

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 2021

For announcement to the market

Extracts from this report for announcement to the market.

K'000

Revenues from continuing operations	Up/ down	11.4%	to	563,929
Profit from continuing operations after tax	Up/ down	9.7%	to	86,736
Profit for the period attributable to members	Up/ down	14.8%	to	90,550
Dividends (distributions)	Amount per security		Franked amount per security	
Proposed final dividend	65t		0t	
Interim dividend	35t		0t	
Previous corresponding period	80t		0t	
	-		0t	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	29 th April 2022			

Preliminary Final Report to the Stock Exchange

2021 was again a difficult year as the COVID-19 virus continued to impact the global economy. The PNG economy remained weak. Restrictions imposed to limit the spread of the virus created additional costs and uncertainty for businesses.

It was a difficult year for the PNG private sector as a whole and Steamships diverse business activities, being closely integrated to the domestic economy, were impacted by the negative impacts of the COVID-19 virus and an economic slowdown. However, prudent cost management, a dedication to customer service and cautious investment have delivered much improved results in 2021 over the prior year.

Steamships' sales revenue on a continuing basis increased 11% to K563.9 million against last year's K506.1 million, with improved revenue for Coral Sea Hotels (resulting from the requirement for international arrivals to quarantine for up to 14 days) and Consort shipping, which offset declines for Pacific Palms Property, East West Transport and Pacific Towing.

	2021 K000's	2020 K000's	Change
Net Profit attributable to shareholders	90,550	78,855	14.8%
Add back / (less) impact of significant items (post tax & minority interest)			
Impairment of Fixed Assets, Goodwill (incl Vessels)	0	919	
Recognition of tax losses previously not recognised, net of deferred tax movements	(22,869)	(25,197)	
Fixed Assets Write Off	100	613	
Refund of SWT Assessment	0	(8,467)	
(Gain) / Loss on Disposal of Assets	0	(1,362)	
Gain on Sale of Properties	0	(7,333)	
Reversal of Vessel Impairment	(3,059)	0	
Salvage Profit	(2,564)	(1,101)	
Total impact of significant items	(28,392)	(41,928)	
Underlying profit attributable to shareholders	62,158	36,927	68.3%

Depreciation in 2021 was K93.8 million against K88.3 million in 2020, and interest on net borrowings (excluding capitalised interest) was K4.0 million against K8.9 million in 2020. Capital expenditure for the year was K104.9 million against K68.5 million in 2020.

The group's net operating cash flow generation increased by 5% to K161.5 million against K153.9 million in 2020. The cash balance at year end is K61.3 million.

A final dividend of 65 toea per share has been proposed and will be paid following approval at the Board of Directors meeting on 17th June 2022, subject to Steamships' ability to secure foreign exchange for non PNG shareholders. As there was an interim dividend paid during the year of 35 toea per share, the total dividend for the year is 100 toea per share (2020: 80 toea per share). The dividend is unfranked and there is no conduit foreign income.

Significant items

Following the amalgamation of wholly-owned subsidiary, Consort Express Lines Ltd (“CEL”) with Steamships Ltd in 2019, previously unutilised tax losses from prior periods were made available.

Coral Sea Hotels

Although Coral Sea Hotels (CSH) was impacted by COVID-19, as international and domestic travel restrictions significantly reduced demand for hotel rooms and dining, there was increased revenue from the Government imposed quarantine regulations, largely from the resource sector, throughout 2021, albeit at low margins. CSH expanded its food and beverage offering with the opening of new outlets and a restaurant at Ela Beach Hotel and will continue to explore opportunities to expand in this sector.

Pacific Palms Property

Pacific Palms Property’s (PPP) net financial performance was broadly in line with 2020, despite a slight fall in leasing revenue. The impact of COVID-19 continued to affect demand for premium residential units in Port Moresby. Similarly, demand for commercial premises fell short of expectation. However, demand for industrial and retail units in Port Moresby was resilient. Outside of Port Moresby, occupancy and yields were generally stable with both Lae and Mt Hagen showing some strength. Construction of Harbourside South continues to progress and is expected to complete at the end of 2022.

Logistics

The logistics businesses, comprising Consort shipping, East West Transport (EWT), Joint Venture Port Services (JVPS) and Pacific Towing, are becoming increasingly integrated to offer an improved service for customers. Demand for scheduled liner shipping capacity was strong throughout the year, despite COVID-19 restrictions late in Q1. A focus on maintenance and operational efficiencies continues to deliver improved fleet and schedule reliability. Additional capacity is planned to be introduced in 2022. JVPS performed well largely due to stronger-than-expected activity with Consort and improved results from equipment hire.

EWT business remained soft. Fuel transport was down due to reduced air traffic impacting demand for aviation fuel. Freight movements in general were also below expectations as was demand for depot and warehouse space. EWT has invested in new trucks and will continue to do so in 2022 to improve customer service and reliability.

Pacific Towing experienced a lower volume of harbour towage jobs in 2021 compared to 2020. Non-harbour towing operations also experienced reduced activity. It was another quiet year for salvage opportunities.

Commercial

Colgate-Palmolive (PNG) Limited, a PNG incorporated joint venture, overcame distribution problems associated with COVID-19 restrictions. Despite the challenges, Home Care and Personal Care category sales revenue improved in 2021. However, Oral Care volume and sales revenue fell as customers changed their buying habits. Overall, sales revenue and margin had a marginal improvement on 2020.

Trading Outlook

The National Elections in Mid 2022 are expected to generate a modest increase in economic activity. There is also cause for some optimism that the long-delayed resource extraction projects will achieve meaningful progress. The investment and job creation from these projects is essential to the recovery and future development of PNG.

Nevertheless, 2022 is expected to be another challenging year for PNG and Steamships.

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	563,929	506,144
Operating Expenses		
Cost of goods & services	(133,503)	(117,270)
Staff Cost	(112,428)	(99,428)
Electricity and fuel	(34,680)	(33,796)
Depreciation & amortisation	(93,774)	(88,328)
Impairment of vessels	-	(919)
Insurance	(6,639)	(6,198)
Security costs	(12,063)	(13,255)
Motor vehicle expenses	(18,536)	(24,047)
Fixed assets write-off	(100)	(613)
Finance- net	(4,018)	(8,990)
Other operating expenses	(69,190)	(58,765)
Reversal of vessel impairment	4,370	-
Other gains	-	9,278
Share of net profits of associates and joint venture entities accounted for using the equity method	5,062	4,026
Profit before income tax	88,430	67,839
Income tax (expense) / credit	(1,694)	11,198
Profit from Continuing Operations	86,736	79,037
Profit from Discontinued Operations	4,880	-
Total Comprehensive Income for the Year	91,616	79,037
Attributable to:		
Shareholders	90,550	78,855
Non-Controlling Interests	1,066	182
	91,616	79,037

Earnings per security (EPS)	Current period (toea)	Previous corresponding period (toea)
Basic & Diluted EPS (total profit)	292.0	254.3
Basic & Diluted EPS (continuing)	279.8	254.3
Basic & Diluted EPS (discontinued)	15.7	-

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	33,086	16,079
Consolidated profit from continuing operations after tax attributable to members for the <i>2nd</i> half year	53,650	62,776

Statement of financial position - consolidated	As at 31 Dec 2021 K'000	As at 31 Dec 2020 K'000
Current assets		
Cash and cash equivalents	63,788	142,424
Term deposits	-	8,063
Trade and other receivables	178,295	125,568
Assets held for sale	8,234	4,987
Income tax receivable	10,000	23,923
Inventories	23,009	17,282
Total current assets	283,326	322,247
Non-current assets		
Investments	39,367	36,992
Property, plant and equipment	933,983	945,075
Intangibles	76,433	76,433
Due from related parties	167,682	106,456
Income tax receivable	13,627	-
Deferred tax asset	2,571	1,010
Total non-current assets	1,233,663	1,165,966
Total assets	1,516,989	1,488,213
Current liabilities		
Trade and other payables	91,804	61,689
Lease liabilities	2,080	2,662
Provisions	48,239	55,398
Due to related parties	2,787	5,024
Borrowings	53,778	105,006
Total current liabilities	198,688	229,779
Non-current liabilities		
Lease liabilities	59,474	70,428
Deferred tax liability	18,470	14,743
Borrowings	209,500	199,500
Provision for other liabilities & charges	9,928	9,937
Total non-current liabilities	297,372	294,608
Total liabilities	496,060	524,387
Net assets	1,020,929	963,826
Share capital and reserves		
Issued capital	24,200	24,200
Retained earnings	980,484	922,643
Shareholders' funds	1,004,684	946,843
Minority shareholders' interests	16,245	16,983
Total capital and reserves	1,020,929	963,826

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 2020	24,200	860,843	885,043	17,747	902,790
Total Comprehensive income for the year	-	78,855	78,855	182	79,037
Dividends paid 2020	-	(17,055)	(17,055)	(946)	(18,001)
Balance at 31 December 2020	24,200	922,643	946,843	16,983	963,826
Total Comprehensive income for the year	-	90,550	90,550	1,066	91,616
Other	-	2,950	2,950	-	2,950
Dividends paid 2021	-	(35,659)	(35,659)	(1,804)	(37,463)
Balance at 31 December 2021	24,200	980,484	1,004,684	16,245	1,020,929

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	166,990	166,245
Interest received	9,817	7,416
Interest and other costs of finance paid	(13,835)	(16,406)
Income taxes paid	(1,384)	(3,388)
Net operating cash flows	161,588	153,867
Cash flows related to investing activities		
Purchases of property, plant and equipment	(104,988)	(68,549)
Proceeds from sale of property, plant and equipment	-	7,352
Dividends received from associates	188	8,619
Loans issued to associated companies	(52,327)	(17,879)
Investment in term deposits	8,063	(8,063)
Net investing cash flows	(149,064)	(78,520)
Cash flows related to financing activities		
Proceeds from borrowings	-	-
Repayment of borrowings	(45,523)	-
Loans repaid to associated companies	(2,237)	(10,798)
Purchase of additional shares in subsidiary	-	-
Lease repayments	(5,965)	(5,719)
Dividends paid	(37,463)	(18,001)
Net financing cash flows	(91,188)	(34,518)
Net (decrease) / increase in cash held	(78,664)	40,829
Cash at beginning of period (see Reconciliation of cash)	139,918	99,089
Cash at end of period (see Reconciliation of cash)	61,254	139,918

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	63,788	142,424
Bank overdraft	(2,534)	(2,506)
Total cash at end of period	61,254	139,918

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	15.68%	13.4%
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	8.52%	8.20%

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *IAS 33: Earnings Per Share* are as follows.

272.80 toea per share (continuing operations)
15.70 toea per share (discontinued operations)

NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	K30.46	K28.62

Loss of control of entities having material effect

Name of entity (or group of entities)	Croesus Holdings Ltd and Croesus Re PCC Limited
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	K4.9m
Date to which the profit (loss) in item 14.2 has been calculated	30 September 2021
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	K0.8m
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	Nil

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	29th July 2022
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)	29 th April 2022
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	65t	NIL	80t
	Previous year	80t	NIL	80t
Interim dividend:	Current year	35t	NIL	Nil
	Previous year	Nil	NIL	Nil

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

	Current year	Previous year
Ordinary securities	K1.00	80t
Preference securities	NIL	NIL

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

	Current period K'000	Previous corresponding period - K'000
Ordinary securities	20,155	24,807
Preference securities	Nil	Nil
Other equity instruments	Nil	Nil
Total	20,155	24,807

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	7,232	5,751
Income tax on ordinary activities	(2,170)	(1,725)
Profit (loss) from ordinary activities after tax	5,062	4,026
Extraordinary items net of tax	-	-
Net profit (loss)	5,062	4,026
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	5,062	4,026

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	4,419	3,866
b) Pacific Rumana	50.0	50.0	231	(15)
c) Riback Stevedoring	49.0	49.0	-	(23)
d) Makerio Stevedoring	45.0	45.0	65	113
e) Nikana Stevedoring	45.0	45.0	134	185
f) Harbourside Development	50.0	50.0	(180)	(178)
g) Viva No 31	50.0	50.0	(131)	(171)
h) Wonye	50.0	50.0	524	249
Total			5,062	4,026
Other material interests			-	-
Total			5,062	4,026

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 *IFRS 8: Segment Reporting* and for half year reports, *IAS 34: 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 *IAS 34: 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.

Following the amalgamation of wholly-owned subsidiary, Consort Express Lines Ltd ("CEL") with Steamships Ltd in 2019, previously unutilised tax losses from prior periods were made available and a component of these were utilised during the year.

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*).

Nil

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	@345 Building Allotments 3, 4 and 5, Section 20, Champion Parade, Granville, Port Moresby, National Capital District, Papua New Guinea
Date	17 th June, 2022
Time	12.00 noon
Approximate date the annual report will be available	11 th April, 2022

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"/>

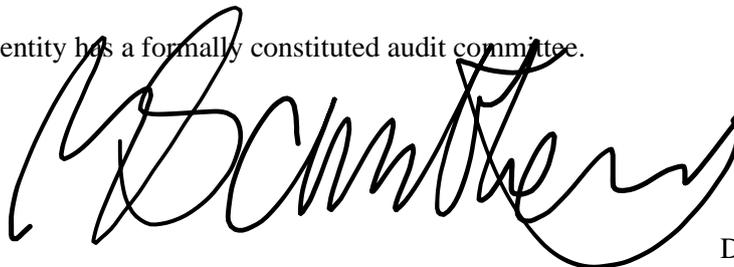
The accounts have been audited.
The accounts are in the process of being audited or subject to review.

<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: 28th February 2022

Print name: Michael Scantlebury

Segmental Reporting

Divisional Segments

The group operates in the following commercial areas:

	Hotels & Property	Logistics	Finance, Investment &Eliminations	Total
	K'000	K'000	K'000	K'000
2021				
Total Revenue				
- from continuing operations	240,286	321,168	2,475	563,929
- from discontinued operations	-	-	746	746
	<u>240,286</u>	<u>321,168</u>	<u>3,221</u>	<u>564,675</u>
Segment Results	81,739	23,520	(21,891)	83,368
Add: Share of Associate Profit	-	-	5,062	5,062
Total Segment result	<u>81,739</u>	<u>23,520</u>	<u>(16,829)</u>	<u>88,430</u>
Income tax credit / (expense)	(14,433)	(5,633)	18,372	(1,694)
Group profit from continuing operations	67,306	17,887	1,543	86,736
Group profit from discontinued operations	-	-	4,880	4,880
Total Group profit	<u>67,306</u>	<u>17,887</u>	<u>6,423</u>	<u>91,616</u>
Segment assets	697,144	351,345	468,500	1,516,989
Segment liabilities	(101,584)	(173,189)	(221,287)	(496,060)
Net Assets	<u>595,560</u>	<u>178,156</u>	<u>247,213</u>	<u>1,020,929</u>
Capital expenditure	48,102	55,704	1,182	104,988
Depreciation	45,908	43,193	4,673	93,774

	Hotels & Property	Logistics	Finance, Investment &Eliminations	Total
	K'000	K'000	K'000	K'000
2020				
Total Revenue	197,520	339,148	3,738	540,406
Segment Results	53,697	14,750	(4,634)	63,813
Add: Share of Associate Profit	(116)	276	3,866	4,026
Total Segment result	53,581	15,026	(768)	67,839
Income tax expense	(15,537)	(6,233)	32,968	11,198
Group Profit	38,044	8,793	32,200	79,037
Segment assets	740,382	324,848	422,983	1,488,213
Segment liabilities	(242,585)	(148,902)	(132,900)	(524,387)
Net Assets	497,797	175,946	290,083	963,826
Capital expenditure	32,158	35,842	549	68,549
Depreciation	45,217	40,023	3,088	88,328

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

Current Period

In September 2021 Steamships sold its wholly-owned subsidiary Croesus Holdings Ltd, and indirect wholly-owned subsidiary, Croesus Re PCC Ltd, both incorporated in the Isle of Man, to its ultimate parent company, John Swire & Sons Ltd. at the net book value of the two entities. The value of the transaction represents less than 5% of the equity interests of Steamships, as reported in the last set of accounts submitted to ASX, being 30th June 2021 (total equity of PGK 969,934,000 equivalent to approximately USD276,000,000).

Last Period

There were no changes in control over entities during the last period.

2. Basis of Accounting

There were no changes in significant accounting policies and these were consistently applied in the current year.

3. Income Tax Credit/ (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 – continuing operations	88,430	67,839
Prima facie tax on profit before income tax	(26,529)	(20,351)
Tax loss utilised in current year – previously unrecognised	25,600	28,015
Tax loss previously unrecognised tax losses net of deferred tax movements	(2,731)	-
Tax on non assessable income	447	2,200
Share of profit of associates and joint ventures	1,519	1,208
Other adjustments	-	126
	(1,694)	11,198

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.