

# Appendix 4D

## Half yearly results

Name of entity

Steamships Trading Company Limited

ARBN

055836952

Half year ended ('current period')

30 June 2019

### Results for announcement to the market–

				K'000
Revenues from ordinary operations	Up/ <del>Down</del>	5%	T	284,622
Profit (loss) from ordinary operations after tax	Up/Down	27%	T	7,951
Profit (loss) attributable to members	Up/Down	40%	T	10,913
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final Dividend – 2018		120 <i>t</i>		0 <i>t</i>
Interim Dividend – 2019		25 <i>t</i>		0 <i>t</i>

Record date for determining entitlements to the dividend,	06 September 2019
Refer Pages 3 and 4 for commentary	

This report is to be read in conjunction with the most recent annual financial report

## Directors Report

The directors present their report together with the condensed consolidated financial statements for the half-year ended 30 June 2019.

Directors:

The directors of the company during or since the end of the half-year are:

G.L. Cundle Chairman	Chairman since 2015
G Aopi, CBE	Director since 1997
R.P.N. Bray	Director since 2018
L.M. Bromley	Director appointed on 1 <sup>st</sup> August 2019
Sir M.R. Bromley, KBE	Director since 2000
D.H. Cox OL, OBE	Director since 2004
G.J. Dunlop	Director since 1995
Lady W.T. Kamit, CBE	Director since 2005
M.R. Scantlebury	Managing Director since 2018
J.B. Rae Smith	Director appointed on 12 <sup>th</sup> August 2019
B.N. Swire	Director since 2015 (resigned on 12 <sup>th</sup> August 2019)
J.H. Woodrow	Director since 2015

## Commentary

### Half Year Report to the Stock Exchange

The Directors of Steamships Trading Company Limited (Steamships) announce an unaudited profit after tax and minority interests of K10.9 million for the 6 months to June 2019, a decrease of 40% over the same period in 2018. Adjusting for significant items (which are considered non-recurring in nature) the underlying profit attributable to shareholders of K14.7m decreased 52% over the same period in 2018.

	2019	2018	Change
	K000's	K000's	
<b>Net profit attributable to shareholders</b>	<b>10,913</b>	<b>18,171</b>	<b>-39.9%</b>
<b>Add back / (less) impact of significant items (post tax &amp; minority interest)</b>			
Tax Loss Write Off	4,727	8,146	
Impairment of Fixed Assets (incl Vessels)	-	3,383	
Gain on Sale of Fleet & Equipment	-	(143)	
Gain on Disposal of Property	(1,603)	-	
Loss on Disposal of Vessels	622	761	
<b>Total impact of significant items</b>	<b>3,746</b>	<b>12,146</b>	
<b>Underlying profit attributable to shareholders</b>	<b>14,659</b>	<b>30,317</b>	<b>-51.6%</b>

Although revenue from ordinary operations increased 5% to K285m compared to the same period last year, this has been at reduced margins and at a higher operating cost. This reflects the continuing challenging economic environment experienced in PNG which has persisted over the past 4-5 years. Demand remains weak, growth is low and foreign currency constraints remain. Consequently Steamships' results have again been adversely affected. Prior year provisions for possible payments on insurance claims of K7.4m were reversed in the period.

The charge for depreciation for the year to date of K39.8 million compares to K43.1 million in the same period in 2018 (excluding impairments). Capital investment was increased for the six months being K58.6 million against K34.9 million in 2018, due to vessel dockings deferred from 2018 to this year. The group's net operating cash flow generation decreased to K28.3 million against K61.0 million in 2018.

Consistent with the treatment in prior years, the losses in subsidiary Consort Express Lines Ltd incurred during the period, although available to offset future taxable profits, prudently, have not been carried forward as a deferred tax asset and have been written off (as a significant item above).

An interim dividend of 25 toea per share has been declared and will be paid on 4<sup>th</sup> October 2019, subject to Steamships' ability to secure foreign exchange for non PNG shareholders.

### **Logistics**

The six entities that comprise the core remaining joint venture regional stevedore companies (following the loss of rights to operate the international terminals at Port Moresby and Lae in the same period last year) reported a solid first half albeit on lower volume handled than expected. The business has recently expanded into equipment hiring to third parties.

East West Transport reported an increase in revenue for the period having successfully bid on new business opportunities. Margins have fallen reflecting increased competition for work and operating costs have increased year on year. The outlook remains positive for an improved result by year end.

Consort Express Lines has recovered somewhat from unsatisfactory schedule and fleet reliability in the latter part of 2018, although more improvement is required. Coastal liner cargo volumes remained static. The projects & charters business made a modest contribution due to continuing low activity in the resource sector. The focus will remain on improving customer satisfaction and managing costs.

Pacific Towing reports an increase in revenue from its core towage activities (both within PNG harbours and externally) and an increased profit from salvage activity, notably a successful wreck removal in Suva, Fiji, being the first operation for the Company in Fiji. This resulted in an overall improved profit for the period.

### **Property & Hotels**

Pacific Palms Property reported slightly reduced revenue for the period to June on overall lower rents due to the continuing weak demand exacerbated by a general increase of supply in Port Moresby. The high quality of the portfolio and focus on customer service has minimised the impact of this soft demand.

Coral Sea Hotels experienced a quiet start to the year resulting from an increase in the number of rooms available in Port Moresby. There has been no noticeable increase in either local or international visitors and rates have fallen. Revenue is lower than last year but had been expected to improve, albeit slightly. The new Cassowary hotel in Kiunga is attracting many plaudits. Renovation and upgrade of the Highlander hotel in Mt. Hagen has continued.

### **Investments**

Colgate Palmolive, a PNG joint venture, reported higher volumes and revenue growth compared to last year in Oral care, Personal care & Home care. However, there was slight margin erosion as a result of investment in promotional pricing in line with strategy to drive volume on key Oral care and Home care products.

### **Trading outlook**

The optimism post-APEC has faded in the first six months of 2019 and the change of Government, followed by uncertainty around progress of the two major resource development projects, Papua LNG and Wafi Golpu, has dampened expectation of economic growth for the remainder of the year. Notwithstanding this uncertainty, the mid-term outlook for PNG remains bright as the Government is actively managing both the fiscal deficit and the foreign currency shortage. Steamships is developing investment plans to play an active part in PNG's future.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>6 months ended 30 June 2019 K'000</b>	<b>6 months ended 30 June 2018 K'000</b>
<b>Revenue</b>		
Revenue from Operations	284,622	269,921
 <b>Operating expenses</b>		
Raw materials and consumables used	(60,817)	(14,216)
Staff costs	(67,519)	(69,163)
Depreciation & amortisation	(39,829)	(43,062)
Impairment of fixed assets & vessels	-	(3,682)
Finance costs	(3,895)	(5,355)
Charter, port services & stevedoring	(15,275)	(14,464)
Fuel	(19,932)	(19,978)
Other operating expenses	(69,193)	(71,861)
Other gains/(losses)	8,071	(1,342)
Share of net profit of associates and joint ventures	2,106	3,757
	18,339	30,555
<b>Profit from operations before income tax</b>		
Income tax expense	(10,388)	(19,622)
	7,951	10,933
<b>Profit for the six-month period</b>		
	7,951	10,933
 <b>Profit attributable to Continuing Operations</b>	<b>7,951</b>	<b>10,933</b>
<b>Profit attributable to Discontinuing Operations</b>	<b>-</b>	<b>1,252</b>
	<b>7,951</b>	<b>12,185</b>
 <b>Profit/total comprehensive income is attributable to:</b>		
Owners of Steamships Trading Company Limited	10,913	18,171
Minority Interest	(2,962)	(5,986)
	7,951	12,185
 <b>Earnings per security (EPS)</b>		
Basic & Diluted EPS (total profit)	35.2t	58.6t
Basic & Diluted EPS (continuing)	35.2t	54.6t

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	<b>Contributed Equity K'000</b>	<b>Retained Earnings K'000</b>	<b>Other Reserves K'000</b>	<b>Total K'000</b>	<b>Minority Interest K'000</b>	<b>Total Equity K'000</b>
<b>Balance at 1 January 2018</b>	24,200	826,758	(8,994)	841,964	36,190	878,154
Adjustment to opening retained earnings on adoption of IFRS 15	-	1,740		1,740	-	1,740
Profit for the period	-	18,171		18,171	(5,986)	12,185
Dividends provided for or paid	-	(12,403)	-	(12,403)	(7,149)	(19,552)
<b>Balance at 30 June 2018</b>	<b>24,200</b>	<b>834,266</b>	<b>(8,994)</b>	<b>849,472</b>	<b>23,055</b>	<b>872,527</b>
Profit for the period	-	51,358	-	51,358	158	51,156
Dividends provided for or paid	-	(13,954)	-	(13,954)	(3,490)	(17,444)
Adjustment on disposal of subsidiary	-	(8,994)	8,994	-	-	-
Equity Adjustment on acquisition of new entity	-	33,429	-	33,429	-	33,429
<b>Balance at 31 December 2018</b>	<b>24,200</b>	<b>896,105</b>	<b>-</b>	<b>920,305</b>	<b>19,723</b>	<b>940,028</b>
Adjustment on acquisition of minority interest in subsidiary (Note 3)	-	-	(42,536)	(42,536)	10,738	(31,798)
Profit for the period	-	10,913	-	10,913	(2,962)	7,951
Dividends provided for or paid	-	(37,210)	-	(37,210)	(9,910)	(47,120)
<b>Balance at 31 December 2018</b>	<b>24,200</b>	<b>869,808</b>	<b>(42,536)</b>	<b>851,472</b>	<b>17,589</b>	<b>869,061</b>

**CONDENSED CONSOLIDATED  
BALANCE SHEET**

	As at 30 June 2019 K'000	As at 31 Dec 2018 K'000	As at 30 June 2018 K'000
<b>Current Assets</b>			
Inventories	14,354	16,063	10,032
Receivables & prepayments	147,040	191,778	127,012
Cash, bank and short term deposits	100,409	193,521	36,635
Term Deposits	25,000	-	-
Income tax receivable	414	355	478
Assets held for sale	-	3,363	120,460
<b>Total Current Assets</b>	<b>287,217</b>	<b>405,080</b>	<b>294,617</b>
<b>Non-Current Assets</b>			
Investments	45,152	65,276	67,382
Goodwill	76,433	76,433	80,002
Loans to related companies	70,798	65,731	74,774
Property, plant and equipment	554,820	492,402	542,923
Investment properties	394,832	398,173	365,540
Deferred tax asset	1,948	1,683	22,734
<b>Total Non-Current Assets</b>	<b>1,143,983</b>	<b>1,099,698</b>	<b>1,153,355</b>
<b>Total Assets</b>	<b>1,431,200</b>	<b>1,504,778</b>	<b>1,447,972</b>
<b>Current Liabilities</b>			
Trade & other payables	143,334	104,277	87,420
Lease liabilities (Note 4)	2,832	-	-
Provisions	5,601	56,685	5,136
Loans from related companies	26,265	47,394	53,215
Loans from minority shareholder	160	19,503	19,743
Borrowings (Note 9)	137,191	124,682	12,587
Liabilities attributable to assets held for sale	-	-	14,371
<b>Total Current Liabilities</b>	<b>315,383</b>	<b>352,541</b>	<b>192,472</b>
<b>Non-Current Liabilities</b>			
Lease liabilities (Note 4)	38,017	-	-
Deferred tax liability	15,340	18,729	25,380
Borrowings	182,000	182,000	346,143
Long service leave	11,399	11,480	11,450
<b>Total Non-Current Liabilities</b>	<b>246,756</b>	<b>212,209</b>	<b>382,973</b>
<b>Total Liabilities</b>	<b>562,139</b>	<b>564,750</b>	<b>575,445</b>
<b>Net Assets</b>	<b>869,061</b>	<b>940,028</b>	<b>872,527</b>
<b>Share Capital and Reserves</b>			
Issued capital	24,200	24,200	24,200
Reserves	827,272	896,105	825,272
Capital and reserves attributable to the company's shareholders	851,472	920,305	849,472
Minority shareholders' interest	17,589	19,723	23,055
<b>Total Capital and Reserves</b>	<b>869,061</b>	<b>940,028</b>	<b>872,527</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**

	<b>6 months ended 30 June 2019 K'000</b>	<b>6 months ended 30 June 2018 K'000</b>
<b>Cash flows related to operating activities</b>		
Receipts from customers	285,940	290,518
Payments to suppliers and employees	(243,481)	(205,078)
Interest and other items of similar nature received	4,399	2,409
Interest and other costs of finance paid	(7,364)	(7,764)
Income taxes paid	(11,138)	(12,646)
Operating cash flow from discontinued operations	-	(6,459)
<b>Net operating cash flows</b>	<b>28,356</b>	<b>60,980</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of property, plant and equipment	(58,585)	(26,342)
Proceeds from sale of property, plant and equipment	5,545	14,172
Dividends received from associates	20,548	3,500
Investment in subsidiaries	(21,036)	-
Investment in term deposits	(25,000)	-
Investing cash flow from discontinued operations	-	(8,593)
<b>Net investing cash flows</b>	<b>(78,528)</b>	<b>(17,263)</b>
<b>Cash flows related to financing activities</b>		
Loans extended from / (repaid to) other entities	(45,539)	(2,040)
Proceeds from borrowings	-	8,513
Repayment of borrowings	-	(14,144)
Dividends paid	(9,910)	(7,149)
Financing cash flow from discontinued operations	-	16,487
<b>Net financing cash flows</b>	<b>(55,449)</b>	<b>1,667</b>
<b>Net (decrease) / increase in cash held</b>	<b>(105,621)</b>	<b>45,384</b>
Cash at beginning of period	188,839	(11,357)
<b>Cash at end of period</b> <i>(see reconciliation of cash)</i>	<b>83,218</b>	<b>34,027</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	<b>Current period K'000</b>	<b>Previous corresponding period K'000</b>
Cash on hand and at bank, term deposits	100,409	36,635
Net cash for discontinuing operations	-	1,639
	100,409	38,274
Bank overdraft	(17,191)	(4,247)
<b>Total cash at end of period</b>	<b>83,218</b>	<b>34,027</b>



**OTHER NOTES TO THE CONDENSED FINANCIAL STATEMENTS**

<b>1. Ratios</b>	<b>Current period</b>	<b>Previous corresponding Period</b>
<b>Profit before tax / revenue</b>		
Consolidated profit from ordinary activities before tax as a percentage of revenue	6.4%	11.3%
<b>Profit after tax / equity interests</b>		
Consolidated net profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	1.3%	2.1%
<b>Earnings per security (EPS)</b>		
Calculation of the following in accordance with <i>LAS33: Earnings per Share</i>		
(a) Basic EPS – total earnings	35.2t	58.6t
Basic EPS – continuing	35.2t	54.6t
(b) Diluted EPS – total earnings	35.2t	58.6t
Diluted EPS - continuing	35.2t	54.6t
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	31,008,237	31,008,237
<b>NTA backing</b>		
Net tangible asset backing per ordinary security	K25.56	K25.57

**2. Material interests in entities which are not controlled entities**

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period - K'000	Previous corresponding period - K'000
<b>Equity accounted associates and joint venture entities</b>				
Colgate Palmolive Ltd	50	50	2,139	2,806
United Stevedoring Ltd	100	16.9	(17)	2
Riback Stevedores Ltd	49	34.4	(2)	878
Makerio Stevedoring Ltd	45	31.7	(19)	40
Nikana Stevedoring Ltd	45	31.7	(1)	105
Harbourside Development Ltd	50	50	(157)	15
Pacific Rumana Ltd	50	50	315	211
Viva No 31 Ltd	50	50	(81)	(240)
Wonye Ltd	50	50	134	102
Morobe Terminals Ltd	50.5	42.9	(205)	(162)
<b>Total</b>			2,106	3,757

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

Current Period

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

	<b>2019</b>
	<b>K'000</b>
Purchase consideration paid for acquisition of minority shares in subsidiary	51,202
Repayment of minority shareholder loan	(19,343)
Add/(less): acquisition of minority interest	10,738
Equity adjustment on gain in control of subsidiaries	(61)
	<u>42,536</u>

**4. Basis of Accounting**

This condensed interim financial report has been prepared in accordance with IAS34 Interim Financial Reporting.

For more details on the accounting policies, please refer to the annual report of Steamships Trading Company Limited for the year ended 31 December 2018. These policies have been consistently applied to all periods presented, unless otherwise stated.

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

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

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

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

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

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

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

Right-of use assets were measured at the amount equal to the lease liability as at 31 December 2018. Right-of-use assets are included in ‘Property, plant and equipment.

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

	<b>30 June</b> <b>2019</b> <b>K'000</b>	<b>1 January</b> <b>2019</b> <b>K'000</b>
State land leases	29,380	29,654
Properties	11,292	11,681
<b>Total right-of-use assets</b>	<b>40,672</b>	<b>41,335</b>

Adjusted EBITDA, segment assets and segment liabilities as at 30 June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The segment affected by the change in policy is Hotels and Properties.

## 5. Income Tax Expense

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

	<b>Current period K'000</b>	<b>Previous corresponding period K'000</b>
Net profit before income tax	18,339	30,555
Prima facie tax on profit before income tax	5,502	9,166
Share of profit of associates and joint ventures	(632)	(1,127)
Tax loss not recognised	4,727	11,583
Other adjustments	791	-
	10,388	19,622

## 6. Contingent Liabilities

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

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

No losses are anticipated in respect of these guarantees.

## 7. Capital Commitments

As at 30 June 2019 the group had contracts outstanding for capital expenditure of K5.8 million in respect of property developments and all due within 12 months (prior year capital commitments of K16.2 million all due within 12 months).

## 8. Divisional Segments

The group operates in the following commercial areas:

	<b>Hotels &amp; Property</b>	<b>Logistics</b>	<b>Commercial &amp; Investment (and Elimination)</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
<b>2019</b>				
<b>External Revenue</b>	105,659	176,843	2,120	<b>284,622</b>
<b>Interest Revenue</b>	816	644	2,939	<b>4,399</b>
<b>Interest Expense</b>	(5,832)	(2,936)	1,404	<b>(7,364)</b>
<b>Segment Results</b>	25,925	(9,682)	(10)	<b>16,233</b>
<b>Add: Share of Associate &amp; Joint Venture Profit</b>	211	(244)	2,139	<b>2,106</b>
<b>Total Segment Result</b>	26,136	(9,926)	2,129	<b>18,339</b>
<b>Income Tax Expense</b>	(7,971)	(3,105)	688	<b>(10,388)</b>
<b>Group Profit from continuing operations</b>	18,165	(13,031)	2,817	<b>7,951</b>
<b>Segment Assets</b>	736,552	387,188	307,460	<b>1,431,200</b>
<b>Segment Liabilities</b>	268,040	281,659	12,440	<b>562,139</b>
<b>Net Assets</b>	468,512	105,529	295,020	<b>869,061</b>
<b>Capital Expenditure</b>	19,910	38,144	531	<b>58,585</b>
<b>Depreciation</b>	21,199	16,893	1,737	<b>39,829</b>

	<b>Hotels &amp; Property</b>	<b>Logistics</b>	<b>Commercial &amp; Investment (and Elimination)</b>	<b>Total</b>
	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>	<b>K'000</b>
<b>2018</b>				
<b>External Revenue</b>	111,837	155,122	2,962	<b>269,921</b>
<b>Interest Revenue</b>	-	693	6,491	<b>7,184</b>
<b>Interest Expense</b>	(8,125)	(6,528)	3,858	<b>(10,795)</b>
<b>Segment Results</b>	30,970	840	(5,012)	<b>26,798</b>
<b>Add: Share of Associate &amp; Joint Venture Profit</b>	87	864	2,806	<b>3,757</b>
<b>Total Segment Result</b>	31,057	1,704	(2,206)	<b>30,555</b>
<b>Income Tax Expense</b>	(8,105)	(11,850)	333	<b>(19,622)</b>
<b>Group Profit from continuing operations</b>	22,952	(10,146)	(1,873)	<b>10,933</b>
<b>Segment Assets</b>	713,843	396,890	337,239	<b>1,447,972</b>
<b>Segment Liabilities</b>	258,562	238,079	78,804	<b>575,445</b>
<b>Net Assets</b>	455,281	158,811	258,435	<b>872,527</b>
<b>Capital Expenditure</b>	8,916	16,433	9,586	<b>34,935</b>
<b>Depreciation</b>	21,115	20,110	1,837	<b>43,062</b>

## 9. Net Current Liability

Bank facilities with both BSP (K70m) and Westpac (K195m) were scheduled to expire on August 31<sup>st</sup> 2019. Although both banks had agreed to extend the facilities to August 2021 on substantially the same terms and conditions, the necessary documentation was not executed at period end. This has resulted in the amounts outstanding under these facilities being classified as current liabilities, being due within the next 12 months. The documentation has subsequently been executed and the facilities have been extended to August 2021.

## 10. Comparatives

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



## ***Report on review of interim financial information*** to the Directors of Steamships Trading Company Limited

### ***Introduction***

We have reviewed the accompanying condensed consolidated interim balance sheet of Steamships Trading Company Limited (the Company) and its subsidiaries (the Group) as at 30 June 2019 and the related condensed consolidated interim statements of comprehensive income, changes in equity and cash flow for the six month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### ***Scope of review***

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim financial reporting'.

### ***Restriction on distribution or use***

This report is made solely to the Directors of the Company, as a body. Our review work has been undertaken so that we might state to the Directors those matters which we are required to state to them in our review report and for no other purpose. We do not accept or assume responsibility to anyone other than the Directors of the Company, as a body, for our review work, for this report or for the conclusions we have formed.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Christopher Hansor'.

Christopher Hansor

Partner

Registered under the Accountants Act 1996

Port Moresby

30 August 2019

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### ***PricewaterhouseCoopers***

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