



A  
Common  
Thread  
Annual Report 2011





A  
Common  
Thread

Each and every part of PSA is bound together by a common thread – our unwavering commitment to excellence for our customers – unbroken through time or adversity. This dedication translates to our continual drive to consistently deliver best-in-class service.



## Our Mission

To be the port operator of choice in the world's gateway hubs, renowned for best-in-class services and successful partnerships.



## 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**

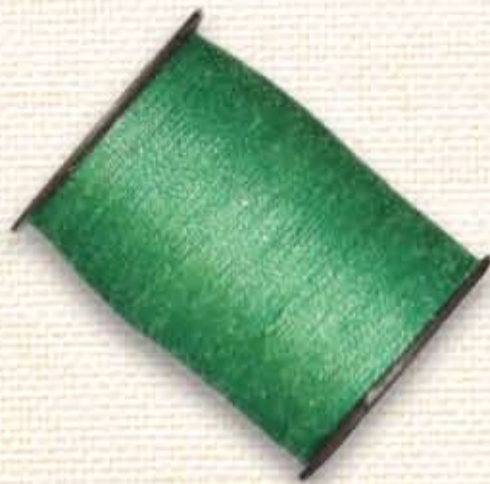
We build our strength globally by embracing diversity and optimising operations locally.



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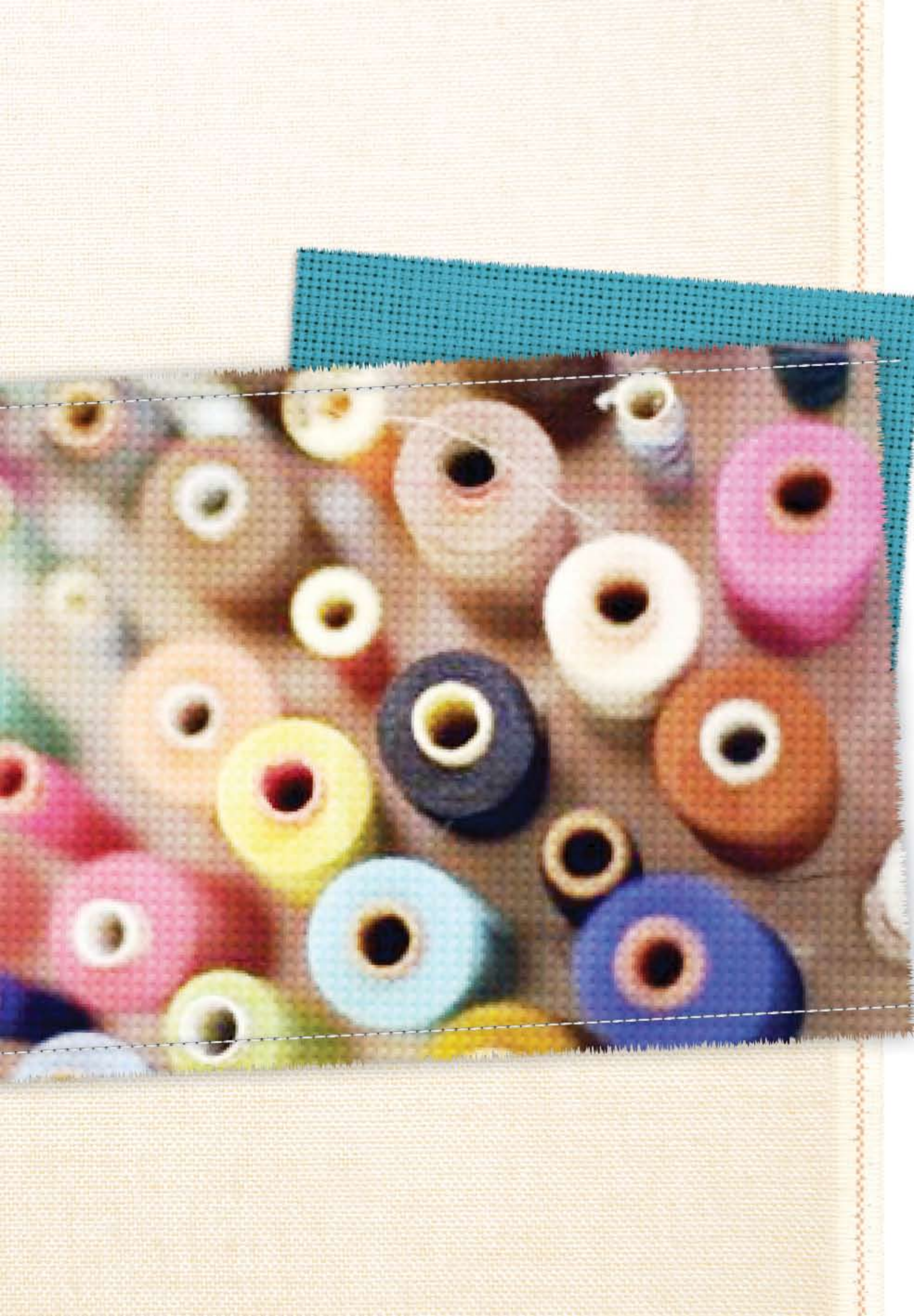
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Spools of  
Wisdom





# Group Chairman's Message



2011 began on an optimistic note for the global economy, with hopeful expectations that recovery, which started in late 2010, could be sustained. However, as the year progressed, the outlook became increasingly cloudy, exacerbated by a series of unanticipated shocks that rocked the world economy. Japan was struck by a devastating earthquake and tsunami, adversely affecting the global supply chains of many critical industries such as electronics, automotive and shipbuilding. The Middle East unrest disrupted oil production in that region, resulting in oil supply uncertainties and volatility in oil prices. A 'perfect storm' of anaemic U.S. recovery, compounded by the impasse over deficit reduction, a looming European debt crisis, economic slowdown in China and stagnation in Japan, combined to further sap the fragile global recovery.

Nevertheless, PSA managed to weather the challenging business environment and emerged with a set of positive results in 2011. The PSA Group handled 57.1 million TEUs in 2011, an increase of 5.6% compared to the year before, after excluding throughput contribution from its Hong Kong port assets which were sold to the Singapore-listed HPH Trust in March 2011. If first-quarter throughput from these port assets before disposal was included, Group volume for the full year would have reached 59.3 million TEUs. At PSA Singapore Terminals (ST), throughput reached 29.4 million TEUs in 2011, an increase of 6.1% from the previous year. Total Group revenue came in at S\$4.31 billion while net profit reached S\$1.14 billion.

As we strived to provide the best-in-class services with world class efficiency and reliability to all our customers, we also worked hard to ensure that the highest level of excellence and constant care was not compromised. We are gratified that our efforts have continued to be recognised by our customers and the industry.

During the year, PSA International (PSAI) won the "Port Operator Award" at the Lloyd's List Asia Awards ceremony for the 11<sup>th</sup> year, and the "Terminal Operator Award" at the Seatrade Asia Awards for the fourth consecutive year. The Group added another feather to its cap when it was voted the "Best Global Container Terminal Operating Company" for the sixth time, while PSA ST was voted "Best Container Terminal Asia (over 4 million TEUs)" for the 22<sup>nd</sup> time at the 25<sup>th</sup> Asian Freight & Supply Chain Awards. The Singapore flagship also garnered the "Container Terminal of the Year" for the fifth year at the 2011 Supply Chain Asia Logistics Awards.

At PSA's terminals overseas, Mersin International Port in Turkey scored the "Port Operator of the Year" award at the 6<sup>th</sup> International Golden Anchor Maritime Achievement Awards ceremony organised by Deniz News Agency and Dunya Newspaper. In China, Fuzhou International Container Terminal won China Shipping Gazette's "Top 10 Best Container Terminals Award" for the fourth consecutive year; while Dalian Port Container Terminal received the "Top 10 Best Container Terminals China Award" in several categories at the



8<sup>th</sup> China Freight Industry Awards – namely in integrated service, operation productivity, cargo distribution / transportation, and information technology. In India, Chennai International Terminals was selected “Emerging Container Terminal Operator of the Year” at the 3<sup>rd</sup> South East CEO Conclave & Awards 2011.

Even as PSA celebrates its collective achievements, we recognise and appreciate the unstinting support of our customers, without which success would not have been possible. I would also like to express my gratitude to PSA’s management, unions and staff for their dedication, hard work and enlightened efforts to work effectively and harmoniously as a cohesive team to produce outstanding results year after year.

As a responsible corporate citizen, PSA is committed to giving back to the communities in which it operates. In 2011, we presented Howe Yoon Chong PSA Scholarships to 17 deserving students for studies at the Institute of Technical Education and tertiary institutions in Singapore. In addition, five book prizes were awarded to the top students from NorthLight School. During the year, PSA also created learning opportunities for NorthLight’s students through industrial attachments. In continuing our support for education, PSA donated to the Kwa Geok Choo Law Library, named in honour of the late Madam Kwa, former Prime Minister Mr Lee Kuan Yew’s wife, who had contributed much towards Singapore’s legal arena.

Another highlight in our Corporate Social Responsibility (CSR) program was PSA’s ‘adoption’ of several life-sized baby elephant art pieces from the Elephant Parade, a commercial enterprise which aims to raise awareness towards conservation of the endangered Asian elephant. PSA is proud to be part of this conservation effort. In Belgium, we continued our partnership with the Belgian Paralympic Committee through financial contributions, and participated as a key sponsor at the Flemish Port Day. PSA terminals and staff around the world continue to participate actively in CSR programs that reach out towards charitable causes and humanitarian needs, education, the arts, sports and leisure.

As we move into 2012, the headwinds are getting stronger given the deterioration in the eurozone crisis. This has pushed Europe into a critically dangerous “make or break” phase. The resultant intense pressure on leading European banks has brought about a further tightening in the credit markets. The possibility of another recession cannot be ruled out, nor can its adverse impact on the rest of the world, including the Asian countries. We are beginning to see a glimmer of hope in the slight improvement in the U.S. economy. Whether it can be sustained is a question mark. Japan continues to be weighed down by a high yen and heavy debt burden. In China, growth is expected to continue, albeit at a slower pace, but risks of a housing bubble and labour unrest remain.

In light of the growing uncertainties and increasing risks in the market place, we have strengthened our balance sheet, improved our debt/equity ratio and refinanced our debts ahead of time, taking advantage of the favourable rate environment and terms. By so doing, we believe we will be better positioned to face the challenges that will emerge in the future.

I would like to express my deep appreciation to the Board of Directors for their continued support and wise counsel. Deserving particular mention are two Board members who stepped down at the end of August 2011. Eddie Teh, Group CEO and Deputy Group Chairman of PSAI, retired after nine years with PSA, during which he successfully led the transformation of the company into a leading global terminal operator. We are grateful that he has remained with the PSA Group as my Special Adviser. Also retired is Ng Chee Keong, after a total of 13 years on the Boards of PSAI and PSA Corporation. Throughout four decades of dedicated service to PSA, Chee Keong had held key leadership positions, including Group President & CEO. Both of them have made invaluable contributions to the development of the PSA Group in Singapore and internationally.

At the same time, we are happy to welcome Tan Chong Meng into the PSA family. Chong Meng joined PSA International as Group CEO on 1 October 2011, after an outstanding career spanning more than 20 years with the Royal Dutch Shell Group. With Shell, he held several senior leadership positions, the latest being Executive Vice President, Global Business-to-Business & Lubricants, Shell Downstream. He also led Shell’s Asian Talent Council for many years, focusing on developing and promoting gifted Asian individuals within the Shell group. I am confident that Chong Meng will be able to build on PSA’s strong foundation and lead the Group to achieving new heights in our journey to become the world’s port of call.



**FOCK SIEW WAH**  
*Group Chairman*



# Group CEO's Message



My first few months with PSA have been rich and refreshing. Joining on 1 Oct 2011 from the Shell Group, I came from outside the maritime industry. It did not take me long to be infected by the warmth of the workplace, the kindness shown by my management colleagues and the enthusiasm displayed by the PSA workforce. This is an organisation with a long history, an illustrious heritage and tested resilience. Here, I take the opportunity to thank my predecessor, Mr Eddie Teh, for his astute leadership over the past nine years. Eddie and the past and present PSA leaders, including the Group Chairman, Board of Directors, the staff and unions, have established PSA as a leading global container terminal operator. I am greatly indebted to them for all that PSA has achieved to date.

In my first trips to visit PSA partners and customers in Singapore and abroad, I met with industry elders who welcomed me into the maritime fraternity and engaged me earnestly; business leaders who shared industry insights with me with candour; and port experts who sparred with me at meetings, meals and over golf. This is an industry built on enduring relationships, which I have always treasured in my professional career.

Thus, I feel very much at home and have this sense of gladness in belonging to the PSA family and being a part of the exciting maritime industry.

PSA has performed creditably in 2011, thanks to the patronage of our customers and the diligence of our employees. Our global volumes achieved 57.1 million TEUs, representing a growth of 5.6% after excluding throughput contribution from the Hong Kong port assets which were divested to HPH Trust in the first quarter. Total throughput for the year, including contribution from port assets before divestments, peaked at 59.3 million TEUs. PSA Singapore Terminals achieved its highest ever throughput of 29.4 million TEUs in 2011, an increase of 6.1% compared to the year before. On the global front, the Group increased its footprint with the addition of a new port project in Dammam (Saudi Arabia).

However, 2011 ended on a worrisome note as the confluence of several factors – including the eurozone sovereign debt crisis, the sluggish US economy, lackluster Japanese industrial output curtailed by a massive earthquake and tsunami in the earlier part of the year, and a slowing Chinese economy keen to keep its inflation in check – interacted with one another to create the present fragile business landscape.

Shipping lines and port operators thrive on trade growth and the movement of goods, both elements of which are under threat due to the downcast global economic outlook and depressed consumer sentiments. This demand uncertainty has in turn cast a dark shadow over the container shipping industry, which is putting into service unparalleled numbers of megaships, each with capacity greater than 10,000 TEUs. These behemoths are the legacy of orders placed a few years ago, with no foreknowledge of the harsh global economic realities of today. Big ships and diminished cargo load are poor and non-sustainable bed fellows. Adding to the complexity, some leaders of the shipping industry are seizing the opportunity to differentiate themselves, by providing guaranteed transit time for shipments between selected port-pairs on mainhaul routes. These game-changing factors serve as catalysts for new operating partnerships, oftentimes between competing shipping lines; each leveraging on the collective capacity and coverage of the other to extend market share. The competitive drama is still being played out.

Such commercial manoeuvres notwithstanding, all of us in the industry look forward intently to the return of strong steady growth in cargo demand, without which all players will have to brace themselves for very difficult times.

One wonders, in a prolonged period of weak cargo demand, which approach will prevail – the megaships which have lower cost per TEU if they can fill up the slots; or the smaller vessels (ie. ships below 10,000-TEU capacity), which have higher cost per TEU slot, but are more likely to achieve higher load factor due to higher flexibility in deployment? Will the new shipping line partnerships, forged in the face of such intense competition, be sustainable? And will cargo demand, when it returns, flow through new routes which have been dramatically shaped by newly-emerged economic powers and trade patterns?

In light of the above, there is an ever greater need for PSA to work in partnership with our customers and port stakeholders. It is through this process of value co-creation, built on trust and delivery, and nurtured by complementary strengths with partners, that PSA will continue to produce win-win and lasting competitive advantage.

I also want to assure our customers that PSA will continue to invest where needed, even during this challenging period, to meet their business requirements, particularly in providing longer berths, deeper water depth and longer and taller quay cranes to handle their megaships, and to maintain our operational productivity.

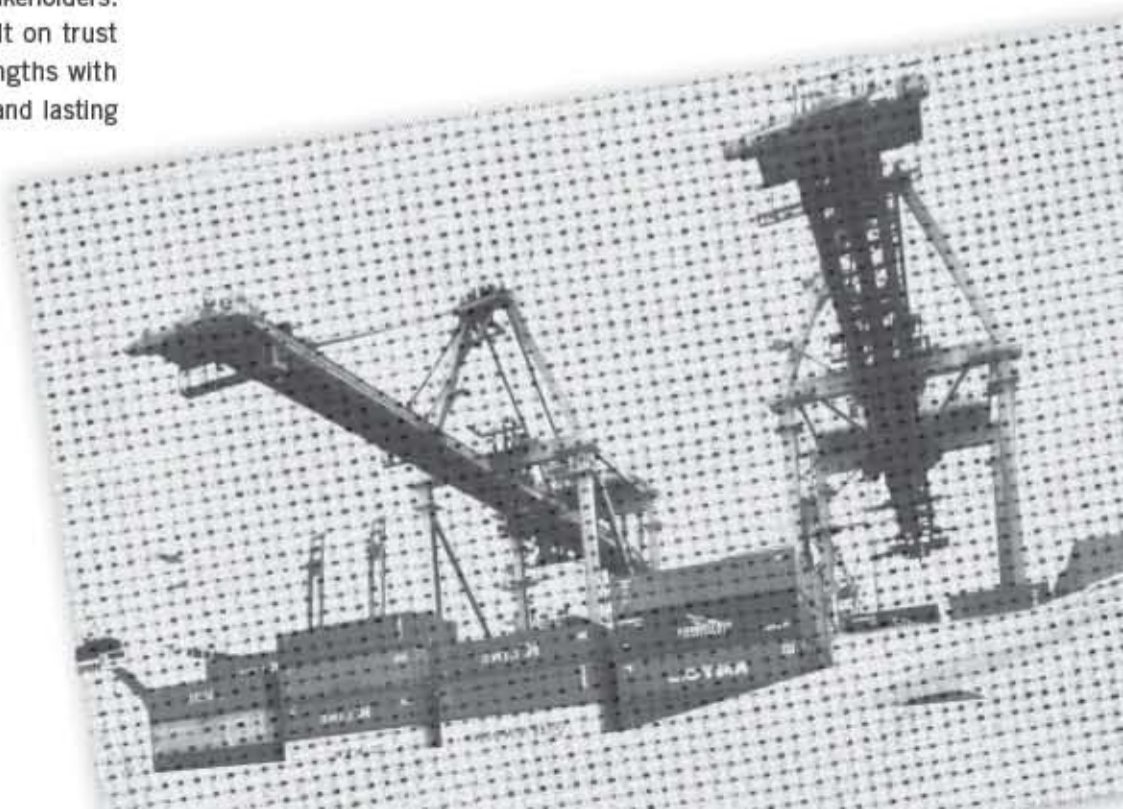
The port business requires long term investment and commitment; as does the nurturing of our people. Staff engagement is therefore at the top of my priorities to facilitate and motivate PSA staff to reach their maximum potential.

Concomitant with people development, my management colleagues and I will be shaping the incipient PSA culture, built on *Fish!* Philosophy, to have renewed focus on the customers and their needs. *Fish!* has been proven to unleash creative energy from employees towards caring for one another; we are confident that the same energy and passion can be channeled towards the fulfilment of customers' expectations of PSA.

With workforce and unions closely-knit, a supportive Group Chairman and Board, and the support of our customers, I believe PSA can emerge stronger from the present uncertain climate. The journey will not be easy. It will take concerted effort and sustained communication and engagement. Most importantly, it requires all of us to have this shared desire to trump all obstacles to reach our goal of becoming a global champion in our industry. That's the spirit!



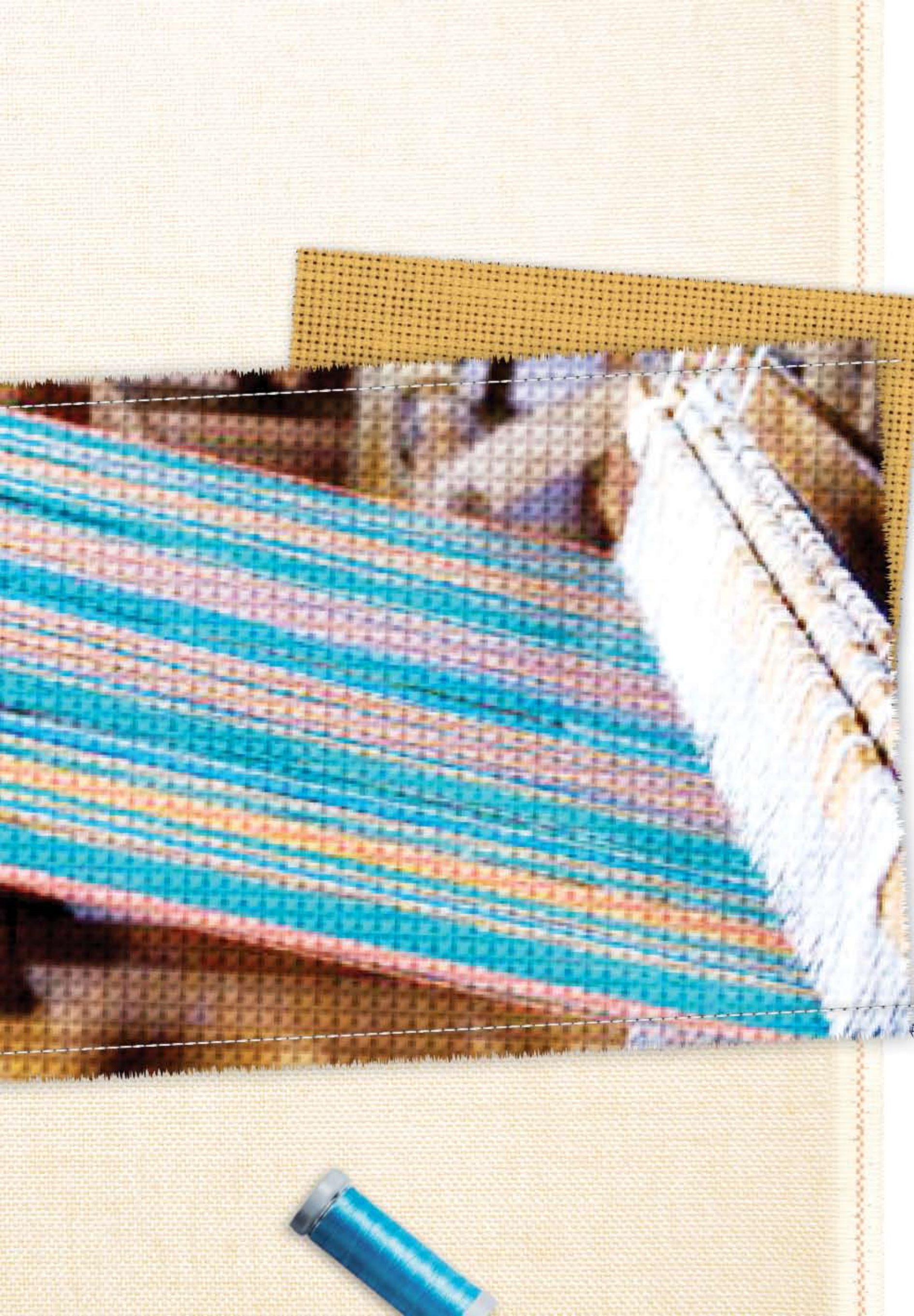
**TAN CHONG MENG**  
Group CEO





The first  
wave





# 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  
Member, Northeast Asia  
Member, Middle East South Asia  
Member, Europe & Mediterranean  
Member, Marine Services



**KUA HONG PAK**

**Main Committees:**  
Chairman, Audit  
Member, EXCO

**Supervisory Committee:**  
Chairman, Southeast Asia



**DAVINDER SINGH**

**Main Committee:**  
Member, LDCC

**Supervisory Committee:**  
Member, Southeast Asia



**TAN CHIN NAM**

**Main Committee:**  
Member, Audit

**Supervisory Committee:**  
Member, Middle East  
South Asia

**Notes:**

- EXCO – Executive Committee
- LDCC – Leadership Development & Compensation Committee
- Americas Supervisory Committee is covered by EXCO
- Mr Eddie Teh and Mr Ng Chee Keong stepped down on 31 August 2011, after having served a total of nine years and 13 years respectively, on the Boards of PSA International and PSA Corporation



**KOH POH TIONG**

**Main Committee:**  
Member, EXCO

**Supervisory Committees:**  
Chairman, Europe &  
Mediterranean  
Member, Northeast Asia



**MICHAEL LIM**

**Main Committees:**  
Member, EXCO  
Member, LDCC

**Supervisory Committee:**  
Chairman, Middle East  
South Asia



**FRANK WONG**

**Main Committees:**  
Member, Audit  
Member, LDCC

**Supervisory Committee:**  
Chairman, Northeast Asia



**CHAN LAI FUNG**

**Supervisory Committees:**  
Member, Europe &  
Mediterranean  
Member, Marine Services

# Senior Management Council



**TAN CHONG MENG**  
Group CEO



**CAROLINE LIM**  
Global Head of HR &  
Corporate Affairs



**LIM PEK SUAT**  
Group CFO



**TAN PUAY HIN**  
Regional CEO  
Southeast Asia



**DAVID YANG**  
Regional CEO  
Europe & Mediterranean





**GOH MIA HOCK**  
Head of Group  
Risk Management /  
Technology & Operations  
Development



**TERENCE TAN**  
Head of Group Legal  
& Company Secretary



**KENNY ONG**  
Regional CEO  
Americas  
& Head of Group  
Business Development



**LEE CHEN YONG**  
Regional CEO  
Middle East South Asia

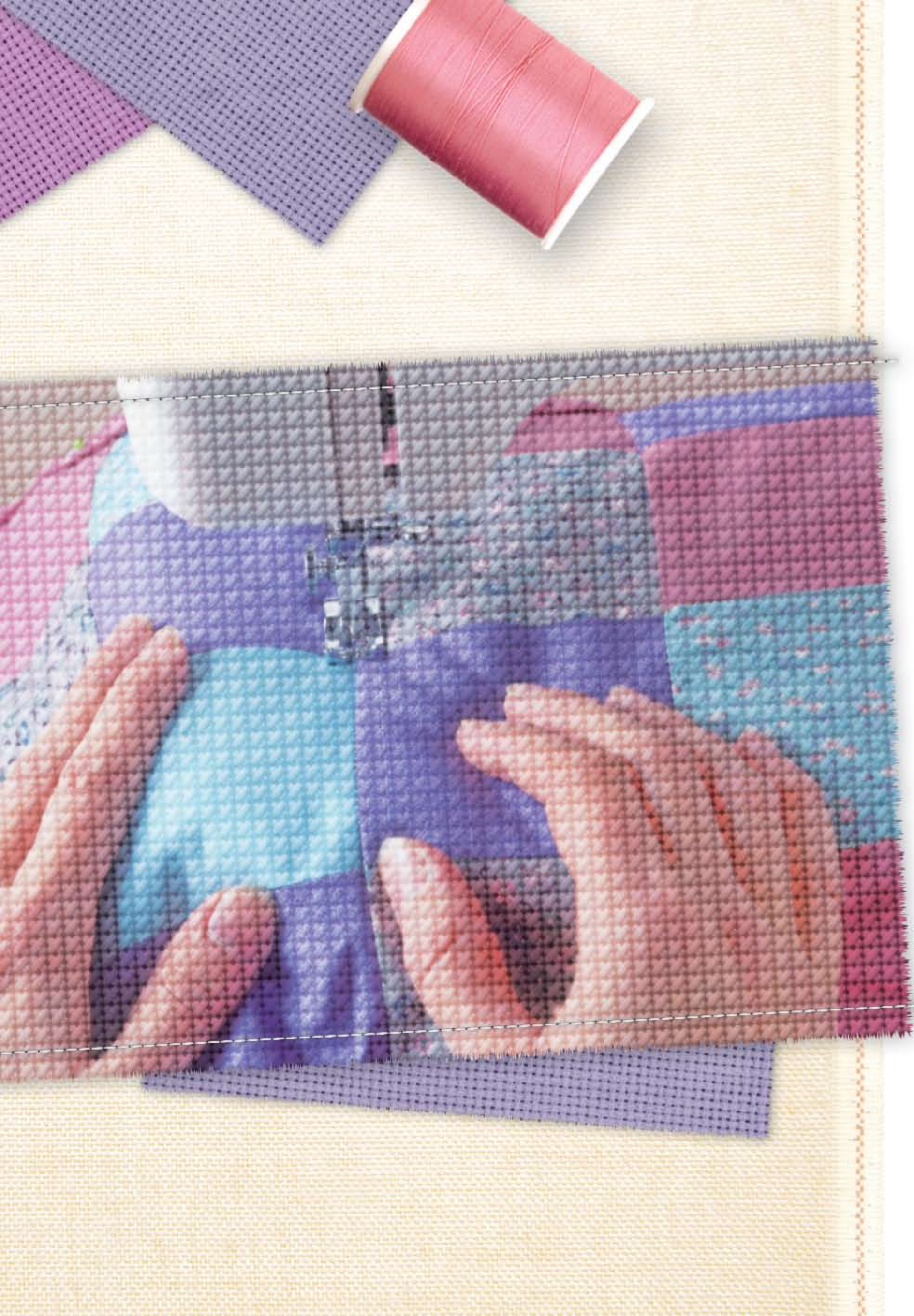


**ONG KIM PONG**  
Regional CEO  
Northeast Asia

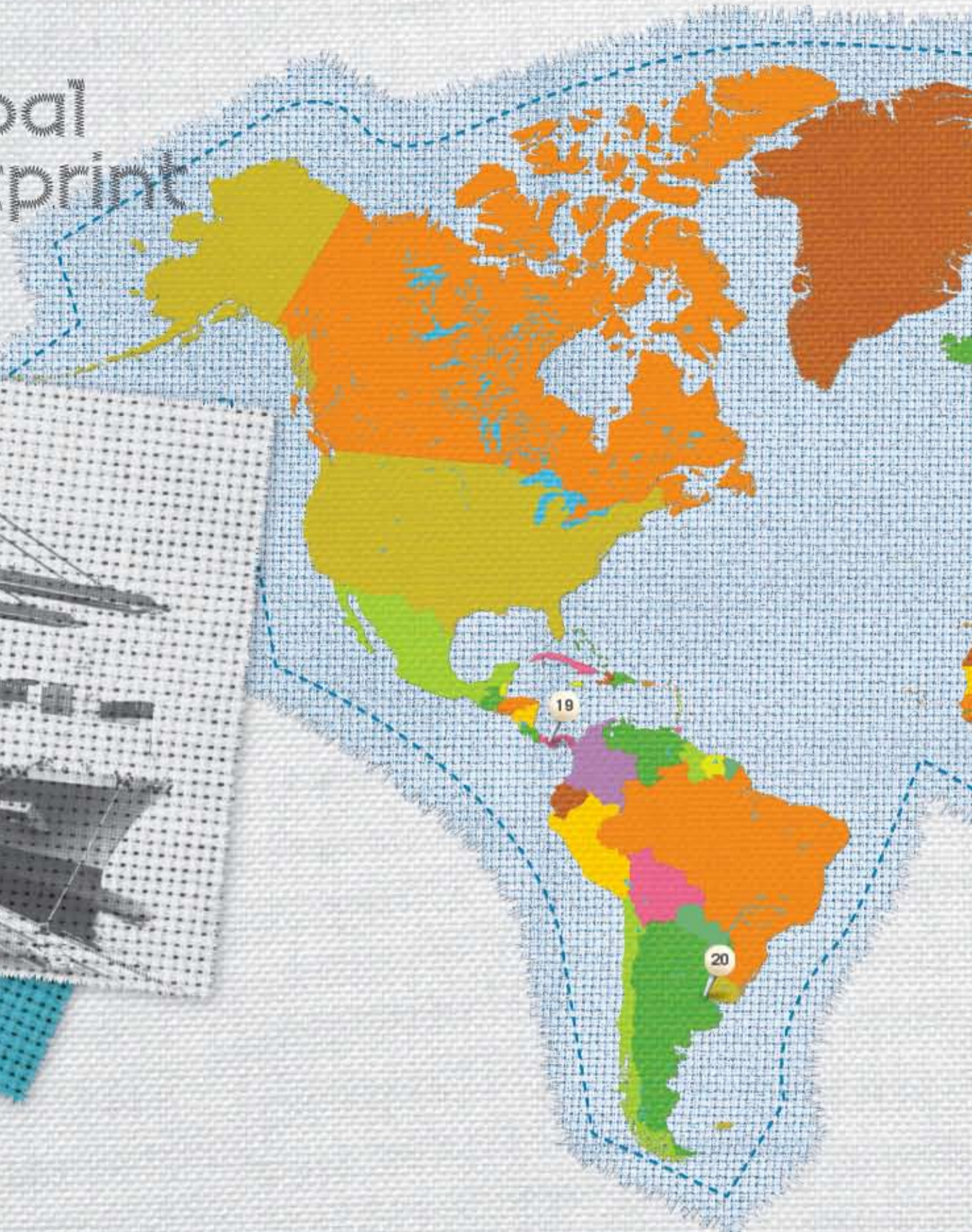


Topsy  
or Diverdy





# 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

PSA ABG KOLKATA CONTAINER TERMINAL 6

PSA ABG KANDLA CONTAINER TERMINAL 7

### PAKISTAN

PSA GWADAR INTERNATIONAL TERMINALS 8

### SAUDI ARABIA

SAUDI GLOBAL PORTS 9

## NORTHEAST ASIA

### CHINA

DALIAN TERMINALS 10

FUZHOU TERMINALS\* 11

TIANJIN TERMINALS 12

GUANGZHOU CONTAINER TERMINAL 13

DONGGUAN CONTAINER TERMINAL 14

ASIA CONTAINER TERMINAL 15

### SOUTH KOREA

INCHEON CONTAINER TERMINAL 16

PUSAN NEWPORT INTERNATIONAL 17

TERMINAL 17

### JAPAN

HIBIKI CONTAINER TERMINAL 18

## AMERICAS

### PANAMA

PSA PANAMA INTERNATIONAL TERMINAL 19

### ARGENTINA

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### ITALY

VOLTRI TERMINAL EUROPA 24

VENICE CONTAINER TERMINAL 25

### PORTUGAL

SINES CONTAINER TERMINAL 26

### TURKEY

MERSIN INTERNATIONAL PORT 27

### UNITED KINGDOM

PSA GREAT YARMOUTH CONTAINER TERMINAL 28

\* Fuzhou Terminals include two port projects



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# Group Financial Highlights

TEUs - Twenty-foot Equivalent Units  
All amounts in Singapore dollars

	2011	2010	2009	2008	2007
<b>Volume</b>					
<b>Throughput (million TEUs)</b>					
Singapore	29.4	27.7	25.1	29.0	27.1
Overseas <sup>1</sup>	27.7	26.4	22.3	24.2	21.8
<b>Global <sup>1</sup></b>	<b>57.1</b>	<b>54.1</b>	<b>47.4</b>	<b>53.1</b>	<b>48.9</b>
<b>Consolidated Income Statement (\$ million)</b>					
Revenue	4,314	4,076	3,835	4,392	4,151
Operating Expenses	(2,836)	(2,622)	(2,631)	(2,922)	(2,573)
Operating Profit	1,478	1,454	1,204	1,470	1,578
Other Income/(Expenses)	178	14	3	(28)	875
Profit from Operations	1,655	1,468	1,207	1,442	2,453
Finance Costs	(280)	(340)	(342)	(393)	(504)
Share of Profit of Associates	69	261	244	260	239
Profit before Income Tax	1,444	1,389	1,109	1,309	2,188
Income Tax Expense	(288)	(191)	(145)	(265)	(248)
Profit for the year	1,155	1,198	964	1,043	1,940
Non-controlling Interests	(20)	(19)	12	(4)	(15)
Profit attributable to Owner of the Company	1,135	1,179	976	1,039	1,925
<b>Consolidated Financial Position (\$ million)</b>					
Total Assets	16,986	18,950	19,611	19,090	18,198
Total Liabilities	8,114	10,101	11,318	11,369	11,029
Total Equity	8,871	8,849	8,293	7,721	7,169
<b>Financial Ratios</b>					
Operating Margin <sup>2</sup>	34.3%	35.7%	31.4%	33.5%	38.0%
Return on Average Total Assets <sup>3</sup>	8.0%	8.0%	6.8%	7.7%	13.8%
Return on Average Total Equity <sup>4</sup>	13.0%	14.0%	12.0%	14.0%	30.5%
Total Debt/Equity (times) <sup>5</sup>	0.69	0.93	1.13	1.19	1.20
<b>Economic Value Added (\$ million)</b>	297	220	173	503	507
<b>Earning per Share (\$)</b>	1.87	1.94	1.61	1.71	3.17

<sup>1</sup> Restated to exclude volumes from disposed Hong Kong port assets

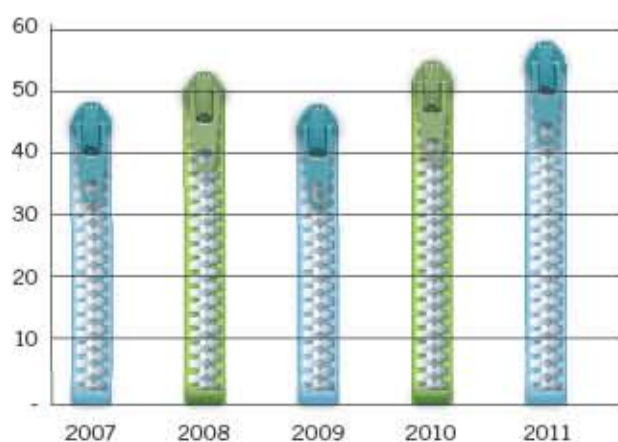
<sup>2</sup> Operating profit expressed as a percentage of revenue

<sup>3</sup> Profit for the year, add back finance costs, expressed as a percentage of average total assets

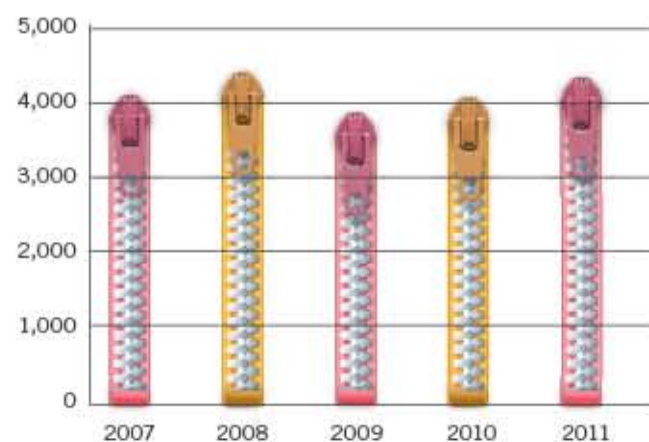
<sup>4</sup> Profit for the year, expressed as a percentage of average total equity

<sup>5</sup> Total debt divided by total equity

Volume (million TEUs)



Revenue (\$ million)



## GEOGRAPHICAL CONTRIBUTION

### SEGMENT REVENUE

**2011**

Southeast Asia  
Northeast Asia  
Europe & Mediterranean  
Others



**2010**

Southeast Asia  
Northeast Asia  
Europe & Mediterranean  
Others



**2011**

Southeast Asia  
Northeast Asia  
Europe & Mediterranean  
Others

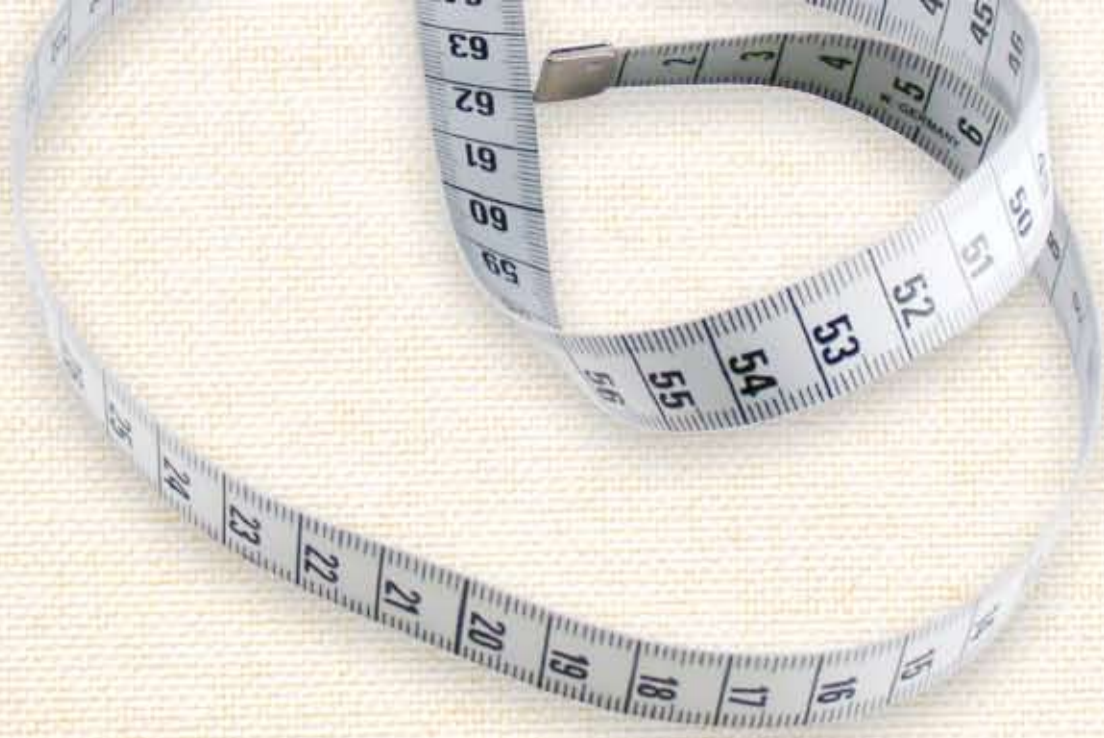


**2010**

Southeast Asia  
Northeast Asia  
Europe & Mediterranean  
Others



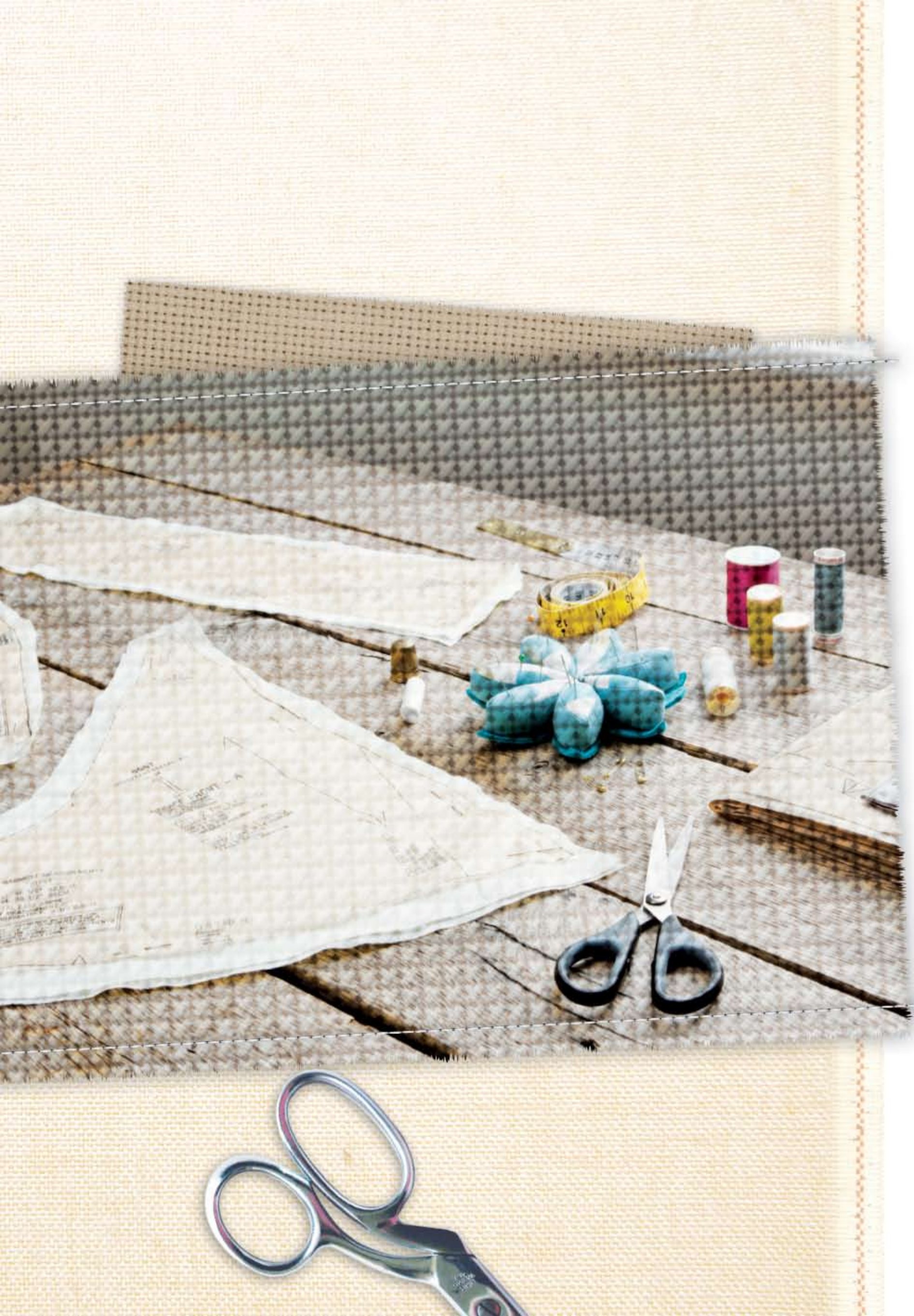
### SEGMENT NON-CURRENT ASSETS



Kind  
sheet







# Operations Review

## SOUTHEAST ASIA

PSA Singapore Terminals (ST), the world's largest transshipment hub, handled a record throughput of 29.4 million TEUs in 2011, a 6.1% increase from the year before. In addition to its container business, its multi-purpose terminals handled more than 917,000 vehicles and 804,000 tonnes of cargo.

To maintain Singapore's position at the forefront of port technology, the Port Technology Research and Development Program was jointly launched by the Maritime and Port Authority (MPA) and PSA ST in April 2011. This five-year initiative focuses on three broad areas: automated container port systems, advanced container port optimisation techniques and technologies, and green port technologies. While MPA provides seed funding of S\$10 million, PSA ST together with institutes of higher learning and industry partners would provide co-funding and in-kind resources of up to S\$10 million. Under the program, PSA ST would seek to develop intelligent systems to streamline port planning processes, raise the value-add of employees and improve overall productivity. One key project would be the development of Automated Guided Vehicles for future container terminals.

During the year, 395 container vessels with capacity greater than 10,000 TEUs called at PSA ST, representing an 88% increase over 2010. PSA ST currently has 15 berths capable of serving these megaships. In August, the terminal added a new productivity record when it moved more than 11,000 containers in slightly over 35 hours on megaship *MSC Eva* – the highest throughput in a single call. In December, the Port of Singapore marked the crossing of two billion gross tons in annual vessel arrival tonnage – a national maritime milestone – when the *MV APL Washington* berthed at Pasir Panjang Terminal (PPT).

As part of ongoing port development, PSA ST continues to work closely with the government to develop PPT Phases III and IV, to bring Singapore's handling capacity up to 50 million TEUs by the year 2018. Besides infrastructure development, PSA ST is implementing a new terminal operating system in 2012 to boost operational efficiency.

Continuous improvements to stay relevant and provide quality services to customers resulted in PSA ST being voted "Best Container Terminal Asia (over 4 million TEUs)" for the 22<sup>nd</sup> time at the 2011 Asian Freight & Supply Chain Awards; and "Container Terminal of the Year" for the fifth year at the 2011 Supply Chain Asia Logistics Awards. It also won two awards at the NTUC 50 Model Partnership Awards for its exemplary collaborations with industry partners and unions.

In other parts of Southeast Asia, Eastern Sea Laem Chabang in Thailand continued to operate at full capacity, but it was a challenging year for SP-PSA International Port in Vietnam as the liner industry downturn, coupled with competition from new terminals, resulted in the withdrawal of eight direct shipping

services calling the Vung Tau area. Alternative sources of revenue have been secured whilst further liner opportunities are being sought.

## NORTHEAST ASIA

China became the world's second largest economy surpassing Japan in 2011, and despite the slowdown in global trade which moderated growth in local container traffic, PSA's Northeast Asia region achieved volume growth of 11%\*, compared to 2010.

PSA's terminals in Tianjin performed creditably, attracting new services during the year. Tianjin Port Pacific International Container Terminal and Tianjin Port Alliance International Container Terminal achieved a total volume of 3.4 million TEUs, an increase of 26.5% compared to the previous year.

Likewise, Dalian Container Terminal and Dalian Port Container Terminal (DPCT) achieved combined throughput growth of 7.7% to 2.7 million TEUs in 2011. In October, DPCT commenced operations of a new premium berth capable of handling the latest generation of container vessels. In recognition of the terminal's quality in integrated service, operation productivity, cargo distribution/transportation, and information technology, DPCT received the "Top 10 Best Container Terminals China Award" in these categories at the 8<sup>th</sup> China Freight Industry Awards by China Shipping Gazette.

Fuzhou International Container Terminal attracted new international services operated by major shipping lines including Mediterranean Shipping Company (MSC), CMA CGM, Maersk and Hanjin. The terminal also received the "Top 10 Best Container Terminals Award" by China Shipping Gazette for the fourth consecutive year.

Elsewhere in China, Dongguan Container Terminal registered an impressive increase of 41.5% in container volumes with the addition of new services; including China Shipping which inaugurated its domestic services at the terminal in November. Meanwhile, Guangzhou Container Terminal reached a milestone in June with 10 years of operations, and celebrated with an event graced by Guangzhou Vice-Mayor Mr Gan Xin.

Over in South Korea, Incheon Container Terminal achieved close to 540,000 TEUs in record throughput, a 4.8% increase from the previous year. Pusan Newport International Terminal continued healthy growth in 2011, handling more than 879,000 TEUs in its first full year of operations. During the year, the terminal also added a new international joint service operated by several carriers, including PIL, NYK and K-Line.

## MIDDLE EAST SOUTH ASIA

In July 2011, PSA scored a major milestone with the inking of a new port concession in the Kingdom of Saudi Arabia. Saudi Global Ports terminal is PSA's first foray into Saudi Arabia, and will be located in King Abdul Aziz Port in Dammam, a key

\* This figure excludes throughput contribution from the PSA Group's port assets in Hong Kong which were sold to the Singapore-listed HPH Trust in March 2011.

gateway port on the Arabian Gulf. The terminal is expected to commence operations in 2014 and will serve the fast growing Kingdom and the regional economies of the Arabian Peninsula.

PSA's investments in India continued to grow at a steady pace in 2011, on the back of a robust Indian economy. The number of containers handled by Chennai International Terminals surged by a remarkable 60.6% to almost 490,000 TEUs, with higher volumes coming from existing services, in addition to several new mainline and feeder services. The terminal added a proverbial feather to its cap when it was selected "Emerging Container Terminal Operator of the Year" at the 3<sup>rd</sup> South East CEO Conclave & Awards 2011. PSA's port projects in Kolkata and Tuticorin maintained maximum capacity utilisation, while volumes for Kandla grew 7.5% on the back of new coastal and international services.

In Pakistan, PSA Gwadar International Terminals handled over 900,000 tons of bulk cargo.

#### EUROPE & MEDITERRANEAN

In Belgium, PSA Antwerp handled over 8.4 million TEUs, while PSA Zeebrugge moved close to 760,000 TEUs in 2011. During the year, new port management applications were implemented at both terminals to improve truck turnaround times, automate import/export customs documentation and enhance electronic data exchange, for the benefit of the port community. With the dredging of the River Scheldt completed by the Flemish government, the Antwerp port began to welcome vessels with a capacity of up to 15,500 TEUs. In mid-November, Antwerp Port Authority began deepening the quay wall of PSA Antwerp's Noordzee Terminal; depth alongside will be increased to 17 metres after the works. Zeebrugge Port Authority commenced on a similar deepening project at PSA Zeebrugge's Container Handling Zeebrugge terminal, to extend 17 metres of water depth to its entire 1,000-metre quay wall. Meanwhile, Zeebrugge International Port welcomed two new services at its multi-purpose facilities. Zeebrugge also strengthened its role as a gateway for France by starting direct train services to Lille, a key cargo centre in northern France which is in turn linked with 12 French inland terminals.

In Southern Europe, PSA's two terminals in Italy achieved record volumes. Voltri Terminal Europa handled close to 1.2 million TEUs, registering 19.7% throughput growth, while Venice Container Terminal (VECON) moved more than 269,000 TEUs, an increase of 15.5% from the year before. During the year, VECON completed civil works on the Cipi Sartori expansion area, replaced three rubber-tyre gantries (RTGs) and added two quay cranes to its fleet.

Despite Portugal's grim economic outlook, Sines Container Terminal handled its highest volumes in 2011, achieving close to 448,000 TEUs or a 17.1% increase over the previous year. Infrastructure development continued with the completion of

a second berth at 380 metres long, while a new super post-panamax quay crane and three RTGs were commissioned.

In the East Mediterranean, Mersin International Port (MIP) in Turkey achieved a record 1.1 million TEUs in 2011, an increase of 10.7% from the year before. In March, the terminal discharged the largest dry bulk cargo (grain) ever handled in Mersin – 76,024 tons from the ship *MV Plera*; in April, 761,564 tons of conventional cargo were handled – the highest monthly volume in MIP's history. During the year, three new services called at the terminal. To increase yard capacity and productivity, infrastructure development continued while a new terminal operating system was successfully implemented. In recognition of MIP's continual efforts in service improvements, the terminal was named "Port Operator of the Year" at the 6<sup>th</sup> International Golden Anchor Maritime Achievement Awards organised by Deniz News Agency and Dunya Newspaper.

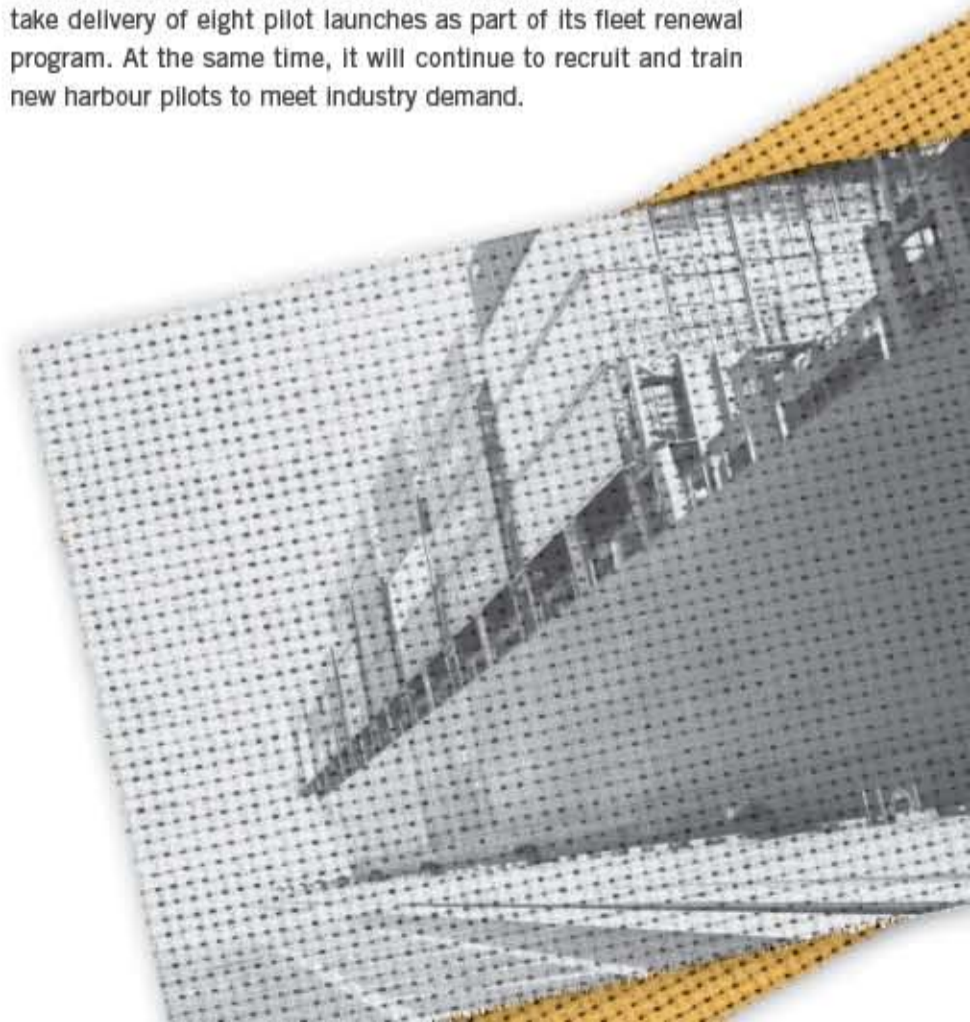
#### AMERICAS

In Argentina, Exolgan Container Terminal achieved healthy growth in 2011. The terminal expanded its capacity in September with the completion and commissioning of a new 360-metre long berth extension, and will progressively take delivery of two super post-panamax quay cranes and six RTGs over the next two years.

Strategically located at the Pacific entrance of the Panama Canal, PSA Panama International Terminal completed construction during the year. With three quay cranes and six RTGs, the terminal is operationally ready to handle container and non-container cargo.

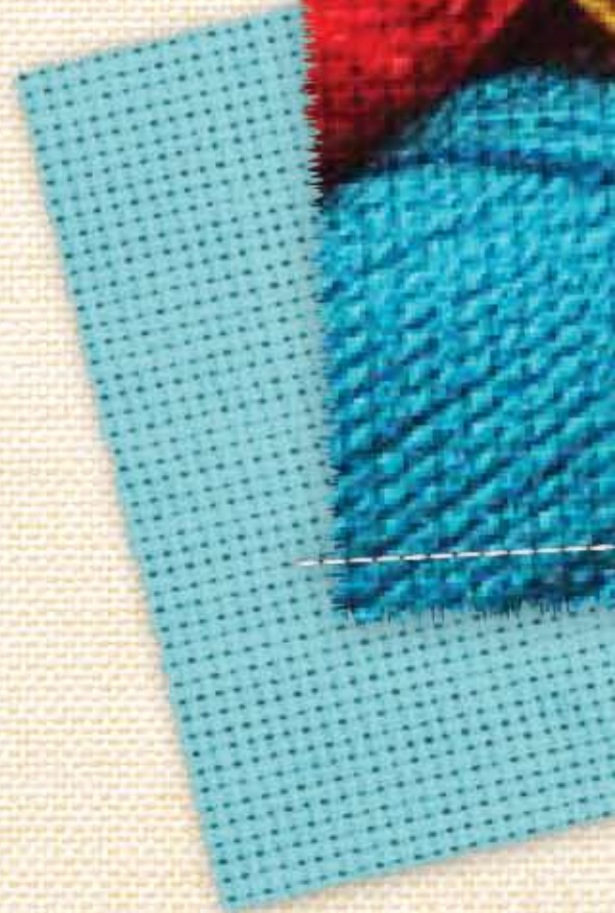
#### MARINE

PSA Marine currently owns and operates 49 tugboats in Singapore and overseas. In 2012, the company will progressively take delivery of eight pilot launches as part of its fleet renewal program. At the same time, it will continue to recruit and train new harbour pilots to meet industry demand.





Tricot  
Brid





# Clean Finish

PSA International's Board of Directors plays a pivotal role in overseeing its business affairs and providing guidance on strategic planning, particularly in growth and financial performance.

The Board holds quarterly meetings to steer business directions, review investment opportunities, and approve budgets and audited accounts. Decisions are made based on a majority vote; in the event of equal votes, the Chairman holds the deciding vote.

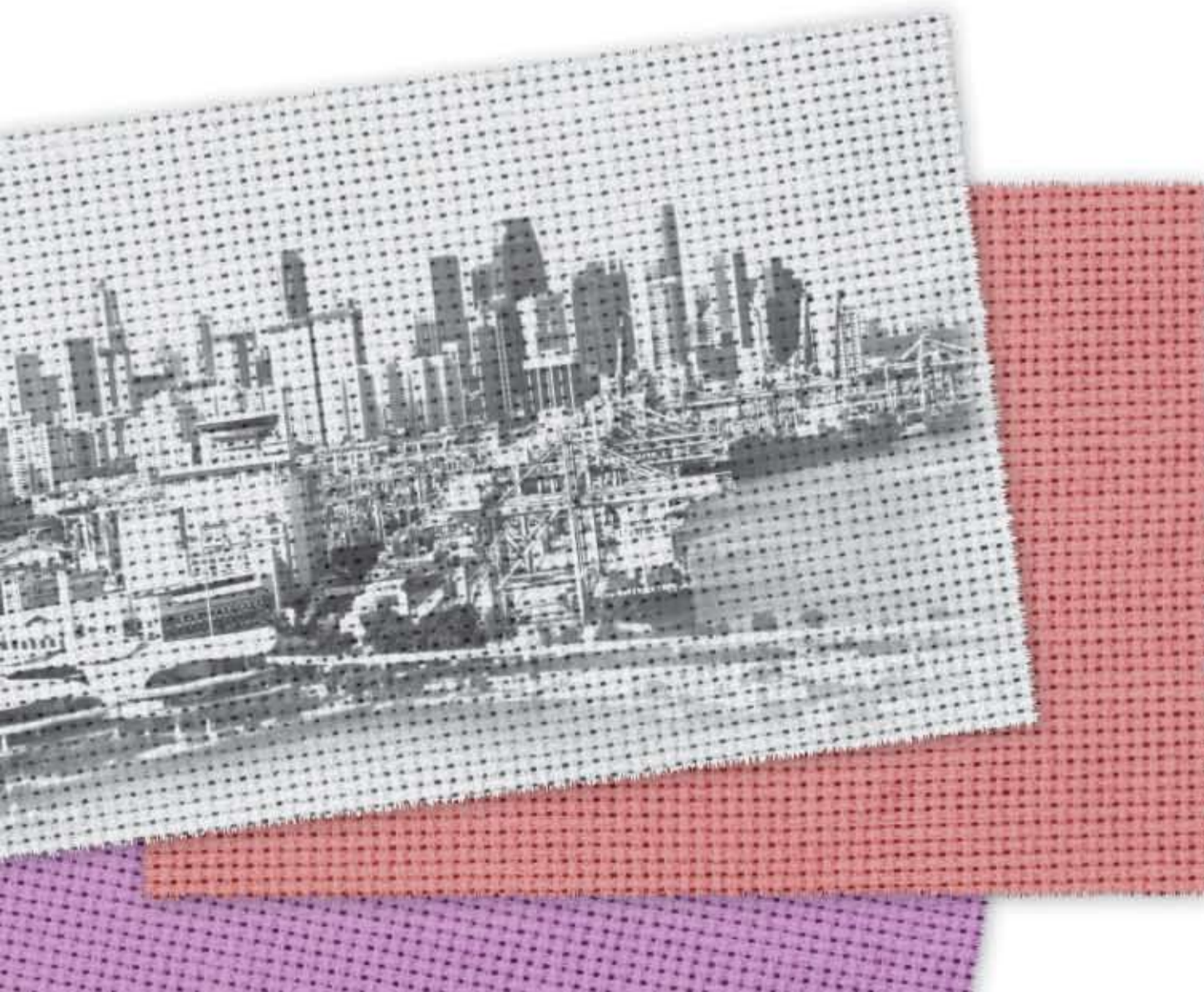
The Board is supported by the following Committees:

- Executive Committee (EXCO)**  
 The EXCO reviews and develops strategies for the long term role and position of the Group. It is responsible for approving major acquisitions and disposal of investments, capital expenditures, the taking of loans and provision of guarantees, investment policies for financial projects, customer contracts, tenders and purchase contracts.
- Audit Committee**  
 The Audit Committee identifies significant risk areas and reviews the effectiveness of control procedures and processes to mitigate risks. 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. It ensures that companies within the Group have in place appropriate programs and consistent policies for grooming leaders, developing global talent and preparing potential successors to key leadership positions. It also reviews the performance and approves the remuneration of PSA's senior management.

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

The commercial practices within the PSA Group are further guided by the Code of Business Conduct to ensure utmost business integrity.



# Tugging the Heartstrings

As a global company, PSA strives to contribute towards the socio-economic fabric of the local communities where PSA has a presence. In the process of giving, we hope to build mutually beneficial long-term relationships, and brand PSA as a responsible corporate citizen.

For the third successive year in 2011, PSA presented Howe Yoon Chong PSA bond-free scholarships to 17 deserving students from low income families, for academic studies at the Institute of Technical Education and tertiary institutions in Singapore. In addition, five book prizes were awarded to the top students from NorthLight School. The school helps students who are unable to cope with mainstream education, by imparting them with life skills and a career-oriented education. During the year, four of its students completed their internship at PSA Singapore Terminals' (ST) engineering department, providing them with a valuable opportunity to acquire practical skills such as equipment servicing. The school's F&B and retail students also participated at the *PSA Charity Cook-Out*, helping to serve food and sell merchandise.

In continuing our support for education, Group HQ committed in February 2011 to contribute S\$500,000 over five years towards the new Kwa Geok Choo Law Library at Singapore Management University's Law School. To be completed in 2014, the library is named in honour of the late Madam Kwa, former Prime Minister Mr Lee Kuan Yew's wife, who had contributed much towards Singapore's legal arena.

Our Europe flagship PSA Antwerp and PSA Zeebrugge in Belgium, were again key supporters of Flemish Port Day, a biennial affair organised by the Flemish Government in cooperation with the Flemish port authorities. For one day in June, the ports of Antwerp and Zeebrugge came alive with business exhibition booths and industry-related performances, to allow the public a chance to learn about the maritime industry and its significance to the local community.

In support of conservation and the arts, PSA 'adopted' several life-sized baby elephant exhibits from Elephant Parade, a commercial enterprise which aims to raise awareness towards conservation of the endangered Asian elephant. Having successfully organised Elephant Parades in Europe, Singapore was the first Asian city to host this open-air art exhibition, where 162 elephants were on display around the city of Singapore over two months. The exquisitely hand-painted art pieces were then auctioned, with part of the proceeds going towards The Asian Elephant Foundation and the Wildlife Reserves Singapore Conservation Fund. PSA pledged further support by acquiring some of these works of art.

During the year, the Group maintained its patronage of the Singapore Symphony Orchestra. In Turkey, under the *An Art Bridge from Vienne to Mersin* project, Mersin International Port (MIP), in collaboration with Viennese musicians, sponsored a concert performance by musically talented homeless children. It also supported the 10<sup>th</sup> Mersin International Music Festival. In sports, PSA Antwerp and PSA Zeebrugge continued their partnership with the Belgian Paralympic Committee to support the athletes taking part in the 2012 Games. PSA Chennai in India sponsored a training program which provided underprivileged children the opportunity to learn sailing.

PSA International also made donations to several welfare organisations, including Hua Mei Centre for Successful Ageing, St Luke's Hospital, the Asian Women's Welfare Association and Assisi Hospice. In addition, it supported the *Children for Children* project, a local initiative to raise funds for children from financially disadvantaged backgrounds. Our Singapore flagship PSA ST contributed to its adopted charities – the Lions Home for the Elders, Beyond Social Services and the Muscular Dystrophy Association of Singapore. At the fifth *PSA Charity Cook-Out* in May, PSA's senior management donned their aprons and cooked up a storm for staff. All proceeds from ticket sales were donated to charity. Throughout the year, PSA ST staff volunteers also organised outings for their adopted charities.

In other parts of Asia, Eastern Sea Laem Chabang in Thailand contributed to flood relief operations in Ayutthaya, and helped staff affected by the floods. It also aided victims of the March 2011 Japan earthquake and tsunami. SP-PSA International Port in Vietnam provided financial assistance to homeless children, and offered scholarships to top performing students in Tan Thanh District. Onwards to South Korea, staff volunteers from Incheon Container Terminal made regular visits to a nursing home for the elderly and orphans, providing them with daily necessities as well as seeing to the needs of the residents. Over in Pakistan, PSA Gwadar supported a charity in Karachi which distributes food and clothes to the poor.

Over in Europe, PSA Antwerp and PSA Zeebrugge continued to provide financial support to various community organisations. In December, for a charity event called *Music for Life*, three radio presenters spent a week in a 'glass house', broadcasting day and night to raise money for the Red Cross. The Antwerp Port Authority (APA) mobilised the port community to do its part, and PSA Antwerp employees pitched in by selling food items to the public. At the end of the charity drive, APA presented to the cause a cheque of €110,500, on behalf of the entire port community.

Voltri Terminal Europa in Italy continued its support for the *SolidarBus* project – a mobile vehicle that collects relief items for Africa's refugees and educates the community on their plight. In November, following the loss of an ambulance during a flash flood in Genoa, the terminal donated a brand new fully-equipped ambulance to the local Public Rescue Association. MIP, in partnership with the local government and other organisations, provided basic health education to young migrant mothers, with the aim to support proper family health education. Similarly, Exolgan Container Terminal in Argentina continued efforts in health education, cultural and sports programs, and also donated food and clothing to the needy and underprivileged.

During the year, PSA reaffirmed its commitment to do its part to protect the environment. Around the world, several terminals are progressively converting diesel rubber-tyre gantry cranes (RTGs) to electric RTGs. The benefits of these conversions have manifested in reduced carbon emissions, lower noise levels, and overall cost savings. PSA ST's Go Green campaign also entered its third year with a company-wide outreach program to promote an energy saving culture.





Sowing the  
seeds of  
Appreciation







PSA sustains the belief that the fabric of our culture is reinforced through the strong threads of teamwork, trust and an unyielding and shared commitment to excellence, all of which continue to be the hallmarks of the partnership among PSA's management, unions and staff.

Strengthening our culture and woven into our daily interactions with one another is our common language of corporate culture change, the *Fish!* Philosophy. The beauty is in its simplicity and wisdom. *Fish!* clearly expounds to all the benefits of *Being There* for one another, *Making Their Day, Play* and the need to *Choose Your Attitude*, with a view to increasing engagement at work, enhancing job fulfilment and supporting outstanding customer service.

In 2011, we saw the even deeper integration of the *Fish!* Philosophy into our culture, with major milestones which included:

- The completion of the *LeaderFish!* Cascade, our culture change initiative targeted at the leadership level, which was rolled out to Heads and Deputy Heads of departments in PSA Singapore Terminals (ST)
- The increasingly global spread of *Fish!*, as seen by invitations to hold introductory *Fish!* teambuilding sessions from our JV partners in Turkey (Mersin International Port) and China (Tianjin Port Pacific International Container Terminal). A training event was also held in South Korea for participants from Incheon Container Terminal and Pusan Newport International Terminal
- The development of a common *Fish!* nomination platform, where staff from PSA International (PSAI), PSA ST and PSA Marine (PSAM) could send and receive *Fish!* for exhibiting any of the four *Fish!* Principles at work

- The launch of *Fishly* Fridays, falling on the first Friday of each month, which allows us to celebrate our common identity and shared values through wearing "fish" related apparel.

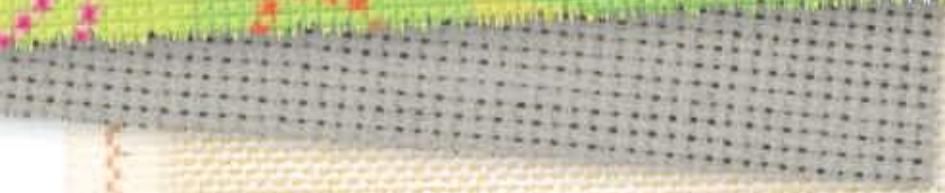
*Fish!* has indeed come a long way in the organisation. Chronicling its development, Caroline Lim, Global Head of HR & Corporate Affairs, shared PSA's "*Fish! Journey*" during the 2011 Budget Strategy Meeting in Hong Kong. The presentation, which was inspired by great interest on how this growing phenomenon came to be in the company, held captive the audience with stories of the early years of *Fish!* at PSA and the rationale behind its introduction.

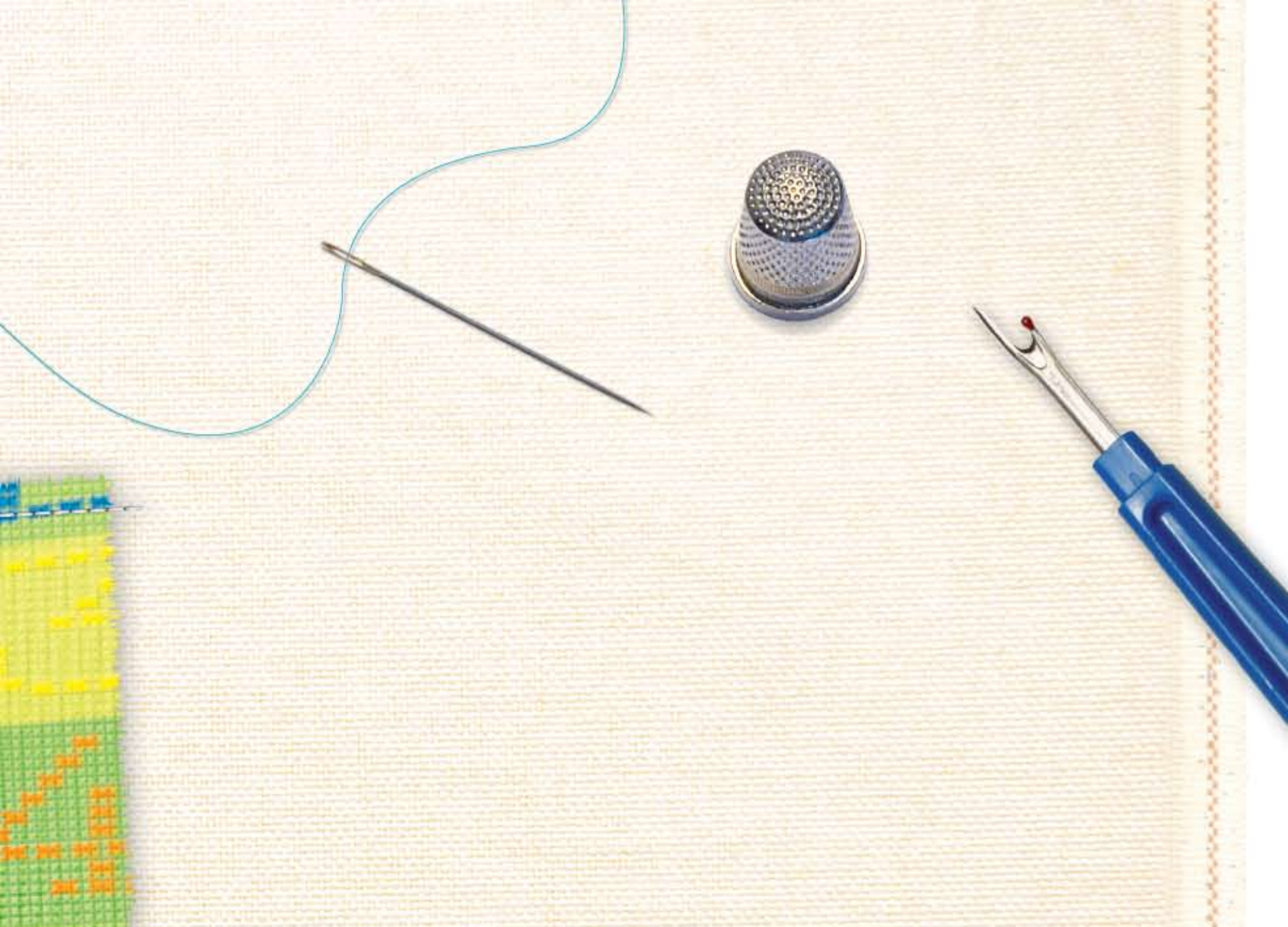
During the second run of the well-received "Have *Fish!* Will Travel" contest, PSA had 9,000 employees subscribing to the *Fish!* Philosophy and exchanging *Fish!* nominations, for exhibiting the *Fish!* Principles. This 18-month long competition rewards the top recipients of *Fish!* nominations from PSAI, PSA ST and PSAM, with an all-expense paid vacation to Pike Place, Seattle (USA), the birthplace of the *Fish!* Philosophy.

Intrinsically, we have reaped the benefits of improved employee engagement at work through our *Fish!* Journey thus far and through this, we can recognise that *Fish!* is its own reward. Now, as the journey continues, we will sustain in sowing the seeds of appreciation for one another and weave our positive energy towards achieving shared goals and aspirations, to strengthen the fabric of a PSA culture that we can all be proud to call our own.



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