ANNUAL REPORT | 2023

STEAMSHIPS
TRADING COMPANY LIMITED



PORTSIDE
BUSINESS PARK

CONSORT


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BRIEF PROFILE OF THE STEAMSHIPS GROUP

With over 105 years of operations in Papua New Guinea, Steamships Trading Company Limited (Steamships) is a committed investor in Papua New Guinea. The Group is a well-established business conglomerate with diverse commercial interests and listings on both the Australian and PNG's National Stock Exchanges.

Steamships has a vision to build a valuable and profitable business that is widely respected as being the best group to work for and with which to do business.

Integral to this vision are the following business strategies:

- The long-term development of a diversified range of businesses in which shareholder value can be created,
- Employment of staff who we believe will further our strategic objectives and will be committed to the Group for the long term and providing them with rewarding careers,
- Operational excellence in the way we conduct our business,
- Doing business in a sustainable manner, and
- Commitment to the highest standards of corporate governance.

The Group employs over 3,100 PNG citizens and non-citizens in diverse divisions grouped under the operating categories of Logistics, Property and Hospitality and Commercial and Investments. Steamships core values include the following:

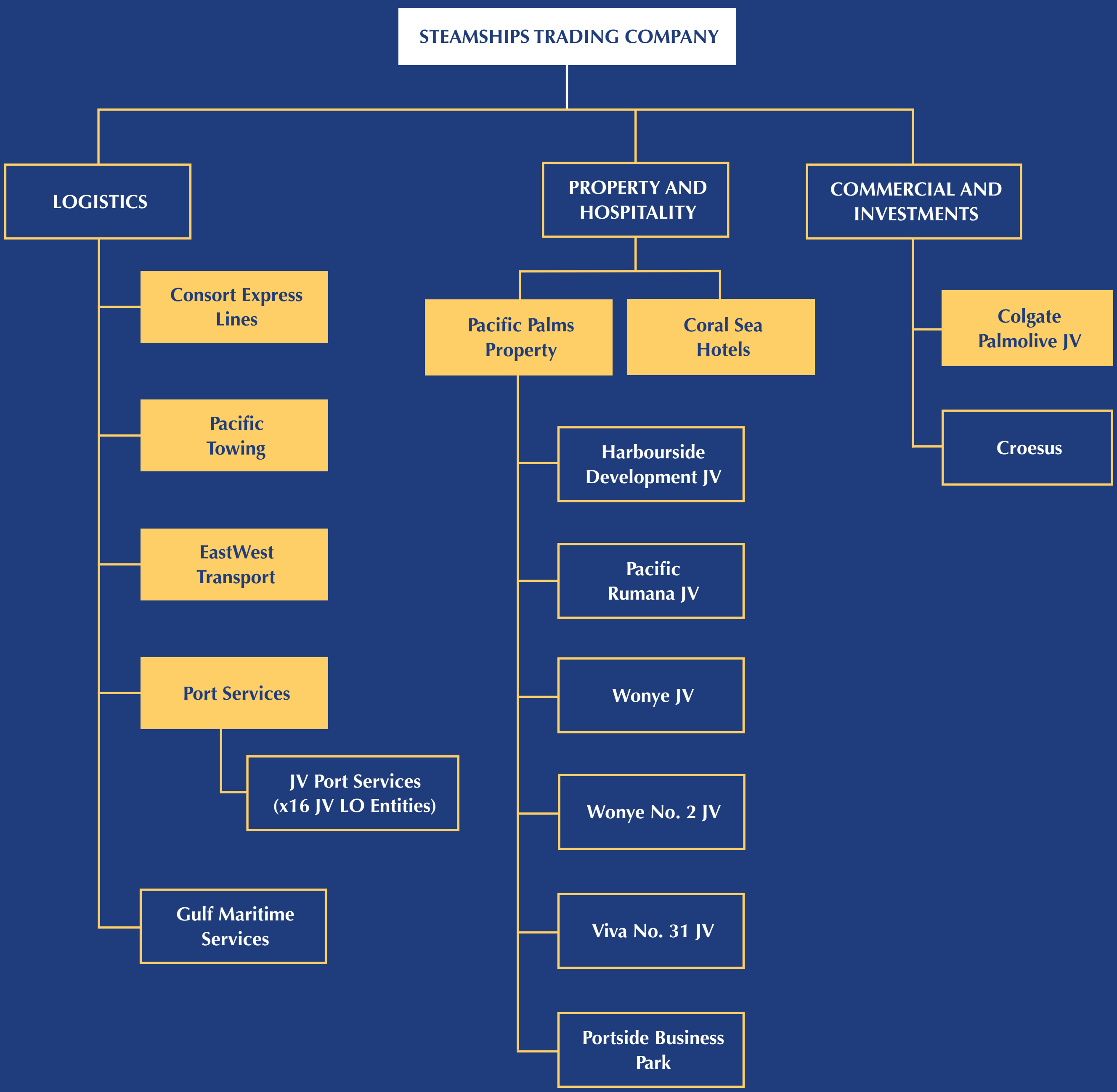
- Safety – We prioritise safety awareness and compliance to ensure our business operations are conducted safely.
- Integrity – Taking the more ethical and honest path; honouring our commitments and delivering on our promises; creating a bond of trust that sustains relationships with our staff, customers, shareholders, business partners and the communities in which we do business.
- Excellence – Our customers and colleagues expect us to deliver high quality goods and services. If something is to be done, we believe it should be done in the best possible way.
- Customer Focus – Our customers are the final judges of our success or failure. We understand and respond to the needs of our customers.
- People Development – We value a working environment that fosters innovation and encourages personal development and learning.
- Humility – We believe in the need to respect and to learn from others. To do this we must be aware of our own limitations and to seek to understand other perspectives.
- Continuity – We take a long term view. We grow our business sustainably and create enduring value that earns the respect of our customers, our staff, our communities and our shareholders.

Steamships is aware of its prominent position in the community and its responsibility to serve that community. The Group continues to be one of PNG's largest private sector employers and one of the largest supporters of community initiatives in education, health and social welfare. Steamships ensures that core sustainability concepts are embedded in its business models and systems. The Group is wholly aware that its business goals cannot be achieved unless this is the case. Steamships cannot succeed without the engagement and support of the people it employs, the loyalty and satisfaction of its customers, the local communities and the environment in which it operates.

Over a century after it was founded, Steamships is still showing it has the resources and capacity, vision and capability to meet the dynamic needs of a growing country.

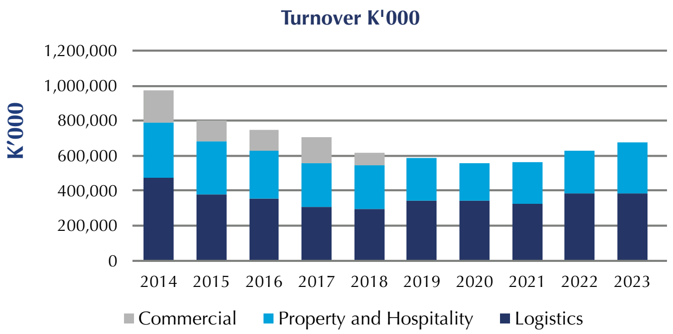
BRIEF PROFILE OF THE STEAMSHIPS GROUP

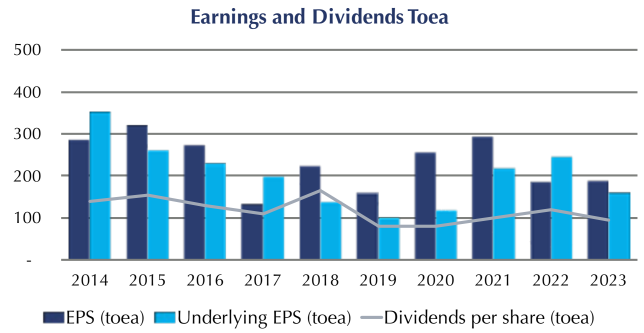
STEAMSHIPS' ORGANISATIONAL STRUCTURE

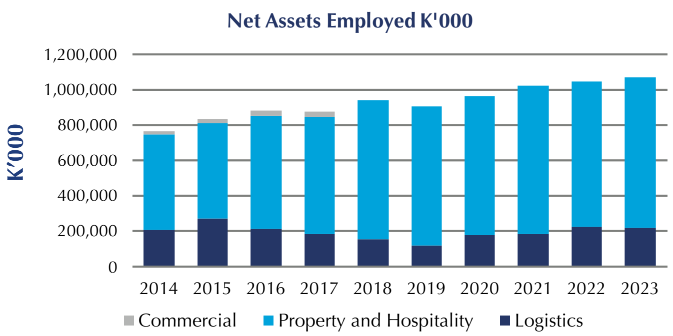


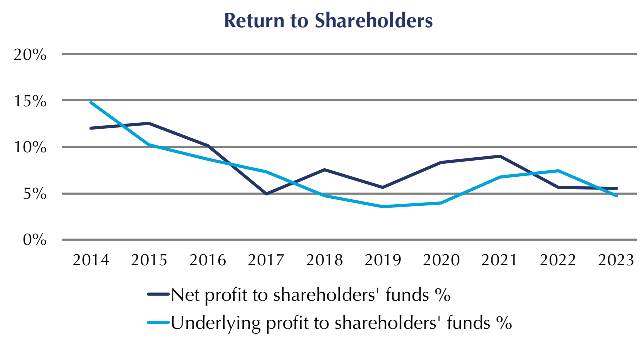
FINANCIAL HIGHLIGHTS

2023 FINANCIAL HIGHLIGHTS	2023 K'000	2022 K'000	Change (%)
Revenue and other income from continuing operations	669,296	631,262	6%
Profit attributable to shareholders	58,144	57,985	0%
Cash generated from operations	103,559	183,519	(44%)
Net cash (outflow) / inflow before financing	(145,255)	30,096	(583%)
Shareholders' funds	1,052,595	1,027,010	2%
External borrowings	420,218	263,084	60%
Earnings per share (toea)	187.5	187.0	0%
Dividends per share (toea)	95	120	(21%)
Shareholders' funds per share	33.95	33.12	2%
Underlying profit attributable to shareholders (Refer to page 8)	50,240	76,075	(34%)
Underlying earnings per share	162	245	(34%)
Gearing ratio	26.8%	16.7%	60%
Interest cover	52.1	74.3	(30%)
Dividend cover	1.8	1.6	12%









FINANCIAL HIGHLIGHTS

SUMMARY OF PAST PERFORMANCE

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
STATEMENTS OF COMPREHENSIVE INCOME (including discontinued operations)										
Revenue	941,708	773,535	732,701	705,687	648,106	585,168	540,406	563,929	631,262	669,296
Profit before tax	134,789	136,042	118,686	62,686	112,493	61,284	63,813	88,248	79,786	77,103
Share of associates profit	3,843	3,062	5,865	7,525	5,628	5,010	4,026	5,062	6,288	7,286
Income tax (expense) / credit	(38,487)	(37,710)	(35,677)	(32,621)	(54,420)	(18,928)	11,198	(1,694)	(26,633)	(25,722)
Minority interests	(11,490)	(2,415)	(4,664)	3,926	5,828	2,629	(182)	(1,066)	(1,456)	(523)
Net profit attributable to shareholders	**88,655**	**98,979**	**84,210**	**41,516**	**69,529**	**49,995**	**78,855**	**90,550**	**57,985**	**58,144**
Equity adjustment	-	2,206	-	-	-	-	-	2,950	-	-
Dividends paid or provided for the year	(43,411)	(48,062)	(40,291)	(32,559)	(26,357)	(44,962)	(17,055)	(35,659)	(35,659)	(32,559)
Earnings retained this year	**45,244**	**53,123**	**43,919**	**8,957**	**43,172**	**5,033**	**61,800**	**57,841**	**22,326**	**25,585**
Underlying profit attributable to shareholders (adjusted for significant items)	**108,808**	**80,651**	**71,721**	**61,775**	**43,304**	**31,505**	**36,927**	**67,081**	**76,075**	**50,240**
STATEMENTS OF FINANCIAL POSITION										
SHARE CAPITAL AND RESERVES										
Issued capital	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200
Retained earnings	711,764	764,887	808,806	817,764	896,105	860,843	922,643	980,484	1,002,810	1,028,395
Shareholders' funds	**735,964**	**789,087**	**833,006**	**841,964**	**920,305**	**885,043**	**946,843**	**1,004,684**	**1,027,010**	**1,052,595**
Non-controlling interests	30,773	47,515	48,831	36,190	19,723	17,747	16,983	16,245	17,059	17,028
EQUITY	**766,737**	**836,602**	**881,837**	**878,154**	**940,028**	**902,790**	**963,826**	**1,020,929**	**1,044,069**	**1,069,623**
Fixed assets / Investment properties	1,115,123	1,072,955	1,068,892	997,125	890,576	970,928	945,075	933,983	947,451	1,073,933
Investments in associated companies	33,193	36,458	66,445	67,196	65,276	41,586	36,992	39,367	45,458	45,495
Future income tax benefit	33,521	36,914	36,680	30,250	1,683	2,311	1,010	2,571	2,020	4,627
Goodwill	80,491	80,491	80,491	80,002	76,433	76,433	76,433	76,433	76,433	76,433
Other assets	366,479	400,480	284,200	294,800	470,810	360,385	428,703	464,635	444,331	501,242
TOTAL ASSETS	**1,628,807**	**1,627,298**	**1,536,708**	**1,469,373**	**1,504,778**	**1,451,643**	**1,488,213**	**1,516,989**	**1,515,693**	**1,701,730**
Current liabilities	190,621	541,292	184,646	221,560	352,541	148,286	229,779	198,688	359,424	152,295
Non-current liabilities	671,449	249,404	470,225	369,659	212,209	400,567	294,608	297,372	112,200	479,812
TOTAL LIABILITIES	**862,070**	**790,696**	**654,871**	**591,219**	**564,750**	**548,853**	**524,387**	**496,060**	**471,624**	**632,107**
NET ASSETS	**766,737**	**836,602**	**881,837**	**878,154**	**940,028**	**902,790**	**963,826**	**1,020,929**	**1,044,069**	**1,069,623**
RATIOS										
Current assets to current liabilities	1.92	0.74	1.16	1.00	1.15	1.83	1.40	1.42	0.68	1.70
Borrowings to shareholders funds	95.2%	81.7%	57.0%	50.2%	39.7%	35.4%	32.1%	26.1%	25.6%	39.9%
Gearing	47.8%	43.1%	34.6%	33.1%	28.2%	19.5%	13.7%	16.5%	16.7%	26.8%
Tangible net asset backing per share (Kina)	22.13	24.38	25.84	25.74	27.85	26.65	28.62	30.46	31.21	32.03
Net profit to revenue %	9.4%	12.8%	11.5%	5.9%	11.1%	8.5%	14.6%	16.0%	9.2%	8.7%
Net profit to shareholders' funds %	12.0%	12.5%	10.1%	4.9%	7.6%	5.6%	8.3%	9.0%	5.6%	5.5%
Underlying profit to shareholders' funds %	14.8%	10.2%	8.6%	7.3%	4.7%	3.6%	3.9%	6.7%	7.4%	4.8%
Dividends per share (toea)	140	155	130	110	165	80	80	100	120	95
EPS (toea)	286.0	319.0	272.0	134.0	224.0	161.0	254.0	292.0	187.0	187.5
Underlying EPS (toea)	351	260	231	199	140	102	119	218	245	162
Earnings retained %	51.0%	53.7%	52.2%	21.6%	62.1%	10.1%	78.4%	63.9%	38.5%	44.0%

Notes

Earnings per share = profit attributable to shareholders / average shares in issue
Gearing = net debt / net debt plus equity
Interest cover = earnings before interest and tax / net finance charge
Dividend cover = profit attributable to shareholders / total dividend paid and provided

CHAIRMAN'S REPORT

"The past 12 months have proven to be tough in terms of underlying economic fundamentals; headwinds in both inflationary pressure and economic growth, as well as delayed progress of various natural resources projects, have dampened the post-pandemic economic recovery trajectory which started in 2022. Steamships, through its diversified portfolio, was able to navigate such challenges and provide positive returns to its shareholders, whilst at the same time executing strategic capital investments to position itself for sustainable growth in coming years." Geoff Cundle, Chairman.

The expected post-COVID growth that started in 2022 did not continue in 2023. Demand for Logistics products and services in particular experienced only modest revenue growth (but at a higher operating cost) whilst both Properties and Hospitality divisions were able to meet underlying demand profitably.

Harbourside South, comprising Marriott Executive Apartments, a mixed-use flagship property project completed in early 2024 and opened recently. The property will significantly enhance the existing Harbourside precinct and stimulate demand and activity in the Downtown area.

Group Revenue grew by 4% in 2023, largely driven by hospitality which benefited from the large influx of foreign diplomats and Pacific Island Forum in the first half of the year.

Profit attributable to shareholders increased by 0.3% to K58.1 million with insurance proceeds from Blaikie Apartments earthquake damage offsetting a strong inflationary pressure on margin as well as strategic investment in additional management capability undertaken in 2023 to position the Group for growth.

Underlying profit (before exceptional items) however, declined 34% from 2022 to K50 million.

Properties experienced firmer demand for both residential and commercial units, although experienced a reduction in available inventory driven by renovation and repair work. The division significantly bolstered its property development management team to support the increasing number of development opportunities, such as Portside Business Park and Dobel Shopping Centre, as well as expand its Property Management services for third parties.

Hospitality benefited from overseas government business attending international forums in the first half of the year. ENZO's continues to expand its food and beverage offering with the opening of new outlets. Major renovation projects across all hotels will position the division for expected increased demand in years to come.

The Logistics division experienced weaker market conditions with results reflecting competitive pressures in an inflationary environment. Early signs are that the weak market in 2023 will continue into 2024. The new Project Logistics arm of the division invested significantly in tugs and barges, targeting resources projects.

CHAIRMAN'S REPORT

Steamships adopts a forward-thinking, long-term approach to our operations and decision-making, prioritising sustainable growth. The Group has made substantial investments in 2023 across its portfolio of Properties, Hospitality and Logistics assets in order to ensure it's well positioned for future growth and upcoming project opportunities.

Papua New Guinea is our home and principal place of business, and we remain committed to actively foster its economic and social advancement. 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.

DIRECTORS' REVIEW

2023 was a challenging year for Steamships. The PNG economy suffered from inflationary pressure and a lack of foreign currency. The anticipated surge in domestic demand, driven by investment in natural resource projects, was largely absent.

The Group was able to balance softer demand for its Logistics services with stronger performance from Properties and Hospitality.

Reflecting its positive long-term strategic outlook, the Company invested heavily in management resources and equipment to position for the incoming growth of demand.

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. Underlying profit fell by 34% year-on-year, primarily reflecting a higher cost of doing business this year.

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 against K1.2 million 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 44% to K103.6 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 after the Annual General 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.

	2023 K'000	2022 K'000	Change
Net profit attributable to shareholders	**58,144**	**57,985**	**0.3%**
Add back / (less) impact of significant items (post tax and minority interest)			
Impairment of properties	-	18,090	
Blaikie Apartments 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%)**

DIRECTORS' REVIEW

Significant Items

The Blaikie Apartments in Lae suffered damage because of the earthquake in September 2022, resulting in the Group making an impairment to the value reported in the previous financial year. The Group lodged a claim with its insurer and received proceeds from the claim in the 2023 financial year.

The details are as follows:

	K'000
Insurance proceeds	11,292
Less tax effect	(3,388)
Total	7,904

Coral Sea Hotels

Coral Sea Hotels' Hospitality division's solid performance can be largely attributed to a significant influx of diplomatic visits for the Pacific Island Forum, showcasing the division's ability to deliver a premium customer experience. ENZO's express pizza outlets continues to expand 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 when the LNG project activity gains momentum.

Pacific Palms Property

Pacific Palms Property's experienced encouraging demand for both residential and commercial units. However, inventory was reduced to carry out renovations and repair work. This reduced both revenue growth and profitability. The new development in Port Moresby, Harbourside South and Marriott Executive Apartments, was opened in Q1 2024. Phase 1 of the Dobel Shopping Centre in Mount Hagen was completed ahead of schedule in Q3 2023. Phase 2 has entered final design and financing stage.

Logistics

Both Consort Express Lines and EastWest Transport experienced headwinds driven by weak demand. Reflecting Steamships' long-term horizons, additional shipping capacity was added to cater for expected underlying growth as well as resource project driven demand, arising from Papua LNG. The first assets were successfully contracted to the Papua LNG project 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 an improvement in economic conditions. It remains committed to continuous improvement in productivity and is vigilant in identifying opportunities for growth. The opening of Harbourside South should inject new vibrancy into the downtown precinct.

DIRECTORS' REVIEW

Compliance with Laws and Regulations

At Steamships, we always aim to do the right thing, in the right way and we make compliance and business integrity non-negotiable.

For the 2023 financial year, the Directors declare that, to the best of their knowledge, Steamships has not engaged in any activities which contravene laws and regulations.

Outside Interests and Conflicts

Directors confirm that all material interests in contracts involving the Group were declared and refrained from voting on manners in which they were interested.

Shareholders Engagement

Steamships is dedicated to ensuring fair and equitable treatment of all shareholders and offers diverse channels of access to information concerning the Group's operations. Directors affirm that Steamships has made every effort to ensure fair and equitable treatment of all shareholders, implementing procedures that safeguard shareholder rights and eliminate obstacles to the exercise of those rights.

Going Concern Statement

Based on a robust assessment, the Directors confirm that given the strong cash generation trend of the Group, as well as the level of borrowing facilities available, they have an expectation that the Group has adequate resources to continue to operate for a period of at least 12 months from the date of approval of financial statements. For this reason, they continue to adopt the going concern basis of preparing the financial statements.

Internal Controls Effectiveness

The Directors confirm that they have reviewed the effectiveness of internal controls and risk management processes and deem them to be appropriate.

Engagement with Traditional Landowners

Steamships' success heavily relies on building and maintaining close and supportive relationships with communities and organisations that may be impacted by the decisions we take; Steamships actively engages with communities through our Community Grants Programme, as well as inviting cross-sector external partners on projects that bring community benefit and support sustainable development within Papua New Guinea.

REVIEW OF OPERATIONS - LOGISTICS

CONSORT EXPRESS LINES

Consort Express Lines (CEL) operates a fleet of 10 coastal vessels, all of which are PNG flagged, and is PNG's only domestic operator that is ISO accredited for safety, environment and quality.

LINER SERVICES

CEL connects 13 ports around PNG to the main international gateway ports of Lae and Port Moresby. CEL also has scheduled services to the North Coast, South Coast, New Guinea Islands, Bougainville, and Western Province. CEL proudly serves the people of PNG by providing an important supply link to many of the communities on its routes. CEL carries a range of cargoes including containerised, break-bulk, reefer, LCL and project cargo. CEL transports cargo for a diverse customer base from domestic manufacturers and wholesalers to international liner carriers transhipping cargo. In addition to owning and operating ships, CEL manages PNG's largest fleet of containers offering customers easy access to a wide range of container types.

PROJECT CHARTERS

CEL provides short and long-term vessel charters specialising in shallow water river shipping, and develops, implements, and supports intermodal logistics solutions linked to land-based services such as road transport, cargo handling, storage, customs clearance, lay down areas and warehousing.

CEL liner performance in 2023 showed a modest decline compared to 2022, largely because of weak underlying economic conditions. Inflationary pressure, as well as increased investment in management capacity, put pressure on margins.

The Project Logistics arm of CEL successfully contracted assets to support the Papua LNG project in H2 2023.

The large investment to enhance its fleet capacity in 2023 was executed with the view of fortifying its position for future expansion and optimise its ability to seize incoming opportunities.

REVIEW OF OPERATIONS - LOGISTICS

PACIFIC TOWING

Pacific Towing is PNG's leader in the provision of a diverse range of marine services, enjoying a reputation for excellence and reliability across the region.

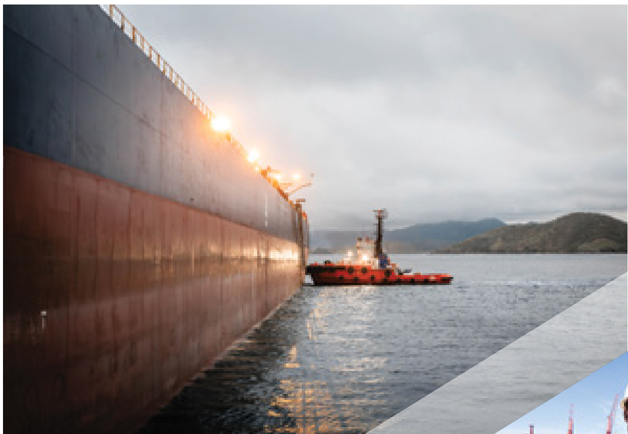
Pacific Towing is a full member of the International Salvage Union and the International Spill Control Organisation. Core services include towage, mooring, salvage and commercial diving. Although primarily operating in PNG waters, Pacific Towing also services a broader area, if required, for salvage activity or ad-hoc towing services.

Pacific Towing operates a fleet of 25 vessels (15 tugs and 10 associated support vessels) and has first responder salvage capability. Vessels are in five ports across PNG (being Port Moresby, Lae, Rabaul, Kimbe and Madang) and in Honiara, Solomon Islands. Pacific Towing is the only marine services and towage company in PNG to be ISO accredited for Quality, Safety and Environment.

The volume of harbour towage significantly increased compared to 2022 whilst non-harbour operations were boosted by salvage revenue in the second half of the year.

Pacific Towing continues its strategy of developing local talent, supporting cadets to study at the Maritime Academy of Fiji. This programme is critical to address the shortage of capacity in both junior and senior officers in PNG. Additionally, the "PacTow Women in Maritime" programme continues to produce high calibre female officers.

Pacific Towing has committed to a re-fleeting programme that will phase out older tugs over the next five years. Tug Keera was purchased in 2023, and further enhances Pacific Towing capacity to respond to industry needs throughout PNG. Further investment is expected in oncoming years and by the end of the five-year re-fleeting plan, all ports should be serviced.



REVIEW OF OPERATIONS - LOGISTICS

JOINT VENTURE PORT SERVICES

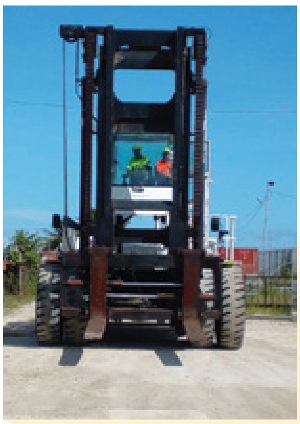
Joint Venture Port Services (JVPS) operate 16 stevedoring and cargo handling businesses throughout the country including in the principal ports of Port Moresby and Lae, secondary ports elsewhere on the mainland and on Bougainville, New Ireland and New Britain.

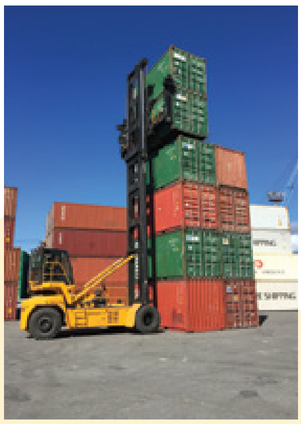
With a fleet of specialist equipment, the businesses handle all types of containers, as well as project cargo, break-bulk, RO-RO, LO-LO, grains, and cement. The stevedoring companies are joint ventures between Steamships and local landowner groups at the respective ports around the country. Each joint venture employs a local workforce and is structured in a manner so that a significant share of earnings is returned to the communities in which the joint ventures operate. JVPS is the only group of stevedoring and handling companies in PNG to be ISO accredited for Quality, Safety and Environment. The business continues to work hard to provide a seamless logistics solution for customers in PNG.

JVPS performed in line with expectation and showed growth in volume compared to prior year.

Focus has been on offering a safe, reliable, and cost-effective service to all customers. Security continues to be a strong focus and technology has been deployed as a solution where possible including biometric payroll, increased levels of surveillance, and improved cargo tracking.

The Joint Venture Hire, which hires out heavy machinery on wet and dry leases, continued to provide a reliable service to all ports and to external customers.





REVIEW OF OPERATIONS - LOGISTICS

EASTWEST TRANSPORT

East West Transport (EWT) is one of Papua New Guinea's largest trucking companies, providing a range of transport related activities.

It is ISO accredited for Environmental Management, Occupational Health & Safety and Quality.

Based in Port Moresby, EWT has operations in Lae, Kimbe, Rabaul, Madang, Wewak, Alotau, and Kavieng. EWT has a sizable fleet of prime movers, heavy and light trucks, forklifts and reach stackers ranging from 2.5 to 80 tons in capacity. All equipment is supported by localised workshop facilities, safety teams, recovery vehicles, and emergency response teams. EWT's activities include bulk fuel, containerised cargo, break-bulk cargo, and depot services such as equipment hire, warehousing and bonded or unbonded yard storage.

EWT also offers a licensed customs cargo clearance service in Lae and Port Moresby with the ability to clear cargo in any location where EWT has a presence. The division capitalises on its close relationships with sister companies in shipping and stevedoring by offering specialised end-to-end and door-to-door logistics and project solutions for the mining, oil and gas sectors and new or existing commercial sectors.

2023 was another challenging year for EWT. A combination of a general market weakness as well as excess capacity in the industry put pressure on margins as volumes showed a relatively modest reduction compared to prior year. Both fuel cartage and general transport volumes have slightly declined from 2022.

The focus on EWT has been on improving asset reliability and availability, consolidating its strategic alignment with Consort Express Lines shipping to provide a "door-to-door" delivery across the network.

EWT continued its investment in state-of-the-art technology to drive operational efficiencies and develop a digital customer experience as well as strengthening its management in key positions.

REVIEW OF OPERATIONS - PROPERTY AND HOSPITALITY

CORAL SEA HOTELS

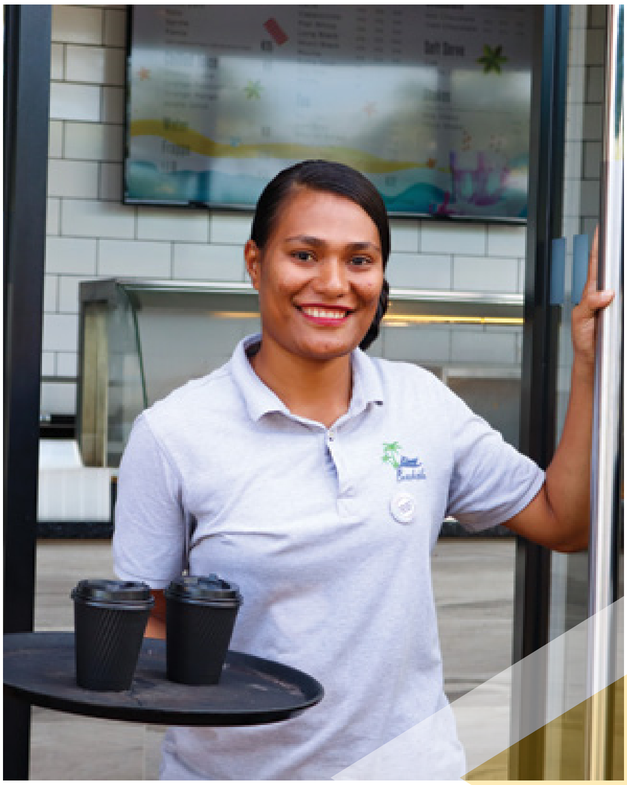
Coral Sea Hotels (CSH) is the largest hotel group in Papua New Guinea, managing seven hotels throughout the country. CSH comprises of the Grand Papua Hotel, Gateway Hotel and Apartments, Ela Beach Hotel and Apartments in Port Moresby, Huon Gulf Hotel in Lae, Highlander Hotel and Apartments in Mount Hagen, Bird of Paradise Hotel in Goroka and Cassowary Hotel in Kiunga. CSH also operates several food and beverage (F&B) outlets including ENZO's Pizza, Ela Beach Bakery, and Harbourside Bakery.

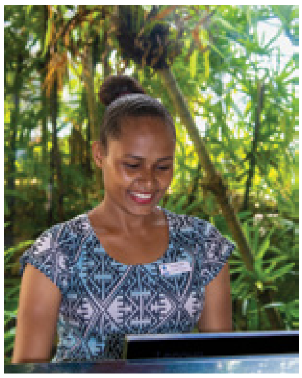
The Port Moresby market remained oversupplied with hotel rooms. CSH competed effectively to secure a strong share of the important Pacific Island Forum event business in the first half of the year.

The Grand Papua Hotel (GPH), in its first full year under Radisson brand, was once again the recipient of the 'World Luxury Hotel Award', further strengthening its position as the leading business hotel in Papua New Guinea. GPH will be undergoing significant refurbishment in 2024, during which public areas, guestrooms, and restaurants will all be comprehensively upgraded.

The targeted investment into training and food & beverage offering continues as part of CSH's overall strategy. The expansion of the ENZO's chain continues with six stores now opened in Port Moresby and further new outlets are planned in 2024.

The focus for CSH continues to be delivering a consistent, high-quality, and affordable service across all hotels and restaurants. In line with this, CSH will invest significant resources and capital in 2024 to upgrade all its hotels throughout Papua New Guinea to improve the customer experience.





REVIEW OF OPERATIONS - PROPERTY AND HOSPITALITY

PACIFIC PALMS PROPERTY

With a portfolio of over 200 properties across Residential, Commercial, Retail, and Industrial asset classes in Port Moresby, Lae, Madang, Wewak, Goroka, Mount Hagen, and Rabaul, Pacific Palms Property (PPP) is one of the premier property developers and managers in PNG.

PPP's strategy of investing in projects of scale and quality, in diversified real estate asset classes, in both established and upcoming locations, results in stable revenues, net operating income, and cashflow.

Despite the reduction of inventory, driven by renovation and repair work as well as reinstatement of Blaikie Apartments in Lae following the 2022 earthquake, the division demonstrated strong economic fundamentals, showcasing its ability to maximise returns from a high-quality diversified portfolio.

In tune with Steamships' long term investment approach and commitment to development and growth of PNG, PPP opened Portside Business Park in 2023, adding another gateway for commercial activities in the region; located in the heart of Port Moresby's industrial and logistics zone at Motukea, Portside Business Park offers PNG's businesses seamless accessibility through land and sea channels thereby offering strategic connectivity to domestic and global markets. Portside Business Park will be further developed in 2024 with the set up of infrastructure and commercial buildings to cater for increasing demand.

PPP further expanded its reach beyond Port Moresby with setting up a joint venture development in Mount Hagen of Dobel Shopping Centre, a large scale, mixed-use development. Phase I was completed ahead of time and budget in 2023, PPP is now focusing on Phase II, which will include supermarkets, restaurants, homeware, retail stores as well as government and financial agencies.

Harbourside South, PPP's latest mixed-use development in Downtown Port Moresby officially opened in February 2024 with strong leasing commitments for its office and retail space. Its strategic location overlooking Port Moresby harbour and outstanding facilities will complement the existing Harbourside developments. The 88 Executive Serviced Apartments represent the Marriott group's first entry into the PNG market.

PPP continues its commitment to investing in green technology and green building standards in all its developments. With its existing portfolio of ready for occupancy properties and its landbank of properties with secure titles in key strategic locations, PPP is well positioned to benefit from an improvement in demand for real estate once the resource projects ramp-up.

SUSTAINABILITY

Steamships' commitment to Sustainable Development was underpinned in 2023 by the resolution of the Board of Directors that the Group will achieve net zero emissions across all three scopes by 2050. This is an ambitious target for a diverse conglomerate operating in an emerging market, but one that we see as imperative as we support PNG to achieve its corresponding national development goals.

Work is now underway to ensure that our business is equipped to adapt to the risks and opportunities presented by climate change, to take practical steps to decarbonise our operations, and to develop ambitious science-based targets for net zero by 2050 and interim steps along the way. We continue our efforts to improve our environmental stewardship on a day-to-day basis, such as introducing a recycling programme at our head office, removing single-use plastics from our hotel operations, and trialling recycled fuel product on our vessels in a bid to contribute to the circular economy. The expansion of our in-house sustainability team sets us up well to continue to embed sustainable business practices across all levels and functions of our organisation in 2024 and beyond.

With zero fatalities recorded across our operating businesses in 2023, the Group is focused in sustaining this standard in alignment with our "Target 2" strategy (which aims to halve our injury frequency rate). We dedicated our efforts to strengthening our safety capabilities through training, smart-system implementation, and crisis management. Notably, our annual safety day took place in September 2023 under the theme 'Leveraging International Standards to Improve Safety Performance', featuring interactive sessions attended by Steamships executives, safety teams, and senior management from all divisions. The event also hosted external safety leaders to share best practices.

We undertook 261,000 man-training hours to supporting workforce capabilities through a comprehensive suite of training initiatives. Additionally, we conducted a culture survey, achieving a high engagement rate. The survey results highlighted strengths and opportunities, which will inform strategic decision-making to further our organisational growth and development.

Steamships has sustained its commitment to local communities, with over K1.75 million donated to charitable and community causes in 2023 through our Community Grants Programme and event sponsorships. We have continued to support long-term partnerships with organisations including Buk Bilong Pikinini, Femili PNG, and the Sea Women of Melanesia, to name a few, whose work we know to be impactful in our focus areas of Health, Education, Social Welfare, and Environment. We are also delighted to extend our support to new partners looking to make a difference to the economic empowerment of people with disabilities, to implement traditional reef custodianship methods in remote island communities, and to provide WASH facilities for school pupils. Steamships continues to sponsor the Hiri Moale Festival as a major cultural event.

As our business grows, we are mindful of the need to manage this growth sustainably, continuing to empower our people and communities while managing our environmental impact. We remain committed to continue this journey in 2024.

Steamships publishes an Annual SD report to complement this Annual Report. The Annual SD Report is prepared with reference to the updated standards of the Global Reporting Initiative (GRI), a worldwide corporate transparency initiative. The report is available on the Steamships website at www.steamships.com.pg.

CORPORATE GOVERNANCE

Steamships, its employees and its board are committed to achieving and demonstrating the highest standards of corporate governance and ethical behaviour. The Group believes that the maximisation of long term returns to shareholders is best achieved by acting in a socially responsible manner that recognises the interests of community stakeholders.

Steamships is committed to:

- Providing high-quality products and services to meet customers' needs;
- Maintaining high standards of business ethics and corporate governance;
- Ensuring the safety and wellbeing of employees and others with whom the Group has contact; and
- Promoting sustainable business practice.

Steamships reports against the Australian Stock Exchange (ASX) recommendations and guidelines. Each section addressing a key principle includes references to relevant information that appears elsewhere in the 2023 Annual Report or on the Steamships' website. Steamships believes it complied with the ASX Corporate Governance Principles (the fourth edition) during the twelve months ended 31 December 2023, except where noted in the Corporate Governance Report.

Steamships' Corporate Governance Report can be found at https://www.steamships.com.pg/about-us/corporate-governance/charters-and-policies/

STATEMENTS OF COMPREHENSIVE INCOME

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000)

		Consolidated		Parent Entity	
	Note	2023	2022	2023	2022
Continuing Operations					
Revenue	3(a)	656,290	631,262	11,503	1,032
Other income	3(a)	13,006	-	5,098	2,036
Operating expenses	3(b)	(590,541)	(550,301)	(1,692)	(4,831)
OPERATING PROFIT / (LOSS)		78,755	80,961	14,909	(1,763)
Finance income	3(e)	14,174	13,537	85	85
Finance costs	3(e)	(15,826)	(14,712)	-	-
Share of profit of associates and joint ventures	4(b)	7,286	6,288	-	-
PROFIT / (LOSS) BEFORE INCOME TAX		84,389	86,074	14,994	(1,678)
Income tax (expense) / credit	5(a)	(25,722)	(26,633)	(1,047)	815
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		58,667	59,441	13,947	(863)
PROFIT / (LOSS) FOR THE YEAR		58,667	59,441	13,947	(863)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR					
Attributable to:					
Non-controlling interests		523	1,456	-	-
Shareholders		58,144	57,985	13,947	(863)
		58,667	59,441	13,947	(863)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR					
Attributable to owners arises from:					
Continuing operations		58,144	57,985	13,947	(863)
Discontinued operations		-	-	-	-
		58,144	57,985	13,947	(863)
Basic and Diluted Earnings per share					
Continuing & discontinued (toea)	3(f)	187.5t	187.0t	-	-

These Statements of Comprehensive Income are to be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000)

Consolidated	Share Capital	Retained Earnings	Other Reserves	Total Capital and Reserves	Non-Controlling Interest	Total Equity
BALANCE AT 1 JANUARY 2022	24,200	1,020,779	(40,295)	1,004,684	16,245	1,020,929
Profit 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	1,043,105	(40,295)	1,027,010	17,059	1,044,069
Profit 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	1,068,690	(40,295)	1,052,595	17,028	1,069,623

Parent Entity	Share Capital	Retained Earnings	Total Equity
BALANCE AT 1 JANUARY 2022	24,200	70,825	95,025
Loss for the year	-	(863)	(863)
Dividends paid 2022	-	(35,659)	(35,659)
BALANCE AT 31 DECEMBER 2022	24,200	34,303	58,503
Profit for the year	-	13,947	13,947
Dividends paid 2023	-	(32,559)	(32,559)
BALANCE AT 31 DECEMBER 2023	24,200	15,691	39,891

These Statements of Changes in Equity are to be read in conjunction with the accompanying notes.

There is no other comprehensive income.

STATEMENTS OF FINANCIAL POSITION

Steamships Trading Company Limited As at 31 December 2023 (Amounts in Kina '000)

	Note	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Current assets					
Cash and cash equivalents	6	28,804	53,436	-	-
Trade and other receivables	7	184,726	147,620	45,298	35,908
Inventories	8	39,480	28,463	-	-
Income tax receivable	5(e)	5,163	12,088	-	38
Asset held for sale	10	-	3,001	-	-
		258,173	244,608	45,298	35,946
Non-current assets					
Property, plant and equipment	10	692,559	558,555	22,995	25,068
Investment properties	11	381,374	388,896	-	-
Investments in related companies	4(a)	45,495	45,458	55,252	51,752
Due from related companies	9	243,069	199,723	9,531	8,909
Intangible assets	12	76,433	76,433	-	-
Deferred tax assets	5(c)	4,627	2,020	832	1,657
		1,443,557	1,271,085	88,610	87,386
TOTAL ASSETS		1,701,730	1,515,693	133,908	123,332
Current liabilities					
Trade and other payables	13	108,680	108,038	-	1,677
Lease liabilities	14	2,576	2,667	-	-
Provisions for other liabilities and charges	15	6,122	5,635	-	-
Due to related companies	9	1,862	2,902	93,982	63,152
Due to a minority shareholder	16	160	160	-	-
Borrowings	16	32,895	240,022	-	-
Income tax payable	5(e)	-	-	35	-
		152,295	359,424	94,017	64,829
Non-current liabilities					
Lease liabilities	14	55,234	57,245	-	-
Deferred tax liabilities	5(c)	28,086	24,379	-	-
Provisions for other liabilities and charges	15	11,191	10,576	-	-
Borrowings	16	385,301	20,000	-	-
		479,812	112,200	-	-
TOTAL LIABILITIES		632,107	471,624	94,017	64,829
NET ASSETS		1,069,623	1,044,069	39,891	58,503
EQUITY					
Issued capital	17	24,200	24,200	24,200	24,200
Reserves		1,028,395	1,002,810	15,691	34,303
Capital and reserves attributable to the Company's shareholders		1,052,595	1,027,010	39,891	58,503
Non-controlling interests		17,028	17,059	-	-
TOTAL EQUITY		1,069,623	1,044,069	39,891	58,503

For and on behalf of the Board:

G.L. Cundle
Chairman

R.P.N. Bray
Managing Director

28 March 2024

These Statements of Financial Position are to be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000)

		Consolidated		Parent Entity	
	Note	2023	2022	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		627,185	628,260	2,401	4,552
Payments to suppliers and employees		(493,706)	(437,595)	-	-
Interest received		2,401	13,526	85	85
Interest and other finance costs paid		(15,826)	(14,712)	-	-
Income tax paid	5(e)	(16,495)	(5,960)	(137)	(117)
Net cash from operating activities	19(a)	103,559	183,519	2,349	4,520
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(222,769)	(129,152)	-	(3,578)
Proceeds from sale of property, plant and equipment		6,370	6,338	-	-
Subscription of additional shares in a joint venture company		(3,500)	-	(3,500)	-
Loans issued to associated companies		(31,571)	(33,307)	(622)	-
Dividends received from joint venture and associates		2,656	2,698	3,502	1,032
Net cash used in investing activities		(248,814)	(153,423)	(620)	(2,546)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		185,000	30,000	-	-
Repayments of borrowings		(30,000)	(30,000)	-	-
Loans received from subsidiaries		-	-	30,830	33,685
Loans repaid (to) / from associated companies		(1,040)	115	-	-
Lease repayments		(2,597)	(2,250)	-	-
Dividends paid		(33,113)	(36,301)	(32,559)	(35,659)
Net cash from / (used in) financing activities		118,250	(38,436)	(1,729)	(1,974)
NET DECREASE IN CASH HELD		(27,005)	(8,340)	-	-
NET CASH AT BEGINNING OF THE YEAR		52,914	61,254	-	-
NET CASH AT END OF THE YEAR		25,909	52,914	-	-
CASH COMPRISES:					
Cash and cash equivalents	6	28,804	53,436	-	-
Bank overdrafts	16	(2,895)	(522)	-	-
		25,909	52,914	-	-

These Statements of Cash Flows are to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

1. Summary of significant accounting policies

The Company is a company limited by shares and is incorporated and domiciled in Papua New Guinea. These Group consolidated financial statements were authorised for issue by the Board of Directors on 28 March 2024.

The Board of Directors has the power to amend the financial statements after their issue.

(a) Basis of preparation

The financial statements have been prepared in accordance with the Papua New Guinea Companies Act 1997 (as amended) and comply with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS and other generally accepted accounting practice in Papua New Guinea. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 1(z).

(i) Standards, amendments and interpretations effective in the year ended 31 December 2023

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period ended 31 December 2023.

- IFRS 17, Insurance Contracts. This standard replaced IFRS 4, which permitted a wide variety of practices in accounting for insurance contracts. IFRS 17 fundamentally changes the accounting by all entities that issue insurance contracts.
- Narrow scope amendments to IAS 1, Practice statements 2 and IAS 8. The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.
- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction. These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- Amendment to IAS 12 - International tax reform. These amendments give companies temporary relief from accounting for deferred taxes arising from the Minimum Tax Implementation Handbook international tax reform. The amendments also introduce targeted disclosure requirements for affected companies.

The above changes did not have any material impact on the Group.

(ii) Standards, amendments and interpretations issued but not yet effective for the year ended 31 December 2023 or adopted early

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the entity's accounting periods beginning on or after 1 January 2024 or later periods, but the entity has not early adopted them:

- Amendment to IFRS 16 – Leases on sale and leaseback (effective 1 January 2024). These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
- Amendment to IAS 1 – Non-current liabilities with covenants (effective 1 January 2024). These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendment to IAS 7 and IFRS 7 - Supplier finance (effective 1 January 2024 - with transitional reliefs in the first year). These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.
- Amendments to IAS 21 - Lack of Exchangeability (1 January 2025 - early adoption is available). An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay),

and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

New IFRS sustainability disclosure standards effective after 1 January 2024

- IFRS S1, 'General requirements for disclosure of sustainability-related financial information (effective 1 January 2024 - This is subject to endorsement of the standards by the Accounting Standards Board of PNG). This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain.
- IFRS S2, 'Climate-related disclosures' (effective 1 January 2024 - This is subject to endorsement of the standards by the Accounting Standards Board of PNG). This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities.

(iii) Comparative information

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current year and comparative purposes.

(b) Foreign currency

The Group's functional and presentation currency is the Papua New Guinea Kina. Transactions in foreign currencies have been translated into the functional currency at rates ruling at the date of the transaction. Amounts payable to and by the Group in foreign currencies have been translated to the functional currency at rates of exchange ruling at the year end. Gains and losses arising from movements in foreign exchange rates are recognised in the statements of comprehensive income when they arise.

(c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Steamships Trading Company Limited as at 31 December 2023 and the results of all subsidiaries for the year then ended. Steamships Trading Company Limited and its subsidiaries together are referred to as the Group or the consolidated entity.

Subsidiaries are all entities over which the Group has control, that is when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 1(d)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statements of comprehensive income, statements of changes in equity and statements in financial position, respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equal or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Joint ventures

Joint venture entities

Interests in joint ventures are accounted for using the equity method after initially being recognised at cost as for associates.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to shareholders.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in determining profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in profit or loss.

Predecessor accounting is applied for business combinations among entities under common control, including acquisitions of entities and amalgamations of entities under common control. Under this method, the financial statements of the combined entity are presented as if the businesses had been combined from the date when the combining entities were amalgamated. Assets and liabilities of the acquired or amalgamated entity are stated at predecessor carrying values. Fair value measurement is not required and no new goodwill arises in predecessor accounting. Any difference between the consideration given and the aggregate book value of the assets and liabilities of the acquired or amalgamated entity at the date of the transaction is included in equity in retained earnings.

(e) Revenue recognition

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with the customer when or as the Group transfers the control of the goods or services promised in a contract to the customer. Depending on the substance of the respective contract with the customer, the control of the promised goods or services may transfer over time or at a point in time. A contract with a customer exists when the contract has commercial substance, the Group and its customer have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled to in exchange of those goods or services. At the inception of each contract with a customer, the Group assesses the contract to identify distinct performance obligations, being the units of account that determine when and how revenue from the contract with the customer is recognised. A performance obligation is a promise to transfer a distinct good or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's customary business practices.

A good or service is distinct if:

- the customer can either benefit from the good or service on its own or together with other readily available resources; and
- the good or service is separately identifiable from other promises in the contract (e.g. the good or service is not integrated with, or highly interrelated with, other goods or services promised in the contract)

If a good or service is not distinct, the Group combines it with other promised goods or services until the Group identifies a distinct performance obligation consisting of a distinct bundle of goods or services.

As disclosed in Note 24, revenue from external customers comes from the logistics business, property and hospitality business, and commercial business.

Revenue from the logistics business includes revenue from providing the following services: freight and shipping activities, land transport activities, towage and salvage activities, and sale of goods.

Revenue from freight and shipping services, land transport services and towage services is recognised over time as the performance obligation (in this case transport or towage activity) is performed taking into consideration the days of shipment. In case of sale of goods (such as containers), revenue is recognised at a point of time.

Payment terms for freight and shipping services and land transport services are typically 30 days; payment terms for towage services are typically within 30 days after completion of service delivery.

Salvage revenue is recognised over time as the performance obligation (in this case salvaging activity) is performed, based on the days of provision of service, or at a point of time (upon completion of the salvage job), depending on the nature of the salvage activity and the contractual terms. The Group recognises salvage revenue over time if the customer simultaneously receives and consume the benefits provided by the Group's performance as the Group performs. In such cases, the Group typically has a right to payment based on work performed until the reporting date. The Group recognises salvage revenue at a point in time when the customer does not simultaneously receive and consume the benefits provided by the Group's performance as the Group performs and has no enforceable right to payment for performance completed to date.

Payment terms for salvage work vary between one and three months. Where salvage work is completed but the amount of proceeds is not known at the reporting date, revenue is determined on the basis of expected proceeds taking into account estimation uncertainty. The estimated amount of consideration will be recognised as revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the consideration is subsequently resolved.

The Group incurs costs needed to fulfil salvage contracts and defers these costs incurred directly related to salvage work, if their recovery is considered probable based on management's assessment. If management's assessment suggests the expenses are not expected to be recovered, the estimated unrecoverable portion is expensed when incurred. Probability of recoverability of initially recognised deferred salvage costs is assessed at the end of each reporting period. In the reporting period when management's assessment suggests that these expenses will not likely be recovered by revenues (i.e. the related contract asset is deemed impaired), the estimated unrecoverable portion is expensed. Deferred salvage costs are amortised in profit or loss on a systematic basis consistent with the pattern of recognition of the associated revenue.

Revenue from the hotels business from provision of services is recognised over time based on the days of provision of service; payments for provided services are made upon service delivery. Revenue from sale of goods in hotels business is recognised at a point in time upon delivery of goods under typical credit term of 30 days or in cash. Lease income from the property business is recognised on a straight-line basis over the term of the lease.

Revenue from the commercial business relates to sale of goods and is recognised when the goods are accepted by the customers, under typical payment terms of 30 days after the delivery of goods.

The following other income is recognised across the Group as follows:

Interest income

Interest income is recognised using the effective interest method.

Dividend income

Dividends are recognised when the right to receive payment is established.

(f) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available, against which the temporary differences can be utilised.

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks with an original maturity of up to 3 months. Bank overdrafts are shown in current liabilities in the statement of financial position.

(h) Receivables

Trade receivables are amounts due from customers for merchandise sold or services provided in the ordinary course of business. There are classified as current assets if collection is expected within one year. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on the weighted average basis and, where appropriate, includes a proportion of variable overhead expenditure.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs.

(j) Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the statement of comprehensive income.

(k) Financial assets

The Group classifies all of its financial assets in the measurement category 'Financial assets at amortised cost'.

The Group classifies its financial assets at amortised cost when the asset is held within a business model whose objective is to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest ("SPPI"). Financial assets of the Group that fall under this category are trade and other receivables, bank balances, deposits and cash, and loans to related companies.

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains and losses together with foreign exchange gains and losses.

As of 31 December 2023 and 31 December 2022, the Group had no financial instruments classified as financial assets at fair value through other comprehensive income ("FVOCI") - Equity instruments or financial assets at fair value through profit or loss ("FVTPL").

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, and the balance is classified as non-current.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments and financial guarantee contracts issued. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. For financial guarantee contracts, the ECL is the difference between expected payments to reimburse the holder of the guarantee debt instruments less any amounts the company expects to recover from the other party.

ECL is measured based on either the general 3-stage approach or the simplified approach.

The general 3-stage approach is applied for loans to related parties and financial guarantee contracts issued.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Collective assessment

To measure ECL, trade receivables and other receivables have been grouped based on shared credit risk characteristics, such as days past due.

Individual assessment

Trade receivables, other receivables and amounts due from related parties which are in default or credit-impaired are assessed individually.

(l) Property, plant and equipment

All property, plant and equipment are initially recorded at cost. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets until the assets are ready for their intended use. Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated on the straight-line method to write off the cost of each asset to their residual values using the below rates which is reflective of their estimated useful life as follows:

Buildings	2 – 4%
Ships	5 - 10%
Plant and fittings	10 - 33%
Motor vehicles	20 - 33%

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statements of comprehensive income during the financial period in which they are incurred.

(m) Investment properties

Investment properties include land held for long-term capital appreciation and buildings leased out under operating leases. Properties that comprise a portion held to earn rentals and a portion for own use or occupation will only be classified as investment property if an insignificant portion is held for own use of occupation. Investment properties are recognised when it is probable that future economic benefits associated with the property will flow to the Group and the cost of the investment property can be reliably measured. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Transaction costs are included on initial measurement. Borrowing costs directly attributable to the acquisition or construction of qualifying assets are added to the cost of those assets until the assets are ready for their intended use. The fair values of investment properties are disclosed in the Note 11. These are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. Like property, plant and equipment, investment properties are normally depreciated using the straight-line method over similar useful lives.

(n) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired business at the date of acquisition.

Goodwill is capitalised and assessed for impairment annually or more frequently if events or changes in circumstances indicate a potential for impairment and is carried at cost less impairment losses. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(o) Trade and other payables

These amounts represent obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

A liability for annual leave is recognised and measured at the amount of unpaid leave at amounts expected to be paid to settle the present entitlements. A liability for long service leave is recognised taking into consideration expected future wage and salary levels, experience of employee departures and periods of service, discounted to present values.

A provision for estimated ship dry docking costs is only recognised where the Group has a contractual obligation under a Bare Boat charter agreement from a third party. Dry docking costs relating to ships not under third-party long-term charter agreements are only recognised as incurred and are capitalised to the extent that the previously assessed economic benefits associated with the asset are restored.

(q) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of period in which the employees render the related service is recognised in the provision for the employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(r) Borrowings

Borrowings are recognised initially at fair value, net of any transaction costs incurred, and are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(t) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets, which are assets that take a substantial period of time to get ready for their intended use or sale, are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the year, in this case 4.14% (2022: 3.92%)

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Strategic Steering Committee.

(v) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, by the weighted average number of ordinary shares outstanding during the financial year. There are no potential ordinary shares on issue and hence the diluted earnings per share is equal to the basic earnings per share.

(w) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST. Receivables and payables are stated inclusive of GST. The amount of GST recoverable from, or payable to, the Taxation authority is included with other receivables or payables in the statement of financial position.

(x) Leases

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.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(y) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand Kina.

(z) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates as further detailed in Note 12.

(ii) Estimated impairment of property, plant and equipment

The Group tests the recoverable amount of property, plant and equipment when impairment indicators are identified. Where an indicator of impairment is identified, the recoverable amount is determined using the higher of fair value less cost to sell and its value in use. Fair value is determined using market-based information, while value in use is determined using a pre-tax cashflow projections and discount rate. Refer to Note 10.

(iii) Deferred tax assets

The analysis of the recognition and recoverability of the deferred tax assets is judgemental. For management's judgments in relation to recoverability of deferred tax assets, refer to Note 5.

(iv) Incremental borrowing rate relating to lease liabilities

As disclosed in Note 14, management assessed that the weighted average interest rate on collateralized borrowings obtained from financial institutions during 2023 and previous years of 4.5% approximates the incremental borrowing rate at the date of initial adoption of IFRS 16 and at 31 December 2023. Therefore, this rate has been used for discounting lease payments arising from state land leases and property leases. In making this judgment, management considered the period of leases (including extension and termination options), the quality of leased assets compared to assets used as collateral for relevant borrowings and made an assessment whether any adjustments to the weighted average rate on borrowings are needed to reflect differences in secured assets, lease periods compared to maturity of borrowings, and other factors affecting the incremental borrowing rate. Based on assessment performed, management concluded that the average weighted interest rate on borrowings of approximately 4.5% p.a. approximates the rate that the Group would expect to borrow to acquire the right-of-use assets in relation to land leases and property leases. If the incremental borrowing rate were 1% higher/(lower), lease liabilities as of 31 December 2023 would be K4.5 million lower and K8.7 million higher, respectively (2022: K4.5 million lower and K9.3 million higher).

2. Financial risk management

The Group's activities expose it to a variety of financial risks including market risk (including currency, and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group engages in international purchase transactions and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. Foreign exchange risk arises from recognised assets and liabilities.

The Group's foreign currency purchases do not represent a significant proportion of the Group's costs and as such exposure to foreign currency risk is minimal. It is not the Group's policy to hedge foreign currency risk. As the foreign currency exposure is minimal no sensitivity analysis is provided.

(ii) Price risk

The Group is not significantly exposed to equity securities or commodities price risk.

(iii) Cash flow interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Long term borrowings are a mix of fixed and variable rate interest. It is not the Group's policy to hedge cash flow and interest rate risk.

At 31 December 2023, if interest rates on PNG Kina-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been K5.8 million (2022: K3.6 million) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group has no significant concentration of credit risk and it is not the Group's policy to hedge credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and has policies that limit the amount of credit exposure to any one customer. Where credit limits were exceeded during the reporting period management has made provision for amounts considered uncollectible.

The Group has the following types of financial assets that are subject to the expected credit loss model: trade receivables, other receivables (including intercompany receivables) and loans to related parties. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, impairment loss is immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, for all financial assets, other than loans to related parties and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward- looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has analysed GDP and employment rate of PNG to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Management concluded that the impairment provision for trade receivables is not materially affected by changes in GDP and employment rate.

For loans to related parties and other receivables, the Group applies a 'three-stage' model for impairment based on changes in credit quality since initial recognition, as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.
- Financial instrument in Stage 1 has their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Loans in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

Forward-looking information incorporated in the model includes GDP Growth (%) of Papua New Guinea economy.

The Group considers a loan or other receivable to have experienced a significant increase in credit risk when one or more of the following quantitative and qualitative criteria have been met: delay in payment of over 30 days, early signs of cash flow/liquidity problems, significant adverse changes in business, financial and/or economic conditions in which related party operates, actual or expected forbearance or restructuring, significant change in collateral value (for collateralised loans).

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria: delay in payment of over 90 days, significant financial difficulty of related party (such as long-term forbearance, insolvency, or probability of bankruptcy). A loan or other receivable is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria at the reporting date.

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

All of the Group's loans to related parties as at 31 December 2023 and 31 December 2022 are classified in 'Stage 1'. Further, management assessed that no material impairment provision on loans to related parties is necessary given the following:

- Loans to related parties are repayable on demand and the Group expects to be able to recover the outstanding balance of related loans, if demanded;
- Loans to related parties have not had significant increase in credit risk since the loans were first recognised;
- There are no historic losses or write offs on these loans;

- As a result, impairment provision is based on 12-month expected credit losses, which results in immaterial impairment provision.

Similarly, the Group's other receivables as at 31 December 2023 and 31 December 2022 are classified in 'Stage 1', as they are either current or overdue up to 30 days, and the Group has not noted a significant increase in credit risk.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group manages liquidity risk by maintaining sufficient bank balances to fund its operations and the availability of funding through committed credit facilities.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows.

Undrawn finance facilities as of 31 December were as follows:

	2023 K'000	2022 K'000
Undrawn Facilities	189,699	274,900

The table below analyses the Group's financial liabilities which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year K'000	Between 1 & 2 years K'000	Between 2 & 5 years K'000	Over 5 years K'000	Total K'000	Carrying amount K'000
At 31 December 2023						
Borrowings	(46,682)	(85,385)	(325,120)	-	(457,187)	(418,196)
Borrowings from minority shareholders	(160)	-	-	-	(160)	(160)
Borrowings from related parties	(1,899)	-	-	-	(1,899)	(1,862)
Trade and other payables	(108,680)	-	-	-	(108,680)	(108,680)
Lease liabilities	(5,283)	(5,283)	(11,981)	(111,566)	(134,113)	(57,810)
	(162,704)	(90,668)	(337,101)	(111,566)	(702,039)	(586,708)
At 31 December 2022						
Borrowings	(248,073)	(990)	(20,814)	-	(269,877)	(260,022)
Borrowings from minority shareholders	(160)	-	-	-	(160)	(160)
Borrowings from related parties	(2,960)	-	-	-	(2,960)	(2,902)
Trade and other payables	(108,038)	-	-	-	(108,038)	(108,038)
Lease liabilities	(5,296)	(5,296)	(12,125)	(115,725)	(138,442)	(59,912)
	(364,527)	(6,286)	(32,939)	(115,725)	(519,477)	(431,034)

The Group does not hold derivative financial instruments.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as external borrowings and unsecured loans less cash and cash equivalents. Net debt for the purposes of the gearing ratio does not include lease liabilities, trade and other payables and provisions for other liabilities and charges. Total capital is calculated as capital and reserves attributable to the Group's shareholders plus net debt. The gearing ratios at each balance date were as follows:

	2023 K'000	**2022 K'000**
Total external borrowing and unsecured loans	420,218	263,084
Less: Cash and cash equivalents	28,804	53,436
Net debt	391,414	209,648
Total equity	1,069,623	1,044,069
Total capital	1,461,037	1,253,717
Gearing ratio	27%	17%

The Group is subject to certain covenants related primarily to its external borrowings. Non-compliance with such covenants may result in negative consequences for the Group including declaration of default. The Group was in compliance with covenants as at 31 December 2023 and 31 December 2022, as well as during respective years.

(e) Fair value estimation

IFRS 7 "Financial Instruments: Disclosures" requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group does not hold any financial assets at fair value.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

3. Operating results

	Consolidated		Parent Entity	
	2023	**2022**	**2023**	**2022**
(a) Revenue and other income comprises:				
Revenue from contracts with customers				
- Revenue from sale of goods	67,236	63,334	-	-
- Revenue from provision of services	467,694	459,154	-	-
Lease income	121,360	108,774	-	-
Dividend income	-	-	11,503	1,032
Total revenue	656,290	631,262	11,503	1,032
Other income (net)*	13,006	-	5,098	2,036

* Other income includes royalties, management fees, gain on sale of assets and net proceeds from insurance claims.

The Group's revenue from contracts with customers are recognised at a point in time and over time. Most of the revenue from the provision of services is recognised over time, while revenue from sale of goods is recognised at a point in time. Further disaggregation of revenue by segment is provided in Note 24.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2023 that relates to shipping and freight services which commenced in late 2023 and will be finalised within January 2024 is K1.3 million (2022: K2.8 million).

(b) Expenses comprise:

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Cost of sales	132,979	125,177	-	-
Staff costs (Note 3c)	174,530	137,037	-	-
Depreciation and amortisation	104,529	95,279	2,073	2,102
Impairment of properties	-	25,842	-	-
Impairment of vessels	-	767	-	-
Electricity and fuel	46,889	51,869	-	-
Insurance	10,054	7,405	-	-
Security cost	13,125	13,017	-	-
Motor vehicle expenses	33,861	29,669	-	-
Other operating expenses / (income) - net	74,574	64,239	(381)	2,729
Total operating expense	590,541	550,301	1,692	4,831

(c) Staff costs:

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Wages and salaries	146,622	114,375	-	-
Retirement benefit contributions	5,776	5,175	-	-
Other benefits	22,132	17,487	-	-
	174,530	137,037	-	-

Number of staff employed by the Group at year end:

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Full-time	3,010	2,705	-	-

3. Operating results (continued)

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
(d) The operating profit before income tax is arrived at after charging and crediting the following specific items:				
After charging:				
Audit fees	1,172	1,141	-	-
Fees for non-audit services to Auditors	122	489	-	-
Bad and doubtful debts provided	7,460	1,461	-	-
Impairment of properties	-	25,842	-	-
Donations	1,792	1,353	-	-
After crediting:				
Net proceeds from insurance claims	(11,292)	-	-	
Gain on sale of property, plant and equipment	(1,714)	(534)	-	-
Bad and doubtful debts released	(38)	(968)	-	-
(e) Cost of financing – net:				
Interest expense*	15,826	14,712	-	-
Interest income	(14,174)	(13,537)	(85)	(85)
Net finance costs	1,652	1,175	(85)	(85)

*The interest expense excludes capitalised interest which is KNil in 2023 (2022: KNil).

(f) Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the average number of ordinary shares on issue during the year. There is no difference between the basic and diluted earnings per share.

	Consolidated 2023	Consolidated 2022
Net profit attributable to shareholders	58,144	57,985
Average number of ordinary shares on issue (thousands)	31,008	31,008
Basic earnings per share (continuing and discontinued)	187.5 toea	187.0 toea
Basic earnings per share (continuing)	187.5 toea	187.0 toea
Basic earnings per share (discontinued)	-	-

4. Investments in subsidiaries, associates and joint ventures

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
(a) Investments are accounted for in accordance with the policy set out in Note 1(c) and relate to:				
Investments in subsidiary companies (Note 21)	-	-	55,252	51,752
Investments in associates (Note 22)	5,464	5,593	-	-
Investments in joint ventures (Note 23)	40,031	39,865	-	-
	45,495	45,458	55,252	51,752
(b) Share of after-tax profit in associates and joint ventures				
Share of profit in associates	121	249	-	-
Share of profit in joint ventures	7,165	6,039	-	-
	7,286	6,288	-	-

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

5. Income tax

	Consolidated		Parent Entity	
	2023	2022	2023	2022
(a) Income tax expense / (credit)				
Current tax	24,622	30,710	222	166
Deferred tax	420	(6,549)	825	(979)
Adjustments for current and deferred tax of prior periods	680	3,654	-	(2)
Utilisation of losses in tax return, Note 5(b)	-	(1,182)	-	-
	25,722	26,633	1,047	(815)

(b) The income tax in the Statements of Comprehensive Income is determined in accordance with the policy set out in Note 1(f). The effective rate of tax charged differs from the statutory rate of 30% for the following reasons.

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Prima facie tax on profit / (loss) before income tax	25,317	25,822	4,498	(503)
Non-taxable income - dividends	-	-	(3,451)	(310)
Tax on non-deductible expenses	677	185	-	-
Tax losses utilised in current year – previously unrecognised	-	(1,182)	-	-
Income not assessable for tax	(2,186)	(1,846)	-	-
Adjustments for current and deferred tax of prior periods	680	3,654	-	(2)
Unrecognised deferred tax asset on tax losses	1,234	-	-	-
	25,722	26,633	1,047	(815)

(c) The deferred tax (liabilities) / assets comprise:

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Provisions	14,247	14,754	51	934
Lease liabilities	17,341	17,972	-	-
Prepayments and consumables	(14,342)	(11,800)	-	-
Property, plant and equipment	(31,427)	(33,158)	781	723
Right-of-use assets	(9,278)	(10,127)	-	-
	(23,459)	(22,359)	832	1,657
Deferred tax asset	4,627	2,020	832	1,657
Deferred tax liability	(28,086)	(24,379)	-	-
	(23,459)	(22,359)	832	1,657

	Beginning Balance	Charge to profit	Ending Balance
d) The gross movement on the deferred tax account is as follows:			
Consolidated			
Provisions and accruals	14,754	(507)	14,247
Lease liabilities	17,972	(631)	17,341
Prepayments and consumables	(11,800)	(2,542)	(14,342)
Property, plant and equipment	(33,158)	1,731	(31,427)
Right-of-use assets	(10,127)	849	(9,278)
Total	(22,359)	(1,100)	(23,459)
Parent Company			
Property, plant and equipment	723	58	781
Loan receivable	934	(883)	51
Total	1,657	(825)	832

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

5. Income tax (continued)

(e) The movement in income tax (receivable) / payable is as follows:

	Consolidated		Parent Entity	
	2023	2022	2023	2022
At 1 January	(12,088)	(23,627)	(38)	(64)
Income tax provision	24,622	30,710	222	166
Prior year under/(over) provisions	-	2,000	(12)	15
Utilisation of previously unrecognised tax losses - Note 5(b)	-	(1,182)	-	-
Utilisation of previously recognised tax losses	-	(11,355)	-	-
Utilisation of interests withholding tax	(2,115)	(1,822)	-	(13)
Others	913	(852)	-	(25)
Tax payments made	(16,495)	(5,960)	(137)	(117)
	(5,163)	(12,088)	35	(38)

6. Cash and cash equivalents

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Cash and short-term deposits	28,804	53,436	-	-
	28,804	53,436	-	-

The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents on the statements of financial position. Cash and short-term deposits are held with the banks resident in Papua New Guinea who have appropriate long term credit ratings.

7. Trade and other receivables

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Trade receivables	86,390	73,373	-	-
Trade receivables - related parties (Note 18)	37,828	42,192	45,296	35,905
Provision for impairment	(17,385)	(11,163)	-	-
	106,833	104,402	45,296	35,905
Other receivables	64,201	28,772	-	3
Prepayments	13,692	14,446	2	-
	184,726	147,620	45,298	35,908

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

7. Trade and other receivables (continued)

(i) Credit losses

As at 31 December 2023 and 31 December 2022, loss allowance was determined as follows for trade receivables:

31 December 2023	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0.01%-0.07%	0.07%-10%	10%-25%	25%-75%	14%
Gross carrying amount - trade receivables	65,102	26,340	9,854	22,922	124,218
Loss allowance	419	2,570	2,342	12,054	17,385

31 December 2022	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0.01%-0.05%	0.05%-0.15%	0.15%-2%	2%-80%	9.95%
Gross carrying amount - trade receivables	57,507	30,170	9,812	18,076	115,565
Loss allowance	17	26	63	11,057	11,163

Movement in the provision for impairment of trade receivables is as follows:

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Opening balance	11,163	12,736	-	-
Impairments recognised during the year	7,460	1,461	-	-
Provision released	(38)	(2,947)	-	-
Write off	(1,200)	(87)	-	-
Total	17,385	11,163	-	-

The creation and release of the provision for impaired receivables is included in operating expenses in the statements of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering the balance outstanding.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Group does not hold any collateral as security in relation to these receivables.

(ii) Other receivables and prepayments

Other receivables generally arise from transactions outside the usual operating activities of the Group. These mostly include receivables for rental bonds, dividends from a joint venture and other tax receivables (such as GST receivables) and other non-financial assets. These receivables are not interest bearing. Collateral is not normally obtained.

As at 31 December 2023 and 31 December 2022, most of the Group's other receivables are current and classified as Stage 1 for impairment provisioning purposes. The amount of other receivables overdue more than 30 days is not material, and the impairment provision based on expected loss model is immaterial.

Prepayments relate to advance payments for expenses not yet incurred.

8. Inventories

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Finished goods	39,624	28,607	-	-
Provision for obsolescence	(144)	(144)	-	-
	39,480	28,463	-	-

Inventories recognised as an expense during the year ended 31 December 2023 and included in cost of sales and cost of providing services amounted to K23.1 million (2022: K21.0 million).

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

9. Due from / (to) related companies

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Non-Current				
John Swire & Sons Limited	8,995	8,409	8,995	8,409
Colgate Palmolive (PNG) Limited	536	500	536	500
Huhu Rural LLG	1,103	1,035	-	-
Pacific Rumana Limited	25,375	26,930	-	-
Harbourside Development Limited	203,503	160,833	-	-
Viva No. 31 Limited	2,584	2,000	-	-
Wonye No. 2 Limited	957	-	-	-
Wakang Inc.	16	16	-	-
	243,069	199,723	9,531	8,909
Due to associates and joint ventures:				
Stevedoring associates	(1,862)	(2,902)	-	-
Loans from subsidiaries	-	-	(93,982)	(63,152)
	(1,862)	(2,902)	(93,982)	(63,152)

The loans to Harbourside Development Limited are secured and earn interest at 6.5% p.a. The loan to Pacific Rumana Limited is unsecured and earns interest at 8.5% p.a. The loan from stevedoring associates is unsecured and incurs interest at 2% p.a.

10. Property, plant and equipment

	Property	Ships	Plant and Vehicles	Right-of-use assets	Total
Consolidated					
2023					
Cost	570,926	406,495	437,174	42,912	1,457,507
Accumulated depreciation (including impairment losses)	(282,274)	(179,403)	(266,629)	(36,642)	(764,948)
Net book value	288,652	227,092	170,545	6,270	692,559
Opening value	305,522	139,910	104,456	8,667	558,555
Additions	4,590	120,012	94,681	495	219,778
Disposals	(382)	(31)	(1,242)	-	(1,655)
Depreciation	(21,078)	(32,799)	(27,350)	(2,892)	(84,119)
Closing value	288,652	227,092	170,545	6,270	692,559
2022					
Cost	539,613	295,993	347,635	42,417	1,225,658
Accumulated depreciation (including impairment losses)	(234,091)	(156,083)	(243,179)	(33,750)	(667,103)
Net book value	305,522	139,910	104,456	8,667	558,555
Opening value	332,662	108,415	84,940	32,551	558,568
Additions	2,274	58,883	43,164	826	105,147
Disposals	(120)	(140)	(136)	(142)	(538)
Impairments	(4,010)	(767)	-	(21,832)	(26,609)
Depreciation	(25,284)	(26,481)	(23,512)	(2,736)	(78,013)
Closing value	305,522	139,910	104,456	8,667	558,555

In the 31 December 2022 financial year, the Group committed to a plan to sell certain cargo vessels. These assets were classified as 'Assets held for sale'. The cargo vessels were sold in the 31 December 2023 financial year.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

10. Property, plant and equipment (continued)

	Property	Plant and Vehicles	Total
Parent Entity			
2023			
Cost	81,987	7,313	89,300
Accumulated depreciation (including impairment losses)	(60,353)	(5,952)	(66,305)
Net book value	21,634	1,361	22,995
Opening value	23,379	1,689	25,068
Depreciation	(1,745)	(328)	(2,073)
Closing value	21,634	1,361	22,995
2022			
Cost	81,987	7,313	89,300
Accumulated depreciation (including impairment losses)	(58,608)	(5,624)	(64,232)
Net book value	23,379	1,689	25,068
Opening value	22,240	1,352	23,592
Additions	2,882	696	3,578
Transfers	(6)	6	-
Depreciation	(1,737)	(365)	(2,102)
Closing value	23,379	1,689	25,068

(a) Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment and investment properties which are in the course of construction:

	Consolidated		Parent Entity	
	2023	**2022**	**2023**	**2022**
Property	20,654	34,103	-	-
Ships and plant and vehicles	86,138	6,812	-	-
Total assets in the course of construction	106,792	40,915	-	-

The cost of additions in 2023 did not include any capitalised borrowing costs (2022: KNil) in relation to qualifying assets. The Group used capitalisation rate of 4.14% (2022: 3.72%) p.a. to determine the amount of borrowing costs eligible for capitalisation.

(b) Impairment losses

There were no conditions that indicated impairment of property, plant and equipment as at 31 December 2023.

The property impairments as of 31 December 2022 comprised of:

- K21.8 million impairment of the Cassowary Hotel right of use asset. The recoverable amount was determined based on value-in-use calculations. The calculations use pre-tax cashflow projections based on financial budgets approved by management covering a three-year period. Beyond the three-year period, revenue and cost growth was set at 4% for the remainder of the lease period. A discount rate of 13.5% was adopted.
- K4.0 million impairment of a building reflecting earthquake damage to a building. The Group lodged a claim with its insurer in 2022. The claim was finalised in 2023 and the Group received net insurance proceeds of K11.3 million (net of GST).

10. Property, plant and equipment (continued)

(c) Right-of-use assets

The recognised right-of-use assets relate to properties leased by the Group for its use (i.e. leased buildings). The movement of right-of-use assets classified under property, plant and equipment is provided below:

	2023 K'000	2022 K'000
Opening net book amount	8,667	32,551
Lease agreements made during the year	495	826
Disposal	-	(142)
Depreciation	(2,892)	(2,736)
Impairment	-	(21,832)
Closing net book amount	6,270	8,667
At cost	42,912	42,417
Accumulated depreciation (including impairment losses)	(36,642)	(33,750)
	6,270	8,667

11. Investment properties

Investment properties represent the Group's residential and commercial properties that are available for external lease rather than internal use. Properties used by the Group are shown in 'Property' within Note 10.

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Cost	592,008	580,814	-	-
Accumulated depreciation	(210,634)	(191,918)	-	-
Net book value	381,374	388,896	-	-
Opening value	388,896	375,415	-	-
Additions	12,888	30,780	-	-
Disposal	-	(33)	-	-
Depreciation	(20,410)	(17,266)	-	-
Closing value	381,374	388,896	-	-

(a) Right-of-use assets

The recognised right-of-use assets relate state land leases related to properties owned by the Group (including investment properties). The breakdown of right-of-use assets classified under investment properties is provided below:

	2023	2022
Opening net book amount	25,086	25,663
Terminated	-	(142)
Depreciation	(432)	(435)
Others	19	-
Closing net book amount	24,673	25,086
At cost	26,781	26,781
Accumulated depreciation	(2,108)	(1,695)
	24,673	25,086

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

11. Investment properties (continued)

	2023	2022
(b) Amounts recognised in profit/loss for investment properties		
Rental income	121,360	108,774
Repairs and maintenance attributable to rental properties under non-cancellable leases	(3,485)	(2,516)
Operating expenses directly attributable to rental properties under non-cancellable leases	(24,094)	(22,890)

(c) Valuation basis

Properties include commercial and residential properties occupied by Group businesses together with commercial and residential investment properties which are available for external lease. An analysis of the carrying amount and estimated range of fair values for each category of property is shown below. Fair values have been estimated internally, based on market evidence of property values, supported by independent professional valuations from previous years, adjusted by observable market trends related to PNG residential and commercial properties, as well as land values, on an annual basis.

Included in properties are the following:

		Valuation Range	
	NBV	Lower	Higher
Investment properties	381,374	1,406,240	1,757,799
Other properties (Note 10)	288,652	454,171	567,713
Total	670,026	1,860,411	2,325,512

The management has utilised certain historical facts and available relevant market data in reaching their opinion as to the valuation of the properties up to the date of valuation, including use of comparable sales and capitalisation rates.

(d) Non-current assets pledged as security

Refer to Note 16 for information on non-current assets pledged as security by the Group.

(e) Contractual receivables

Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Within one year	81,104	69,326	-	-
Later than one year but not later than five years	145,261	75,838	-	-
Later than five years	18,700	17,185	-	-
	245,065	162,349	-	-

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

12. Intangible assets

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Opening balance	76,433	76,433	-	-
Disposal of Subsidiary	-	-	-	-
Closing balance	76,433	76,433	-	-

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. The goodwill balance of K76.4 million (2022: K76.4 million) is attributable to various business acquisitions in the logistics segments including Pacific Towing (K67.4 million) and New Britain Shipping (K9 million). The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a three-year period. Growth beyond year three for the purpose of the impairment testing is set at 7% for New Britain Shipping and 7% for Pacific Towing (2022: 5% for New Britain Shipping and 5% for Pacific Towing). A pre-tax discount rate of 14.9% per annum (2022: 13.4% per annum) has been used and reflects specific risks relating to the operating segment. The recoverable amount of the Pacific Towing CGU and New Britain Shipping CGU exceed their carrying amounts by K36.1 million (2022: K23.2 million) and K6.7 million (2022: K9.1 million), respectively. Management believes that growth rate of revenue of 7% p.a. for Pacific Towing and New Britain Shipping is appropriate, as approved three-year financial budgets are based on conservative assumptions.

Management determined the budgeted gross margin based on past performance and its market expectations. If the revised growth rate beyond three years had been 1% lower than management's estimates the Group would need to reduce the carrying value of goodwill of Pacific Towing by KNil and the carrying value goodwill of New Britain Shipping by KNil. The CGUs' carrying amount would exceed the value in use at a growth rate lower than 5.4% p.a. for Pacific Towing and 5.3% p.a. for New Britain Shipping.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs. If the revised estimated pre-tax discount rate applied to the discounted cash flows of the Pacific Towing CGU and New Britain Shipping CGU had been 1% higher than management's estimates, the recoverable amounts of goodwill of Pacific Towing and New Britain Shipping would exceed their carrying amounts by K15.6 million and K4.3 million, respectively. The CGUs' carrying amount would be equal to value in use at a pre-tax discount rate of approximately 19.4% p.a. and 22.5% p.a. respectively.

13. Trade and other payables

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Trade payables	42,741	32,979	-	-
Trade payables - related parties (Note 18)	8,343	6,323	-	-
Accruals	39,638	51,520	-	1,677
Other payables	17,958	17,216	-	-
	108,680	108,038	-	1,677

All trade and other payables are due and payable within 12 months and are recorded at their fair value.

14. Lease liabilities

As disclosed in Note 10 and 11, the right-of-use assets and related lease liabilities are recognised in relation to the following types of assets: state land leases related to properties owned by the Group (including its investment properties) and properties (i.e. buildings leased by the Group for its use).

	2023	2022
State land leases	25,868	26,155
Properties	31,942	33,757
Total lease liabilities	57,810	59,912

Total lease liabilities as of 31 December 2023 include current liabilities of K2.6 million (31 December 2022: K2.7 million) and non-current liabilities of K55.2 million (31 December 2022: K57.2 million).

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

14. Lease liabilities (continued)

	2023	2022
Minimum lease payments:		
Not later than 1 year	5,283	5,296
Later than 1 year and not later than 5 years	17,264	17,421
Later than 5 years	111,566	115,725
Total	134,113	138,442
Less: Unexpired finance charges	(76,303)	(78,530)
	57,810	59,912
Present value of lease liabilities:		
Not later than 1 year	2,576	2,667
Later than 1 year and not later than 5 years	14,100	13,967
Later than 5 years	41,134	43,278
Total	57,810	59,912

Interest on lease liabilities recognised in profit or loss by the Group amounts to K2.6 million (2022: K2.7 million).

Movement in net lease liabilities as per below:		
Opening	59,912	61,554
Lease agreements made during the year	495	826
Disposal during the year	-	(218)
Finance costs	2,593	2,693
Repayment	(5,190)	(4,943)
	57,810	59,912

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 31 December 2022 and 31 December 2023 was 4.5% p.a. Management assessed that weighted average interest rate on borrowings obtained from financial institutions during 2023 and previous years approximates incremental borrowing rate at the date of initial adoption of IFRS 16 and at 31 December 2023. For related management's judgments refer to Note 1(z).

The Group recognised expenses relating to short-term leases and expenses relating to leases of low-value assets that are not short-term leases of K3.5 million and KNil for the year ended 31 December 2023 (2022: K5.3 million and KNil), respectively. These expenses are included in operating expenses. The Group's leases have no variable payments.

15. Provisions for other liabilities and charges

	Employee	Insurance Claims	Others	2023 Total	2022 Total
Opening value	15,695	516	-	16,211	58,167
Charged to profit and loss	9,091	571	121	9,783	4,255
Utilised/ reversal during year	(8,165)	(516)	-	(8,681)	(46,211)
Closing value	16,621	571	121	17,313	16,211
Current	5,430	571	121	6,122	5,635
Non-current	11,191	-	-	11,191	10,576
	16,621	571	121	17,313	16,211

A description of employee provisions is disclosed in Note 1(p). During the 2022 year, the disputed insurance claim was settled resulting in the utilisation / reversal of the associated provision and reinsurance receivable.

NOTES TO THE FINANCIAL STATEMENTS

16. Borrowings

	Consolidated		Parent Entity	
	2023	**2022**	**2023**	**2022**
Current:				
Bank overdrafts (secured)	2,895	522	-	-
Bank loans	30,000	239,500	-	-
Other loans (unsecured)	160	160	-	-
	33,055	240,182	-	-
Non-current:				
Bank loans (secured)	385,301	20,000	-	-
	385,301	20,000	-	-
Total Borrowings	418,356	260,182	-	-

Mortgages over certain of the Group's properties and a registered equitable charge over the remainder of the Group's assets, undertakings and uncalled capital are held by the Group's bankers as security for the bank overdrafts and secured loans.

Interest is paid on all loans at commercial rates at a discount to Indicator Lending Rates. The effective interest rate on bank facilities at the balance sheet date was 4.14% (2022: 3.92%). Bank overdrafts are interest-only with no agreed repayment schedule. Bank loans are secured loans with varying 1 to 3 year terms. The effective interest rate on other loans is 2% (2022: 2%).

The fair value of borrowings approximates their carrying amounts. Borrowing terms, margins and credit risk factors approximate currently obtainable levels for similar facilities.

17. Issued capital

	Consolidated		Parent Entity	
	2023	**2022**	**2023**	**2022**
(a) Issued and paid up capital				
Ordinary shares	24,200	24,200	24,200	24,200
(b) Number of shares (000s)				
Ordinary shares	31,008	31,008	31,008	31,008

In accordance with the Papua New Guinea Companies Act 1997 the shares have no par value.

The Company's securities consist of ordinary shares which have equal participation and voting rights.

(c) Dividends

The Directors advised that a dividend of 60 toea per share will be paid immediately after the Annual General Meeting on 13th June 2024. Dividends payable to shareholders resident outside of Papua New Guinea will be converted to Australian Dollars at the prevailing rate which the Company is able to secure. During the year, the Company paid dividends totalling 105 toea per share which relate to the final dividend of 2022 at 70t per share amounting to K21.71 million, and interim dividend for 2023 financial year of K10.85 million at 35t per share.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

18. Related party disclosures

(a) Loss of control:

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 Limited is now accounted for as a joint venture company. The loss of control did not result in a material gain or loss to the Group.

(b) Interest in subsidiaries, associates and joint ventures:

These are set out in Notes 21, 22 and 23 respectively.

(c) Remuneration:

Income received or due and receivable both by Directors and general managers in connection with the management of the Group companies is shown in the Directors' Report.

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Key management personnel disclosure				
Wages and salaries	18,744	14,651	-	-
Other short-term benefits	1,177	932	-	-
(d) Material transactions:				
Sales of goods and services				
- Associates and joint ventures	4,636	277	-	-
- Key management	1,751	158	-	
- Associated groups	7,074	7,700	-	-
- Other shareholders	-	313	-	-
Lease and rental income				
- Associates and joint ventures	-	-	-	-
- Associated groups	473	2,503	-	-
- Other shareholders	-	-	-	
Dividends received / receivable				
- Associates and joint ventures	10,654	197	-	-
Management fee received				
- Associates and joint ventures	1,229	3,436	-	-
- Associated groups	-	-	-	-
- Other shareholders	-	377	-	-
Interest received / receivable				
- Associates and joint ventures	13,926	12,368	-	-
Royalties received				
- Associates and joint ventures	2,154	2,036	2,154	2,036
Shipping and towage services				
- Associates and joint venture	-	-	-	-
- Associated groups	50,308	44,867	-	-
Cartage and storage services				
- Associates and joint ventures	-	-	-	-
- Associated groups	3,797	7,348	-	-
Purchase of goods and services				
- Associates and joint ventures	(248)	-	-	-
- Associated groups	(4,383)	(341)	-	-
- Key management	(7)	-	-	-

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

18. Related party disclosures (continued)

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Management fees and recharges				
- Associated groups	(10,244)	(12,072)	-	-
Purchase of assets				
- Associated groups	-	(13,348)	-	-
Dividends paid				
- Other shareholders (minority interest)	(554)	(642)	-	-
- Controlling shareholder	(23,481)	(25,717)	(23,481)	(25,717)
- Significant shareholders	(9,078)	(9,942)	(9,078)	(9,942
Loans to/(from) related companies				
- Associates and joint ventures	41,183	35,580	-	-

All transactions with related parties are made on normal commercial terms and conditions.

	Consolidated 2023	Consolidated 2022	Parent Entity 2023	Parent Entity 2022
Balances with related companies:				
Stevedoring associates (Note 9)	(1,862)	(2,902)	-	-
Basiloc Limited (Note 16)	(160)	(160)	-	-
Due from related Companies:				
Colgate Palmolive (PNG) Limited	536	500	536	500
Harbourside Development Limited	203,503	160,833	-	-
Pacific Rumana Limited	25,375	26,930	-	-
Huhu Rural LLG	1,103	1,035	-	-
Viva No. 31 Limited	2,584	2,000	-	-
Wonye No. 2 Limited	957	-	-	
Wakang Inc.	16	16	-	-
John Swire & Sons Limited	8,995	8,409	8,995	8,409
Total due from related companies (Note 9)	243,069	199,723	9,531	8,909
Balances receivable / (payable) from / (to) related companies:				
Receivables				
John Swire & Sons Limited	36,228	33,870	36,228	33,870
Colgate Palmolive (PNG) Limited	1,068	2,035	9,068	2,035
Harbourside Development Limited	-	908	-	-
Wonye Limited	-	429	-	-
Swire Shipping Pte Ltd	-	4,950	-	-
Makerio Stevedoring Ltd	131	-	-	-
Nikana Stevedoring Ltd	401	-	-	-
Total trade receivables from related companies (Note 7)	37,828	42,192	45,296	35,905
Payables				
John Swire & Sons Limited	(8,343)	(6,064)	-	-
Swire Shipping Pte Ltd	-	(259)	-	-
Total trade payables from related companies (Note 13)	(8,343)	(6,323)	-	-

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

19. Reconciliation of cashflows

	Consolidated		Parent Entity	
	2023	2022	2023	2022
(a) Cash generated from operations				
Profit / (Loss) from continuing operations after tax	58,667	59,441	13,947	(863)
Depreciation and impairment	104,529	95,279	2,073	2,102
Dividend and interest income	(11,775)	-	(11,503)	(1,032)
Net gain / (loss) on sale of fixed assets	(1,714)	(534)	-	-
Impairment of properties and vessel	-	26,609	-	-
Share of profit of associates and joint ventures	(7,286)	(6,288)	-	-
Adjustment on dividend	-	(173)	-	-
Lease disposals	-	(103)	-	-
Loan written off	-	777	-	-
Change in operating assets and liabilities				
(Increase) / decrease in trade debtors and other receivables	(37,106)	29,017	(1,388)	-
Increase in inventory	(11,018)	(5,454)	-	-
(Increase) / decrease in deferred tax assets	(2,607)	551	825	(996)
Decrease in operating assets	-	-	-	3,606
Increase in trade creditors and other payables	642	9,989	-	-
Increase / (decrease) in other operating liabilities	596	(43,040)	(1,677)	1,677
Decrease in income tax receivable	6,925	11,539	72	26
Increase in deferred tax liabilities	3,706	5,909	-	-
Net cash from operating activities	103,559	183,519	2,349	4,520

(b) Net debt reconciliation	Lease Liabilities	Bank Loans	Other Loans	Total
Net debt as at 1 January 2022	(61,554)	(260,584)	(2,947)	(325,085)
Proceeds from borrowings	-	(30,000)	(115)	(30,115)
Repayments	-	30,000	-	30,000
Lease agreements made during the year	(826)	-	-	(826)
Disposal during the year	218	-	-	218
Finance costs	(2,693)	1,084	-	(1,609)
Payment of lease liabilities	4,943	-	-	4,943
Net debt as at 31 December 2022	(59,912)	(259,500)	(3,062)	(322,474)
Proceeds from borrowings	-	(185,000)	-	(185,000)
Repayments	-	30,000	1,040	31,040
Lease agreements made during the year	(495)	-	-	(495)
Finance costs	(2,593)	(801)	-	(3,394)
Payment of lease liabilities	5,190	-	-	5,190
Net debt as at 31 December 2023	(57,810)	(415,301)	(2,022)	(475,133)

20. Retirement benefit plans

The total cost of retirement benefits of the Group in 2023 was K5.7 million (2022: K5.2 million). The Group participates in the National Superannuation Fund of Papua New Guinea, a multi-employer defined contribution fund, on behalf of all citizen employees with minimum employer and employee contribution rates established by legislation.

The parent entity does not employ staff directly; consequently, there was no charge during the year.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS

21. Subsidiaries and transactions with non-controlling interests

Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings[1] 2023	Equity Holdings[1] 2022
Steamships Limited	Papua New Guinea	Ordinary	100	100
Croesus Limited	Papua New Guinea	Ordinary	100	100
Oro Stevedoring Limited	Papua New Guinea	Ordinary	100	100
Kiunga Stevedoring Company Limited	Papua New Guinea	Ordinary	100	100
Windward Apartments Limited	Papua New Guinea	Ordinary	100	100
Pacific Towing SI Limited	Solomon Islands	Ordinary	100	100
Kavieng Port Services Limited	Papua New Guinea	Ordinary	60	60
New Britain Shipping Limited[2]	Papua New Guinea	Ordinary	50	50
United Stevedoring Limited	Papua New Guinea	Ordinary	70	70
Morobe Terminals Limited[3]	Papua New Guinea	Ordinary	50.5	50.5
Lae Port Services Limited[3]	Papua New Guinea	Ordinary	51.5	51.5
Port Services PNG Limited[3]	Papua New Guinea	Ordinary	54	54
Madang Port Services Limited	Papua New Guinea	Ordinary	60	60
Motukea United Limited	Papua New Guinea	Ordinary	64.1	64.1
Palm Stevedoring & Transport Limited	Papua New Guinea	Ordinary	66.7	66.7
Sandaun Agency & Stevedoring Limited[4]	Papua New Guinea	Ordinary	100	100
Gazelle Port Services Limited[5]	Papua New Guinea	Ordinary	100	100
Portside Business Park Limited[6]	Papua New Guinea	Ordinary	100	100
Wonye No. 2 Limited[7]	Papua New Guinea	Ordinary	50	100
Gulf Maritime Services Limited[8]	Papua New Guinea	Ordinary	100	-

(1) The portion of ownership is equal to the proportion of voting power held.

(2) Consolidated by virtue of control over the operating decisions and returns. As at 31 December 2023, Steamships Trading Company Limited still has control over this entity.

(3) Morobe Terminals Limited, Lae Port Services Limited and Port Services PNG Limited are in liquidation.

(4) Incorporated since 9 March 2012 and is 100% owned by Steamships Limited. This Company is operating as an agency of Consort. JV Port Services assumed the control of the management in 2022 with its 3-year Stevedoring license validity.

(5) Incorporated on 21 July 2021 and is domiciled in Rabaul, Papua New Guinea. The company is still under start-up phase.

(6) Previously known as Motukea Industrial Park Limited, this company was incorporated on 30 April 2020 and is still under start-up phase.

(7) Incorporated on 8 October 2021 and is still under start-up phase. Wonye No. 2 became a joint venture company on 21 September 2023. The loss of control did not result in a material gain or loss to the Group.

(8) Incorporated on 9 May 2023 and is still non-operating.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

21. Subsidiaries and transactions with non-controlling interests (continued)

Shares in subsidiary companies have been stated at cost or fair value on acquisition less dividends received from pre-acquisition profits.

The summarised financial information of the Group's largest subsidiaries with non-controlling interest as at 31 December 2023 and 31 December 2022 is as follows:

2023	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit / (loss)
Madang Port Services Limited	60	6,352	824	5,528	5,712	658
New Britain Shipping Limited	50	21,338	2,979	18,359	10,387	(283)
Motukea United Limited	64.1	2,767	1,064	1,703	8,916	261
Kavieng Port Services Limited	60	3,818	555	3,263	4,765	142
United Stevedoring Limited	70	2,451	1,343	1,108	16,487	107
2022						
Madang Port Services Limited	60	5,974	975	4,999	5,654	294
New Britain Shipping Limited	50	19,996	1,297	18,699	12,668	1,397
Motukea United Limited	64.1	2,810	1,129	1,681	9,344	502
Kavieng Port Services Limited	60	4,552	868	3,684	5,813	598
United Stevedoring Limited	70	3,308	2,307	1,001	17,687	117

22. Investment in associates

(a) Movement in carrying amounts

	Consolidated		Parent Entity	
	2023	2022	2023	2022
Opening value	5,593	5,541	-	-
Share of profits before tax	173	366	-	-
Income tax expense	(52)	(117)	-	-
Dividends received	(155)	(197)	-	-
Adjustments	(95)	-	-	-
Closing value	5,464	5,593	-	-

The equity method is used to account for all interests in associates on a consolidated basis.

(b) Summarised financial information of equity accounted associates.

The Group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

2023	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Makerio Stevedoring Limited	45	2,008	654	1,354	1,938	19
Nikana Stevedoring Limited	45	3,277	1,624	1,653	2,201	102
Riback Stevedoring Limited	49	2,501	44	2,457	-	-
		7,786	2,322	5,464	4,139	121

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

22. Investment in associates (continued)

2022	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit / (loss)
Makerio Stevedoring Limited	45	2,501	1,132	1,369	2,100	117
Nikana Stevedoring Limited	45	3,314	1,591	1,723	2,355	157
Riback Stevedoring Limited	49	2,501	-	2,501	-	(25)
	-	8,316	2,723	5,593	4,455	249

The associates provide stevedoring services to various external and Group shipping entities.

All associated companies are incorporated and operate in Papua New Guinea.

There are no contingent liabilities relating to the Group's interest in the associates.

23. Investment in joint ventures

(a) Movement in carrying amounts

	2023	2022
Opening value	39,865	33,826
Additions during the year	3,500	-
Share of profits before tax	10,370	8,627
Income tax expense	(3,111)	(2,521)
Dividends received /receivable	(10,499)	-
Adjustments	(94)	(67)
Closing value	40,031	39,865

The interest in joint ventures is accounted for in the financial statements using the equity method of accounting.

(b) Information relating to the joint ventures is set out below.

2023	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit / (loss)
Colgate Palmolive (PNG) Limited	50	33,528	19,893	13,635	51,512	5,758
Harbourside Development Limited	50	496,315	457,656	-	14,152	-
Pacific Rumana Limited	50	4,714	121	4,593	2,561	595
Viva No. 31 Limited	50	9,924	6,729	3,195	843	(135)
Wonye Limited	50	50,840	35,841	14,999	3,358	838
Wonye No. 2 Limited	50	8,410	4,801	3,609	236	109
		603,731	525,041	40,031	72,662	7,165

2022	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit / (loss)
Colgate Palmolive (PNG) Limited	50	24,133	5,756	18,377	34,545	4,779
Harbourside Development Limited	50	415,015	381,068	-	10,706	-
Pacific Rumana Limited	50	5,259	1,262	3,997	2,180	421
Viva No. 31 Limited	50	10,490	7,160	3,330	84	(98)
Wonye Limited	50	51,516	37,355	14,161	3,258	937
		506,413	432,601	39,865	50,773	6,039

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

23. Investment in joint ventures (continued)

The Group's share of the capital commitments of joint ventures at 31 December 2023 is K26.0 million (2022: K37.0 million).

There are no contingent liabilities arising from the Group's interests in the joint ventures.

24. Segmental reporting

(a) Description of segments

The Board monitors the business from a product perspective and has identified three reportable segments. A brief description of each segment is outlined below:

- Property and hospitality – consist of the hotels owned and operated by the Group and also its property leasing division. The assets are stated at historical cost net of accumulated depreciation and include new assets in the course of construction.
- Logistics – consists of shipping and land-based freight transport and related services divisions.
- Commercial and investments – consists of commercial, head office administration function and insurance activities.

(b) Segment information

The segment information provided to the Board for the reportable segments for the year ended 31 December 2023 is as follows:

	Property and Hospitality	Logistics	Commercial and Investments (and elimination)	Total
2023				
Total revenue and other income from continuing operations	295,273	382,525	(8,502)	669,296
Interest revenue	-	111	14,063	14,174
Interest expense	(2,593)	-	(13,233)	(15,826)
Segment results	104,142	6,066	(33,105)	77,103
Share of joint ventures and associates profit	-	-	7,286	7,286
Total tax (expense) / credit	(31,243)	(1,820)	7,341	(25,722)
Profit / (loss) from continuing operations	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
Total assets include investments in joint ventures and associates	23,200	5,464	16,831	45,495
Capital expenditure	51,953	168,071	2,745	222,769
Depreciation	43,545	57,533	3,451	104,529

Steamships Trading Company Limited Year ended 31 December 2023 (Amounts in Kina 000s unless otherwise stated)

24. Segmental reporting (continued)

2022	Property and Hospitality	Logistics	Commercial and Investments (and elimination)	Total
Total revenue and other income from continuing operations	248,595	380,337	2,330	631,262
Interest revenue	705	199	12,633	13,537
Interest expense	2,185	(4,414)	(12,483)	(14,712)
Segment results	54,537	41,612	(16,363)	79,786
Share of joint ventures and associates profit	-	-	6,288	6,288
Total tax (expense) / credit	(16,361)	(12,484)	2,212	(26,633)
Profit / (loss) from continuing operations	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
Total assets include investments in joint ventures and associates	21,488	5,593	18,377	45,458
Capital expenditure	33,453	94,517	1,182	129,152
Depreciation	44,237	47,669	3,373	95,279

These figures include non-controlling interests share of operating profits and assets.

Revenue from the hotels and property business mostly relates to the provision of services and is recognised over time. A minor portion represents revenue from the sale of goods and is recognised at a point in time. Similarly, revenue from the logistics business mostly relates to the provision of services and is recognised over time. Revenue from the commercial segment relates to sale of goods and is recognised at a point in time.

(c) Geography

The Group operates almost wholly in Papua New Guinea. It is not practical to provide a segment analysis by geographical region within Papua New Guinea. The Group has two insignificant business operations in the Solomon Islands and Fiji.

25. 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) Limited, ("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.

Steamships Trading Company Limited Year Ended 31 December 2023 (Amounts in Kina '000 unless otherwise stated)

26. Commitments

(a) Capital commitments	Consolidated		Parent Entity	
	2023	2022	2023	2022
Contracts outstanding for capital expenditure:				
- less than 12 months	19,223	135	-	-
- 1-5 years	-	-	-	-
	19,223	135	-	-

27. 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.
- The Directors advised that a dividend of 60 toea per share will be paid immediately after the Annual General Meeting on 13th June 2024. Dividends payable to shareholder resident outside of Papua New Guinea will be converted to Australian Dollars at the prevailing rate which the Company is able to secure.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

Report on the audit of the financial statements of the Company and the Group

Our opinion

We have audited the financial statements of Steamships Trading Company Limited (the Company), which comprise the statements of financial position as at 31 December 2023, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory information for both the Company and the Group. The Group comprises the Company and the entities it controlled at 31 December 2023 or from time to time during the financial year.

In our opinion, the accompanying financial statements:

- comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and
- give a true and fair view of the financial position of the Company and the Group as at 31 December 2023, and their financial performance and cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm carries out other services for the Group in the areas of taxation and other non-audit services. The provision of these other services has not impaired our independence as auditor of the Company and the Group.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the management structure of the Company and the Group, their accounting processes and controls and the industries in which they operate.

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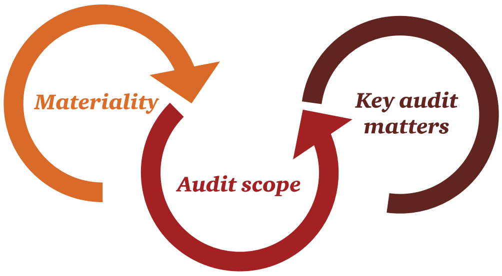
INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited



Materiality	Audit Scope	Key audit matters
• For the purpose of our audit of the Group we used overall group materiality of approximately 5% of the Group's profit before tax and net proceeds from insurance claim for the year ended 31 December 2023. • We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole. • We chose Group profit before tax and net proceeds from insurance claim because, in our view, it is the metric against which the performance of the Group is most commonly measured and is a generally accepted benchmark. • We selected 5% based on our professional judgement noting that it is also within the range of commonly acceptable related thresholds.	• We (PwC Papua New Guinea) conducted audit work over the Group's significant operations including the significant subsidiaries included in the Group consolidation sufficient to express an opinion on the financial statements as a whole. • All subsidiaries of the Group at the year end are incorporated and operating in Papua New Guinea with the exception of one subsidiary which has operations in the Solomon Islands. • All significant associates of the Group are incorporated and operating in Papua New Guinea and audited by PwC Papua New Guinea. • Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.	• Amongst other relevant topics, we communicated the following key audit matter to the Audit and Risk Committee: • Goodwill impairment assessment • This matter is further described in the *Key audit matter* section of our report.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

pwc

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the current period. The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be a key matter to be communicated in our report. Further, commentary on the outcomes of the particular audit procedures is made in that context.

Key audit matter	*How our audit addressed the key matter*
Goodwill impairment assessment *(Refer to note 12 of the financial statements)* The Group has goodwill totalling K76.4 million at 31 December 2023. In accordance with the accounting policy in note 1(n) of the financial statements, the Group has assessed the goodwill balance for impairment at 31 December 2023. The Group has calculated the value of the respective cash generating units which the goodwill relates to based on financial models comprising cash flow projections. The cash flow projections use a number of forward looking assumptions, including revenue and cost growth, and the value calculation is sensitive to these. We considered this a key audit matter because of the significant judgements around future revenues and costs, and the discount rate to be applied in determining the recoverable amount of the cash generating units.	We have considered and tested the financial models used by the Group to determine the values of the cash generating units. We compared the models with the previous year's models and found them to be consistently structured and consistent with the basis of preparation required by accounting standards. Together with our valuation expert we reviewed the financial models methodology used in determining the value of the respective cash generating units. We compared the forecast revenues and expenditures in the financial models to approved budgets and obtained an understanding of the Group's budgeting procedures upon which forecasts are based. We also evaluated the reliability of estimates made by comparing forecasts made in prior years to actual outcomes. We benchmarked certain assumptions with external forecasts, and the discount rates with our expectation based on the overall Weighted Average Cost of Capital (WACC) of the Group. Together with our valuation expert we reviewed the methodology used in determining the discount rate applied in the financial models. We performed sensitivity analysis on assumptions to ascertain the extent of change that would be required in key assumptions for the respective goodwill balances to be impaired. We determined that the calculations were more sensitive to inflation assumptions and discount rates and focused our testing on these assumptions.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

pwc

Information other than the financial statements and auditor's report

The directors are responsible for the annual report which includes other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not express any form of assurance conclusion on the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible, on behalf of the company for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Auditor's responsibilities for the audit of the financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

Report on other legal and regulatory requirements

The Companies Act 1997 requires that in carrying out our audit we consider and report on the following matters. We confirm in relation to our audit of the financial statements for the year ended 31 December 2023:

- We have obtained all the information and explanations that we have required;
- In our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records.

Who we report to

This report is made solely to the Company's shareholders, as a body, in accordance with the Companies Act 1997. Our audit work has been undertaken so that we might state to the Company's shareholders those matters which we are required to state to them in an auditor's report and for no other purpose. We do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

PricewaterhouseCoopers

Jonathan Grasso
Partner

Registered under the Accountants Act 1996
Port Moresby
28 March 2024

DIRECTORS' REPORT

Steamships Trading Company Limited Year ended 31 December 2023

Steamships Trading Company Limited and Subsidiary Companies

The Directors submit their Annual Report for the year ended 31 December 2023 for the Company and its subsidiaries.

Principal Activities and Review of Operations

Full details of the Group's activities are given in the Directors' Review on page 8. The Group continues to operate in the segments of Property and Hospitality, Logistics and Commercial and Investments.

The Directors believe that there will be no significant changes in the Group's activities for the foreseeable future.

Changes in Accounting Policies

There are no changes in Accounting Policies in the year.

Results

The Group operating profit for the year attributable to shareholders was K58,144,000 (2022: K57,985,000).

Dividends

The Directors advise that a final dividend of 60 toea per share will be paid after the Annual General Meeting on 13th June 2024. Dividends payable to shareholders resident outside of Papua New Guinea will be converted to Australian Dollars at the prevailing rate which the Company is able to secure.

Rounding Off

Amounts in the Directors' Report and accounts have been rounded off to the nearest thousand Kina.

DIRECTORS' REPORT

Steamships Trading Company Limited Year ended 31 December 2023

Experience & Interests Register

Directors serving at the date of this report have disclosed the following experience and interests in shares in the Company and provided general disclosure of companies in which the Director is to be regarded as interested as set out below:

G.L. Cundle

Chairman since 2015
Managing Director 2013 to 2015
Member of the Remuneration and Nomination Committee
Member of the Strategic Planning Committee Director since 2013

Mr Cundle joined the Swire Group in 1979 and has extensive corporate experience having worked with the Group in various divisions in Hong Kong, Australia, Korea, Japan, and Papua New Guinea. He was a Non-Executive Director of Steamships in 2006-2007 and General Manager of Steamships Shipping & Transport from 1989-1992. He was the Managing Director of Steamships Trading Company Limited from 1st January 2013 to 12th January 2015. He is the Chairman and Chief Executive Officer of John Swire and Sons (Australia) Pty Limited.

P. J. Aitsi MBE

Director from 1st July 2021
Director 2014 to 2018

Peter Aitsi is a senior Papua New Guinean business leader with over 30 years of experience from having led and managed a number of PNG's leading companies. Along with his corporate roles, Peter has a long-standing involvement with community organisations such as Transparency International PNG, Badili Club of PNG, and Kokoda Track Foundation. He continues to serve on several boards of both listed and unlisted companies; Steamships Trading Company, Chair of MiBank PNG, Chair of PNG Property Developers Association, Director of OilMin Holdings and Chair of media company PNGFM Ltd. He studied Banking and Finance at the PNG Institute of Banking and Finance in Port Moresby (now IBBM), he is a member of the Australian Institute of Directors and a member of the PNG Institute of Directors (PNGID) and was awarded the Male Director of the Year in 2018. In 2004 he was accorded a Queens award as a Member of the British Empire (MBE) in recognition for his contributions to the development of PNG media and his long-standing voluntary service to various community organisations.

R.P.N. Bray

Managing Director from 20th September 2020
Member of the Strategic Planning Committee
Member of the Remuneration and Nomination Committee
Director since 2018

Appointed Managing Director in 2020, Mr. Bray was Chief Operating Officer from 2018 until his appointment as Managing Director. Mr Bray was previously Marine Services Director of Singapore based Swire Pacific Offshore Pte Ltd. There, he was responsible for Swire Pacific Offshore's subsea, renewables, logistics, seismic, salvage and oil spill divisions. He was formally Chief Operating Officer of Swire Oilfield Services and held various senior operational and commercial positions in Cathay Pacific Airways Ltd in his earlier career. He holds directorship of various Steamships Trading Company subsidiaries, joint ventures, and associated companies. He sits on a number of charitable advisory boards and PNG business groupings, including chairing anti-gender-based violence charity, Bel isi, The Salvation Army PNG, acting as the deputy chair industry body, PNG Property Developers Association, the United Nations Biodiversity & Climate Fund for PNG, and the Business Council's Energy Working Group. He graduated with a Bachelor of Science from Bristol University (UK) and holds a Master of Marine Sciences from Nanyang Technical University (Singapore). He is a graduate of the Australian Institute of Company Directors and holds several IOSH Health & Safety qualifications.

L.M. Bromley

Chairperson of the Audit and Risk Committee since July 2021
Member of the Strategic Planning Committee since July 2021
Member of the Remuneration and Nomination Committee since July 2021
Director since 2019

Ms Bromley has been a Senior Executive of the Bromley Group of Companies for over 12 years. She is currently a Director of the Bromley Group's various commercial operating Companies some of which include Heli Niugini Ltd, Maps Tuna Ltd and Western Drilling Ltd in Papua New Guinea, PT Sayap Garuda Indah and PT Air Bali in Indonesia, Allway Logistics Limited and Merit Logistic Services Limited in Hong Kong, Aerolift (Singapore) Pte. Ltd. in Singapore and AAB Holdings Pty Ltd Group of Companies in Australia and is responsible for the aviation operation, logistic support and group- investment functions. She is the Managing Director of Merit Finance Limited which serves as the Bromley Group's treasury arm. Ms Bromley also consults on the Bromley Group's property development and property management Companies through advisory roles in Papua New Guinea and Australia. She is a Director of Viva No 31 Ltd, a Steamships Trading Company joint venture Company, and has previously held positions on the Divisional Boards of EastWest Transport and Steamships shipping. Ms Bromley holds a Bachelor of Commerce and a Bachelor of Laws.

D.H. Cox OL, OBE

Managing Director 2004 to 2012
Member of the Audit and Risk Committee
Member of the Strategic Planning Committee
Director since 2003

Mr Cox joined Steamships as a Manager in 1992, rising to become Managing Director from 2004-2012. He has extensive experience in the Asia-Pacific business environment and holds an MBA in International Hospitality & BSc (Hons) in Accounting & Business Management.

C. Kasou

Appointed as Non-Executive Director on 1st March 2024

Christine began her career in private practice in 2001 as a commercial lawyer with Gadens Lawyers (now Dentons) in Port Moresby. In 2006, Christine joined Oil Search (PNG) Limited, now a subsidiary of Santos Limited. She has over 17 years of experience in Papua New Guinea's oil and gas industry working extensively in the organization's contracting and procurement functions, legal and compliance department, gas projects development and people and culture function. Christine has substantial experience in corporate governance and regulatory responsibilities within the jurisdiction and is currently the Senior Commercial Manager, PNG. Christine holds a Bachelor of Laws from the University of Papua New Guinea.

J.B. Rae-Smith

Director since 2019

Mr Rae-Smith is Chairman of Swire Energy Services, Swire Renewable Energy and United States Cold Storage, a Director and Chairman of the Audit and Risk Committee of Swire Shipping Co Pte Ltd and Swire Bulk Pte Ltd and Vice President of the United Kingdom Chamber of Shipping. He joined the Swire Group in 1985 and has worked with the Group in Australia, Papua New Guinea, Japan, Taiwan, Hong Kong, the United States, Singapore, and the United Kingdom. He was a Director of Swire Pacific Limited, a company listed in Hong Kong, from January 2013 to August 2016 and was the Executive Director of the Marine Services Division from 2005 to 2016, the Trading & Industrial Division between 2008 and 2016 and Chairman of the Swire Group Charitable Trust. In addition, he has also been a Director of the Standard P&I Club, Deputy Chairman of the Hong Kong Ship Owners Association, Chairman of the Lloyds Asian Ship Owners Committee, and a Director of the Singapore Environmental Council.

M.R. Scantlebury

Finance Director & Company Secretary from June 2016 to September 2018 and from September 2020 to present
Managing Director from September 2018 to September 2020

Mr Scantlebury is a chartered accountant and was previously Director of the Office for Financial Planning at Swire Pacific Ltd in Hong Kong and he has held various senior finance and commercial positions in the Swire group in his career. He holds Directorship of various Steamships Trading Company subsidiaries, joint ventures, and associated companies.

Lady W.T. Kamit CBE

Member of the Audit and Risk Committee
Director since 2005, resigned on 15th June 2023

Lady Winifred Kamit is a senior partner at Dentons PNG. Lady Kamit is a Director of Bunowen Services Ltd, Kamchild Limited, Dentons Administration Services Ltd, Post Courier Limited and its subsidiaries and Brian Bell Group. Lady Kamit also serves on a number of non-government and charitable organisations, including Anglicare PNG Inc.

DIRECTORS' REPORT

Steamships Trading Company Limited Year ended 31 December 2023

Remuneration of Directors

Directors remuneration received or receivable from the Company as directors during the year, is as follows:

	2023 K'000	2022 K'000
GL Cundle (Chairman)	249	223
LM Bromley	280	249
DH Cox	252	224
JB Rae Smith	205	126
PJ Aitsi	140	124
Lady WT Kamit	95	174
JH Woodrow	-	63
	1,221	1,183

The directors fees vary in accordance with the required duties on various sub-committees of the board.

* Executive Directors receive no fees for their service as Directors during the year.

Remuneration of Employees

The number of employees whose remuneration and other benefits was within the specified bands are as follows:

Remuneration K'000	2023 No.	2022 No.	Remuneration K'000	2023 No.	2022 No.
100-110	18	11	290-300	3	1
110-120	8	4	300-310	4	2
120-130	9	9	310-340	4	4
130-140	7	7	340-360	3	3
140-150	11	5	360-370	1	2
150-160	7	6	370-380	3	2
160-170	5	6	380-390	3	-
170-180	5	1	390-400	-	-
180-190	4	4	400-500	15	5
190-200	3	2	500-600	5	7
200-210	5	5	600-700	13	6
210-220	2	2	710-800	7	2
220-230	1	3	810-900	4	-
230-240	3	3	910-1000	2	3
240-250	3	3	1,000-1,100	1	1
250-270	12	4	1,100-2,000	3	4
270-280	3	5	2,000-2,900	1	2
280-290	4	1	2,900-3,000	1	-

For and on behalf of the Board:

Port Moresby
28 March 2024

G.L. Cundle
Chairman

R.P.N. Bray
Managing Director

STOCK EXCHANGE INFORMATION

Steamships Trading Company Limited Year Ended 31 December 2023

Shares are listed on the Australian Securities Exchange and the Port Moresby Stock Exchange.
All shares carry equal voting rights.

Shareholdings

At 29 February 2024, there were 361 shareholders.

264	Holding	1	-	1,000 units
65	Holding	1,001	-	5,000 units
17	Holding	5,001	-	10,000 units
11	Holding	10,001	-	100,000 units
4	Holding	100,001	-	Over

The number of shareholders holding less than a marketable parcel was 33.

The 20 largest shareholders were:	Number of shares	%
JS&S (PNG) LIMITED	22,362,651	72.12
BERNE NO 132 NOMINEES PTY LTD <722124 A/C>	5,760,000	18.58
NATIONAL SUPERANNUATION FUND LIMITED	1,859,446	6.00
BERNE NO 132 NOMINEES PTY LTD <657243 A/C>	446,494	1.44
JOHN E GILL OPERATIONS PTY LIMITED	54,727	0.18
HYLEC INVESTMENTS PTY LIMITED <HYLEC CONTROLS P/L S/F A/C>	32,500	0.10
PRAFUL PATEL INVESTMENTS PTY LTD PRAFUL & ANITA PATEL S/ A/C	23,082	0.07
BOND STREET CUSTODIANS LIMITED <JONJAM - V41401 A/C>	23,067	0.07
MR RAMESH MAHTANI	21,700	0.07
CITICORP NOMINEES PTY LIMITED	20,240	0.07
BUDLEAF PTY LTD <BUDLEAF SUPER FUND A/C>	19,659	0.06
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	19,562	0.06
INTERCONTINENTAL ASSETS PTY LIMITED	15,000	0.05
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,767	0.03
MRS LUCY ANN KING	10,348	0.03
MS JENNIFER MAY FORBES	10,000	0.03
BNPP NOMS PTY LTD HUB24 CUSTODIAL SERV LTD	9,568	0.03
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	8,768	0.03
MRS JUDITH SCOTTHOLLAND	8,161	0.03
MRS MARY PATRICIA HAUGHTON	8,161	0.03
	30,723,901	99.08

Applicable Legislation

The Company is incorporated in Papua New Guinea and is not generally subject to Australian Corporations Law including, in particular, Chapter 6 of the Australian Corporations Law dealing with the acquisition of shares (including substantial shareholdings and takeovers). The Company is subject to the requirements of the Papua New Guinea Companies Act 1997, Securities Act 1997 and the Takeovers Code. The Companies Act and the Securities Act regulate the issue and buy-back of shares and contain provisions as to the trading in securities, provisions as to financial benefits to related parties, substantial shareholders provisions, remedies in cases of oppression or injustice and actions by, and access to, records by shareholders.

The Takeovers Code regulates offers where a person already holds more than 20% of the voting rights in a company or where a person becomes the holder of more than 20% of the voting rights in a manner permitted by the Code.

A code offer, which can either be a full offer or a partial offer, must be extended to all holders of voting securities in the Company. The Code also contains compulsory purchase and sale provisions if more than 90% of the shares are acquired under an offer.

COMPANY DIRECTORY

CHAIRMAN
G. L. Cundle §&

MANAGING DIRECTOR
R. P. N. Bray §&

FINANCE DIRECTOR
M. R. Scantlebury

NON-EXECUTIVE DIRECTORS
P. J. Aitsi MBE
L. M. Bromley +§&
D. Cox OL, OBE +&
J. B. Rae Smith
C. Kasou

\+ Member of the Audit and Risk Committee
§ Member of the Remuneration and Nomination Committee
& Member of the Strategic Planning Committee

SECRETARY
M. R. Scantlebury

REGISTERED OFFICE
Level 2, @345, Stanley Esplanade
Section 20, Allotments 3, 4, and 5
Granville, Port Moresby, National Capital District
Papua New Guinea

Telephone: +675 313 7400 / 79987000

P. O. Box 1
Port Moresby, National Capital District, 121
Papua New Guinea

AUDITORS
PricewaterhouseCoopers
P. O. Box 484
Port Moresby, NCD
Papua New Guinea

SHARE REGISTRARS
Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

Telephone: (Aus) 1300 85 05 05
(Overseas) +61 (0)3 9415 4000

Fax: +61 3 9473 2500

STOCK EXCHANGE
Shares are listed on both the PNGX Markets Limited and the Australian Securities Exchange Limited

A. R. B. N.
055 836 952

STEAMSHIPS
TRADING COMPANY LIMITED

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Granville, Port Moresby, National Capital District, Papua New Guinea
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P: +675 313 7400 / 79987000
www.steamships.com.pg