

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 2023

For announcement to the market

Extracts from this report for announcement to the market.

K'000

Revenues from continuing operations	Up / down	4.0%	to	656,290
Profit from continuing operations after tax	Up / down	1.3%	to	58,667
Profit for the period attributable to members	Up / down	0.3%	to	58,144
Dividends (distributions)				
	Amount per security	Franked amount per security		
Proposed final dividend	60t*	0t		
Interim dividend	35t			
Previous corresponding period	70t	0t		
	50t			
Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	26 th April 2024			

* Proposed final dividend, subject to Board approval

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Preliminary Final Report to the Stock Exchange

In a year that was characterised by modest economic fundamentals, as well as delayed progress with the various natural resources projects, Steamships' disciplined approach to financial management delivered a satisfactory outcome for shareholders. By adopting a strategic and flexible approach to capital expenditure, the Company is well positioned for the future growth in demand.

The Post-COVID recovery that started in 2022 did not accelerate, as hoped, in 2023. Therefore the focus was to maintain profitability whilst investing in strategic assets (such as Portside Business Park and additional logistics assets) to meet long term growth objectives.

The Company, through its diversified operations, was able to balance lower demand for logistics products and services with stronger performance from its hospitality and property divisions, reflecting an ability to adapt and respond to external market challenges.

Steamships' sales revenue, on a continuing basis, increased 4.0% to K656.3 million against last year's K631.3 million, with improved revenue across the various businesses.

	2023 K000's	2022 K000's	Change
Net Profit attributable to shareholders	58,144	57,985	0.3%
Add back / (less) impact of significant items (post tax & minority interest)			
Impairment of properties	-	18,090	
Blaikie insurance claim settlement	(7,904)	-	
Total impact of significant items	(7,904)	18,090	
Underlying profit attributable to shareholders	50,240	76,075	(34.0%)

Depreciation in 2023 was K104.5 million against K95.3 million in 2022, and interest on net borrowings (excluding capitalised interest) was K1.7 million (expense) against K1.2 million (expense) in 2022. Capital expenditure for the year was K222.8 million against K129.2 million in 2022.

The group's net operating cash flow generation decreased by 37.2% to K115.3 million against K183.5 million in 2022. The cash balance at year end is K25.9 million.

A final dividend of 60 toea per share has been proposed and will be paid following approval at the Board of Directors meeting on 13th June 2024, 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 95 toea per share (2022: 120 toea per share). The dividend is unfranked and there is no conduit foreign income.

Coral Sea Hotels

Coral Sea Hotels' solid performance can be largely attributed to a significant influx of diplomatic visits and the Pacific Island Forum, showcasing the division's ability to deliver premium customer experience. ENZO's continues to expand the food and beverage offering with the opening of new outlets. A major renovation program across all hotel properties in 2024 will position the division for the expected increase in demand in years to come.

Pacific Palms Property

Pacific Palms Property's experienced firming demand in both residential and commercial units. However, inventory was reduced as a result of renovations and repair work, and this depressed both growth and profitability. The new development in Port Moresby, Harbourside South was substantially completed during 2023, and is scheduled to opening in Q1 2024. Phase 1 of the Dobel Shopping Center in Mount Hagen was completed ahead of schedule in Q3 2023; Phase 2 has entered final design and financing stage. The first Marriott Property in PNG, Marriott Executive Apartments (located in Harbourside South), opened on 19th February 2024.

Logistics

Both Consort and EastWest Transport experienced headwinds driven by softness in domestic markets and demand. Reflecting Steamships' long-term horizons, additional shipping capacity was added to cater for expected underlying growth as well as project driven demand arising from Papua LNG. The first assets were successfully contracted to TotalEnergies in 2023.

Pacific Towing provided a consistently reliable harbour towage service throughout the year. Returns were bolstered by salvage operations late in the year.

Commercial

The results of Colgate-Palmolive (PNG) Limited, a PNG incorporated joint venture, showed strong growth across most product categories as well as margin improvements driven by favourable sales mix and effective cost controls; supply chain performance has returned to pre-COVID levels and inflationary pressures have been offset by price adjustments.

Trading Outlook

There is still optimism that early-works activity for the Papua LNG project and broader infrastructure investment should gain traction in 2024. However, there are worrying indications that the timeline of the project may be slipping again; Steamships will maintain a cautious approach to committing capital to project related activity until final investment decision is secured. Steamships, through its investments in 2023, is well positioned to benefit from the improving economic conditions. It remains committed to continuous improvement in productivity and is vigilant in identifying opportunities for growth. The opening of Harbourside South will inject new vibrancy into the Downtown Precinct and will be a catalyst of local economic growth.

Papua New Guinea is our home and principal place of business, and we will continue to actively contribute to its economic and social development. The Board of Directors would like to thank all our staff for their commitment and personal dedication during what has been a challenging few years for the entire country.

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Statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
Continuing Operations		
Revenues	656,290	631,262
Other income	13,006	-
Operating Expenses		
Cost of goods and services	(132,979)	(125,177)
Staff costs	(174,530)	(137,037)
Electricity and fuel	(46,889)	(51,869)
Depreciation and amortisation	(104,529)	(95,279)
Impairment of vessels	-	(767)
Impairment of properties	-	(25,842)
Insurance	(10,054)	(7,405)
Security costs	(13,125)	(13,017)
Motor vehicle expenses	(33,861)	(29,669)
Finance income / (costs)- net	(1,652)	(1,175)
Other operating expenses	(74,574)	(64,239)
Share of net profits of associates and joint venture entities accounted for using the equity method	7,286	6,288
Profit before income tax	84,389	86,074
Income tax expense	(25,722)	(26,633)
Profit from Continuing Operations	58,667	59,441
Profit from Discontinued Operations	-	-
Total Comprehensive Income for the Year	58,667	59,441
Attributable to:		
Shareholders	58,144	57,985
Non-Controlling Interests	523	1,456
	58,667	59,441

Comparative amounts have been restated to conform to presentation in the current year.

Earnings per security (EPS)	Current period (toea)	Previous corresponding period (toea)
Basic & Diluted EPS (total profit)	187.5	187.0
Basic & Diluted EPS (continuing)	187.5	187.0
Basic & Diluted EPS (discontinued)	-	-

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	24,225	39,379
Consolidated profit from continuing operations after tax attributable to members for the <i>2nd</i> half year	33,919	18,606

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Statement of financial position - consolidated		As at 31 Dec 2023 K'000	As at 31 Dec 2022 K'000
Current assets			
Cash and cash equivalents		28,804	53,436
Trade and other receivables		184,726	147,620
Asset held for sale		-	3,001
Income tax receivable		5,163	12,088
Inventories		39,480	28,463
Total current assets		258,173	244,608
Non-current assets			
Investments		45,495	45,458
Property, plant and equipment		692,559	558,555
Investment properties		381,374	388,896
Intangibles		76,433	76,433
Due from related parties		243,069	199,723
Deferred tax assets		4,627	2,020
Total non-current assets		1,443,557	1,271,085
Total assets		1,701,730	1,515,693
Current liabilities			
Trade and other payables		108,680	108,038
Lease liabilities		2,576	2,667
Provisions		6,122	5,635
Due to related parties		1,862	2,902
Borrowings		33,055	240,182
Total current liabilities		152,295	359,424
Non-current liabilities			
Lease liabilities		55,234	57,245
Deferred tax liabilities		28,086	24,379
Borrowings		385,301	20,000
Provision for other liabilities and charges		11,191	10,576
Total non-current liabilities		479,812	112,200
Total liabilities		632,107	471,624
Net assets		1,069,623	1,044,069
Share capital and reserves			
Issued capital		24,200	24,200
Retained earnings		1,028,395	1,002,810
Shareholders' funds		1,052,595	1,027,010
Minority shareholders' interests		17,028	17,059
Total capital and reserves		1,069,623	1,044,069

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 1 January 2022	24,200	980,484	1,004,684	16,245	1,020,929
Total Comprehensive income for the year	-	57,985	57,985	1,456	59,441
Dividends paid 2022	-	(35,659)	(35,659)	(642)	(36,301)
Balance at 31 December 2022	24,200	1,002,810	1,027,010	17,059	1,044,069
Total Comprehensive income for the year	-	58,144	58,144	523	58,667
Dividends paid 2023	-	(32,559)	(32,559)	(554)	(33,113)
Balance at 31 December 2023	24,200	1,028,395	1,052,595	17,028	1,069,623

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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	145,254	190,665
Interest received	2,401	13,526
Interest and other costs of finance paid	(15,826)	(14,712)
Income taxes paid	(16,495)	(5,960)
Net operating cash flows	115,334	183,519
Cash flows related to investing activities		
Purchases of property, plant and equipment	(222,769)	(129,152)
Proceeds from sale of property, plant and equipment	6,370	6,338
Subscription of additional shares in a joint venture company	(3,500)	-
Dividends received from associates	2,656	2,698
Loans issued to associated companies	(43,346)	(33,307)
Net investing cash flows	(260,589)	(153,423)
Cash flows related to financing activities		
Proceeds from borrowings	185,000	30,000
Repayment of borrowings	(30,000)	(30,000)
Loans repaid (from)/to associated companies	(1,039)	115
Lease repayments	(2,598)	(2,250)
Dividends paid	(33,113)	(36,301)
Net financing cash flows	118,250	(38,436)
Net decrease in cash held	(27,005)	(8,340)
Cash at beginning of period (see Reconciliation of cash)	52,914	61,254
Cash at end of period (see Reconciliation of cash)	25,909	52,914

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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	28,804	53,436
Bank overdraft	(2,895)	(522)
Total cash at end of period	25,909	52,914

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	12.86%	13.64%
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	5.52%	5.65%

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.

187.5 toea per share (continuing operations)
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NTA backing	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	K32.03	K31.21

Loss of control of entities having material effect

Name of entity (or group of entities)	Not applicable, loss of control of Wonye No. 2 has no significant impact to the Group
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	not applicable
Date to which the profit (loss) in item 14.2 has been calculated	not applicable
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	not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	not applicable

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	26 th July 2024
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)	26 th April 2024
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	60t	NIL	60t
	Previous year	70t	NIL	70t
	Interim dividend:			
	Current year	35t	NIL	35t
	Previous year	50t	NIL	50t

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

	Current year	Previous year
Ordinary securities	K0.95	K1.20
Preference securities	NIL	NIL

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

	Current period K'000	Previous corresponding period - K'000
Ordinary securities	18,605	21,706
Preference securities	Nil	Nil
Other equity instruments	Nil	Nil
Total	18,605	21,706

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	10,408	8,926
Income tax on ordinary activities	(3,122)	(2,638)
Profit (loss) from ordinary activities after tax	7,286	6,288
Extraordinary items net of tax	-	-
Net profit (loss)	7,286	6,288
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	7,286	6,288

Material interests in entities which are not controlled entities

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

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.10)	
	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	5,758	4,754
b) Pacific Rumana	50.0	50.0	595	421
c) Riback Stevedoring	49.0	49.0	-	-
d) Makerio Stevedoring	45.0	45.0	19	117
e) Nikana Stevedoring	45.0	45.0	102	157
f) Harbourside Development	50.0	50.0	-	-
g) Viva No. 31	50.0	50.0	(135)	(98)
h) Wonye	50.0	50.0	838	937
i) Wonye No. 2	50.0	100.0	109	-
Total			7,286	6,288
Other material interests			-	-
Total			7,286	6,288

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				

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

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.

Refer to comments below.

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 *IAS 34: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *IAS 1: Presentation of Financial Statements*).

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.

Please refer to 4(a) of this report

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

13th June, 2024

Time

12.00 noon

Approximate date the annual report will be available

8th April, 2024

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.

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The accounts have been audited.

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

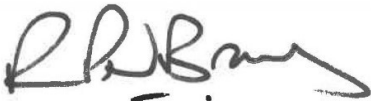
The accounts have been subject to review.

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.



M.R. Scantlebury
Director



R.P.N. Bray
Director

29th February 2024

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Segmental Reporting

Divisional Segments

The group operates in the following commercial areas:

	Hotels and Property	Logistics	Finance, Investment and Eliminations	Total
	K'000	K'000	K'000	K'000
2023				
Total revenue and other income from continuing operations	295,273	382,525	(8,502)	669,296
Segment results	104,142	6,066	(33,105)	77,103
Add: Share of associate profit	-	-	7,286	7,286
Total Segment result	104,142	6,066	(25,819)	84,389
Income tax (expense) / credit	(31,243)	(1,820)	7,341	(25,722)
Group profit	72,899	4,246	(18,478)	58,667
Segment assets	679,348	550,572	471,810	1,701,730
Segment liabilities	(68,787)	(332,162)	(231,158)	(632,107)
Net assets	610,561	218,410	240,652	1,069,623
Capital expenditure	51,953	168,071	2,745	222,769
Depreciation	43,545	57,533	3,451	104,529

	Hotels and Property	Logistics	Finance, Investment and Eliminations	Total
	K'000	K'000	K'000	K'000
2022				
Total revenue from continuing operations	248,595	380,337	2,330	631,262
Segment results	54,537	41,612	(16,363)	79,786
Add: Share of associate profit	-	-	6,288	6,288
Total Segment result	54,537	41,612	(10,075)	86,074
Income tax credit / (expense)	(16,361)	(12,484)	2,212	(26,633)
Group profit	38,176	29,128	(7,863)	59,441
Segment assets	696,098	423,173	396,422	1,515,693
Segment liabilities	(1,367)	(217,099)	(253,158)	(471,624)
Net assets	694,731	206,074	143,264	1,044,069
Capital expenditure	33,453	94,517	1,182	129,152
Depreciation	44,237	47,669	3,373	95,279

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

Current Period

On 21st September 2023, the Board of Wonye No. 2 Limited has approved the issuance of 3.5 million ordinary shares each to Steamships Trading Company Limited and Tininga Limited respectively. As a result of the subscription, Steamships Trading Company Limited no longer has effective control. Wonye No. 2 is now accounted for as a joint venture company.

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 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	84,389	86,074
Prima facie tax on profit before income tax	(25,317)	(25,822)
Tax loss utilised in current year – previously unrecognised	-	1,182
Unrecognised deferred tax asset on tax losses	(1,234)	-
Tax on non-deductible expenses	(677)	(224)
Share of profit of associates and joint ventures	2,186	1,886
Adjustments in tax from prior years	(680)	(3,655)
	<u>(25,722)</u>	<u>(26,633)</u>

4. Contingent Liabilities

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

- (a) Steamships Trading Company Limited holds a 50% interest in an associated company, Colgate Palmolive (PNG) Ltd, ("CP (PNG) Ltd"). In 2022 CP (PNG) Ltd received a notice from PNG Customs seeking to reassess the historic rate of import duty applied to a specific product, known as soap noodles, resulting in an additional duty of K11.1 million and an intention to apply the higher rate on future imports. CP (PNG) Ltd has disputed the interpretation of the product characteristics by PNG Customs and formally appealed against this higher assessed rate of duty. The appeal process remains in progress.

To the extent that any of the additional duty is deemed payable by CP (PNG) Ltd following the appeal process, the Group's share of profits from associates and the equity accounted investment in CP (PNG) Ltd will be reduced by 50% of the amount payable, net of any tax effect.

- (b) The parent entity has given a secured guarantee in respect of the bank overdrafts and loans of certain subsidiaries, associates and joint ventures.
- (c) 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. Subsequent events

On 10th January 2024, significant civil commotion across the country resulted in looting and arson of three of the Company's properties in Port Moresby. The Company is pursuing an insurance claim for the reinstatement of the properties and for business interruption. Whilst the incident has had a devastating effect on many retail businesses in the country, the impact on the Company's own operations and balance sheet is not significant.

6. Comparatives

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

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