

OPERATIONS REVIEW

The global ports and shipping industry experienced an unprecedented slump in 2009 and the PSA Group was similarly affected. Besides small pockets of increased activity at some regional operations, container volumes at most of our terminals around the world mirrored the downward trend of international trade flows for much of the year.

SOUTHEAST ASIA

Our flagship Singapore Terminals (ST) handled 25.1 million TEUs in 2009, 13.1% lower than in 2008, reflecting the effects of the global economic downturn on the world's largest transshipment hub. Nonetheless, PSA's volumes enabled the Port of Singapore to maintain its pole position as the 'World's Top Container Port' for the fifth year running.

In January 2009, a milestone was established with the opening of the Pasir Panjang Automobile Terminal (PPAT) – PSA's first dedicated car terminal in Singapore with an annual capacity for one million vehicles.

With its continued focus on customer service, PSA upgraded the port facilities in its container terminals and took delivery of six new super post-Panamax quay cranes and 12 new rubber-tyred gantry cranes (RTGs) for Pasir Panjang Terminal (PPT). Elsewhere in Singapore Terminals, older berths were also upgraded with new super post-Panamax quay cranes that can handle the largest container vessels.

On the security front, ST's International Ship and Port Security Code (ISPS) certification was renewed by MPA for another five years from July 2009. ST also obtained the Secure Trade Partnership Plus certification from Singapore Customs in March, which demonstrates ST's commitment to supply chain security with its implementation of best practices and robust security measures.

On customer endorsements, PSA was voted 'Best Container Terminal in Asia (over 4 million TEUs)' for the 20th time at the Asian Freight & Supply Chain Awards (AFSCA) 2009, and it garnered the title of 'Container Terminal of the Year' for the third consecutive year at the Supply Chain Asia Logistics Awards (SCALA).

ST's Keppel Distripark won the '2009 Logistics Park of the Year (Asia Pacific) Award' given out by consultancy firm Frost & Sullivan.

Elsewhere in the region, Eastern Sea Laem Chabang Terminal in Thailand further expanded its business scope through new operations, both directly with a new 3.2-hectare container yard as well as indirectly through local investments. In Vietnam, SP-PSA International Port commenced operations on 29 May 2009, achieving a volume of 96,000 TEUs by year's end. SP-PSA is poised for stronger growth in line with South Vietnam's economic development. Strategically located near the mouth of the Cai Mep-Thi Vai river and currently one of only two operational deep sea terminals in Vung Tau, the terminal has already scored historic milestones with the handling of Vietnam's first direct shipping services to the US west and east coasts.

NORTHEAST ASIA

Despite a general decline in container volume in China due to worldwide contraction in export / import volumes, several of our terminals managed to achieve volume increase in foreign as well as domestic volumes.

Tianjin Port Pacific International Container Terminal, located in China's largest bonded port area at Tianjin Binhai, saw substantial volume increases over 2008. Tianjin Port Alliance International Container Terminal also achieved significant volume increases aided by growth in domestic volumes. During the year, the new Dongguan Container Terminal, located between Guangzhou and Shenzhen, received its first international liner service from Pacific International Lines (PIL). The service calls at ports in China, Hong Kong, Taiwan and Singapore.

Over in South Korea, PSA's container terminal business and volumes continued to expand.

In Busan, PSA entered into partnership with Hanjin Corporation to operate a new terminal, the Pusan Newport International Terminal (PNIT). PNIT is scheduled to commence operations at the end of March 2010 and will serve as Busan's transpacific hub port of call. It is operationally tailored to handle hub and spoke as well as relay transshipment volumes for ships plying the Pacific



and North East Asian trade routes. Located in the New Port area, PNIT has a quay length of 1,200 metres with a depth of 16 metres and a backup area of 84 hectares. It is equipped with nine post-Panamax quayside cranes together with the full complement of container handling equipment. Further north, PSA's Incheon Container Terminal's volumes increased on the back of higher productivity and more customised services offered to shippers and shipping lines.

MIDDLE EAST SOUTH ASIA

In India, PSA Chennai International Terminals commenced operations in October 2009 with quay length of 832 metres, three quay cranes and 10 RTGs. The Terminal received its first Mainline call in December 2009. With its own seamless rail connection to Inland Container Depot destinations, the terminal is positioned to tap Chennai Port's steadily emerging status as the hub for the Indian East Coast. Tuticorin Container Terminal was nominated 'Best Operator' at the Southeast CEO Conclave & Awards organised by Fairplay Exposition Group & EXIM Shipping Times; in addition, the terminal received recognition from Tuticorin Port Trust by achieving the 'Highest Ship Berth Day Output' for the period 2008 – 2009.

Elsewhere in South Asia, PSA's Gwadar International Terminals in Pakistan handled over 2 million metric tonnes of bulk wheat and fertilizer for the year. It also welcomed *Agios Raphael*, the largest bulk vessel in Pakistan's port history with a draft of 12.95 metres and carrying 66,000 metric tonnes of wheat.

EUROPE & MEDITERRANEAN

PSA HNN's joint venture with MSC proved a successful formula during the economic crisis as the world's second largest shipping line concentrated container volumes at Antwerp, allowing MSC Home Terminal to maintain about the same volume level as 2008.

In June 2009, PSA HNN launched its new electronic platform to handle port formalities. The new system allows increased customer transactions and provides PSA HNN the flexibility to support integrated activities within the port and shipping community.

Over at the new Zeebrugge International Container Port (formerly known as Albert II Container Terminal), construction is expected to be completed by the fourth quarter of 2010. Another PSA facility in Zeebrugge, Container Handling Zeebrugge (CHZ) terminal, enjoyed 43.3% volume growth compared to the year before.

In Italy, Voltri Terminal Europa achieved record productivity levels in 2009 and won a new concession in the 6th Module.

Over in Portugal, PSA Sines continues to establish itself as Southwest Europe's gateway with 8.7% growth in 2009, due mainly to increased transshipment traffic between Sines and Leixões. In expectation of higher volumes in 2010, the terminal has received three new RTGs, increased its rail yard area by a hectare and started a 100-metre quay wall extension to be completed in the fourth quarter of 2010.

In the Mediterranean, Mersin International Port (MIP) continues to build on its hub status with new services starting up in spite of the global crisis, overtaking Izmir Port to become the second largest container port in Turkey. MIP also installed Turkey's first Optical Character Recognition system at its gate and began implementation of the first Electronic Customs Interface.

AMERICAS

The PSA Panama International Terminal, at the Pacific entrance of the Panama Canal, is scheduled for operations in 2010. Over in Argentina, construction of a third berth at Exolgan Container Terminal is currently underway and works are expected to be completed by first quarter 2011.

MARINE

Demand for PSA Marine's harbour pilotage and towage services remained strong. The company currently owns and operates 60 harbour tugboats, including two 70-tonne bollard pull harbour tugboats delivered in 2009. In June, PSA Marine's joint venture with Saigon Port Company Limited – to provide harbour towage services within Vietnam's Ba Ria-Vung Tau port area – commenced operations.

