 2012	691,095	38,219	88,256	6,882	824,452	1,153,754	1,978,206
Reclassifications	–	3,642	4,625	(8,267)	–	–	–
Additions	–	2,100	370	8,092	10,562	3,931	14,493
Disposals	–	(289)	(2,753)	(36)	(3,078)	–	(3,078)
Disposal of jointly-controlled entity	–	–	–	–	–	(53,986)	(53,986)
Transferred from property, plant and equipment	–	899	–	237	1,136	–	1,136
Translation differences on consolidation	(2,901)	(1,878)	(754)	(46)	(5,579)	(78,557)	(84,136)
At 31 December 2012 and 1 January 2013	688,194	42,693	89,744	6,862	827,493	1,025,142	1,852,635
Reclassifications	–	1,482	1,205	(2,687)	–	–	–
Acquisitions of jointly-controlled entities	–	113	–	–	113	108,892	109,005
Additions	–	3,377	283	1,740	5,400	15,691	21,091
Disposals	–	(1,652)	(3,032)	–	(4,684)	(442)	(5,126)
Disposal of jointly-controlled entity	(122,075)	–	–	–	(122,075)	(174,769)	(296,844)
Translation differences on consolidation	(2)	2,696	1,515	(320)	3,889	(3,281)	608
At 31 December 2013	566,117	48,709	89,715	5,595	710,136	971,233	1,681,369
Accumulated amortisation and impairment losses							
At 1 January 2012	171,390	30,523	77,230	–	279,143	246,409	525,552
Amortisation charge for the year	–	5,669	5,696	–	11,365	39,179	50,544
Disposals	–	(260)	(2,753)	–	(3,013)	–	(3,013)
Disposal of jointly-controlled entity	–	–	–	–	–	(53,090)	(53,090)
Impairment losses	13,575	–	–	–	13,575	76,425	90,000
Transferred from property, plant and equipment	–	794	–	–	794	–	794
Translation differences on consolidation	(545)	(1,517)	(676)	–	(2,738)	(22,366)	(25,104)
At 31 December 2012 and 1 January 2013	184,420	35,209	79,497	–	299,126	286,557	585,683
Acquisitions of jointly-controlled entities	–	52	–	–	52	1,388	1,440
Amortisation charge for the year	–	5,815	5,425	–	11,240	35,100	46,340
Disposals	–	(1,652)	(3,032)	–	(4,684)	(442)	(5,126)
Disposal of jointly-controlled entity	(122,075)	–	–	–	(122,075)	(111,559)	(233,634)
Translation differences on consolidation	1,095	2,528	1,241	–	4,864	(12,651)	(7,787)
At 31 December 2013	63,440	41,952	83,131	–	188,523	198,393	386,916
Carrying amounts							
At 1 January 2012	519,705	7,696	11,026	6,882	545,309	907,345	1,452,654
At 31 December 2012	503,774	7,484	10,247	6,862	528,367	738,585	1,266,952
At 31 December 2013	502,677	6,757	6,584	5,595	521,613	772,840	1,294,453

	Computer software $'000	Software development costs $'000	Total $'000
Company			
Cost			
At 1 January 2012/31 December 2012/1 January 2013	832	411	1,243
Additions	751	–	751
At 31 December 2013	1,583	411	1,994
Accumulated amortisation			
At 1 January 2012/31 December 2012/1 January 2013	832	411	1,243
Amortisation charge for the year	62	–	62
At 31 December 2013	894	411	1,305
Carrying amounts			
At 1 January 2012 and 31 December 2012	–	–	–
At 31 December 2013	689	–	689

Impairment testing for cash-generating units (CGUs) containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's port business in the country of operation, which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. At 31 December 2013, the carrying value of goodwill primarily relates to the Group's port business CGUs in Europe of $470.2 million (2012: $468.8 million). The remaining goodwill relates to the Group's port business CGUs in Asia.

The recoverable amounts of these port business CGUs were based on the value in use approach. They were determined by discounting the future cash flows generated from the continuing use of these units. The cash flow projections were done as part of the financial budgets approved by management. Key assumptions include the expected growth in revenues and gross margin, timing of future capital expenditures, growth rates and market development expectations in the port business based on both external sources and internal sources (historical data). The discount rates for the test were based on country specific risk adjusted discount rates and ranged from 7.00% to 12.00% (2012: 8.00% to 13.50%).

Judgement is required to determine key assumptions adopted in the cash flow projections and changes to the key assumptions can significantly affect these cash flow projections and therefore the results of the impairment tests.

Impairment loss

At 31 December 2012, the recoverable amount estimated based on the value in use of a CGU in Asia was determined to be lower than the carrying amount. An impairment loss on goodwill of $13.6 million and an impairment loss on port use rights of $76.4 million of a foreign jointly-controlled entity were recognised in other operating expenses in the income statement. There was no impairment loss recognised for the current year.

5 Subsidiaries

	Company 2013 $'000	2012 $'000
Equity investments, at cost	1,120,481	1,120,481
Loans to subsidiaries	7,546,119	7,492,037
	8,666,600	8,612,518
Impairment losses	(250,293)	(330,213)
	8,416,307	8,282,305

The loans to subsidiaries form part of the Company's net investments in these subsidiaries. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. Accordingly, these loans are stated at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

The loans are principally denominated in Singapore dollars, US dollars and Hong Kong dollars, and comprise:

(i) $1,656.0 million (2012: $1,532.5 million) loans bearing fixed interest rates ranging from 3.80% to 4.63% (2012: 3.80% to 4.63%) per annum; and

(ii) $184.7 million (2012: $199.0 million) loans bearing floating interest rates ranging from 1.02% to 5.64% (2012: 1.15% to 5.74%) per annum and the interest rates reprice at intervals of one to six months.

The remaining loans to subsidiaries are interest-free.

Details of significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective percentage held by the Group	
		2013	2012
		%	%
PSA Corporation Limited	Singapore	100	100
PSA Marine (Pte) Ltd	Singapore	100	100
PSA Antwerp N.V.	Belgium	100	100

6 Associates

	Group	
	2013	2012
	$'000	$'000
Investments in associates	3,306,480	3,115,299
Loans to associates	1,043,208	1,015,937
	4,349,688	4,131,236
Impairment losses	(12,616)	(12,616)
	4,337,072	4,118,620

The loans to associates form part of the Group's net investments in these associates. The loans are unsecured and settlement is neither planned nor likely to occur in the foreseeable future. Accordingly, these loans are stated at cost less accumulated impairment losses.

The loans are principally denominated in US dollars, and comprise $1.04 billion loans (2012: $1.00 billion) bearing floating interest rates of 3.25% to 3.31% (2012: 3.31% to 3.56%) per annum and the interest rates reprice at intervals of three months.

The Group's net investments in associates include port concession rights of $29.4 million (2012: $27.9 million). The amortisation of port concession rights totalling $0.9 million (2012: $0.9 million) is included in the Group's share of profit of associates in the income statement.

The summarised aggregated financial information relating to associates set out below is not adjusted for the percentage of ownership held by the Group.

	Group	
	2013	2012
	$'000	$'000
Assets and liabilities		
Total assets	27,649,241	26,050,799
Total liabilities	5,887,941	5,485,807
Results		
Revenue	4,760,824	4,581,880
Profit for the year	816,132	801,674

The Group's share of contingent liabilities of the associates is $59.9 million (2012: $52.8 million).

Details of significant associates are as follows:

Name of associate	Country of incorporation	Effective percentage held by the Group	
		2013	2012
		%	%
Hutchison Port Holdings Limited	British Virgin Islands	20.0	20.0
Hutchison Ports Investments S.à r.l.	Luxembourg	20.0	20.0
Vopak Terminals Singapore Pte Ltd	Singapore	30.5	30.5

7 Jointly-controlled entities

The following amounts represent the Group's share of the assets and liabilities, and revenue and expenses of jointly-controlled entities which have been included in the statement of financial position and the income statement:

	Group	
	2013	2012
	$'000	$'000
Statement of financial position		
Non-current assets	2,614,431	2,272,683
Current assets	413,755	363,864
Current liabilities	(355,673)	(277,483)
Non-current liabilities	(1,044,089)	(960,619)
Net assets	1,628,424	1,398,445
Income statement		
Revenue	943,157	938,824
Expenses	(774,937)	(819,588)
Profit before income tax	168,220	119,236
Income tax expense	(57,020)	(57,092)
Profit for the year	111,200	62,144

The Group's share of commitments of jointly-controlled entities is as follows:

	Group	
	2013	2012
	$'000	$'000
Capital commitments	25,666	46,091
Operating lease commitments		
Within 1 year	12,894	9,970
Within 1 to 5 years	25,455	25,229
After 5 years	43,347	42,052

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

Details of significant jointly-controlled entities are as follows:

Name of jointly-controlled entity	Country of incorporation	Effective percentage held by the Group	
		2013	2012
		%	%
Dalian Container Terminal Co., Ltd.	People's Republic of China	49.0	49.0
International Trade Logistics S.A.	Argentina	50.0	50.0
Mersin Uluslararasi Liman Isletmeciligi A.S.	Turkey	50.0	50.0
Tianjin Port Pacific International Container Terminal Co., Ltd.	People's Republic of China	49.0	49.0

8 Financial assets

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current				
Quoted trust units, available-for-sale	773,801	871,231	–	–
Quoted equity securities, available-for-sale	707,837	541,017	–	–
Unquoted equity securities, at cost	24,542	188,083	–	–
Impairment losses	(418)	(182,420)	–	–
	24,124	5,663	–	–
	1,505,762	1,417,911	–	–
Current				
Government debt securities, held-to-maturity	229,658	–	229,658	–
Total financial assets	1,735,420	1,417,911	229,658	–

9 Other non-current assets

	Group	
	2013	2012
	$'000	$'000
Loans to joint venture partners	21,310	20,501
Allowance for doubtful receivables	(21,310)	–
	–	20,501
Other receivables	5,560	7,442
Non-current portion of loans and receivables	5,560	27,943
Hedging instruments	8,978	16,716
Transferable corporate club memberships	1,678	1,844
	16,216	46,503

10 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	Provisions $'000	Hedging reserve $'000	Other items $'000	Total $'000
Group				
Deferred tax assets				
At 1 January 2012	22,902	7,712	6,480	37,094
Recognised in income statement	11,208	1,492	(2,327)	10,373
Recognised in other comprehensive income	–	(1,441)	–	(1,441)
Translation differences on consolidation	(475)	(57)	(1,587)	(2,119)
At 31 December 2012	33,635	7,706	2,566	43,907
Recognised in income statement	33,736	(744)	7,675	40,667
Recognised in other comprehensive income	–	(5,924)	–	(5,924)
Acquisitions of jointly-controlled entities	2,113	–	–	2,113
Translation differences on consolidation	1,164	106	1,632	2,902
At 31 December 2013	70,648	1,144	11,873	83,665

	Property, plant and equipment $'000	Fair value reserve $'000	Other items $'000	Total $'000
Deferred tax liabilities				
At 1 January 2012	313,366	–	7,759	321,125
Recognised in income statement	(21,117)	–	6,916	(14,201)
Translation differences on consolidation	(4,727)	–	(102)	(4,829)
At 31 December 2012	287,522	–	14,573	302,095
Recognised in income statement	26,423	–	(2,118)	24,305
Recognised in other comprehensive income	–	93,162	–	93,162
Disposal of jointly-controlled entity	(10,278)	–	–	(10,278)
Translation differences on consolidation	5,711	–	1,183	6,894
At 31 December 2013	309,378	93,162	13,638	416,178

Deferred tax assets and liabilities of the Company are attributable to the following:

	Company 2013 $'000	Company 2012 $'000
Deferred tax assets		
Provisions	8,052	255
Deferred tax liabilities		
Property, plant and equipment	74	33
Unremitted income	–	35
	74	68

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting are included in the statements of financial position as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deferred tax assets	22,050	10,917	7,978	187
Deferred tax liabilities	354,563	269,105	–	–

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $184.8 million (2012: $153.6 million). The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries and jointly-controlled entities operate. Deferred tax assets have not been recognised in respect of these tax losses because there is no indication that future taxable profit will be available against which certain subsidiaries and jointly-controlled entities of the Group can utilise the benefits.

11 Trade and other receivables

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Trade and accrued receivables	12	465,366	510,434	1,976	117
Deposits and other receivables	13	133,067	122,485	9,221	4,902
Amounts due from:					
Subsidiaries		–	–	254,123	256,133
Associates		841	1,109	–	–
Jointly-controlled entities		–	–	9,592	–
Joint venture partners		10,236	7,932	–	–
Related corporations		25,013	22,674	–	–
Current portion of loans and receivables		634,523	664,634	274,912	261,152
Prepayments		32,967	28,020	577	1,064
Hedging instruments		1,991	758	–	264
		669,481	693,412	275,489	262,480

The amounts due from subsidiaries, associates, jointly-controlled entities, joint venture partners and related corporations are unsecured, interest-free and repayable on demand.

12 Trade and accrued receivables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade and accrued receivables	520,900	566,343	1,976	117
Allowance for doubtful receivables	(55,534)	(55,909)	–	–
	465,366	510,434	1,976	117

The Group's primary exposure to credit risk arises through its trade receivables. Concentration of credit risk relating to trade receivables is limited due to the Group's internationally dispersed customers. Due to the nature of the Group's business, credit risk is not concentrated in any specific geographical region but concentrated in companies exposed to business cyclical fluctuations that are commonly found in the shipping industry. The Group's historical experience in the collection of accounts receivable 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 Group's trade receivables.

13 Deposits and other receivables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deposits	5,299	5,403	–	–
Other receivables	142,508	129,321	9,221	4,902
Allowance for doubtful receivables	(14,740)	(12,239)	–	–
	127,768	117,082	9,221	4,902
	133,067	122,485	9,221	4,902

The Group's other receivables include an amount recoverable from a third party of $8.7 million (2012: $9.4 million) arising from an existing customer's termination of contract in a foreign subsidiary.

14 Cash and bank balances

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash at bank and in hand	555,545	425,506	94,768	87,495
Fixed deposits	3,148,068	3,024,021	2,496,101	2,373,565
	3,703,613	3,449,527	2,590,869	2,461,060

15 Share capital

	Company	
	2013	2012
	No. of shares ('000)	No. of shares ('000)
Issued and fully-paid:		
At 1 January and 31 December	607,372	607,372

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Capital management

The Group defines capital as share capital and all components of equity. The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes to the Group's approach to capital management during the year.

Certain subsidiaries within the Group are subject to externally imposed capital requirements as required by law. These subsidiaries have complied with the requirements during the financial year. The Company and the rest of its subsidiaries are not subject to any externally imposed capital requirements.

16 Reserves

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Capital reserve	(a)	33,309	26,959	–	–
Insurance reserve	(b)	97,357	97,357	–	–
Foreign currency translation reserve	(c)	(641,924)	(837,544)	–	–
Hedging reserve	(d)	(5,732)	(53,123)	–	–
Fair value reserve	(e)	496,650	379,667	–	–
Accumulated profits		8,941,806	8,516,418	7,673,430	7,386,762
		8,921,466	8,129,734	7,673,430	7,386,762

(a) *Capital reserve*

The capital reserve comprises:

(i) statutory reserve of foreign jointly-controlled entities set aside as required under local laws; and

(ii) the Group's share of capital reserve of associates.

(b) *Insurance reserve*

The insurance reserve relates to a sum transferred from the former Port of Singapore Authority to PSA Corporation Limited in 1997 as part of the vesting of property, rights and liabilities. This reserve is to cover potential past liabilities and for funding future potential liabilities in relation to the port related activities undertaken by PSA Corporation Limited.

(c) *Foreign currency translation reserve*

The foreign currency translation reserve comprises:

(i) all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company;

(ii) the effective portion of the cumulative net change in fair value of foreign currency loans used to hedge the Group's net investment in foreign operations;

(iii) foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations; and

(iv) the Group's share of foreign currency translation reserve of associates.

(d) *Hedging reserve*

The hedging reserve comprises:

(i) the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred; and

(ii) the Group's share of hedging reserve of associates.

(e) *Fair value reserve*

The fair value reserve comprises:

(i) the cumulative net changes in the fair values of available-for-sale financial assets until the investments are derecognised or impaired; and

(ii) the Group's share of fair value reserve of associates.

17 Borrowings

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current					
Unsecured fixed and floating rate notes		3,628,801	3,266,255	2,342,113	2,251,133
Secured bank loans		621,422	859,774	–	–
Unsecured bank loans		1,357,789	1,089,379	126,275	–
Finance lease liabilities		115,266	111,121	–	–
Loans from non-controlling shareholders of subsidiaries		23,127	22,632	–	–
		5,746,405	5,349,161	2,468,388	2,251,133
Current					
Secured bank loans		182,043	172,641	–	–
Unsecured bank loans		87,156	64,421	–	–
Finance lease liabilities		1,672	2,405	–	–
Loans from non-controlling shareholders of subsidiaries		588	1,381	–	–
		271,459	240,848	–	–
Total borrowings		6,017,864	5,590,009	2,468,388	2,251,133
Total borrowings comprise:					
Total unsecured fixed and floating rate notes		3,628,801	3,266,255	2,342,113	2,251,133
Total secured bank loans	(a)	803,465	1,032,415	–	–
Total unsecured bank loans		1,444,945	1,153,800	126,275	–
Total finance lease liabilities	(b)	116,938	113,526	–	–
Total loans from non-controlling shareholders of subsidiaries	(c)	23,715	24,013	–	–
		6,017,864	5,590,009	2,468,388	2,251,133

(a) Secured bank loans

The loans are secured by mortgages on the borrowing subsidiaries' and jointly-controlled entities' property, plant and equipment with a carrying amount of $858.7 million (2012: $954.9 million), and pledges of shares of subsidiaries which have net assets values as at 31 December 2013 amounting to $84.6 million (2012: $174.9 million).

(b) Finance lease liabilities

The Group has finance lease liabilities that are repayable as follows:

	Principal 2013 $'000	Interest 2013 $'000	Total 2013 $'000	Principal 2012 $'000	Interest 2012 $'000	Total 2012 $'000
Payable within 1 year	1,672	9,799	11,471	2,405	9,470	11,875
Payable within 1 to 5 years	11,678	37,195	48,873	9,103	36,188	45,291
Payable after 5 years	103,588	59,076	162,664	102,018	64,605	166,623
Total	116,938	106,070	223,008	113,526	110,263	223,789

The effective interest rate of finance lease liabilities is 8.43% (2012: 4.12% to 18.16%) per annum.

(c) Loans from non-controlling shareholders of subsidiaries

The loans from non-controlling shareholders are unsecured and bear floating interest rates. Interest rates reprice at intervals of three to twelve months.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

(d) Terms and debt repayment schedule

The terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate	Year of maturity	2013 Face values	2013 Carrying amounts	2012 Face values	2012 Carrying amounts
	%		$'000	$'000	$'000	$'000
Group						
Unsecured fixed and floating rate notes	0.90 - 5.90	2015 - 2025	3,637,615	3,628,801	3,263,360	3,266,255
Secured bank loans	1.10 - 11.75	2014 - 2023	803,465	803,465	1,032,415	1,032,415
Unsecured bank loans	0.50 - 6.55	2014 - 2025	1,444,945	1,444,945	1,153,800	1,153,800
Loans from non-controlling shareholders of subsidiaries	0.69 - 2.70	2014 - 2018	23,715	23,715	24,013	24,013
			5,909,740	5,900,926	5,473,588	5,476,483
Company						
Unsecured fixed and floating rate notes	0.90 - 5.90	2016 - 2025	2,352,720	2,342,113	2,263,360	2,251,133
Unsecured bank loans	0.65 - 0.88	2018	126,275	126,275	–	–
			2,478,995	2,468,388	2,263,360	2,251,133

18 Provisions

	Compensation sum	Site restoration costs	Total
	$'000	$'000	$'000
Group			
At 1 January 2012	42,070	19,870	61,940
Provisions made	–	1,346	1,346
Translation differences on consolidation	(1,618)	–	(1,618)
At 31 December 2012	40,452	21,216	61,668
Provisions made	–	629	629
Transferred to other payables	–	(19,745)	(19,745)
Translation differences on consolidation	3,250	–	3,250
At 31 December 2013	43,702	2,100	45,802

The compensation sum relates to a provision made by a foreign subsidiary arising from an existing customer's termination of contract with a third party. The estimated amount provided is based on actual claim made against the foreign subsidiary. A corresponding recoverable amount of $8.7 million (2012: $9.4 million) from another third party is included in other receivables (see note 13).

The provisions for site restoration relate to agreements between certain subsidiaries and the local authorities to restore leased assets to their original condition. The provisions are based on independent quotations received from consultants. These costs are included as part of the carrying value of property, plant and equipment.

19 Other non-current obligations

	Group	
	2013	2012
	$'000	$'000
Hedging instruments	5,685	61,266
Loans from non-controlling shareholders of subsidiaries	37,754	37,804
Other non-current obligations	79,643	72,624
	123,082	171,694

The loans from non-controlling shareholders of subsidiaries form part of the shareholder's investment in the subsidiaries. The loans are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future. Accordingly, they are stated at cost.

20 Trade and other payables

		Group		Company	
	Note	2013	2012	2013	2012
		$'000	$'000	$'000	$'000
Trade payables and accrued operating expenses		978,619	947,312	80,349	70,178
Deposits and other payables	21	380,051	261,293	29,157	28,280
Amounts due to:					
Subsidiaries		–	–	129,451	128,295
Joint venture partners		7,827	6,306	–	–
Related corporations		1,640	3,136	–	–
Other financial liabilities at amortised cost		1,368,137	1,218,047	238,957	226,753
Advances		26,907	31,501	671	679
Hedging instruments		596	1,995	–	598
		1,395,640	1,251,543	239,628	228,030

The amounts due to subsidiaries, joint venture partners and related corporations are unsecured, interest-free and repayable on demand.

21 Deposits and other payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Deposits	10,573	7,519	–	–
Accrued capital expenditure	139,724	86,955	–	–
Other payables	229,754	166,819	29,157	28,280
	380,051	261,293	29,157	28,280

The Group's other payables include interest payable of $46.2 million (2012: $38.2 million) and other sundry creditors.

22 Revenue

This comprises revenue from container handling, marine services, operation of multi-purpose terminals, warehousing and logistics related services, consultancy fees but excludes intra-group transactions.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

23 Other income

	Group	
	2013	2012
	$'000	$'000
Dividend income from financial assets	72,119	74,259
Interest income from:		
Associates	34,008	35,858
Cash and bank balances	23,893	17,390
Trade and other receivables	647	1,138
Joint venture partners	653	512
Gain on disposal of:		
Jointly-controlled entities	28,437	–
Subsidiaries	22,585	6,045
Property, plant and equipment, net	19,473	–
Reversal of impairment of financial assets	122,820	–
Others	16,272	12,684
	340,907	147,886

24 Staff and related costs

	Group	
	2013	2012
	$'000	$'000
Wages and salaries	812,947	734,226
Contributions to defined contribution plans	93,227	85,012
	906,174	819,238

25 Profit from operations

The following items have been included in arriving at profit from operations:

	Group	
	2013	2012
	$'000	$'000
Impairment made for:		
Financial assets	143,651	3,509
Intangible assets	–	90,000
Property, plant and equipment	–	3,731
Operating lease expense	86,551	78,893
Loss on disposal of:		
Jointly-controlled entities	–	5,093
Property, plant and equipment, net	–	1,687
Net fair value loss on fair value hedge	255	518
Exchange loss, net	1,874	1,402

26 Finance costs

	Group 2013 $'000	Group 2012 $'000
Interest paid and payable to:		
Banks and other financial institutions	126,039	109,141
Fixed and floating rate notes holders	144,599	138,168
Non-controlling shareholders of subsidiaries	274	364
	270,912	247,673

27 Income tax expense

	Note	Group 2013 $'000	Group 2012 $'000
Current tax expense			
Current year		333,446	349,912
Over provided in prior years		(7,737)	(21,652)
		325,709	328,260
Deferred tax expense			
Movements in temporary differences		(14,735)	(24,395)
Over provided in prior years		(1,627)	(179)
	10	(16,362)	(24,574)
Income tax expense		309,347	303,686

Tax reconciliation

	2013	2012
Profit before income tax	1,783,256	1,591,181
Share of profit of associates, net of tax	(186,977)	(182,846)
Profit before income tax excluding share of profit of associates, net of tax	1,596,279	1,408,335
Tax calculated using Singapore tax rate of 17% (2012: 17%)	271,367	239,417
Effect of reduction in tax rate	–	(167)
Effect of different tax rates in other countries	24,163	29,587
Tax rebates and incentives	(18,828)	(15,541)
Income not subject to tax	(25,035)	(11,228)
Effects of unrecognised tax benefits	9,245	8,973
Expenses not deductible for tax purposes	57,799	74,476
Over provided in prior years	(9,364)	(21,831)
Income tax expense	309,347	303,686

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

28 Operating segments

The Group is organised into business units based on their services and has two reportable operating segments as follows:

- Port business: The provision of container handling, operation of multi-purpose terminals and other port related services.
- Marine business: The provision of marine services.

The Executive Committee and Senior Management Council of the Company monitor the operating results of the business units separately for the purpose of making strategic decisions. Performance is measured based on segment operating profit which include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

Information about reportable segments

	Port business $'000	Marine business $'000	Total $'000
Group			
2013			
Revenue			
Total revenue	4,372,438	304,569	4,677,007
Inter-segment revenue	(22,793)	(5,553)	(28,346)
External revenue	4,349,645	299,016	4,648,661
Operating profit	1,605,055	121,246	1,726,301
Material items			
Depreciation and amortisation	507,275	31,643	538,918
Share of profit of associates, net of tax	186,088	889	186,977
Segment assets	12,773,298	309,234	13,082,532
Segment assets include:			
- Associates	4,329,176	7,896	4,337,072
- Capital expenditure	691,872	53,503	745,375
Segment liabilities	1,350,211	64,929	1,415,140
2012			
Revenue			
Total revenue	4,235,877	294,508	4,530,385
Inter-segment revenue	(26,480)	(4,950)	(31,430)
External revenue	4,209,397	289,558	4,498,955
Operating profit	1,537,057	117,360	1,654,417
Material items			
Depreciation and amortisation	519,393	31,480	550,873
Impairment made for intangible assets	90,000	–	90,000
Impairment made for property, plant and equipment	3,731	–	3,731
Share of profit of associates, net of tax	181,931	915	182,846
Segment assets	12,002,271	287,100	12,289,371
Segment assets include:			
- Associates	4,112,086	6,534	4,118,620
- Capital expenditure	450,636	35,939	486,575
Segment liabilities	1,224,898	59,789	1,284,687

Reconciliations of reportable segment operating profit, assets and liabilities

	Group	
	2013	2012
	$'000	$'000
Operating profit		
Operating profit for reportable segments	1,726,301	1,654,417
Other income	340,907	147,886
Impairment made for property, plant and equipment and intangible assets	–	(93,731)
Impairment made for financial assets	(143,651)	(3,509)
Corporate expenses	(56,366)	(49,055)
Share of profit of associates, net of tax	186,977	182,846
Finance costs	(270,912)	(247,673)
Profit before income tax	1,783,256	1,591,181
Segment assets		
Segment assets for reportable segments	13,082,532	12,289,371
Cash and bank balances	3,703,613	3,449,527
Financial assets	1,735,420	1,417,911
Deferred tax assets	22,050	10,917
Hedging instruments	10,969	17,474
	18,554,584	17,185,200
Segment liabilities		
Segment liabilities for reportable segments	1,415,140	1,284,687
Corporate liabilities	105,349	99,153
Borrowings	6,017,864	5,590,009
Loans from non-controlling shareholders of subsidiaries	37,754	37,804
Current tax payable	249,719	283,497
Deferred tax liabilities	354,563	269,105
Hedging instruments	6,281	63,261
	8,186,670	7,627,516

Geographical information

The Group operates principally in Southeast Asia, Europe and Mediterranean, and Northeast Asia. Contributions from the other individual overseas operations are not significant and are therefore presented in aggregate as "others". Segment revenue is based on geographical location of the operations. Segment assets are based on the geographical location of the assets.

	Group	
	2013	2012
	$'000	$'000
Revenue		
Southeast Asia	2,793,849	2,726,367
Europe and Mediterranean	1,172,782	1,124,363
Northeast Asia	377,372	361,681
Others	304,658	286,544
	4,648,661	4,498,955
Non-current assets (i)		
Southeast Asia	3,565,557	3,400,900
Europe and Mediterranean	1,993,201	1,935,896
Northeast Asia	1,811,949	1,522,342
Others	645,116	567,993
	8,015,823	7,427,131

(i) Non-current assets presented consist of property, plant and equipment, intangible assets and other non-current assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

29 Financial risk management

Overview

Risk management is integral to the whole business of the Group. Exposure to credit, liquidity and market risks (including interest rate, currency and price risks) arises in the normal course of the Group's business. The Group has written risk management policies and guidelines. In addition, the Group has established processes to monitor and manage major exposures. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving hedging instruments are allowed only with counterparties that are of certain credit standing.

At 31 December 2013, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including hedging instruments, in the statements of financial position.

The ageing of loans and receivables (excluding deposits, other receivables and other non-current assets), net of allowance for doubtful receivables at the reporting date was:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Not past due	457,077	436,696	265,691	256,250
Past due less than 30 days	27,595	66,287	–	–
Past due 30 – 120 days	12,425	32,927	–	–
More than 120 days	4,359	6,239	–	–
	501,456	542,149	265,691	256,250

The change in allowance for doubtful receivables during the year is as follows:

	Trade and accrued receivables		Other non-current assets	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Group				
At 1 January	55,909	64,953	–	–
Allowance recognised/(reversed)	311	(4,963)	21,310	–
Allowance utilised	(876)	(3,501)	–	–
Translation differences on consolidation	190	(580)	–	–
At 31 December	55,534	55,909	21,310	–

The principal risk to which the Company is exposed is credit risk in connection with the guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing guarantees on behalf of.

At 31 December 2013, the Company only issues guarantees on behalf of its subsidiaries and jointly-controlled entities which amounted to $508.7 million (2012: $476.8 million). These guarantees would become immediately payable by the Company in the event of default by these subsidiaries and jointly-controlled entities.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The following are the expected contractual undiscounted cash inflows/(outflows) of non-derivative financial liabilities and hedging instruments, including interest payments and excluding the impact of netting agreements:

			Cash flows		
	Carrying amounts $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000	After 5 years $'000
Group					
31 December 2013					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,994,149	(7,137,297)	(476,172)	(3,290,903)	(3,370,222)
Loans from non-controlling shareholders of subsidiaries	23,715	(24,143)	(864)	(23,279)	–
Trade and other payables	1,368,137	(1,368,137)	(1,368,137)	–	–
Hedging instruments					
- Assets	(10,969)	13,910	5,908	7,918	84
- Liabilities	6,281	(8,432)	(1,724)	(6,137)	(571)
	7,381,313	(8,524,099)	(1,840,989)	(3,312,401)	(3,370,709)
31 December 2012					
Non-derivative financial liabilities					
Interest-bearing liabilities	5,565,996	(6,886,974)	(435,425)	(2,656,813)	(3,794,736)
Loans from non-controlling shareholders of subsidiaries	24,013	(25,321)	(1,768)	(22,960)	(593)
Trade and other payables	1,218,047	(1,218,047)	(1,218,047)	–	–
Hedging instruments					
- Assets	(17,474)	17,528	4,289	11,535	1,704
- Liabilities	63,261	(64,155)	(13,321)	(33,752)	(17,082)
	6,853,843	(8,176,969)	(1,664,272)	(2,701,990)	(3,810,707)
Company					
31 December 2013					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,468,388	(3,040,029)	(106,507)	(1,216,821)	(1,716,701)
Trade and other payables	238,957	(238,957)	(238,957)	–	–
	2,707,345	(3,278,986)	(345,464)	(1,216,821)	(1,716,701)
31 December 2012					
Non-derivative financial liabilities					
Interest-bearing liabilities	2,251,133	(2,922,553)	(101,818)	(1,083,516)	(1,737,219)
Trade and other payables	226,753	(226,753)	(226,753)	–	–
Hedging instruments					
- Assets	(264)	264	264	–	–
- Liabilities	598	(598)	(598)	–	–
	2,478,220	(3,149,640)	(328,905)	(1,083,516)	(1,737,219)

The table above indicates the periods in which the hedging instruments that are cash flow hedges are expected to impact the income statement.

NOTES TO THE FINANCIAL STATEMENTS

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, equity prices and fuel prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to the Group's interest-earning financial assets and interest-bearing financial liabilities. The Group's objective is to maintain a balance of fixed and floating rate exposures as well as a balanced maturity period. At the reporting date, the interest rate profile of the interest-bearing financial assets and liabilities was:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed rate				
Cash and bank balances	3,148,068	3,024,021	2,496,101	2,373,565
Borrowings	(3,760,158)	(3,306,539)	(2,215,564)	(2,129,412)
	(612,090)	(282,518)	280,537	244,153
Floating rate				
Other non-current assets	–	20,501	–	–
Cash and bank balances	555,545	425,506	94,768	87,495
Borrowings	(2,257,706)	(2,283,470)	(252,824)	(121,721)
	(1,702,161)	(1,837,463)	(158,056)	(34,226)

Hedging

The Group has raised funding with issuance of debt capital market instruments and bank loans to diversify funding sources. Interest rate swaps, which are denominated in Singapore dollars, US dollars and Euro, have been entered to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy.

Fair value hedge

A portion of the fixed rate Singapore dollar notes with a notional amount of $150.0 million (2012: $150.0 million) has been hedged against the exposure to changes in the fair value of the notes. In connection with this, the Group entered into interest rate swap contracts to receive fixed rate interest and pay variable rate on the $150.0 million (2012: $150.0 million) notes. The Group is therefore exposed to market fluctuations in interest rates on the $150.0 million (2012: $150.0 million) notes and the corresponding interest rate swap contracts. The net fair value of the swaps as at 31 December 2013 comprises assets of $9.0 million (2012: $16.7 million).

Cash flow hedge

A portion of the floating rate bank loans amounting to $68.5 million (2012: $330.3 million) has been hedged against the exposure to market fluctuations in interest rate payments. In connection with these loans, the Group entered into interest rate swap contracts to receive variable rate interest and pay fixed rate on the notional amounts. Both the floating rate bank loans and interest rate swaps have the same terms and conditions. The net fair value of the swaps as at 31 December 2013 comprises liabilities of $6.3 million (2012: $62.5 million).

Sensitivity analysis

At 31 December 2013, it is estimated that a general increase of 100bps in interest rates would decrease the Group's profit before tax by approximately $17.8 million (2012: $16.6 million). A general decrease of 100bps in interest rates would have the equal but opposite effect on the Group's profit before tax. The general increase of 100bps in interest rates is not expected to have significant impact on the Group's equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

(ii) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, bank deposits, bank loans and fixed and floating rate notes that are denominated in a currency other than the functional currencies of the Group entities. The functional currencies of the Group entities are primarily Singapore dollars, Euro and Renminbi. In respect of other monetary assets and liabilities held in currencies other than the functional currencies of the Group entities, the Group monitors the net exposure.

The Group's US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes amounting to $2.85 billion (2012: $2.62 billion) are designated as hedging instruments for the Group's investment in its associated companies.

The Group's and Company's significant exposures to foreign currencies (excluding the US dollar and Hong Kong dollar denominated unsecured bank loans, fixed and floating rate notes that are designated as hedging instruments for the Group's investments in its associated companies) are as follows:

	31 December 2013		31 December 2012	
	HK Dollar	US Dollar	HK Dollar	US Dollar
	$'000	$'000	$'000	$'000
Group				
Financial assets	–	773,801	–	871,231
Other non-current assets	–	–	–	20,501
Cash and bank balances	13,772	46,764	23,857	64,757
Trade and other receivables	–	6,950	–	9,863
Interest-bearing liabilities	–	(102,007)	–	(92,359)
Trade and other payables	(9,937)	(71,166)	(9,601)	(45,084)
	3,835	654,342	14,256	828,909
Company				
Loans to subsidiaries	153,014	2,025,032	219,001	1,866,378
Cash and bank balances	11,557	17,320	22,551	46,880
Interest-bearing liabilities	(326,246)	(2,142,142)	(313,800)	(1,937,333)
Trade and other payables	(9,937)	(19,220)	(9,601)	(18,454)
	(171,612)	(119,010)	(81,849)	(42,529)

Sensitivity analysis

At 31 December 2013, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar and the US dollar would decrease the Group's profit before tax by approximately $0.4 million (2012: $1.4 million) and increase the Group's profit before tax by approximately $11.9 million (2012: $4.2 million) respectively. A 10% strengthening in the Singapore dollar against the US dollar would decrease the Group's other comprehensive income by approximately $77.4 million (2012: $87.1 million). A 10% weakening in the Singapore dollar against the respective currencies would have the equal but opposite effect on the Group's profit before tax and other comprehensive income.

At 31 December 2013, it is estimated that a 10% strengthening in the Singapore dollar against the Hong Kong dollar and the US dollar would increase the Company's profit before tax by approximately $17.2 million (2012: $8.2 million) and $11.9 million (2012: $4.3 million) respectively. A 10% weakening in the Singapore dollar against the respective currencies would have the equal but opposite effect on the Company's profit before tax.

This analysis assumes that all other variables, in particular interest rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

(iii) Equity price risk

Equity security price risk is the risk of changes in fair value of the Group's investments due to changes in the underlying equity securities prices. The risk is concentrated in the Group's investments in equity securities.

Sensitivity analysis

At 31 December 2013, it is estimated that a 10% increase in the underlying equity prices would increase equity by $148.2 million (2012: $141.2 million). A 10% decrease in the underlying equity prices would have the equal but opposite effect on the Group's equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant and does not take into account the associated tax effects and share of non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

30 Fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods.

(a) Quoted equity securities and trust units

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

(b) Hedging instruments

The fair value of interest rate swaps and fuel forward contracts is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

(c) Fixed rate interest-bearing borrowings

Fair value is calculated based on quoted offer price or discounted expected future principal and interest cash flows using market interest rates.

(d) Floating rate interest-bearing borrowings

The Group believes that the carrying amounts of floating rate interest-bearing loans, which are repriced at least semi-annually, reflect the corresponding fair values.

(e) Finance lease liabilities

The fair value of finance lease liabilities is estimated as the present value of future cash flows, discounted at market interest rates for homogeneous lease agreements. The estimated fair values reflect changes in interest rates.

(f) Non-derivative financial assets and liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market interest rates at the reporting date.

(g) Other financial assets and liabilities

The notional amounts of financial assets and liabilities with a maturity of less than one year (including cash and bank balances, trade and other receivables, trade and other payables, current borrowings) are assumed to approximate their fair values because of the short period to maturity.

Fair values versus carrying amounts

The fair values of financial assets and financial liabilities, together with the carrying amounts are as follows:

	Note	Loans and receivables	Available-for-sale	Held-to-maturity	Hedging instruments	Other financial liabilities	Total carrying amounts	Fair values
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
31 December 2013								
Financial assets	8	–	1,481,638	229,658	–	–	1,711,296	1,711,296
Other non-current assets	9	5,560	–	–	–	–	5,560	5,560
Trade and other receivables	11	634,523	–	–	–	–	634,523	634,523
Hedging instruments	9, 11	–	–	–	10,969	–	10,969	10,969
Cash and bank balances	14	3,703,613	–	–	–	–	3,703,613	3,703,613
		4,343,696	1,481,638	229,658	10,969	–	6,065,961	6,065,961
Unsecured fixed and floating rates notes	17	–	–	–	–	(3,628,801)	(3,628,801)	(3,815,359)
Secured bank loans	17	–	–	–	–	(803,465)	(803,465)	(803,465)
Unsecured bank loans	17	–	–	–	–	(1,444,945)	(1,444,945)	(1,444,945)
Finance lease liabilities	17	–	–	–	–	(116,938)	(116,938)	(116,938)
Loans from non-controlling shareholders of subsidiaries	17	–	–	–	–	(23,715)	(23,715)	(23,715)
Trade and other payables	20	–	–	–	–	(1,368,137)	(1,368,137)	(1,368,137)
Hedging instruments	19, 20	–	–	–	(6,281)	–	(6,281)	(6,281)
		–	–	–	(6,281)	(7,386,001)	(7,392,282)	(7,578,840)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

	Note	Loans and receivables $'000	Available-for-sale $'000	Hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000	Fair values $'000
Group							
31 December 2012							
Financial assets	8	–	1,412,248	–	–	1,412,248	1,412,248
Other non-current assets	9	27,943	–	–	–	27,943	27,943
Trade and other receivables	11	664,634	–	–	–	664,634	664,634
Hedging instruments	9, 11	–	–	17,474	–	17,474	17,474
Cash and bank balances	14	3,449,527	–	–	–	3,449,527	3,449,527
		4,142,104	1,412,248	17,474	–	5,571,826	5,571,826
Unsecured fixed and floating rates notes	17	–	–	–	(3,266,255)	(3,266,255)	(3,569,715)
Secured bank loans	17	–	–	–	(1,032,415)	(1,032,415)	(1,032,408)
Unsecured bank loans	17	–	–	–	(1,153,800)	(1,153,800)	(1,153,800)
Finance lease liabilities	17	–	–	–	(113,526)	(113,526)	(113,528)
Loans from non-controlling shareholders of subsidiaries	17	–	–	–	(24,013)	(24,013)	(24,013)
Trade and other payables	20	–	–	–	(1,218,047)	(1,218,047)	(1,218,047)
Hedging instruments	19, 20	–	–	(63,261)	–	(63,261)	(63,261)
		–	–	(63,261)	(6,808,056)	(6,871,317)	(7,174,772)

	Note	Loans and receivables $'000	Held-to-maturity $'000	Hedging instruments $'000	Other financial liabilities $'000	Total carrying amounts $'000	Fair values $'000
Company							
31 December 2013							
Financial assets	8	–	229,658	–	–	229,658	229,658
Trade and other receivables	11	274,912	–	–	–	274,912	274,912
Cash and bank balances	14	2,590,869	–	–	–	2,590,869	2,590,869
		2,865,781	229,658	–	–	3,095,439	3,095,439
Unsecured fixed and floating rates notes	17	–	–	–	(2,342,113)	(2,342,113)	(2,494,939)
Unsecured bank loans	17	–	–	–	(126,275)	(126,275)	(126,275)
Trade and other payables	20	–	–	–	(238,957)	(238,957)	(238,957)
		–	–	–	(2,707,345)	(2,707,345)	(2,860,171)
31 December 2012							
Trade and other receivables	11	261,152	–	–	–	261,152	261,152
Hedging instruments	11	–	–	264	–	264	264
Cash and bank balances	14	2,461,060	–	–	–	2,461,060	2,461,060
		2,722,212	–	264	–	2,722,476	2,722,476
Unsecured fixed and floating rates notes	17	–	–	–	(2,251,133)	(2,251,133)	(2,513,661)
Trade and other payables	20	–	–	–	(226,753)	(226,753)	(226,753)
Hedging instruments	20	–	–	(598)	–	(598)	(598)
		–	–	(598)	(2,477,886)	(2,478,484)	(2,741,012)

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2013

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, 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).

Financial assets and financial liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
31 December 2013			
Available-for-sale financial assets	1,481,638	–	1,481,638
Hedging instruments assets	–	10,969	10,969
	1,481,638	10,969	1,492,607
Non-derivative financial liabilities	–	(157,640)	(157,640)
Hedging instruments liabilities	–	(6,281)	(6,281)
	–	(163,921)	(163,921)
31 December 2012			
Available-for-sale financial assets	1,412,248	–	1,412,248
Hedging instruments assets	–	17,474	17,474
	1,412,248	17,474	1,429,722
Non-derivative financial liabilities	–	(165,122)	(165,122)
Hedging instruments liabilities	–	(63,261)	(63,261)
	–	(228,383)	(228,383)
Company			
31 December 2012			
Hedging instruments assets	–	264	264
Hedging instruments liabilities	–	(598)	(598)

*Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed**

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
31 December 2013			
Other non-current assets	–	5,560	5,560
Unsecured fixed and floating rate notes	–	(3,815,359)	(3,815,359)
Secured bank loans	–	(803,465)	(803,465)
Unsecured bank loans	–	(1,444,945)	(1,444,945)
Finance lease liabilities	–	(116,938)	(116,938)
Loans from non-controlling shareholders of subsidiaries	–	(23,715)	(23,715)
	–	(6,204,422)	(6,204,422)

	Level 1 $'000	Level 2 $'000	Total $'000
Group			
31 December 2012			
Other non-current assets	–	27,943	27,943
Unsecured fixed and floating rate notes	–	(3,569,715)	(3,569,715)
Secured bank loans	–	(1,032,408)	(1,032,408)
Unsecured bank loans	–	(1,153,800)	(1,153,800)
Finance lease liabilities	–	(113,528)	(113,528)
Loans from non-controlling shareholders of subsidiaries	–	(24,013)	(24,013)
	–	(5,893,464)	(5,893,464)
Company			
31 December 2013			
Unsecured fixed and floating rate notes	–	2,494,939	2,494,939
Unsecured bank loans	–	126,275	126,275
	–	2,621,214	2,621,214
31 December 2012			
Unsecured fixed and floating rate notes	–	2,513,661	2,513,661

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

31 Acquisitions and disposals of subsidiaries and jointly-controlled entities

(a) Acquisitions of jointly-controlled entities

During the year, the Group acquired 39% equity interest in Fujian Jiangyin International Container Terminal Co., Ltd in May 2013, 45.6% equity interest in Sociedad Puerto Industrial Aguadulce S.A. in October 2013 and 49% equity interest in Lianyungang New Oriental Container Terminal Co., Ltd. in December 2013. The total cash consideration was $348.3 million. The acquisitions of these jointly-controlled entities have no significant impact to the Group's net profit for the year.

Identifiable assets acquired and liabilities assumed

	Group 2013 $'000	2012 $'000
Property, plant and equipment	369,934	–
Intangible assets	107,565	–
Financial assets	13,798	–
Other non-current assets	355	–
Deferred tax assets	2,113	–
Cash and bank balances	10,638	–
Other current assets	3,669	–
Current liabilities	(32,105)	–
Non-current liabilities	(127,678)	–
Total identifiable net assets	348,289	–
Total consideration paid	348,289	–
Cash and bank balances acquired	(10,638)	–
Acquisitions of jointly-controlled entities, net of cash acquired	337,651	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

(b) Disposals of subsidiaries and jointly-controlled entities

During the year, the Group disposed 44.84% equity interest in Asia Container Terminals Holdings Limited in March 2013 and 60% equity interest in PSA Gwadar International Terminals Limited and Gwadar Marine Services Limited in May 2013. The total cash consideration was $303.1 million. Other than the gain on disposal, the disposals of subsidiaries and jointly-controlled entities have no significant impact to the Group's net profit for the year.

Effects of disposals on the financial position of the Group

	Group	
	2013	2012
	$'000	$'000
Property, plant and equipment	101,901	17,945
Intangible assets	63,210	896
Other non-current assets	–	2,578
Cash and bank balances	4,370	4,104
Other current assets	12,021	5,669
Current liabilities	(6,534)	(15,420)
Non-current liabilities	(11,460)	(9,933)
Net assets derecognised	163,508	5,839
Non-controlling interests	(1,540)	(1,693)
Net assets disposed	161,968	4,146
Total consideration received	303,102	10,213
Cash and bank balances disposed	(4,370)	(4,104)
Disposals of subsidiaries and jointly-controlled entities, net of cash disposed	298,732	6,109

32 Commitments

As at the reporting dates, the Group has the following commitments:

		Group	
		2013	2012
		$'000	$'000
(i)	Capital commitments which have been authorised and contracted but not provided for in the financial statements	861,654	587,918
(ii)	Non-cancellable operating lease commitments:		
	Within 1 year	26,140	24,440
	Within 1 to 5 years	82,350	80,640
	After 5 years	168,835	182,833

The Group leases a number of office premises under operating leases. The leases run over various periods with some leases containing an option to renew the lease after that date. Lease terms are reviewed at renewal of leases.

33 Related parties

Key management personnel compensation

Key management personnel of the Group are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Board of Directors and Senior Management Council of the Company are considered as key management personnel of the Group.

The compensation paid/payable to key management personnel comprises:

	Group	
	2013	2012
	$'000	$'000
Directors' fees	1,736	1,685
Senior Management Council remuneration	18,671	17,191
	20,407	18,876

Other related party transactions

Other than disclosed elsewhere in the financial statements, transactions with related parties are as follows:

	Group	
	2013	2012
	$'000	$'000
Provision of services to related corporations	277,594	266,566
Purchase of services from related corporations	(32,299)	(32,120)

34 New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group includes FRS 110 *Consolidated Financial Statements,* FRS 111 *Joint Arrangements,* FRS 112 *Disclosure of Interests in Other Entities* and Amendments to FRS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*. The adoption of these standards are not expected to have any significant financial impact to the Group's financial statements, except for FRS 111 *Joint Arrangements* which establishes the principles for classification and accounting of joint arrangements. Under this standard, interests in joint ventures will be accounted for using the equity method whilst interest in joint operations will be accounted for using the applicable FRSs relating to the underlying assets, liabilities, revenue and expense items arising from the joint operations. The Group will apply FRS 111 from 1 January 2014. Upon adoption of FRS 111, the Group will derecognise the proportionately consolidated assets, liabilities, revenue and expense as disclosed in note 7 and account for interests in joint ventures using the equity method.

35 Subsequent events

Subsequent to year end, the directors proposed a net final dividend of $0.08 per share amounting to $50 million in respect of the financial year ended 31 December 2013. The dividend has not been provided for in the financial statements.

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