

Rules 4.1, 4.3

Appendix 4E

Preliminary final report

Name of entity

Steamships Trading Company Limited

ABN or equivalent company reference

055836952

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

31st December 2019

For announcement to the market

Extracts from this report for announcement to the market.

K'000

Revenues from continuing operations	Up/ down	4.3%	to	585,168
Profit from continuing operations after tax	Up/ down	241.5%	to	47,366
Profit for the period attributable to members	Up/ down	-28.1%	to	49,995
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend	55t		0t	
Interim dividend	25t		0t	
Previous corresponding period	120t 45t		0t	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	30 th April 2020			

Preliminary Final Report to the Stock Exchange

2019 was a difficult year for PNG after the euphoria of hosting the APEC summit in late in 2018. The economy remained weak in the absence of any progress on the much-needed investment in the resource sector and the uncertainty caused by the change of Government in May 2019 and the consequent significant readjustment of national debt further dampened sentiment. The National Budget presented in November 2019 projects 2020 will record the largest expenditure and budget deficit in PNG's history. The ongoing shortage of foreign currency in PNG continues to suppress economic activity.

Continued budget support from multilateral agencies will be essential and likely to entail economic reforms that will impair economic activity in the short term.

2019 was a challenging year for the private sector as a whole and Steamships diverse business activities being closely integrated to the domestic economy were not immune to the negative impacts of the slowdown.

Steamships' sales revenue increased 4.3% to K585.1 million against last year's K560.8 million, on a continuing basis with improved revenue for Consort offsetting declines for Pacific Palms Property and Coral Sea Hotels.

	2019	2018	Change
	K000's	K000's	
Net Profit attributable to shareholders	49,995	69,529	-28.1%
Add back / (less) impact of significant items (post tax & minority interest)			
Impairment of Fixed Assets, Goodwill (incl Vessels)	0	7,854	
Tax Loss Write Off	0	21,469	
Hotel & Property Development Cost Write Off	0	1,498	
Gain on Sale of Laga Industries	0	(48,584)	
Loss on Disposal of Vessels	789	687	
Gain on Sale of Properties	(16,910)	(984)	
Salvage Profit	(2,369)	(8,165)	
Total impact of significant items	(18,490)	(26,225)	
Underlying profit attributable to shareholders	31,505	43,304	-27.2%

Depreciation in 2019 was K82.3 million against K83 million in 2018, and interest on borrowings (excluding capitalised interest) was K9.8 million against K10.3 million in 2018. Capital expenditure for the year was K93 million (with capitalised interest of K1.0 million) against K56.1 million (with capitalised interest of K1.7 million) in 2018.

The group's net operating cash flow generation declined 9.7% to K105.4 million against K116.7 million in 2018. The cash balance at year end is K100.8m.

A final dividend of 55 toea per share has been proposed and will be paid following approval at the company's annual general meeting on the 17th of June 2020, subject to Steamships' ability to secure

foreign exchange for non PNG shareholders. This brings the total dividend for the year to 80 toea per share (2018 = 165 toea per share). The dividend is unfranked and there is no conduit foreign income.

Significant items

The gain on sale of properties is principally attributable to the sale of a plot of land in Port Moresby by the Company to an associated company, Harbourside Developments Ltd, being the site for the new mixed-use development Harbourside South.

Logistics

Consort Express Lines embarked on a significant turnaround programme in 2019 in the face of a highly competitive and depressed coastal liner and projects shipping market. This has started to show results with improved fleet and schedule reliability and customer service. New systems and management have been introduced and Consort's results are improving. While investment in the resource sector remains weak, the focus is on the liner service with opportunities for projects and charter work, hopefully forthcoming later in 2020.

The Joint Venture Port Services businesses had a steady performance in 2019, recovering from the loss of the International Terminal Operator concessions in Port Moresby and Lae in 2018. JVPS now manages stevedoring and handling in 10 ports around PNG as well as an equipment hire business, providing a vital, safe and efficient operation for these communities, whilst providing an economic return to the local community shareholders.

East West Transport continues to grow its fleet and range of services in a steady profitable manner, winning some key new business in 2019 and maintaining a strong customer and fleet reliability focus.

Pacific Towing experienced a modest year in its principal harbour towage work across ports in PNG from its main base at the Motukea port in Port Moresby. External towage work provided steady work in 2019 with tugs deployed throughout the region. Diving and life raft activity were steady. The company was engaged in a number of successful salvage and wreck removal operations in the region in 2019 and has established a strong reputation in this area.

Property & Hotels

Pacific Palms Property experienced a reduction in rental rates in 2019 in the face of increased competition and was unable to achieve the occupancy levels of the prior year and profit fell as a result. In response to growing competition, an upgrade programme was undertaken in Port Moresby and Lae to maintain its quality leadership position. Construction of the Harbourside second phase, Harbourside South, with residential, commercial and retail space, commenced mid-year and is on track for mid-2022 opening.

Coral Sea Hotels owns and manages nine properties in PNG and suffered from the increased capacity in Port Moresby coupled with the reduction in international arrivals. Nevertheless, CSH is committed to remain competitive through a sustained focus on investment in its quality service offering, food and beverage as well as the training and development of its staff.

Commercial

Colgate-Palmolive, (PNG) Limited a PNG incorporated joint venture, saw volume and sales revenue growth across all three categories of Oral Care, Personal Care and Home Care. Overall margin for the business was slightly lower than budget. Overheads were prudently managed to finish below prior year and in line with budget.

Trading Outlook

Whether the key resource projects proceed or not, 2020 is expected to be another challenging year for the PNG economy. We remain hopeful that resource projects will progress to binding agreements and subsequent significant investment that would be beneficial to the citizens of PNG and all the other stakeholders in the projects.

We remain firmly focused on the future and our commitment to the development of the country and people of PNG and the exciting opportunities that lie ahead.

Statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
Continuing Operations		
Revenues	585,168	560,817
Operating Expenses		
Cost of goods & services	(111,552)	(81,225)
Staff Cost	(119,712)	(122,217)
Electricity and fuel	(46,314)	(48,772)
Depreciation & amortisation	(82,268)	(82,974)
Impairment of fixed assets, goodwill	-	(11,710)
Hotel & Property Development Cost Write Off	-	(1,498)
Finance- net	(9,846)	(10,293)
Other operating expenses	(154,192)	(139,610)
Other gains / (losses)	-	(390)
Share of net profits of associates and joint venture entities accounted for using the equity method	5,010	5,628
Profit before Income Tax	66,294	67,756
Income tax expense	(18,928)	(53,886)
Profit from Continuing Operations	47,366	13,870
Profit after tax from Discontinued Operations	-	49,831
Total Comprehensive Income for the Year	47,366	63,701
Attributable to:		
Shareholders	49,995	69,529
Non-Controlling Interests	(2,629)	(5,828)
	47,366	63,701

Earnings per security (EPS)	Current period (toea)	Previous corresponding period (toea)
Basic & Diluted EPS (total profit)	161.2	224.2
Basic & Diluted EPS (continuing)	161.2	63.5

Comparison of half year profits

	Current year - K'000	Previous corresponding period - K'000
Consolidated profit from continuing operations after tax attributable to members reported for the <i>1st</i> half year	10,913	16,919
Consolidated profit from continuing operations after tax attributable to members for the <i>2nd</i> half year	36,453	(3,049)

Statement of financial position - consolidated	As at 31 Dec 2019 K'000	As at 31 Dec 2018 K'000
Current assets		
Cash and cash equivalents	100,832	193,521
Trade and other receivables	148,118	191,778
Assets held for sale	-	3,363
Income tax receivable	9,507	355
Inventories	13,351	16,063
Total current assets	271,808	405,080
Non-current assets		
Investments	41,586	65,276
Property, plant and equipment	970,928	890,576
Intangibles	76,433	76,433
Loans to related parties	88,577	65,731
Deferred tax asset	2,311	1,682
Total non-current assets	1,179,835	1,099,698
Total assets	1,451,643	1,504,778
Current liabilities		
Trade and other payables	75,407	104,277
Lease Liabilities	3,772	-
Provisions	51,542	56,685
Loans from related parties	15,822	66,897
Borrowings	1,743	124,682
Income tax payable	-	-
Total current liabilities	148,286	352,541
Non-current liabilities		
Lease Liabilities	68,464	-
Deferred tax liability	18,866	18,729
Borrowings	302,000	182,000
Provision for other liabilities & charges	11,237	11,480
Total non-current liabilities	400,567	212,209
Total liabilities	548,853	564,750
Net assets	902,790	940,028
Share capital and reserves		
Issued capital	24,200	24,200
Retained earnings	860,843	896,105
Shareholders' funds	885,043	920,305
Minority shareholders' interests	17,747	19,723
Total capital and reserves	902,790	940,028

Consolidated Statement of changes in equity	Contributed Equity K'000	Retained Earnings K'000	Total K'000	Minority Interests K'000	Total Equity K'000
Balance At 1st January 2018	24,200	817,764	841,964	36,190	878,154
Total Comprehensive income for the year	-	69,529	69,529	(5,828)	63,701
Equity adjustment on acquisition of new entities	-	33,429	33,429	-	33,429
Adjustment to opening retained earnings on adoption of IFRS 15	-	1,740	1,740	-	1,740
Dividends paid 2018	-	(26,357)	(26,357)	(10,639)	(36,996)
Balance at 31 December 2018	24,200	896,105	920,305	19,723	940,028
Total Comprehensive income for the year	-	49,995	49,995	(2,629)	47,366
Adjustment on acquisition of minority interest in subsidiary	-	(40,295)	(40,295)	10,738	(29,557)
Dividends paid 2019	-	(44,962)	(44,962)	(10,085)	(55,047)
Balance at 31 December 2019	24,200	860,843	885,043	17,747	902,790

Consolidated statement of cash flows

	Current period K'000	Previous corresponding period K'000
Cash flows related to operating activities		
Net Receipts less Supplier Payments	140,447	157,424
Interest received	7,937	5,199
Interest and other costs of finance paid	(15,431)	(15,492)
Income taxes paid	(27,549)	(30,445)
Net operating cash flows	105,404	116,686
Cash flows related to investing activities		
Purchases of property, plant and equipment	(93,047)	(56,114)
Proceeds from sale of property, plant and equipment	24,409	14,662
Proceeds from sale of investments	-	147,464
Dividends received from associates	23,488	7,547
Investment in subsidiary	(21,036)	-
Cash balance received in acquiring Croesus entities	-	47,632
Net investing cash flows	(66,186)	161,192
Cash flows related to financing activities		
Proceeds from borrowings	10,000	-
Repayment of borrowings	(10,000)	(41,627)
Loans repaid to associates	(73,921)	942
Dividends paid	(55,047)	(36,996)
Net financing cash flows	(128,968)	(77,678)
Net increase/(decrease) in cash held	(89,750)	200,196
Cash at beginning of period <i>(see Reconciliation of cash)</i>	188,839	(11,357)
Cash at end of period <i>(see Reconciliation of cash)</i>	99,089	188,839

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

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Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period K'000	Previous corresponding period - K'000
Cash on hand and at bank	100,832	193,521
Bank overdraft	(1,743)	(4,682)
Total cash at end of period	99,089	188,839

Other notes to the consolidated financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit from continuing operations before tax as a percentage of revenue	11.33%	12.08%
Profit after tax / equity interests Consolidated net profit from continuing operations after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	5.65%	2.14%

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

161.2 toea per share

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	K26.65	K27.85

Loss of control of entities having material effect

Name of entity (or group of entities)

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	
Date to which the profit (loss) in item 14.2 has been calculated	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period (K'000)	
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control (K'000)	

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	3 rd August 2020
Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)	30 th April 2020
If it is a final dividend, has it been declared?	No

Amount per security

		Amount per security	Franked amount per security at 42% tax (see note 4)	Amount per security of foreign source dividend
Final dividend:	Current year	55t	NIL	55t
	Previous year	120t	NIL	120t
Interim dividend:	Current year	25t	NIL	25t
	Previous year	45t	NIL	45t

Total dividend (distribution) per security (interim *plus* final)

	Current year	Previous year
Ordinary securities	80t	165t
Preference securities	NIL	NIL

Preliminary final report - final dividend (distribution) on all securities

	Current period K'000	Previous corresponding period - K'000
Ordinary securities	17,055	37,210
Preference securities	Nil	Nil
Other equity instruments	Nil	Nil
Total	17,055	37,210

The dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

None

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period - K'000	Previous corresponding period - K'000
Profit (loss) from ordinary activities before tax	6,895	8,040
Income tax on ordinary activities	(1,885)	(2,412)
Profit (loss) from ordinary activities after tax	5,010	5,628
Extraordinary items net of tax	-	-
Net profit (loss)	5,010	5,628
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	5,010	5,628

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (<i>item 1.10</i>)	
	Current period	Previous corresponding period	Current period K'000	Previous corresponding period - K'000
Equity accounted associates and joint venture entities				
a) Colgate-Palmolive (PNG)	50.0	50.0	4,085	5,463
b) Pacific Rumana	50.0	50.0	(1)	567
c) United Stevedoring	16.9	16.9	16	3
d) Riback Stevedoring	49.0	34.4	542	649
e) Makerio Stevedoring	45.0	31.7	28	99
f) Nikana Stevedoring	45.0	31.7	11	158
g) Harbourside Development	50.0	50.0	210	26
h) Viva No 31	50.0	50.0	385	(299)
i) Wonye	50.0	50.0	(61)	(248)
j) Morobe Terminals	42.9	42.9	(205)	(790)
Total			5,010	5,628
Other material interests			-	-
Total			5,010	5,628

Issued and quoted securities at end of current period

Category of securities	Total number	Number quoted	Issue price per security (toea)	Amount paid up per security (toea)
Preference securities <i>(description)</i>				
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
Ordinary securities	31,008,237	31,008,237	N/A	N/A
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks				
Convertible debt securities <i>(description and conversion factor)</i>				
Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	Issued during current period			
	Exercised during current period			
	Expired during current period			
Debentures <i>(description)</i>				
Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

<p>Unsecured notes <i>(description)</i></p> <p>Changes during current period</p> <p>(a) Increases through issues</p> <p>(b) Decreases through securities matured, converted</p>		
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Segment reporting

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity’s accounts should be reported separately and attached to this report.)
Refer attachment page 18.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Nil

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

Refer to Note 2.

Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

Nil

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

Nil

Additional disclosure for trusts

Number of units held by the management company or responsible entity or their related parties.

N/A

A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	Steamships Trading Company Limited, Level 5, Harbourside West, Stanley Esplanade Port Moresby
Date	17 th June, 2020
Time	12.00 noon
Approximate date the annual report will be available	13 th April, 2020

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

International Financial Reporting Standards

- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed (see note 2).
- 4 This report is based on accounts to which one of the following applies.

<input type="checkbox"/>
<input checked="" type="checkbox"/>

The accounts have been audited.

The accounts are in the process of being audited or subject to review.

<input type="checkbox"/>
<input type="checkbox"/>

The accounts have been subject to review.

The accounts have *not* yet been audited or reviewed.

- 5 The preliminary final report is based on accounts that are unaudited.
- 6 The entity has a formally constituted audit committee.

Sign here:

(Director & Company Secretary)

Date: 27th February 2020

Print name: Michael Scantlebury

Segmental Reporting

Divisional Segments

The group operates in the following commercial areas:

	Commercial Division	Hotels & Property	Logistics	Finance, Investment &Eliminations	Total
	K'000	K'000	K'000	K'000	K'000
2019					
Total Revenue	-	222,621	358,507	4,040	585,168
Segment Results		68,701	5,592	(13,009)	61,284
Add: Share of Associate Profit	-	532	393	4,085	5,010
Total Segment result	-	69,233	5,985	(8,924)	66,294
Income tax expense	-	(18,310)	(2,994)	2,376	(18,928)
Group Profit	-	50,923	2,991	(6,548)	47,366
Segment assets	-	741,088	401,809	308,746	1,451,643
Segment liabilities	-	(259,406)	(282,185)	(7,262)	(548,853)
Net Assets	-	481,682	119,624	301,484	902,790
Capital expenditure	-	25,190	66,220	1,637	93,047
Depreciation	-	44,756	34,552	2,960	82,268

	Commercial Division	Hotels & Property	Logistics	Finance, Investment &Eliminations	Total
	K'000	K'000	K'000	K'000	K'000
2018					
Total Revenue	-	230,935	323,640	6,242	560,817
Segment Results		65,509	2,630	(6,011)	62,128
Add: Share of Associate Profit	-	45	119	5,464	5,628
Total Segment result	-	65,554	2,749	(547)	67,756
Income tax expense	-	(18,431)	(38,289)	2,834	(53,886)
Group Profit	-	47,123	(35,540)	2,287	13,870
Segment assets	-	703,784	394,852	406,142	1,504,778
Segment liabilities	-	(253,291)	(240,412)	(71,047)	(564,750)
Net Assets	-	450,493	154,440	335,095	940,028
Capital expenditure	10,087	25,918	19,718	391	56,114
Depreciation	-	42,078	37,239	3,657	82,974

1. Details of entities over which control has been gained or lost during the period

Current Period

Steamships Trading Company Limited acquired the minority shareholding (29.76%) in Consort Express Limited in May 2019 to increase its shareholding to a fully owned subsidiary. As result of this acquisition, effective control in the associate companies of Consort Express Limited has increased and Morobe Terminals Limited and United Stevedoring Limited have changed from associates to subsidiaries. The transaction resulted in an adjustment to other reserves.

	2019 K'000
Purchase consideration paid for acquisition of minority shares in subsidiary	51,202
Repayment of minority shareholder loan	(19,343)
Add/(less): acquisition of minority interest	10,738
Equity adjustment on gain in control of subsidiaries	(2,302)
	40,295

Last Period

On 10th July 2018, the Group bought all shares of Croesus Re PCC Limited from an entity under common control for no consideration which resulted in unrealised gain to equity of the Group to the extent of value equivalent to net assets of acquired entities. As the transaction was between entities under common control, assets and liabilities have been recorded at existing book values at the date of acquisition, with a corresponding adjustment recorded in retained earnings.

2. Basis of Accounting

The Group has adopted IFRS 16 using the modified retrospective approach from 1 January 2019. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5% p.a.

	2019 K'000
Operating lease commitments as at 31 December 2018	98,588
Discounted using the lessee's incremental borrowing rate at the date of initial application	(42,760)
Add/(less): adjustments as a result of a different treatment of extension options	(151)
Add/(less): adjustments relating to changes in payments	(1,274)
Lease liability recognised as at 1 January 2019	41,335
Current lease liabilities	2,832
Non-current lease liabilities	38,503
	41,335

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- Property, Plant and Equipment – increase by PGK 41,335,000
- Lease Liabilities – increase by PGK 41,335,000

Adoption of IFRS 16 did not have impact on retained earnings on 1 January 2019.

Right-of use assets were measured at the amount equal to the lease liability as at 1 January 2019. Right-of-use assets are included in 'Property, plant and equipment'.

The recognised right-of-use assets relate to the following types of assets:

	31st December 2019 K'000	1st January 2019 K'000
State land leases	25,902	29,654
Properties	45,315	11,681
Total right-of-use assets	71,217	41,335

Adjusted EBITDA, segment assets and segment liabilities as at 31st December 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The segment affected by the change in policy is Hotels and Properties.

3. Income Tax Expense

The effective rate of tax charged differs from the statutory rate of 30% as follows;

	Current period K'000	Previous corresponding period K'000
Net profit before income tax	66,294	67,756
Prima facie tax on profit before income tax	19,888	20,327
Tax loss not recognised (prior years)	-	30,565
Tax loss not recognised	6,659	5,355
Tax on non assessable income	(5,073)	-
Share of profit of associates and joint ventures	(1,885)	(2,411)
Other adjustments	(661)	50
	18,928	53,886

4. Contingent Liabilities

There were contingent liabilities at the Balance Sheet date as follows:

- (a) The parent entity has given a secured guarantee in respect of the bank overdrafts and loans of certain subsidiaries, associates and joint ventures.
- (b) The parent entity has given letters of comfort of continuing financial support in respect of certain subsidiaries, associates and joint ventures.

No losses are anticipated in respect of these guarantees.

5. Comparatives

Comparative figures have been adjusted to conform to changes in presentation in the current period.