ANNUAL REPORT 2019

STEAMSHIPS
TRADING COMPANY LIMITED

CONTENTS

BRIEF PROFILE OF THE STEAMSHIPS GROUP

Steamships Trading Company (Steamships) is a committed investor and is celebrating over 100 years of business operations in Papua New Guinea. The Group is a well-established business conglomerate with diverse commercial interests and listings on both the Australian and PNG 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 2,600 PNG citizens and non-citizens in diverse divisions grouped under the operating categories of Logistics, Property and Commercial & Investments. Steamships core values include the following:

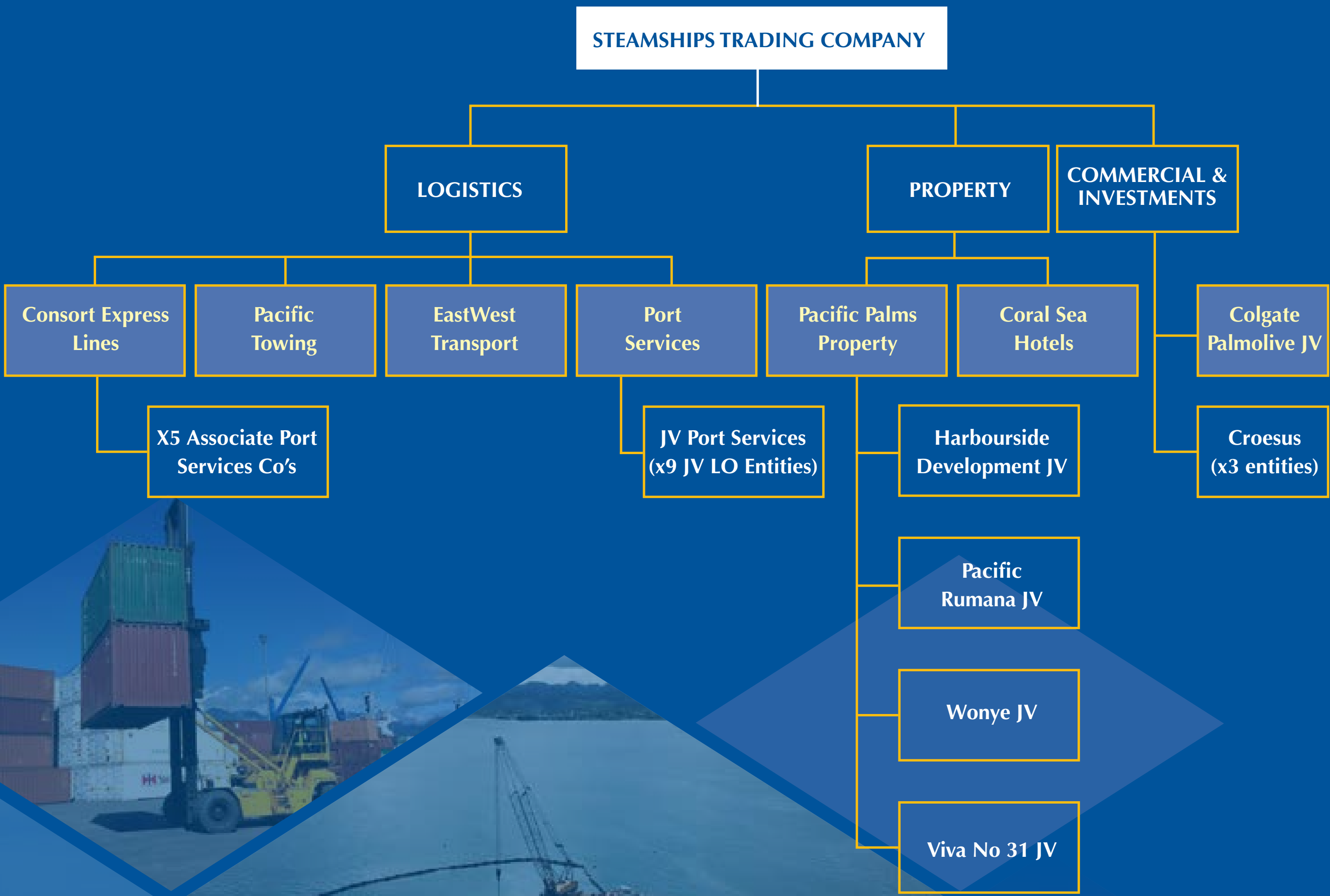
- Safety – We prioritise safety awareness and compliance to ensure our business operations are conducted safely.
- Integrity – Taking the more ethical and honest path; honouring our commitments and delivering on our promises; creating a bond of trust that sustains relationships with our staff, customers, 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.

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

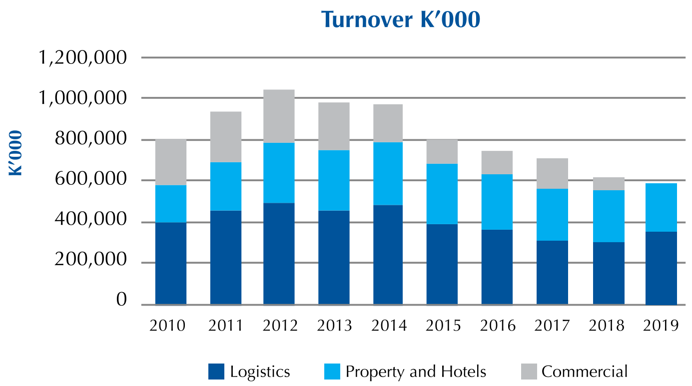
BRIEF PROFILE OF STEAMSHIPS GROUP

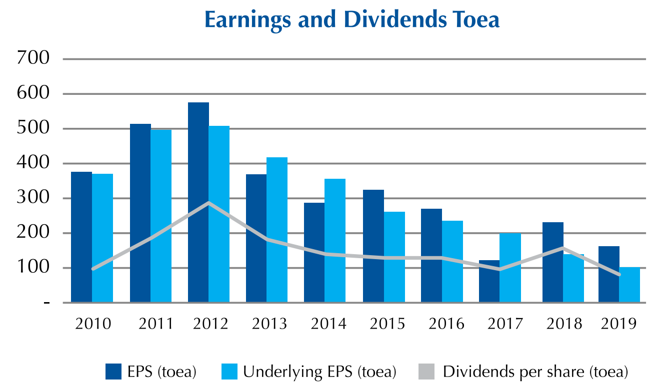
STEAMSHIPS' ORGANISATIONAL STRUCTURE

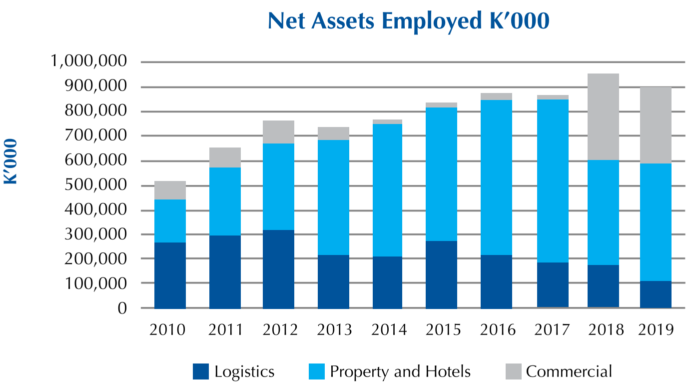


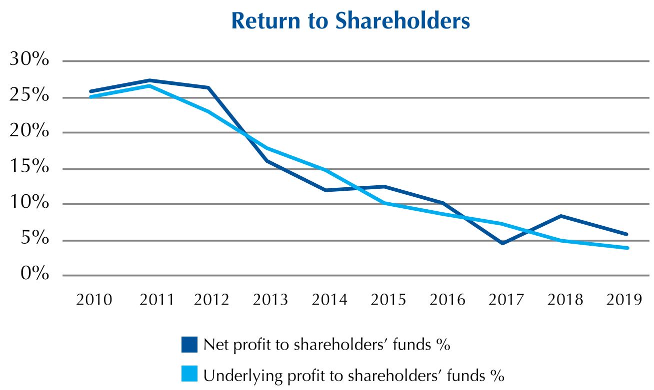
FINANCIAL HIGHLIGHTS

2019 FINANCIAL HIGHLIGHTS (including discontinued operations)	2019 K'000	2018 K'000	Change %
Revenue (including discontinued operations)	585,168	648,106	10%
Profit attributable to shareholders	49,995	69,529	-28%
Cash generated from operations	111,855	116,682	-4%
Net cash inflow/(outflow) before financing	42,656	278,817	-85%
Shareholders' funds	885,043	920,305	-4%
External Borrowings	319,565	373,579	-14%
Earnings per share (toea)	161	224	-28%
Dividends per share (toea)	80	165	-52%
Shareholders' funds per share (kina)	28.54	29.68	-4%
Underlying profit attributable to shareholders	31,505	43,304	-27%
Underlying earnings per share (toea)	102	140	-27%
Gearing ratio	19.5%	16%	-8%
Interest cover	7.7	9.0	8%
Dividend cover	1.1	2.6	-58%









FINANCIAL HIGHLIGHTS

SUMMARY OF PAST PEFORMANCE

	2010 K'000	2011 K'000	2012 K'000	2013 K'000	2014 K'000	2015 K'000	2016 K'000	2017 K'000	2018 K'000	2019 K'000
INCOME STATEMENT (including discontinued operations)										
Profit before tax	180,834	233,967	265,574	79,747	134,789	136,042	118,686	62,686	112,493	61,284
Share of associates profit	11,416	13,859	14,188	9,697	3,843	3,062	5,865	7,525	5,628	5,010
Income tax expense	(53,935)	(67,727)	(81,414)	(14,042)	(38,487)	(37,710)	(35,677)	(32,621)	(54,420)	(18,928)
Minoirty interests	(21,870)	(21,838)	(20,648)	38,609	(11,490)	(2,415)	(4,664)	3,926	5,828	2,629
Net profit attributable to shareholders	**116,445**	**158,261**	**177,700**	**114,011**	**88,655**	**98,979**	**84,210**	**41,516**	**69,529**	**49,995**
Depreciation transfer	-	(1,061)	-	-	-	-	-	-	-	-
Equity adjustment	-	-	-	(8,994)	-	2,206	-	-	-	-
Dividends paid or provided for the year	(31,008)	(58,916)	(88,373)	(57,365)	(43,411)	(48,062)	(40,291)	(32,559)	(26,357)	(44,962)
Earnings retained this year	**85,437**	**98,284**	**89,327**	**47,652**	**45,244**	**53,123**	**43,919**	**8,957**	**43,172**	**5,033**
Underlying profit attributable to shareholders (adjusted for significant items)	**113,597**	**153,566**	**156,213**	**128,367**	**108,808**	**80,651**	**71,721**	**61,775**	**43,304**	**31,505**
BALANCE SHEET										
SHARE CAPITAL & 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	428,157	554,349	652,978	689,777	711,764	764,887	808,806	817,764	896,105	860,843
Shareholders' funds	**452,357**	**578,549**	**677,178**	**713,977**	**735,964**	**789,087**	**833,006**	**841,964**	**920,305**	**885,043**
Non-Controlling Interests	62,851	75,365	84,322	22,907	30,773	47,515	48,831	36,190	19,723	17,747
EQUITY	**515,208**	**653,914**	**761,500**	**736,884**	**766,737**	**836,602**	**881,837**	**878,154**	**940,028**	**902,790**
Fixed Assets / Investment Properties	786,510	938,709	1,023,861	1,066,393	1,115,123	1,072,955	1,068,892	997,125	890,576	970,928
Investments in Associated Companies	15,416	28,445	38,687	31,471	33,193	36,458	66,445	67,196	65,276	41,586
Future Income Tax Benefit	9,282	-	-	21,081	33,521	36,914	36,680	30,250	1,683	2,311
Goodwill	17,183	17,183	17,183	93,617	80,491	80,491	80,491	80,002	76,433	76,433
Other assets	294,203	299,634	411,920	352,549	366,479	400,480	284,200	294,800	470,810	360,385
TOTAL ASSETS	**1,122,595**	**1,283,971**	**1,491,651**	**1,565,111**	**1,628,807**	**1,627,298**	**1,536,708**	**1,469,373**	**1,504,778**	**1,451,643**
Current Liabilities	273,055	283,445	370,396	230,390	190,621	541,292	184,646	221,560	352,541	148,286
Non-Current Liabilities	334,331	346,612	359,755	597,837	671,449	249,404	470,225	369,659	212,209	400,567
TOTAL LIABILITIES	**607,386**	**630,057**	**730,151**	**828,227**	**862,070**	**790,696**	**654,871**	**591,219**	**564,750**	**548,853**
NET ASSETS	**515,208**	**653,914**	**761,500**	**736,884**	**766,737**	**836,602**	**881,837**	**878,154**	**940,028**	**902,790**
RATIOS										
Current assets to current liabilities	1.08	1.06	1.11	1.53	1.92	0.74	1.16	1.00	1.15	1.83
Borrowings to shareholders funds	89.7%	70.1%	72.6%	89.7%	95.2%	81.7%	57.0%	50.2%	39.7%	35.4%
Gearing	44.0%	38.3%	39.2%	46.5%	47.8%	43.1%	34.6%	33.1%	16%	19.5%
Tangible net asset backing per share (Kina)	16.06	20.53	24.00	20.75	22.13	24.38	25.84	25.74	27.85	26.65
Net profit to revenue %	14.7%	17.2%	18.0%	12.2%	9.4%	12.8%	11.5%	5.9%	11.1%	8.5%
Net profit to shareholders' funds %	25.7%	27.4%	26.2%	16.0%	12.0%	12.5%	10.1%	4.9%	7.6%	5.6%
Underlying profit to shareholders' funds %	25.1%	26.5%	23.1%	18.0%	14.8%	10.2%	8.6%	7.3%	4.7%	3.6%
Dividends per share (toea)	100	190	285	185	140	155	130	110	165	80
EPS (toea)	376	510	573	368	286	319	272	134	224	161
Underlying EPS (toea)	366	495	504	414	351	260	231	199	140	102
Earnings retained %	73.4%	62.1%	50.3%	41.8%	51.0%	53.7%	52.2%	21.6%	62.1%	10.1%

Notes

Earnings per share = profit attributable to shareholders / average shares in issue

Gearing = debt / 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

On 22nd March 2020, the Office of the Prime Minister declared a State of Emergency in Papua New Guinea, for a period of 14 days, as a result of the global COVID-19 virus pandemic. Although there are no reported cases present in PNG at present, there has inevitably been an impact on businesses operating in the country with increased regulatory restrictions and a reduction in demand for goods and services.

Steamships is working tirelessly to continue operating essential services to customers and has the management expertise and resources to manage through the crisis. That said, the extent of the economic impact of the virus, globally and in PNG is unknown and will inevitably depend on the rate of infection and the government responses thereto, both globally and in PNG, and how and when demand returns.

Further commentary on the impact of covid-19 on each of our divisions is set out in the Review of Operations on page 12 to 19 and in note 30 to the Accounts

I now reflect on the performance of Steamships in 2019. After the euphoria in 2018, that saw Steamships celebrate 100 years in PNG since our incorporation and Port Moresby successfully hosting the APEC Leader's Summit, 2019 was a challenging year for the country, and for Steamships, with a continuation of the weakness in demand throughout the economy.

The lack of foreign currency continued to limit business activity and the Kina weakened further against the US Dollar. Government expenditure also remained constrained by the ongoing national budget deficit and debts from APEC going unpaid. The budget deficit creates short term pressure for the economy, which combined with uncertainty arising from the proposed legislation on foreign businesses and the current lacklustre investment, will likely see another difficult year for business in 2020, although there is broad cautious optimism for an improved economic environment in 2021.

However, much of the economic recovery relies on the launch of the long-awaited resource extraction projects at Wafi-Golpu and extension to the existing PNG LNG infrastructure. It was encouraging to see the agreement reached over Papua LNG in 2019 but this has turned to concern over continuing delays to an agreement for the P'nyang gas field, which appears to be in stalemate. These agreements, and the significant investment that results, would bring a much-needed boost to the economy.

Steamships is also closely following the progress of other infrastructure investments, particularly road, port and airport facilities, as this infrastructure is much needed if the Government's drive to promote agriculture and tourism is to succeed. Steamships looks forward to being at the forefront of opportunities that these investments will bring.

CHAIRMAN'S REPORT

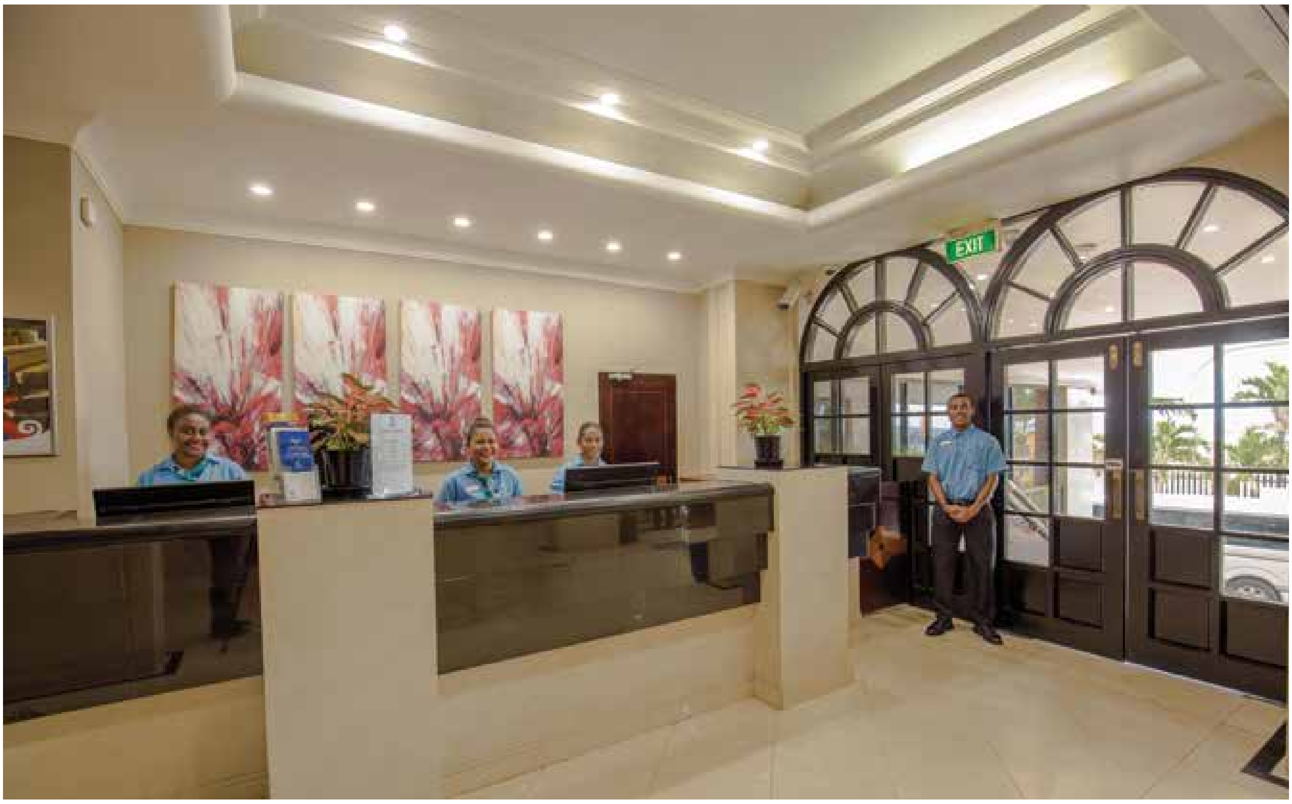
Notwithstanding the Government's supportive pro-business and foreign investment statements, the private sector remains concerned with the progress of legislative reform intended to balance the need to foster growth for local business and communities whilst continuing to encourage foreign investment.

Coastal shipping continues to be a highly competitive market and the small improvements in volume were offset by pressures on rates and costs leading to another challenging year for the industry. Following the completion of the docking of the larger vessels during 2019, Consort Express Lines' operational performance rebounded with vessel reliability and on-time performance significantly improved. Project and charter activity improved towards the end of the year, however, the docking of an ore carrier depressed results in the division. Of significance, in May 2019, Steamships bought out minority interests and amalgamated Consort Express Lines into Steamships Limited. As a result, a new management team was installed in September 2019 and is tasked with turning around the fortunes of Consort. Progress to date is encouraging, though prospects for 2020 and beyond are reliant on a pickup in the general economy.

Pacific Towing had a satisfactory year, which included completing its first significant wreck removal; a container vessel in Fiji Harbour. Deep-sea towage work helped compensate for a softer harbour towage market, enabling a satisfactory result. East West Transport performed satisfactorily though prior year adjustments led to a disappointing result. The company remains committed to the logistics sector, and its customers, winning several significant contracts during the year.

Pacific Palms Property continues to maintain high quality investments in strategic locations across PNG. Upgrades and renovation across the portfolio helped drive improved occupancy. There remains an oversupply in all sectors as demand remains soft, with both rents and occupancy levels under pressure. Despite the challenging market, Pacific Palms Property broke ground on its mixed use Harbourside

CHAIRMAN'S REPORT



South project. The company continues to look for attractive investment opportunities in the property sector and eagerly awaits the introduction of strata title legislation that could help stimulate the market.

Coral Sea Hotel's performance reflected a slow year of economic activity. The relatively low number of visitor arrivals and new capacity in the Port Moresby market continued to pose a challenge in 2019.

The Colgate Palmolive joint venture continued to benefit from the growing demand for high quality consumer household and personal care products.

The recent report from Moody's (March 2020) confirms a B2/stable rating for PNG. Steamships welcomes this conclusion and remains confident in the medium-term prospects for the PNG economy, whilst cautious and disciplined in facing the short-term challenges. As ever, Steamships aspires to contribute and participate in PNG's economic and social development for many years to come.

Steamships has maintained its investment in the training and development of its employees despite the economic slowdown. We strive to be well-positioned for the recovery in economic growth and our team will continue to grow Steamships and its contribution to PNG. I thank all our staff for their commitment and hard work, which have been and will remain critical to the success of Steamships.

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Chairman

31 March 2019


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DIRECTORS' REVIEW

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

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

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

Steamships' sales revenue from ongoing operations increased 1% to K585.1 million against last year's K581.8 million, on a continuing basis with improved revenue for Consort offsetting declines for Pacific Palms Property & Coral Sea Hotels.

Depreciation in 2019 was K82.3 million against K83 million in 2018, and net interest on borrowings (excluding capitalised interest) was K9.8 million against K10.3 million in 2018. Capital expenditure for the year was K93 million (with capitalised interest of K0.06 million) against K56.1 million (with capitalised interest of K1.7 million) in 2018.

The group's net operating cash flow generation declined 4% to K111.8 million against K116.7 million in 2018. The cash balance at year end is K100.8m.

A final dividend of 55 toea per share has been proposed and will be paid following approval at the company's annual general meeting on the 17th of June 2020, subject to Steamships' ability to secure foreign exchange for non PNG shareholders. This brings the total dividend for the year to 80 toea per share (2018 = 165 toea per share). The dividend is unfranked and there is no conduit foreign income.

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

DIRECTORS' REVIEW

Significant items

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

Logistics

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

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

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

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

Property & Hotels

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

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

Commercial and Investments

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

Trading Outlook

The outlook for 2020 is obviously clouded by the impact of the COVID-19 pandemic, which is clearly a global crisis. Our businesses are responding well to the new environment in the face of a general decline in demand. It is not possible to estimate the financial impact on Steamships, as PNG and global economies react to the virus in the weeks and months ahead. We have enacted numerous initiatives, across the businesses, to give us the best possible set of outcomes in different scenarios and emerging from the crisis in good shape on the expectation that the crisis is well managed globally and we can consider a return to some form of normaility. The attached financial statements for the year ended 31 December 2019 contain an independent auditors' report which includes an emphasis of matter in regards to the potential impact of the COVID-19 pandemic on the group. For further information, refer to Note 1 to the financial statements, together with the auditors' report.

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

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

REVIEW OF OPERATIONS - LOGISTICS

CONSORT EXPRESS LINES

Consort operates a fleet of 11 coastal vessels (six vessels dedicated to the liner trade and five shallow water landing craft and bulk carriers serving the projects market). 10 of the 11 vessels are PNG flagged and manned and are maintained in accordance with Lloyds Registry international standards.

LINER SERVICES

Consort consistently connects 14 ports around PNG. The Company has scheduled services to the North Coast, South Coast, New Guinea Islands, Bougainville and Western Province. Consort proudly serves the people of PNG by providing an important supply link to many of the communities on its routes.

The Company carries a range of cargoes including containerised, break-bulk, reefer, LCL and project cargo. Consort transports cargo for a diverse customer base from domestic manufacturers and wholesalers to international liner carriers transhipping cargos to outports. In addition to owning and operating ships, Consort manages PNGs largest fleet of containers offering customers easy access to a wide range of container types.

PROJECT CHARTERS

Consort 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, agency, customs clearance, lay down areas and warehousing.

Both the liner and the project and charters market remained soft in 2019. The positive economic outlook that existed in 2018 for 2019 did not materialise as investment in large-scale resource projects was pushed back. Domestic cargo volumes remained flat.

In May 2019, Steamships reached agreement with minority shareholders to acquire the outstanding shares of Consort. Consort was formally amalgamated into Steamships Limited at the end of the year, and is now a wholly owned division of Steamships. Consort continues to trade under its existing brand Consort Express Lines. This ownership change allowed Steamships to renew the management team, and in the third quarter, a new General Manager, a Chief Operating Officer, additional operational and commercial resources were brought in.

Consort management is focused on its two core businesses of liner shipping and project shipping and has divested of non-core assets and functions. Management of properties with no direct relevance to the shipping businesses was transferred to Steamships property division, as too was the management of Consort's four active stevedoring businesses transferred to Joint Venture Port Services.

Within Consort there has been renewed focus on the core operational pillars of liner shipping: safe operations, well-maintained vessels and equipment, operational excellence, on-time services, and customer-centricity. To those ends, certain internal functions have been consolidated into Lae, there has been a substantial re-investment in crew training and new digital systems have been implemented. Consort also invested in new cargo carrying equipment in Lae so that it could continue to meet the needs of its customers.

In 2019, the Niugini Coast and Gazelle Coast followed their sister ship, the Bougainville Coast, into and out of dockyards in China. These ships provide the core of Consort's liner

REVIEW OF OPERATIONS - LOGISTICS

CONSORT EXPRESS LINES

network. The Kiunga Chief and Balimo Chief were also docked in Port Moresby. New reefer containers were bought and delivered from Northern China to help Consort meet the demand for cold storage shipments up and down the coast of PNG. Operational reliability is expected to remain at Q4 2019 levels after the dockings.

The 2020 outlook is clouded by the uncertain impact of COVID-19. At the time of writing, the vessels are busier than ever, helping domestic businesses stock up in anticipation of constrictions to their supply chains. COVID-19 notwithstanding, Consort is well-positioned to serve its customers in the current market with both its liner network and its project fleet substantially refreshed. The operational synergies between Consort's two business divisions allow it to be operationally ready for the resource up-turn when it does arrive and to deal with the longer-term impacts of COVID-19 should they become severe. Consort remains ready to capitalise when the PNG economy does improve.

REVIEW OF OPERATIONS - LOGISTICS

PACIFIC TOWING

Pacific Towing is a market leader in the provision of a diverse range of marine services, enjoying a reputation for excellence and reliability. The company's core services include towage, moorage, salvage, commercial diving, and life rafts (sales and servicing).

Other Pacific Towing services include emergency response, video pipeline inspections, PLEM valve hook up and release, pollution prevention, and oil spill response. Pacific Towing is also increasingly sought out for its capacity to design, engineer and implement customised project solutions. Significantly, the company introduced Melanesia's only in-water hull cleaning service at the end of 2019.

Pacific Towing is headquartered in Port Moresby, PNG, and operates 14 tugs and 10 associated support vessels and is a full member of the International Salvage Union and has fast responder salvage capability. Its capacity to respond and provide a range of salvage services is complemented via partnerships with organisations both within the Swire Group of companies (i.e., Swire Pacific Offshore, Swire Emergency Response Services), as well as those external to it (e.g., Perrott Salvage Pty Ltd).

Pacific Towing experienced a slight decrease in harbour towing jobs undertaken in 2019 compared to 2018 owing to the declining vessel activity within Papua New Guinea. This was partially offset by revenue from non-harbour operations. These included a number of ocean tows and salvage and wreck removals, though the impact of this revenue has been offset by high operational costs. The company continued to expand its geographic footprint further into Oceania and South East Asia via a number of projects including the wreck removal of the container ship 'Southern Phoenix' off the coast of Fiji, as well as the open ocean towage of a barge from Micronesia to Indonesia.

Pacific Towing purchased another tugboat late in 2019, increasing fleet numbers to 14 tugs and 10 associated support vessels in five ports across PNG (Port Moresby, Lae, Rabaul, Kimbe and Madang). An additional tug dedicated to harbour towage services is based in Honiara at the company's Solomon Islands operation. Pacific Towing's expanding fleet increased its towage service delivery capacity and the additional purchase of a barge (complete with a 150 tonne crane) greatly enhanced its salvage capabilities.

The company maintained its business strategy of localisation and people development. 94% of Pacific Towing staff are PNG nationals and the company is led by a predominantly Papua New Guinean management team. Pacific Towing continued to invest in high quality staff training and development throughout the year.

Pacific Towing expanded its relationship with Swire Pacific Offshore (SPO) by finalising the recruitment of another nine cadets who will commence their training at sea on SPO vessels in late 2020. The initial seven cadets who finished their sea training in 2019 will progress to the academic component of their cadetships.

The Women in Maritime Scholarship Program partnership between Pacific Towing, the Australian Government's Australia Awards and the China Navigation Company continued with great success throughout 2019 with training of the second intake of female cadets. The end of 2019 witnessed the commencement of the selection process for even more female cadets – a process due for completion in early 2020. Pacific Towing also signed a contract with the PNG Business Coalition for Women to implement 'Gender Smart Safety' – a workplace safety program designed to maximise the safety of female personnel.

Operating to international standards, and well positioned throughout the Pacific Islands region, Pacific Towing expects underlying performance to remain solid in 2020, notwithstanding the uncertainty injected into the market by COVID-19.

REVIEW OF OPERATIONS - LOGISTICS

JOINT VENTURE PORT SERVICES

The group's 10 Joint Venture Port Services (JVPS) businesses operate throughout the country including in the principal ports of Port Moresby, Lae as well as elsewhere on the mainland and on Bougainville, New Ireland and New Britain. The group expanded the number of local land owner joint ventures to 10 in 2019 and formed a new equipment hire company (JVHire Co). The core port businesses offer a full range of stevedoring and handling facilities in the major ports of PNG. 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 community in which the joint ventures operate.

During 2019, JVPS took over four port operations from Consort, consolidating all 10 of Steamships' stevedoring activities under the JVPS banner. As the country's largest professional stevedore, JVPS brings to these operations a renewed focus on safety, professionalism and financial discipline.

With soft across-the-wharf volumes, the focus in 2019 has been to improve customer service standards whilst reducing costs. Technology has been deployed including the introduction of live cargo updates direct into customers booking and inventory management systems, electronic payroll and increased levels of surveillance through digital solutions. This focus on safety and governance, coupled with high levels of productivity and professionalisms, continues to provide a point of difference between JVPS and its competitors.

Individual companies mostly performed to expectations with the exception of Kiunga Port Services that was impacted by low water levels on the Fly River. Operations in the ports of Buka and Kieta in Bougainville suffered from low consumer and investor confidence brought about by the uncertainty surrounding the third quarter referendum on Bougainville's future. The referendum passed peacefully, and JVPS did not experience any untoward interruption to its services.

JVPS is the only group of stevedoring and handling companies in PNG to be ISO accredited for both Safety and Environment. The business continues to work hard to provide a seamless logistics solution for customers in PNG drawing on the combined strengths of Swire Shipping, Consort and East West Transport.

Exclusive of the impact of COVID-19, which is far from certain at the time of writing, the businesses expects volumes in 2020 to be similar to last year for the outer ports with marginal growth in volumes in Port Moresby and Lae. Papua New Guinea remains a nation highly dependent on imports and the domestic shipping of basic goods. These necessitate a continued use of ports irrespective of concerns surrounding COVID-19. After a slow start in 2019, JVPS expects the performance of the hire company to improve.

REVIEW OF OPERATIONS - LOGISTICS

EAST WEST TRANSPORT

East West Transport (EWT) is one of Papua New Guinea's largest multifaceted transport and logistics companies, with ISO accreditation of 14001, Environmental Management, & 18001, Occupational Health & Safety. Based in Port Moresby, East West Transport has operations in Lae, Kimbe, Rabaul, Madang, Wewak, Alotau and Kavieng. The company 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 and emergency response teams and vehicles.

EWT operates across a wide spectrum of transport related activities including bulk fuel, containerised cargo and break-bulk cargo, and provides 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 logistics and project solutions for the mining, oil and gas sectors and new or existing commercial sectors.

2019 proved a tough year for EWT, with the company able to grow top line revenue strongly but producing weaker results off the back of significant pressure on margin. However, in the intensively competitive market that is transport and logistics in PNG, EWT continues to grow its market share and revenue through a continued focus on safety, professionalism, competitiveness, customer service and fleet reliability. New contracts for both haulage and storage were secured in Port Moresby and Lae in 2019, with no major contract losses.

EWT team grew by 5% in 2019 and now has a team of 400, of which more than 99% are Papua New Guineans. The company is proud of the investment in training and development that it makes in its workforce. As the business continues to grow, the financial and commercial functions continue to be strengthened with a new Commercial Manager joining in 2019 and a National Operations Manager joining early in 2020.

Despite the likely short-term impact of COVID-19, modest growth is anticipated in 2020 off the back of new long-term contracts. Additional prime movers and rolling stock will be added via fleet renewal and in line with conservative growth predictions. Pressure on rates is expected to remain intense. At the time of writing, the fleet was busier than ever helping businesses prepare for COVID-19, however, it remains unclear what the long-term impact of the virus will be on demand. Management have contingency plans in place to match capacity, up or down, to demand.

REVIEW OF OPERATIONS - PROPERTY

CORAL SEA HOTELS

Coral Sea Hotels (CSH) operates nine hotels, residence and apartment properties offering full-service hotel rooms and apartments as well as extensive food & beverage outlets, recreation and meeting, conference and banqueting facilities. CSH opened a stand-alone 'Enzo's Pizza and Takeaway' outlet in Harbourside, downtown Port Moresby, testing the food concept for the first time outside a hotel property. The company expects further expansion of the Enzo's brand. CSH added a new 300 seat conference facility to its Mount Hagen Highlander Hotel in 4Q 2019.

CSH is the largest hotel group in PNG, offering 592 hotel rooms, 132 apartments and 138 residences. The group comprises the Grand Papua Hotel, the Gateway Hotel and Apartments, the Ela Beach Hotel and Apartments, Whittaker Apartments and the Air Niugini Residence in Port Moresby; the Huon Gulf Hotel in Lae; the Highlander Hotel and Apartments in Mount Hagen; the Bird of Paradise Hotel in Goroka and the Cassowary Hotel in Kiunga.

The operating environment in 2019 continued to be very tough for the hospitality industry with international visitors to PNG continuing to decline, and the delays to resource based projects causing local and international business uncertainty. During early 2019, additional capacity was added into the Port Moresby market which has created additional pressure on rates and occupancy across the city. Nevertheless, CSH continue to outperform against competitors as demonstrated by STR comparisons. Trading conditions in Western Province remain particularly tough, and the Cassowary Hotel continues to disappoint.

CSH completed significant physical and process improvements in 2019 to enhance the guest experience. A new property management system and electronic guest satisfaction survey were introduced early in the year. The latter, with its improved data analytics, allows management to respond more rapidly to the feedback provided by guest and restaurant customers. A state of the art 300 seat conference facility was added to The Highlander Hotel in Mount Hagen. This conference facility is the only one of its kind in the rapidly expanding Highlands Region of PNG. Guest rooms and apartments at Gateway Hotel and Apartments were renovated, as was the Wild Orchid Restaurant. The Departure Bar will be renovated in the first quarter of 2020. Significant capital was spent to upgrade fire safety systems across the hotel group, and significantly the new Harbourside South mixed use development (which includes 88 apartments) broke ground. This development will be ready for handover to Coral Sea Hotels in mid-2022.

The Grand Papua Hotel was once again the recipient of the 'World Luxury Hotel Award' in the Australasia and Oceania category. Maintaining and improving the guest experience remains central to CSH strategy, and training and development continued with managerial and customer service training provided by SHATEC Singapore. This focus on people will continue in 2020, with the first batch of staff expected to join the Pacific Labour Scheme in 2020.

The travel restrictions and reduction of visitor numbers into PNG owing to COVID-19 are having an immediate impact on the occupancy throughout CSH. At the time of writing, the State of Papua New Guinea has implemented a 14 day State of Emergency, and in response, CSH Management have temporarily closed one of the three Port Moresby hotels, and adjusted inventory at other hotels. It is too early to tell what the long-term impact of COVID-19 will be, but CSH expect 2020 to be a tough year. Nevertheless, CSH will use the downturn restructure its operations, and to develop initiatives and projects that will allow it to prepare for the expected improvements associated with the long-delayed resource projects.

REVIEW OF OPERATIONS - PROPERTY

PACIFIC PALMS PROPERTY

Pacific Palms Property (PPP) is one of the largest and most dynamic property developers and managers in PNG. The division continues to develop and hold property in the Residential, Commercial, Retail and Industrial sectors with building and land assets located in Port Moresby, Lae, Madang, Wewak, Goroka, Mt. Hagen, Popondetta and Rabaul. PPP's strategy of making investments of scale and quality, in good locations continues to support stable revenues even though a current over-supply of property in Port Moresby continues to put pressure on properties within the capital.

The larger Port Moresby market in which PPP operates remains competitive, but stable, with product offering and importantly service offering driving loyalty of tenants across all categories. With additional developments coming on stream during the year, the market for property sales was slow in 2019 and this saw PPP preferring to hold properties and upgrade them in advance of an anticipated uptick towards the middle of the next decade.

The performance of the commercial portfolio in Port Moresby saw steady year-on-year gains, ending the year with solid occupancy levels. Rental reversion in Port Moresby was stable. Outer regions of the country performed less well, with a reduction in revenue due to lower rental reversion and a number of large tenants moving out in Madang and Popondetta. Performance in Lae was strong.

There was a similar story with the industrial portfolio which remained steady in Port Moresby but saw some contraction in outer regions reflective of a generally weak performance of the non-extractive economy.

The residential portfolio remains strong across all locations. However, the continuing growth of supply in Port Moresby continues to put pressure on rates. This is something that PPP manages through a robust service offering and a particular focus on effective and efficient repairs and maintenance. Improving the tenant experience is a central part of management's 2020 - business plan.

PACIFIC PALMS PROPERTY

PPP's joint venture projects in Mount Hagen, Madang and Port Moresby are performing to expectation. Occupancy in Hagen Central continues to pick up with several significant tenants secured on long-term contracts.

PPP's flagship development Harbourside East and West precinct in Port Moresby remains at full occupancy and the mixed use Harbourside South project commenced construction in the second half of 2019. Construction is progressing well with completion targeted for mid-2022. Once completed, the fully integrated Harbourside precinct will offer a wide range of commercial, retail and residential services along with a vibrant food and beverage waterfront location with harbour access.

PPP are also managing internal renovation and improvement development works across PNG including various projects for Coral Sea Hotels. Notably projects include substantive upgrades to fire safety infrastructure across the portfolio and the new conference centre at the Highlander Hotel. This expanded project design, construction management and commercial development will be increasingly important as PPP looks to develop further large scale projects in the coming years.

Despite the immediate pressures of dealing with COVID-19, the focus in 2020 for PPP will be to continue to meet customer service expectations, maintain high maintenance standards and manage its portfolio of leases to maximise occupancy. Exclusive of the impact of COVID-19, the outlook for 2020 remains stable if unexciting, however, how the virus will impact performance remains to be seen with the inevitable requests for rental rebates potentially balanced by upside later in the year should the the major resource projects be sanctioned. Notwithstanding short-term uncertainty, should these projects go ahead, PPP is well positioned to benefit from the next resources cycle with high quality properties across all categories and is confident of its future prospects.

SUSTAINABILITY

A genuine commitment to the principles of Sustainable Development has always underpinned the way that Steamships operates, and is key to delivering lasting value to its customers and shareholders. This commitment, articulated by a focus on Our People, Our Community, and Our Environment, will ensure that the Company remains relevant, and continues to make a valuable and lasting economic and social contribution to Papua New Guinea.

At Steamships the focus is to ensure that employees are afforded every opportunity to build strong, rewarding and successful careers in an environment of safety, trust, fairness and respect. A successful inaugural Annual HR Conference was held mid-year engaging HR teams in dialogue around the development and welfare of our employees, and an over-arching leadership development framework was established, linking the Team Leadership Development and Graduate Development programmes. A new Front Leaders Development Programme will be introduced in 2020. Promoting our value of Safety First, employees from our Logistics and Property divisions underwent custom designed HSSE training at basic and supervisory levels, and a cross group emergency response drill, simulating a major earthquake and tsunami event, was conducted by our leadership team. Two of our Divisions continued good progress towards ISO accreditation.

Steamships recognises that every business has to earn and maintain its right to operate. Having a positive impact on the various communities in which Steamships operates is key to this. Engagement with the community is facilitated through an involvement in social programs that prioritise four key areas; health, social welfare, education, sports and culture, with emphasis on women and children. The aim is to identify projects and partnerships that bring measurable, meaningful, and positive impact to those in most need. The company committed over K2.0 million to various community based initiatives in 2019, as well as announcing a five year K2.0m partnership with Buk bilong Pikinini to support an additional six learning centres across the country. Projects in 2019 included a water sanitation project in Morobe province, a cervical cancer HPV vaccination programme in Milne Bay, and a gender transformative Women's Maritime Scholarship Programme.

Environmental Sustainability continues to be a focus area for the Company. Responsible and sustainable energy consumption is managed through the regular monitoring and reporting of energy use, water use and environmental emissions at operational level. Steamships again partnered with the Conservation and Environment Protection Authority to sponsor World Environment Day, delivering awareness lectures to selected school children, and coordinating a number of educational activities to highlight the importance of environmental sustainability. Steamships continues to support the Wanang Conservation Project near Madang; a project that has won many international accolades for its research and preservation of Papua New Guinea's rich and unique flora and fauna.

Steamships' sustainability performance aligns with the requirements of the Global Reporting Initiative (GRI), a worldwide corporate transparency initiative that Steamships has followed since 2013. The full GRI report and a comprehensive Sustainability Report are available on the Steamships website at www.steamships.com.pg.

Photo courtesy of Sago Network.

CORPORATE GOVERNANCE

Steamships and its Board are committed to achieving and demonstrating the highest standards of corporate governance and ethical behaviour, and they expect these standards from all employees. 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 by addressing each key principle in the order it is listed in the ASX guidelines. Each section addressing a key principle includes references to relevant information that appears elsewhere in the 2019 Annual Report or on the Steamships' website.

Steamships believes it complied with the Australian Stock Exchange Corporate Governance Principles (the fourth edition) during the twelve months ended 31 December 2019, except where noted in the Corporate Governance Report.

Steamships' Corporate Governance Report can be found at http://www.steamships.com.pg/aboutus/corporategoverance

STATEMENTS OF COMPREHENSIVE INCOME

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's)

	Note	Consolidated 2019	Consolidated 2018 (restated)	Parent Entity 2019	Parent Entity 2018
Continuing Operations					
Revenue	3(a)	585,168	581,815	48,000	59,634
Other income	3(a)	-	-	3,021	37,609
Operating expenses	3(b)	(514,038)	(509,393)	(1,870)	(2,364)
OPERATING PROFIT		71,130	72,422	49,151	94,879
Finance income	3(e)	7,938	5,199	72	72
Finance costs	3(e)	(17,784)	(15,492)	-	-
Share of profit of associates and joint ventures	4(b)	5,010	5,628	-	-
PROFIT BEFORE INCOME TAX		66,294	67,757	49,223	94,951
Income tax expense	5(a)	(18,928)	(53,886)	(307)	(83)
PROFIT FROM CONTINUING OPERATIONS		47,366	13,871	48,916	94,868
Profit after tax from discontinued operations	25	-	49,830	-	-
PROFIT FOR THE YEAR		47,366	63,701	48,916	94,868
Attributable to:					
Non-controlling interests		(2,629)	(5,828)	-	-
Shareholders		49,995	69,529	48,916	94,868
		47,366	63,701	48,916	94,868
TOTAL COMPREHENSIVE INCOME FOR THE YEAR attributable to owners arises from:					
Continuing operations		49,995	19,699	48,916	94,868
Discontinued operations		-	49,830	-	-
		49,995	69,529	48,916	94,868
Basic and Diluted Earnings per share					
Continuing & discontinued (toea)	3(f)	161t	224t		
Continuing (toea)	3(f)	161t	64t		

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 2019 (Amounts in Kina 000's)

Consolidated	Share Capital	Retained Earnings	Other Reserves	Total Capital & Reserves	Non-Controlling Interest	Total Equity
BALANCE AT 1 JANUARY 2018	24,200	826,758	(8,994)	841,964	36,190	878,154
Adjustments to opening retained earnings on adoption of IFRS15	-	1,740	-	1,740	-	1,740
Profit for the year	-	69,529	-	69,529	(5,828)	63,701
Equity adjustment on acquisition of new entity (Note 24)	-	33,429		33,429	-	33,429
Adjustment on disposal of subsidiary		(8,994)	8,994	-	-	-
Dividends paid 2018	-	(26,357)	-	(26,357)	(10,639)	(36,996)
BALANCE AT 31 DECEMBER 2018	24,200	896,105	-	920,305	19,723	940,028
Profit for the year	-	49,995	-	49,995	(2,629)	47,366
Adjustment on acquisition of minority interest in subsidiary (Note 24)	-	-	(40,295)	(40,295)	10,738	(29,557)
Dividends paid 2019	-	(44,962)	-	(44,962)	(10,085)	(55,047)
BALANCE AT 31 DECEMBER 2019	24,200	901,138	(40,295)	885,043	17,747	902,790

Parent Entity	Share Capital	Retained Earnings	Total Equity
BALANCE AT 1 JANUARY 2018	24,200	(3,266)	20,934
Profit for the year	-	94,868	94,868
Dividends paid 2018	-	(26,357)	(26,357)
BALANCE AT 31 DECEMBER 2018	24,200	65,245	89,445
Profit for the year	-	48,916	48,916
Dividends paid 2019	-	(44,962)	(44,962)
BALANCE AT 31 DECEMBER 2019	24,200	69,199	93,399

This Statement of Changes in Equity is 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 2019 (Amounts in Kina 000's)

	Note	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Current assets					
Cash and cash equivalents	6	100,832	193,521	-	-
Trade and other receivables	7	148,118	191,778	471	446
Inventories	8	13,351	16,063	-	-
Income tax receivable	5(e)	9,507	355	-	45
Assets held for sale	10	-	3,363	-	-
		271,808	405,080	471	491
Non-current assets					
Property, plant and equipment	10	610,646	492,402	23,396	24,554
Investment properties	11	360,282	398,173	-	-
Investments in related companies	4(a)	41,586	65,276	195,887	164,037
Loans to related companies	9	88,577	65,731	5,635	5,712
Intangible assets	12	76,433	76,433	-	-
Deferred tax assets	5(c)	2,311	1,683	485	436
		1,179,835	1,099,698	225,403	194,739
TOTAL ASSETS		1,451,643	1,504,778	225,874	195,230
Current liabilities					
Trade and other payables	13	75,407	104,277	-	10
Lease liabilities	14	3,772	-	-	-
Provisions for other liabilities and charges	15	51,542	56,685	-	-
Loans from related companies	9	15,662	47,394	132,415	105,775
Loan from minority shareholder	16	160	19,503	-	-
Borrowings	16	1,743	124,682	-	-
Income tax payable	5(e)	-	-	60	-
		148,286	352,541	132,475	105,785
Non-current liabilities					
Lease liabilities	14	68,464	-	-	-
Deferred tax liabilities	5(c)	18,866	18,729	-	-
Provisions for other liabilities and charges	15	11,237	11,480	-	-
Borrowings	16	302,000	182,000	-	-
		400,567	212,209	-	-
TOTAL LIABILITIES		548,853	564,750	132,475	105,785
NET ASSETS		902,790	940,028	93,399	89,445
EQUITY					
Issued capital	17	24,200	24,200	24,200	24,200
Reserves		860,843	896,105	69,199	65,245
Capital and reserves attributable to the Company's shareholders		885,043	920,305	93,399	89,445
Non-controlling interests		17,747	19,723	-	-
TOTAL EQUITY		902,790	940,028	93,399	89,445

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

For and on behalf of the Board:

31 March 2020

G.L. Cundle
Chairman

M.R. Scantlebury
Managing Director

STATEMENTS OF CASH FLOWS

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's)

		Consolidated		Parent Entity	
	Note	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		595,374	587,981	5,023	5,019
Payments to suppliers and employees		(451,452)	(430,786)	(1,967)	(2,290)
Interest received		7,938	5,199	72	72
Interest and other finance costs paid		(14,502)	(15,492)	-	-
Income tax paid		(25,503)	(30,220)	(250)	(211)
Net cash provided by operating activities	19	111,855	116,682	2,877	2,590
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		(94,250)	(56,114)	(783)	(2,139)
Proceeds from sales of property, plant & equipment		24,409	14,662	-	-
Proceeds on sale of investment		-	147,464	-	78,770
Cash balance received in acquiring Croesus entities	24	-	47,632	-	-
Loans issued to associated companies		(22,846)	(2,022)	-	-
Loans repaid by associated companies		-	10,084	-	-
Dividends received		23,488	7,548	48,000	59,634
Net cash (used in)/provided by investing activities		(69,199)	161,192	47,217	136,265
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of borrowings		(10,000)	(41,627)	-	-
Proceeds from borrowings		10,000	-	-	-
Loans received from subsidiaries		-	-	26,717	-
Loans repaid to subsidiaries		-	-	-	(112,499)
Loans received from associated companies		-	5,236	-	-
Loans repaid to associated companies		(31,732)	(12,354)	-	-
Purchase of additional shares in subsidiary		(40,379)	-	(31,850)	-
Lease repayments		(5,248)	-	-	-
Dividends paid		(55,047)	(36,995)	(44,961)	(26,356)
Net cash used in by financing activities		(132,406)	(85,740)	(50,094)	(138,855)
NET (DECREASE)/INCREASE IN CASH HELD		(89,750)	200,196	-	-
NET CASH AT BEGINNING OF THE YEAR		188,839	(11,357)	-	-
NET CASH AT END OF THE YEAR		99,089	188,839	-	-
CASH COMPRISES:					
Cash and cash equivalents	6	100,832	193,521	-	-
Bank overdrafts	16	(1,743)	(4,682)	-	-
		99,089	188,839	-	-

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

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 31 March 2020.

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

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared under the historical cost convention as modified by certain financial assets and liabilities at fair value through profit and loss, and assets held for sale measured at fair value less costs of disposal.

Going concern

The financial statements for the year ended 31 December 2019 have been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the normal course of business as they become due.

As at 31 December 2019, the Group had cash reserves of K100.8m and net current assets of K123.5m. During the year ended 31 December 2019 the Group reported a profit after tax of K47.4m and a net cash inflow from operating activities of K111.9m. At 31 December 2019 the Group had K263.0m in committed, undrawn bank facilities, with financial institutions. The Group has bank borrowings of K303.7m, including K182.0m that is due for repayment in April 2021.

Since 31 December 2019, the global COVID-19 pandemic has had a significant adverse impact on the global economy and, at the date of reporting, Papua New Guinea is in a State of Emergency ("SOE"). The slowing of the global economy and travel restrictions have reduced demand for goods and services generally. Since the announcement of the SOE, each of the businesses operated by the Group has been significantly affected.

Whilst the outbreak did not have a significant impact on PNG and the Group' business for almost all of the first quarter of 2020, immediately prior to and since the announcement of the SOE, each of the businesses operated by the Group has been affected. Each has a business continuity plan which is now active. Management is operating effectively, and in dialogue with customers, suppliers, bankers and regulators, to address the challenges that are presented.

Under the SOE, there are restrictions on incoming travel and this has resulted in a reduction in occupancy in our hotels and bookings being cancelled. Management have already taken action to respond and have ceased operation of certain hotels to preserve cash in the event that the situation continues or worsens.

The property business benefits from the majority of its portfolio committed on leases which extend beyond the current period of the operation of the SOE. However, if the period is extended for a considerable period and the situation, both globally and in PNG, worsens then renewal of these leases or the ability of tenants to meet their rent obligations will be at risk.

The logistics business has so far been largely unaffected. All announcements from the governing National Operations Committee have been supportive of the need to keep essential services going and the four businesses in this sector have continued to operate. A reduction in economic activity resulting from the pandemic has the potential to reduce demand for the Group's logistics services with an adverse consequence on cash flows.

It is anticipated that the COVID-19 pandemic is likely to have an adverse impact on the Group's business, results of operations and cash flows in 2020. At the date of these financial statements it is not possible to reliably estimate the financial impact on the Group. Management will continue to monitor the impact of COVID-19 on the financial performance of the business and further measures may be required.

As a result of these matters there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report.

The economic uncertainty associated with the COVID-19 outbreak has been considered by the Board in assessing the potential financial impact on the Group's ability to continue to generate positive cash flows, to comply with financial covenants and to meet debts as and when they fall due. At the date of this report, the Board are of the opinion that the Group will be successful in managing the impacts of the COVID-19 pandemic and will continue to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(i) *Standards, amendment and interpretations effective in the year ended 31 December 2019*

The following standards, amendments and interpretations to existing standards became applicable for the first time during the accounting period beginning 1 January 2019.

- IFRS 16, 'Leases' removes the previous IAS 17 distinction between finance leases and operating leases and now requires a lessee to recognise a lease liability representing future lease payments and a 'right-of-use asset' for virtually all lease contracts. There is an optional exemption for certain short-term leases and leases of low-value assets.

- Amendment to IFRS 9 on prepayment features with negative compensation. This amendment confirms that when a financial liability measured at amortised cost is modified without this resulting in de-recognition, a gain or loss should be recognised immediately in profit or loss. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

- IFRIC 23, 'Uncertainty over income tax treatments' clarifies how the recognition and measurement requirements of IAS 12 'Income Taxes' are applied where there is uncertainty over income tax positions. The IFRS IC had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. A subsequent IC agenda decision also provided guidance on the presentation of uncertain tax positions.

- Annual improvements 2015 – 2017. These amendments include minor changes to:

  - IFRS 3 'Business combination' – a company remeasures its previously held interest in a joint operation when it obtains control of the business.

  - IFRS 11 'Joint arrangements' – a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 'Income taxes' – a company accounts for all income tax consequences of dividend payments according to where the past transactions or events that generated distributable profits were recognised.

  - IAS 23 "Borrowing costs' – a company treats as part of general borrowings any borrowings originally made to develop an asset when the asset is ready for its intended use or sale.

- Amendments to IAS 28 'Investments in associates' on long term interests in associates and joint ventures. These amendments clarify that long-term interests in an associate or joint venture to which the equity method is not applied should be accounted for using IFRS 9 before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.

- Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement. These amendments require an entity to:

  - use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement, and

  - recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

The implementation of IFRS 16 Leases required the Group to change its accounting policy as a lessee under lease contracts as set out in Notes 1(a) (iii) and 1 (x). The other 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 2019 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 2020 or later periods, but the entity has not early adopted them:

- Amendments to IFRS 3 – definition of a business (effective 1 January 2020). This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

- Amendments to IAS 1 and IAS 8 on the definition of 'material' (effective 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs:
  - use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting
  - clarify the explanation of the definition of material; and
  - incorporate some of the guidance in IAS 1 about immaterial information.
- Amendments to IFRS 9, IAS 39 and IFRS 7 – interest rate benchmark reform (effective 1 January 2020). Following the financial crisis, the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs') has become a priority for global regulators. These amendments relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement under both IAS 39 and IFRS 9. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.
- IFRS 17 'Insurance contracts" (effective 1 January 2021) replaces IFRS 4. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contacts with discretionary participation features.

The Group does not consider that there are any measurement or recognition issues arising from the release of these new pronouncements that will have a significant impact on the reported financial position or financial performance of the Group.

(iii) Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group's financial statements.

IFRS 16 replaces the guidance in IAS 17 'Leases', IFRIC 4: 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'.

The adoption of IFRS 16 from 1 January 2019 resulted in changes in accounting policies and adjustments to the amounts recognized in the financial statements. The new accounting policies are set out below. The Group has adopted IFRS 16 using the modified retrospective method. Comparative figures have not been restated and the cumulative adjustments arising on adoption have no impact on the opening balance of retained earnings brought forward as at 1 January 2019.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. The ROU asset is depreciated throughout the lease period in accordance with the depreciation requirements of IAS 16 'Property, Plant and Equipment' whereas the lease liability is accreted to reflect interest and is reduced to reflect lease payments made. Lessor accounting remains similar to the current standard. As a result of adaptation of IFRS 16 the Group recognised ROU assets of K41.3M on 1 January 2019 together with an equivalent lease liability. The detailed impact of the change in accounting policies are set out in Note 29.

As permitted by the transitional provision of IFRS 16, the Group has elected to adopt the simplified transition approach where the cumulative effects of initial application are recognised on 1 January 2019 as an adjustment to the opening balance of retained earnings. The Group has also applied the following practical expedients under IFRS 16:

- No adjustments are made on transition for leases for which the underlying asset is of low value.
- Single discount rate is applied to portfolio of leases with reasonably similar characteristics.

- The Group does not apply the standard to leases which the lease term ends within 12 months from 1 January 2019.
- The Group uses hindsight in determining lease term for contracts that contain options for extension or termination.

The Group has also elected not to apply IFRS 16 to contracts that were not identified as containing a lease under IAS 17 and IFRIC 4 'Determining whether an Arrangement contains a Lease'.

(iv) Comparative information

Comparative figures have been adjusted to conform to changes in presentation in the current year. Accordingly, operating expenses of K20,998,000 were netted off against revenue in the Group's financial statements for the year ended 31 December 2018. As related revenue and expenses for year ended 31 December 2019 are presented on gross basis, to ensure comparability, the Group has restated comparative amounts of revenue and operating expenses in these financial statements.

(b) Foreign currency

The Company'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 statement 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 2019 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 consolidated statement of comprehensive income, statement of changes in equity and balance sheet 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 equals 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. Assets and liabilities of the acquired 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 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 26, revenue from external customers comes from the logistics business, hotels & property 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 recognized 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 receive 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 Company 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 is 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 recognized 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 recognized on a straight line basis over the term of the lease.

Revenue from the commercial business relates to sale of goods and is recognized 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 recognized across the Group as follows:

Interest income - Interest income is recognised using the effective interest method.

Dividend income - Dividends are recognized when the right to receive payment is established.

Rental income - Rental income is recognised on a straight line basis over the term of the lease.

(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 recognized 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 and Treasury Bills 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 resale

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 balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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 income statement.

(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 2019 and 31 December 2018, the Group had no financial instruments classified as financial assets at fair value through other comprehensive income ("FVOCI") - Equity instruments (previously classified as available-for-sale financial assets) 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.

ECLs are recognised in two stages. 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).

The simplified approach is applied for trade receivables and other receivables, including inter-company balances.

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 4.5%(2018 – 4.5%).

(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 balance sheet.

(x) Leases

Accounting policies applied 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 or on the date of adoption of IFRS 16 (refer to Note 1(a)). 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.

Accounting policies applied until 31 December 2018

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases. The leased assets are not recognised on the statements of financial position. Payments made under operating leases are recognised in the statements of profit or loss on a straight-line basis over the term of lease. Lease incentives received are recognised in the statements of profit or loss as an integral part of the total lease expense, over the term of the lease. Operating lease payments are representative of the pattern of benefits derived from the leased assets and accordingly are charged to the profit and loss account in the periods in which they are incurred.

Leases under which the Group assumes substantially all the risks and rewards incidental to ownership have been classified as finance leases and are capitalised. The asset and corresponding liability are recorded at inception of the lease at the fair value of the leased asset, at amounts equivalent to the discounted present value of minimum lease payments including residual values. The finance cost is charged to the 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. Capitalised leased assets are depreciated over their expected lives in accordance with rates established for other similar assets. The Group had no leases classified as finance leases in 2018.

(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 ships and other plant and equipment

The Group tests the recoverable amount of ships and other plant and equipment when impairment indicators are identified. Recoverable amounts have been determined using the higher of fair value less cost to sell and its value in use. Fair value has been determined using market based information, while value in use has been determined using a pre-tax discount rate of 12.5%. Refer to Note 10.

(iii) Deferred tax assets relating to carry forward tax losses

The analysis of the recognition and recoverability of the deferred tax assets relating to carry forward tax losses is complex and judgmental and estimating future taxable income is based on assumptions that are affected by expected future market or economic conditions. 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 2019 and previous years of 4.5% approximates the incremental borrowing rate at the date of initial adoption of IFRS 16 and at 31 December 2019. 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 1.0% higher/(lower), lease liabilities as of 31 December 2019 would be K7.2M lower and K9.2M higher, respectively (1 January 2019: K4.8M lower and K5.8M 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 2019, 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 K3,058,000 (2018:K2,192,000) 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 inter-company 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 2019 or 31 December 2018 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 analyzed 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 have 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 2019 and 31 December 2018 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 recognized;
- 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 2019 and 31 December 2018 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:

	2019 K'000	2018 K'000
Undrawn Facilities	263,000	255,000

The table at the top of page 40 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.

(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.

	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
At 31 December 2019					
Borrowings	(1,873)	(294,014)	(23,510)	-	(319,317)
Borrowings from minority shareholders	(160)	-	-	-	(160)
Borrowings from related parties	(15,975)	-	-	-	(15,975)
Trade and other payables	(75,407)	-	-	-	(75,407)
Lease liabilities	(5,246)	(5,246)	(15,741)	(115,330)	(141,563)
	(98,661)	(299,260)	(39,251)	(115,330)	(552,422)
At 31 December 2018					
Borrowings	(131,191)	(6,509)	(207,935)	-	(345,635)
Borrowings from minority shareholders	(21,018)	-	-	-	(21,018)
Borrowings from related parties	(48,342)	-	-	-	(48,342)
Trade and other payables	(104,277)	-	-	-	(104,277)
	(304,828)	(6,509)	(207,935)	-	(519,272)

The Group does not hold derivative financial instruments.

All loan covenants associated with borrowing arrangements have been met.

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. Total capital is calculated as capital and reserves attributable to the Company's shareholders plus net debt. The gearing ratios at each balance date were as follows:

	2019 K'000	2018 K'000
Total external borrowing & unsecured loans	319,565	373,579
Less: Cash & Cash equivalents	100,832	193,521
Net debt	218,733	180,058
Total equity	902,790	940,028
Total capital	1,121,523	1,120,086
Gearing ratio	20%	16%

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 2019 and 31 December 2018, 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 2019 (Amounts in Kina 000's)

3. Operating results

	Consolidated		Parent Entity	
	2019	2018	2019	2018
(a) Revenue and other income comprises:				
Revenue from contracts with customers				
- Revenue from sale of goods	37,684	36,726	-	-
- Revenue from provision of services	440,609	436,905	-	-
Lease income	106,875	108,184	-	-
Dividend income	-	-	48,000	59,634
Total Revenue	585,168	581,815	48,000	59,634
* Other income (net)	-	-	3,021	37,609

* Other income in 2019 includes royalties and management fees. Other income in 2018 of K37.6M mostly relates to gain on sale of Laga Industries (Note 25), while the remaining amount includes royalties and management fees.

The Group's revenue from contracts with customers are recognized at a point in time and over time. Most of the revenue from the provision of services is recognized over time, while revenue from sale of goods is recognized at a point in time. Further disaggregation of revenue by segment is provided at Note 26.

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2019 amounts to K0.3 million and relates mostly to towage work which commenced in late 2019 and will be finalised within January 2020.

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
(b) Expenses comprise:				
Cost of sales	111,552	102,223	-	-
Staff costs (note 3c)	119,712	122,217	-	-
Depreciation and amortisation	82,268	82,974	2,029	2,065
Impairment of fixed assets	-	11,710	-	-
Hotel & property development cost write off	-	1,498	-	-
Electricity and fuel	46,314	48,772	-	-
Other operating expenses	154,192	139,999	(159)	299
Total operating expense	514,038	509,393	1,870	2,364
(c) Staff costs:				
Wages and salaries	101,683	101,116	-	-
Retirement benefit contributions	5,516	5,235	-	-
Accommodation and other benefits	12,513	15,866	-	-
	119,712	122,217	-	-
Number of staff employed by the Group at year end:				
Full Time	2,637	2,685	-	-

3. Operating results (continued)

	Consolidated		Parent Entity	
	2019	2018	2019	2018
(d) The operating profit before income tax is arrived at after charging and crediting the following specific items:				
After charging:				
Audit fees	1,045	1,050	10	10
Fees for non-audit services to Auditors	1,406	708	-	-
Bad and doubtful debts	4,880	943	-	-
Donations	1,817	2,206	-	-
Impairment of property, plant & equipment	-	11,710	-	-
Loss on sale of fixed assets	1,127	390	-	-
After crediting:				
Gain on sale of property, plant and equipment	16,910	-	-	-
Net foreign exchange transaction gains	640	1,373	-	-
Bad debt recovery	-	2,550	-	-

(e) Cost of financing – net:

Interest expense*	17,784	15,492	-	-
Interest income	(7,938)	(5,199)	(72)	(72)
Net finance costs	9,846	10,293	(72)	(72)

*The interest expense excludes capitalised interest of K0.06m (2018 - K1.7M).

(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.

Net profit attributable to shareholders	49,995	69,529
Average number of ordinary shares on issue (thousands)	31,008	31,008
Basic earnings per share (continuing & discontinued)	161t	224t
Basic earnings per share (continuing)	161t	64t

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

4. Investments in subsidiaries, associates and joint ventures

	Consolidated		Parent Entity	
	2019	2018	2019	2018
(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)	-	-	159,261	127,454
Investments in associates (note 22)	11,373	34,359	-	-
Investments in joint ventures (note 23)	30,213	30,917	36,626	36,583
	41,586	65,276	195,887	164,037
(b) Share of after tax profit in associates and joint ventures				
Share of profit in associates	393	119	-	-
Share of profit in joint ventures	4,617	5,509	-	-
	5,010	5,628	-	-

5. Income Tax

	Consolidated		Parent Entity	
	2019	2018	2019	2018
(a) Income tax expense				
Current tax	20,657	31,703	355	270
Deferred Tax	(489)	24,964	(49)	(168)
Prior period (over)/under provided	(1,240)	(2,781)	1	(19)
	18,928	53,886	307	83

(b) The income tax in the Statement 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 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Prima facie tax on profit before income tax	19,888	20,327	14,767	28,485
Non-taxable income - dividends	-	-	(14,400)	(17,890)
Expenses not deductible for tax	579	2,831	-	-
Tax loss not recognised	6,659	35,921	-	-
Income not assessable for tax	(6,958)	(2,412)	(60)	(10,493)
Prior year (over)/under provisions	(1,240)	(2,781)	-	(19)
	18,928	53,886	307	83

(c) The deferred tax (liability)/ asset comprises:

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Provisions	7,419	9,917	-	-
Tax losses	182	171	-	-
Lease liabilities	21,671	-	-	-
Prepayments & consumables	(5,452)	(3,851)	-	-
Property, plant and equipment	(18,706)	(23,283)	485	436
Right-of-use assets	(21,671)	-	-	-
	(16,556)	(17,046)	485	436
Deferred tax asset	2,311	1,683	485	436
Deferred tax liability	(18,866)	(18,729)	-	-
	(16,555)	(17,046)	485	436

As at 31 December 2019, the group has not recognised deferred tax asset amounting to K58.4M (2018 - K51.7M) related to carried forward tax losses, as they relate to Consort Express Lines Limited and their recoverability as at 31 December 2019 and 31 December 2018 were considered uncertain.

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

5. Income tax (continued)

(d) The gross movement on the deferred tax account is as follows:

	Beginning Balance	IFRS 16 adoption	Charge to profit	Ending Balance
Consolidated				
Provisions & accruals	9,917	-	(2,498)	7,419
Tax losses	171	-	11	182
Lease liabilities	-	12,401	9,270	21,671
Prepayments & consumables	(3,851)	-	(1,601)	(5,452)
Property, plant and equipment	(23,283)	-	4,579	(18,704)
Right-of-use assets	-	(12,401)	(9,270)	(21,671)
Total	(17,046)		491	(16,555)
Parent Company				
Property, plant and equipment		436	49	485
Total		436	49	485

(e) Income tax (receivable)/ payable is represented as by:

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
At 1 January	(355)	1,407	(45)	(85)
Income tax provision	20,657	31,703	355	270
Income tax over provided	(1,240)	(2,781)	-	(19)
Disposal of subsidiary	-	289	-	-
Use of tax credit	(2,632)	-	-	-
Others	(434)	(1,325)	-	-
Acquiring new subsidiary	-	572	-	-
Tax payments made	(25,503)	(30,220)	(250)	(211)
At 31 December	(9,507)	(355)	60	(45)

6. Cash and cash equivalents

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Cash and short term deposits	100,832	193,521	-	-
	100,832	193,521	-	-

The maximum exposure to credit risk at the reporting date is the fair value of cash and cash equivalents on the balance sheet. 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 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Trade receivables	84,372	89,849	-	-
Provision for impairment	(7,108)	(2,379)	-	-
	77,264	87,470	-	-
Other receivables	60,844	86,244	471	445
Prepayments	10,010	18,064	-	-
	148,118	191,778	471	445

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

7. Trade and other receivables (continued)

(i) Credit losses

As at 31 December 2019 and 31 December 2018, loss allowance was determined as follows for trade receivables:

31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0.2%-2%	2%-5%	5%-8%	8% - 30%	8.4%
Gross carrying amount - trade receivables	33,619	22,327	8,235	20,191	84,372
Loss allowance	1,429	714	494	4,471	7,108

31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
Expected credit loss rate	0.2%-2%	2%-5%	5%-8%	8% - 30%	2.7%
Gross carrying amount - trade receivables	49,136	22,168	6,101	12,444	89,849
Loss allowance	147	554	366	1,312	2,379

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

Opening balance	2,379	6,186	-	-
Impairments recognised during the year	4,880	2,279	-	-
Provision released	(151)	(6,086)	-	-
Total	7,108	2,379	-	-
	19,030	5,131	-	-

The creation and release of the provision for impaired receivables is included in operating expenses in the statement 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.

(iii) 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, income tax 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 2019 and 31 December 2018, 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.

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

8. Inventories

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Finished goods	14,781	16,180	-	-
Provision for obsolescence	(1,430)	(117)	-	-
	13,351	16,063	-	-

Inventories recognised as an expense during the year ended 31 December 2019 and included in cost of sales and cost of providing services amounted to K11M (2018: K19M). The provision for obsolescence of inventories during the year increased by K1.3M (2018: by K2.7M decrease).

9. Loans to/(from) related companies

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Non-Current				
Colgate Palmolive (PNG) Limited	500	500	500	500
Huhu Rural LLG	1,640	1,587	-	-
Pacific Rumana Limited	28,930	29,530	-	-
Harbourside Development Limited	55,330	34,114	-	-
Viva No.31 Limited	2,000	-	-	-
Wonye Limited	27	-	-	-
Nikana Stevedoring Limited	150	-	-	-
	88,577	65,731	500	500
Loans to subsidiaries	-	-	5,135	5,212
	88,577	65,731	5,635	5,712
Loans from associates and joint ventures:				
Harbourside Development Limited	-	(7,968)	-	-
Morobe Terminals Limited	-	(9,543)	-	-
Consort Express Lines Limited's associates	(15,662)	(29,883)	-	-
	(15,662)	(47,394)	-	-
Loans from subsidiaries	-	-	(132,415)	(105,775)
	(15,662)	(47,394)	(132,415)	(105,775)

The loan to Harbourside Development Limited is secured and earns interest at 6.5%. The loan to Pacific Rumana Limited is unsecured and earns interest at 9%. The loan from Consort Express Lines Limited's associates is unsecured and incurs interest at 2%.

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

10. Property, plant & equipment

	Property	Ships	Plant and Vehicles	Right-of-use Assets	Total
Consolidated					
2019					
Cost	656,517	231,030	435,220	47,812	1,370,579
Accumulated depreciation (including impairment losses)	(291,676)	(118,369)	(347,392)	(2,496)	(759,933)
Net book value	364,841	112,661	87,828	45,316	610,646
Opening value	294,725	100,189	97,488	-	492,402
Impact of IFRS 16 adoption on 1 January 2019	-	-	-	14,945	14,945
Additions	37,411	36,574	20,265	20,265	94,250
Lease agreements made during the year	-	-	-	32,867	32,867
Disposals	-	(4,506)	(837)	-	(5,343)
Transfer from investment properties	45,142	-	-	-	45,142
Depreciation	(12,437)	(19,596)	(29,088)	(2,496)	(63,617)
Closing value	364,841	112,661	87,828	45,316	610,646
2018					
Cost	392,677	236,020	392,010	-	1,020,707
Accumulated depreciation (including impairment losses)	(97,952)	(135,831)	(294,522)	-	(528,305)
Net book value	294,725	100,189	97,488	-	492,402
Opening value	367,573	137,098	123,456	-	628,127
Additions	4,015	4,399	47,700	-	56,114
Disposals	(131)	(12,583)	(10,486)	-	(23,200)
Sale of subsidiary	(17,396)	-	(24,020)	-	(41,416)
Transfer to investment properties	(48,658)	-	-	-	(48,658)
Depreciation	(10,678)	(21,139)	(31,675)	-	(62,188)
Impairment	-	(7,586)	(4,124)	-	(11,710)
Assets held for sale	-	-	(3,363)	-	(3,363)
Closing value	294,725	100,189	97,488	-	492,402

The premises used by the Group of K45.1 million, classified as investment properties as at 31 December 2018, were transferred to properties within line 'Property, plant and equipment' during 2019 due to change in primary use of property. Refer to the Note 1(m).

	Property	Ships	Plant and Vehicles	Right-of-use Assets	Total
Parent Entity					
2019					
Cost	76,488	-	5,534	-	82,022
Accumulated depreciation	(54,004)	-	(4,622)	-	(58,626)
Net book value	22,484	-	912	-	23,396
Opening value	23,811	-	743	-	24,554
Impairment					
Disposals	-	-	(338)	-	(338)
Additions	406	-	803	-	1,209
Depreciation	(1,733)	-	(296)	-	(2,029)
Closing value	22,484	-	912	-	23,396

10. Property, plant & equipment (continued)

	Property	Ships	Plant and Vehicles	Total
Parent Entity				
2018				
Cost	75,810	-	5,702	81,513
Accumulated depreciation	(51,999)	-	(4,959)	(56,958)
Net book value	23,811	-	743	24,554
Opening value	23,428	-	1,117	24,545
Impairment	2,061	-	78	2,139
Disposals	-	-	(65)	(65)
Depreciation	(1,678)	-	(387)	(2,065)
Closing value	23,811	-	743	24,554

(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	
	2019	**2018**	**2019**	**2018**
Property (classified as investment properties in note 11)	12,243	34,015	-	-
Plant and vehicles	22,377	19,118	-	-
Total assets in the course of construction	34,620	53,133	-	-

The cost of additions in 2019 includes capitalised borrowing costs of K0.06M (2018: K1.7M) in relation to qualifying assets. The Group used capitalisation rate of 5.85% p.a. to determine the amount of borrowing costs eligible for capitalisation.

(b) Impairment losses

During the year the Directors performed an impairment review on certain assets with impairment indicators. As a result of this assessment, there is no further impairment required (2018: K11.7M). For 2018 impairment was recorded on property, plant and equipment, out of which K7.7M relates to ships in Consort business and K4M to equipment and vehicles in port services entities within the logistic business.

Recoverable amount of ships is based on market valuations. Ships have been assessed against market value on an annual basis using a valuation technique of market comparable prices. The valuation as at 31 December 2019 was carried out by two independent firms of valuators, Australian Independent Shipbrokers and GPA Maritime & Engineering Consultants Pty Ltd, who both hold a recognised and relevant professional qualification and who have recent experience in valuation of assets of similar location and category. The assessed average market value of ships is K82.2M. If market price of ships had been 10% lower, recoverable amount would be K75.3M (2018:K80.9M) resulting in an additional impairment charge of K3.7M (K6.7M).

There are no other further conditions that indicate impairment of property, plant and equipment as at 31 December 2019 in other businesses of the Group.

In 2018 recoverable amount of equity and vehicles in port services entities (for which decision on their voluntary liquidation was made by directors in 2018) was based on fair value less costs to sell, which is determined based on sales agreements made in early 2019.

(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 equipement is provided below:

	Properties PGK'000	Total PGK'000
Opening net book amount	-	-
Effect on adoption of IFRS 16	14,945	14,945
Balance at 1 January 2019	14,945	14,945
Lease agreements made during the year	32,867	32,867
Depreciation	(2,496)	(2,496)
Closing net book amount	45,316	45,316
At cost	47,812	47,812
Accumulated depreciation	(2,496)	(2,496)
	45,316	45,316

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	
	2019	2018	2019	2018
Cost	542,874	596,542	-	-
Accumulated depreciation	(182,592)	(198,369)	-	-
Net book value	360,282	398,173	-	-
Opening value	398,173	368,998	-	-
Transfers (to)/from property, plant & equipment	(45,142)	48,658	-	-
Right of use assets	25,902	-		
Depreciation	(18,651)	(19,483)	-	-
Closing value	360,282	398,173	-	-

(a) Right-of-use assets

	State Land Leases PGK'000	Total PGK'000
As at 31 December 2019		
Opening net book amount	-	-
Effect on adoption of IFRS 16	26,390	26,390
Balance at 1 January 2019	26,390	26,390
Depreciation	(488)	(488)
Closing net book amount	25,902	25,902
At cost	26,390	26,390
Accumulated depreciation	(488)	(488)
	25,902	25,902

(b) Amounts recognised in profit/loss for investment properties

Rental income	110,664	104,985
Repairs and maintenance attributable to rental properties under non-cancellable leases	(6,753)	(5,068)
Operating expenses directly attributable to rental properties under non-cancellable leases	(21,088)	(13,203)

(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 as at December 2019 for a selected sample of representative properties and combination of independent professional valuation and discounted value in use assessments for some of the hotel properties.

Included in properties are the following:

		Valuation Range	
	NBV	Lower	Higher
Investment properties	360,282	1,330,321	1,662,901
Other properties (note 10)	364,841	460,271	575,339
Total	725,123	1,790,592	2,238,240

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.

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11. Investment properties (continued)

(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	
	2019	2018	2019	2018
Within one year	48,921	63,428	-	-
Later than one year but not later than five years	113,546	150,673	-	-
Later than five years	254,361	154,574	-	-
	416,828	368,675	-	-

12. Intangible assets

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Opening balance	76,433	80,002	-	-
Disposal of Subsidiary	-	(3,569)	-	-
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 K76.4M (2018: K76.4M) is attributable to various business acquisitions in the logistics segments including Pacific Towing (K67.4M) and New Britain Shipping (K9M). 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 5% for New Britain Shipping and Pacific Towing (2018: 5% for New Britain Shipping and 8% for Pacific Towing). A pre-tax discount rate of 12.5% per annum (2018: 12.5% 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 K1.3M (2018: K43.5M) and K10.9M (2018: K37.7M), respectively. Revenue forecasts used in impairment assessment of Pacific Towing CGU do not include salvage revenue due to its fluctuations from year to year.

Management determined the budgeted gross margin based on past performance and its market expectations. If the revised growth rate beyond three years had been 3% lower than management's estimates the Group would need to reduce the carrying value of goodwill of Pacific Towing by K23.4M 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 4% p.a. for Pacific Towing and negative growth (contraction) rate higher than 2.1%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 2% higher than management's estimates, the carrying value of goodwill of Pacific Towing and New Britain Shipping would be reduced by K20.3 million and KNil. The CGUs' carrying amount would be equal to value in use at a discount rate of approximately 12.6% p.a and 18.0% p.a. respectively.

13. Trade and other payables

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Trade payables	32,584	24,938	-	-
Accruals	36,384	77,851	-	-
Other payables	6,439	1,488	-	10
	75,407	104,277	-	10

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, 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).

14. Lease Liabilities (continued)

	31 December 2019 PGK'000	1 January 2019 PGK'000
State land leases	26,198	29,654
Properties	46,038	11,681
Total lease liabilities	72,236	41,335

Total lease liabilities as of 31 December 2019 include current liabilities of K3,772,000 (1 January 2019: K2,832,000) and non-current liabilities of K68,464,000 (1 January 2019: K38,503,000).

Minimum lease payments:		
Not later than 1 year	5,246	2,832
Later than 1 year and not later than 5 years	20,987	11,327
Later than 5 years	115,330	84,429
Total	141,563	98,588
Less: Unexpired finance charges	(69,327)	(57,253)
	72,236	41,335
Present value of lease liabilities:		
Not later than 1 year	3,772	2,692
Later than 1 year and not later than 5 years	17,895	9,627
Later than 5 years	50,569	29,016
Total	72,236	41,335

Interest on lease liabilities recognized in profit or loss by the Group amounts to PGK 3.3M.
Movement in net lease liabilities as per below:

Opening	-	
Effect on adoption of IFRS 16 (Refer note 29)	41,335	-
Lease agreements made during the year	32,867	
Finance costs	3,282	-
Repayment	(5,248)	-
	72,236	-

The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.5% p.a. Management assessed that weighted average interest rate on borrowings obtained from financial institutions during 2019 and previous years approximates incremental borrowing rate at the date of initial adoption of IFRS 16 and at 31 December 2019. For related management's judgments refer to Note 1(z). For adjustments recognized on adoption of IFRS 16 on 1 January 2019, refer to Note 29.

The Group recognized expenses relating to short-term leases and expenses relating to leases of low-value assets that are not short-term leases of K15.8M and K1.7M for the year ended 31 December 2019, respectively. These expense are included in operating expenses.

The Group's leases have no variable payments.

15. Provisions for other liabilities and charges

	Employee	Dry Dock	Insurance Claims	2019 Total	2018 Total
Opening value	17,015	500	50,650	68,165	18,290
Charged to profit & loss	7,909	-	-	7,909	7,081
Disposal of subsidiary	-	-	-	-	(963)
Acquisition of subsidiary	-	-	-	-	50,650
Utilised during year	(8,402)	(500)	(4,393)	(13,295)	(6,893)
Closing value	16,522	-	46,257	62,779	68,165
Current	5,285	-	46,257	51,542	56,685
Non-current	11,237	-	-	11,237	11,480
	16,522	-	46,257	62,779	68,165

A description of employee and dry dock provisions is disclosed in note 1p. Provision for insurance claims mostly relates to provision for disputed insurance claim, as criteria for recognition of provision were met. Refer to Note 1(p).

16. Borrowings

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Current:				
Bank overdrafts (secured)	1,743	4,682	-	-
Bank loans	-	120,000	-	-
Other loans (unsecured)	160	19,503	-	-
	1,903	144,185	-	-
Non-current:				
Bank loans (secured)	302,000	182,000	-	-
	302,000	182,000	-	-
Total Borrowings	303,903	326,185	-	-

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 4.5% (2018: 4.5%). Bank overdrafts are interest-only with no agreed repayment schedule. Bank loans are secured loans with varying 1 to 4 year terms. The effective interest rate on other loans is 2% (2018: 7.83%).

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	
	2019	2018	2019	2018
(a) Issued and paid up capital				
Ordinary shares	24,200	24,200	24,200	24,200

(b) Number of shares

	Consolidated		Parent Entity	
Number of shares (000's)	2019	2018	2019	2018
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) Dividend

The Directors advise that a final dividend of 55 toea per share will be paid immediately after the Annual General Meeting on 17th June 2020. This brings the total dividend declared for the year to 80 toea per share. 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 totaling 145 toea per share which includes the final dividend of 2018 and totaled K 44.9M

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

18. Related party disclosures

(a) Parent entity

Until 3 September 2019, the Group was controlled by John Swire & Sons (PNG) Limited, which owned 72.12% of the Company's shares. John Swire & Sons (PNG) Limited sold its shares in Steamships Trading Company Limited to JS & S (PNG) Ltd, incorporated in England on 3 September 2019. The ultimate holding company as at 31 December 2019 is John Swire & Sons Ltd, incorporated in England.

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

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

(c) Directors:

G.L. Cundle, M.R. Scantlebury and R.P.N. Bray are directors of John Swire & Sons (PNG) Limited.

(d) 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	
	2019	2018	2019	2018
Key management personnel disclosure				
Wages and salaries	12,118	13,584	-	-
Other short term benefits	1,249	1,340	-	-
(e) Material transactions:				
Sales of goods and services				
- Associates & joint ventures	454	451	-	-
- Key management	56	62	-	-
- Associated Groups	14,037	15,712	-	-
Lease and rental income				
- Associates & joint ventures	1,717	2,271	-	-
Management fee received				
- Associates & joint venture	771	133	-	-
Container & charter hire				
- Associates & joint venture	216	1,001	-	-
- Shareholders & associate companies	374	1,590	-	-
Purchase of goods and services				
- Associates & joint ventures	(46)	(408)	-	-
- Associated groups	(9,558)	(9,937)	-	-
Purchase of assets				
- Associated groups	(140)	-	-	-
Lease rental expense				
- Other shareholders	-	(1,236)	-	-
Finance Cost				
- Associates & joint ventures	(482)	(891)	-	-
- Other shareholders	-	(1,516)	-	-
Dividends paid				
- Other shareholders (minority interest)	(10,085)	(10,639)	-	-
- Controlling shareholder	(32,427)	(19,008)	(32,427)	(19,008)

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18. Related party disclosures (continued)

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
- Significant shareholder	(12,535)	(7,349)	(12,535)	(7,349)
Loans to/(from) related companies				
- Other shareholders	(160)	(19,503)	-	-

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

	Consolidated 2019	Consolidated 2018	Parent Entity 2019	Parent Entity 2018
Balances with related companies:				
Associates and joint ventures:				
Consort associates (note 9)	(15,662)	(29,883)	-	-
Harbourside Development Limited (note 9)	-	(7,968)	-	-
Morobe Terminals Limited (note 9)	-	(9,543)	-	-
Consort shareholders (note 16)	-	(19,343)	-	-
Basilok Limited (note 16)	(160)	(160)	-	-
Loans to related companies:				
Colgate Palmolive Limited (note 9)	500	500	500	500
Harbourside Development Limited (note 9)	55,330	34,114	-	-
Subsidiary Companies (note 9)	-	-	5,135	5,212
Pacific Rumana Limited (note 9)	28,930	29,530	-	-
Huhu Rural LLG (note 9)	1,640	1,587	-	-
Viva No. 31 Limited (note 9)	2,000	-	-	-
Wonye Limited (note 9)	27	-	-	-
Nikana Stevedoring Limited (note 9)	150	-	-	-

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

19. Reconciliation of cash flows

	Consolidated		Parent Entity	
	2019	2018	2019	2018
(a) Cash generated from operations				
Profit for the year after tax	47,366	63,701	48,916	94,868
Depreciation and impairment	82,268	82,973	2,029	2,064
Dividend and interest income	-	-	(48,000)	(59,634)
Net loss/(gain) on sale of fixed assets	(15,783)	390	-	-
Gain on sale of subsidiary	-	(48,583)	-	(34,644)
Share of profit of associates and joint ventures	(5,010)	(5,628)	-	-
Change in operating assets and liabilities				
(Increase)/decrease in trade debtors and other receivables	40,838	(62,092)	-	-
(Increase)/decrease in inventory	2,712	(4,288)	-	-
(Increase)/decrease in deferred tax asset	(628)	27,588	(49)	(104)
Increase /(decrease) in operating assets	3,363	(2,747)	(36)	(9)
(Decrease)/increase in trade creditors and other payables	(28,870)	18,278	-	-
(Decrease)/increase in other operating liabilities	(5,386)	52,099	(127)	9
(Decrease)/increase in income tax payable	(9,152)	(1,407)	144	40
(Decrease)/increase in deferred tax liability	137	(3,602)	-	-
Net cash inflow from operating activities	111,855	116,682	2,877	2,590

(b) Net loan reconciliation

	Lease liabilities	Bank Loans	Other Loans	Total
Net debt as at 31 December 2017	-	(343,627)	(74,015)	(417,642)
Borrowing from related parties	-	-	(5,236)	(5,236)
Repayments	-	41,627	12,354	53,981
Net debt as at 31 December 2018	-	(302,000)	(66,897)	(368,897)
Adoption of IFRS 16	(41,335)	-	-	(41,335)
Borrowings	-	(10,000)	-	(10,000)
Repayments	-	10,000	31,732	41,732
Repayment of minority shareholder loan - purchase of additional shares in subsidiary (Note 24)	-	-	19,343	19,343
Lease liability-2019 agreement and finance costs	(36,148)	-	-	(36,148)
Payment of lease liabilities	5,247	-	-	5,247
Net debt as at 31 December 2019	(72,236)	(302,000)	(15,822)	(390,058)

20. Retirement benefit plans

The total cost of retirement benefits of the Group in 2019 was K5.5M (2018: K6M). 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.

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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* 2019	Equity Holdings* 2018
Consort Express Lines Limited******	Papua New Guinea	Ordinary	100	70.2
Kavieng Port Services Limited	Papua New Guinea	Ordinary	60	60
Kiunga Stevedoring Company Limited	Papua New Guinea	Ordinary	100	100
Lae Port Services Limited*****	Papua New Guinea	Ordinary	51	51
Madang Port Services Limited	Papua New Guinea	Ordinary	60	60
New Britain Shipping Limited**	Papua New Guinea	Ordinary	50	50
Oro Port Services Limited	Papua New Guinea	Ordinary	100	100
Pacific Towing (PNG) Limited	Papua New Guinea	Ordinary	100	100
Palm Stevedoring & Transport Limited	Papua New Guinea	Ordinary	66.7	56.7
Port Services PNG Limited*****	Papua New Guinea	Ordinary	54	54
Steamships Limited	Papua New Guinea	Ordinary	100	100
Windward Apartments Limited	Papua New Guinea	Ordinary	100	100
Motukea United Limited	Papua New Guinea	Ordinary	64.1	50.9
United Stevedoring Limited***	Papua New Guinea	Ordinary	100	16.9
Morobe Terminals Limited****	Papua New Guinea	Ordinary	50.5	42.9
Croesus Holdings Limited	Isle of Man	Ordinary	100	100
Croesus Limited	Papua New Guinea	Ordinary	100	100
Croesus Re PCC Limited	Isle of Man	Ordinary	100	100

*The portion of ownership is equal to the proportion of voting power held.

** Consolidated by virtue of control over the operating decisions and returns. As at 31 December 2019, Steamships Trading Company Limited still has control over this entity.

*** United Stevedoring Limited became subsidiary in May 2019

****Morobe Terminals Limited became subsidiary in May 2019 and is in liquidation

*****Lae Port Services and Port Services Limited are in liquidation

******As disclosed in Note 24, Steamships Trading Company Limited acquired the minority shareholding (29.76%) of Consort Express Lines Limited in May 2019 to increase its shareholding to a fully owned subsidiary.

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

The summarized financial information of the Group's subsidiaries with non-controlling interest that are material to the Group as at 31 December 2019 and 31 December 2018 is as follows:

2019	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Madang Port Services Limited	60	5,711	(1,149)	4,562	5,383	(28)
New Britain Shipping Limited	50	19,189	(1,753)	17,436	11,134	1,572
Motukea United Limited	64.1	3,452	(1,160)	2,292	6,824	214

2018	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Consort Express Lines Limited	70.2	219,553	(231,770)	(12,217)	162,854	(23,288)
Lae Port Services Limited	51	19,494	(494)	19,000	1,997	(1,862)
Madang Port Services Limited	60	5,721	(535)	5,186	5,131	1,032
New Britain Shipping Limited	50	17,745	(1,468)	16,277	13,072	4,721
Port Services PNG Limited	54	9,756	(990)	8,766	4,473	(2,610)
Motukea United Limited	50.9	3,407	(1,193)	2,214	16,266	2,000

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22. Investment in associates

(a) Movement in carrying amounts

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Opening value	34,359	38,287	-	-
Share of profits before tax	561	170	-	-
Income tax expense	(168)	(51)	-	-
Change in control of associate companies to subsidiaries	(1,681)	-	-	-
Dividends received	(21,698)	(4,047)	-	-
Closing value	11,373	34,359	-	-

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

2019	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Makerio Stevedoring Limited	45.0	1,317	(57)	1,374	540	28
Nikana Stevedoring Limited	45.0	1,356	(239)	1,595	414	11
Riback Stevedoring Limited	49.0	8,830	426	8,404	378	559
Morobe Terminals Limited	43.0	-	-	-	-	(205)
		11,503	130	11,373	1,332	393

2018	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Makerio Stevedoring Limited	31.7	1,687	340	1,347	217	99
Nikana Stevedoring Limited	31.7	1,888	305	1,583	136	158
Riback Stevedoring Limited	34.4	26,860	5,582	21,278	7,971	649
United Stevedoring Limited	16.9	602	601	1	539	3
Morobe Terminals Limited	43.0	9,163	(987)	10,150	3,242	(790)
		40,200	5,841	34,359	12,105	119

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.

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

23. Investment in joint ventures

(a) Movement in carrying amounts

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Opening value	30,917	28,909	36,583	36,583
Share of profits before tax	6,633	7,870	43	-
Income tax expense	(2,016)	(2,362)	-	-
Elimination of gain on sale of land to associate company	(2,821)	-	-	-
Dividends received	(2,500)	(3,500)	-	-
Closing value	30,213	30,917	36,626	36,583

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.

2019	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Colgate Palmolive (PNG) Limited	50	15,173	4,502	10,671	44,714	4,084
Harbourside Development Limited	50	105,204	105,204	-	9,838	210
Pacific Rumana Limited	50	3,588	228	3,360	1,921	(1)
Viva No. 31 Limited	50	13,122	9,390	3,733	1,744	385
Wonye Limited	50	27,279	14,829	12,450	2,422	(61)
		164,366	134,153	30,213	60,639	4,617

2018	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Colgate Palmolive (PNG) Limited	50	13,254	4,168	9,086	40,309	5,464
Harbourside Development Limited	50	89,287	86,675	2,612	9,974	26
Pacific Rumana Limited	50	4,112	751	3,361	2,872	566
Viva No. 31 Limited	50	10,026	6,679	3,346	574	(299)
Wonye Limited	50	28,424	15,913	12,512	1,440	(248)
		145,103	114,186	30,917	55,168	5,509

The Group's share of the capital commitments of joint ventures at 31 December 2019 is K98.5M (2018: K4M).

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

24. Business Combinations

Steamships Trading Company Limited acquired the minority shareholding (29.76%) of Consort Express Lines Limited in May 2019 to increase its shareholding to a fully owned subsidiary.

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

During 2019 the directors made the decision to amalgamate Consort Express Lines Limited into Steamships Limited. The amalgamation is effective as at 31 December 2019.

Last Period

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

The assets and liabilities recognized as a result of the acquisition are as follows:

Cash and term deposits	47,632
Receivables	63,956
Other assets	190
Insurance reserves	(64,467)
Other payables	(13,882)
Net assets acquired	33,429

25. Discontinuing Activities

Last Period

On the 3rd of July 2018, the Group disposed of its 100% interest in Laga Industries Ltd. The 31st December 2018 results (K'000) from the discontinued activities are derived from:

(a) Profit & Loss for the period:

	2018
Revenue	66,291
Operating expenses	(64,510)
Profit before tax	1,781
Profit after tax	1,247
Gain on disposal of subsidiary	48,583

(b) The Group has two subsidiaries in liquidation and their assets and liabilities are disclosed as Assets & Liabilities held for Sale.

Balance sheet as at 31st December 2019 and 31st December 2018:

	31 December 2019		31 December 2018	
	Lae Port Services Limited	Port Services Limited	Lae Port Services Limited	Port Services Limited
Assets held for sale	-	-	636	2,727

Steamships Trading Company Limited Year Ended 31 December 2019 (Amounts in Kina 000's unless otherwise stated)

25. Discontinuing Activities (continued)

(c) An analysis of the cash flows of discontinued operations is as follows:

	2018
Operating cash flows	(6,459)
Investing cash flows	(8,593)
Financing cash flows	16,487
Net cash flows	1,435
Opening balance	204
Cash disposed on sale of Laga Industries	1,639
Closing cash flow balance	-

The subsequent sale has resulted in an approximate gain of K48.6M profit for the group in 2018.

26. Segmental reporting

(a) Description of segments

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

- Hotels and property – consists 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 includes new assets in the course of construction.
- Logistics – consists of shipping and land based freight transport and related services divisions.
- Commercial and investment – consists of the 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 2019 is as follows::

	Hotels & Property	Logistics	Commercial & Investments (and eliminations)	Total
2019				
External revenue	222,621	358,507	4,040	585,168
Interest revenue	994	1,506	5,437	7,937
Interest expense	(14,421)	(3,644)	282	(17,783)
Segment results	68,701	5,592	(13,009)	61,284
Share of joint ventures and associates profit	532	393	4,085	5,010
Total tax expense	(18,310)	(2,994)	2,376	(18,928)
Profit from continuing operations	50,923	2,991	(6,548)	47,366
Segment assets	741,088	401,809	308,746	1,451,643
Segment liabilities	(259,406)	(282,185)	(7,262)	(548,853)
Net assets	481,682	119,624	301,484	902,790
Total assets includes investment in joint ventures and associates	19,542	11,373	10,671	41,586
Capital expenditure	25,190	66,220	1,637	93,047
Depreciation	44,756	34,552	2,960	82,268

26. Segmental reporting (continued)

	Hotels & Property	Logistics	Commercial & Investments (and eliminations)	Total
2018				
External revenue	230,935	344,638	6,242	581,815
Interest revenue	-	1,268	3,931	5,199
Interest expense	11,837	13,201	(9,564)	15,492
Segment results	65,509	2,630	(6,010)	62,129
Share of joint ventures and associates profit	45	119	5,464	5,628
Total tax expense	(18,431)	(38,289)	2,834	(53,886)
Profit from continuing operations	47,123	(35,540)	2,288	13,871
Segment assets	703,784	394,852	406,142	1,504,778
Segment liabilities	(253,291)	(240,412)	(71,047)	(564,750)
Net assets	450,493	154,440	335,095	940,028
Total assets includes investment in joint ventures and associates	21,836	34,359	9,086	65,276
Capital expenditure	25,918	19,918	10,478	56,114
Depreciation	42,078	37,239	3,657	82,974

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

Revenue from the hotels & property business mostly relates to the provision of services and is recognized over time. A minor portion represents revenue from the sale of goods and is recognized 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 operation's in the Solomon Islands and Isle of Man.

27. Contingent assets and liabilities

(a) Contingent Assets

During 2017 the Company received a salaries and wages tax default assessment of K15.2M, including penalties and interest, from the Internal Revenue Commission of PNG ("IRC") for the periods from 2006 to 2016. The Company recognised related expenses in the 2017 financial statements. During 2017, the Company paid the assessment, and lodged the appropriate objections as required by the IRC. Although management are confident of a successful outcome, the application of IAS37 requires such recovery to be considered as a contingent asset.

(b) 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 of certain subsidiaries.

(b) The parent entity has given letters of continuing financial support in respect of certain subsidiaries, associates and joint ventures.

No losses are anticipated in respect of these guarantees.

28. Commitments

(a) Capital commitments

	Consolidated		Parent Entity	
	2019	2018	2019	2018
Contracts outstanding for capital expenditure:				
- less than 12 months	8,883	8,289	-	-
- 1-5 years	-	-	-	-
	8,883	8,289	-	-

(b) Lease commitments: Group as lessee

Operating lease commitments in respect of state land leases and leased premises are as follows:

	State land leases 2018	Property 2018
- less than 12 months	1,534	1,298
- 1-5 years	6,137	1,298
- over 5 years	75,175	-
	82,846	2,596

29. Effect on adoption of IFRS 16

The adoption of IFRS 16 'Leases' has resulted in changes in the Group's accounting policies, refer to Note 1(a) (iii) and 1(x). The effect arising from these changes on the statement of financial position of the Group are as follow:

	As at 31 December 2018 PGK'000	Effect of adoption of IFRS16 PGK'000	As at 1 January 2019 PGK'000
Non-current assets			
Property, plant and equipment	492,402	14,945	507,347
Investment properties	398,173	26,390	424,563
Total non-current assets	1,099,698	41,335	1,141,033
Total assets	1,504,778	41,335	1,546,113
Non-current liabilities			
Lease liabilities	-	38,503	38,503
Total non-current liabilities	212,209	38,503	250,712
Current liabilities			
Lease liabilities	-	2,832	2,832
Total current liabilities	352,541	2,832	355,373
Total liabilities	564,750	41,335	567,582
Net assets	940,028	-	940,028

	PGK'000
Operating lease commitments at 31 December 2018	85,612
Effects from discounting using the incremental borrowing rate of 4.5%	32,084
Add/(less): adjustments as a result of a different treatment of extension options	8,637
Add/(less): adjustments relating to changes in payments	614
Lease liabilities recognised as at 1 January 2019	41,335

30. Subsequent events

Subsequent to 31 December 2019, the global COVID-19 pandemic has had a significant adverse impact on the global economy and, at the date of reporting, Papua New Guinea is in a State of Emergency ("SOE"). The impact on the Group of the global COVID-19 pandemic is set out in Note 1 to the financial statements.

In March 2020 the Directors declared a final dividend of 55 toea per share payable immediately after the Annual General Meeting on 17th June 2020 amounting to K17M.

No other matter or circumstance has occurred subsequent to the end of the reporting period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

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 2019, 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 2019 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 2019, 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.

Material uncertainty related to going concern

Without modifying our audit report, we draw attention to note 1 in the financial statements, which indicates that the Group's operations have been significantly impacted by the global COVID-19 pandemic in an adverse manner. These conditions, along with other matters set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial statements.

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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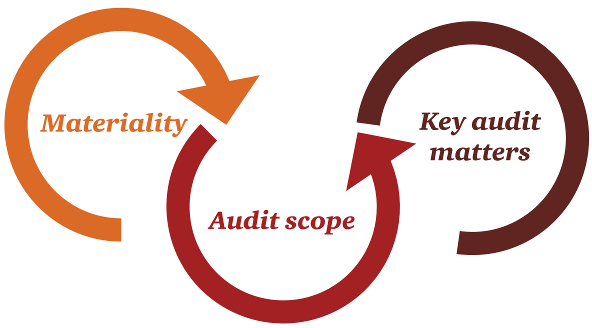
INDEPENDENT AUDITOR'S REPORT

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 5% of the Group's average annual profit before tax for the three year period ended 31 December 2019 after adding back certain non-recurring items. • 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 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 all the subsidiaries which comprise the Group consolidation. • All subsidiaries of the Group are incorporated and operating in Papua New Guinea with the exception of one subsidiary which has operations in the Solomon Islands and two subsidiaries incorporated in the Isle of Man. • 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 matter referred to in the *Material uncertainty related to going* concern section and the following key audit matters to the Audit and Risk Committee: - Non-current asset impairment assessment - Goodwill impairment assessment • These matters are further described in the Key *audit matters* section of our report.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

Key audit matters

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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be key matters 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*
Non-current asset impairment assessment *(Refer to note 10 of the financial statements)* Included within property, plant and equipment are Ships with an aggregate net book value of K112.7 million as at 31 December 2019. The Group's financial performance has been impacted by a prolonged weakness in economic conditions in Papua New Guinea. These conditions adversely impacted levels of shipping throughout the country. We considered this a key audit matter because economic conditions are a potential indicator of impairment in the value of the ships. The Group has assessed impairment by reference to estimated sales values of the ships. The impairment assessment is sensitive to changes in key assumptions about the estimated sales value of the ships. The sales values have been determined by reference to external valuations of the fleet which contain assumptions about the global supply and demand for specific ship types and dry docking schedules. In applying the external valuations, the directors have used their professional judgement to consider the impact of the specific dry docking schedule of the individual ships.	As there was an indicator of potential impairment we have considered and tested the Group's assessment of the estimated sale value of the ships. We evaluated the competency, qualifications and objectivity of the experts engaged by the Group to provide the valuations of the ships. We discussed the valuation methodologies and assumptions with the experts. This included understanding and evaluating the impact of the dry docking schedules on the determined values. We tested, on a sample basis, the accuracy and relevance of the input data provided by the Group to the experts. We compared the valuations of the individual ships with the valuations in the previous year. We also compared the selling prices of ships sold during 2019 with the most recent valuations for each respective ship. We compared the Group's assertions and estimates regarding estimated useful lives and residual values with the previous year. We also considered whether the Group's assessment of the condition of the ships and their future operating plans were consistent with historical experience and our knowledge of the business.

Goodwill impairment assessment	
(Refer to note 12 of the financial statements) The Group has goodwill totalling K76.4 million at 31 December 2019. 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 2019. The prolonged weakness in economic conditions in a number of the markets in which the Group operates in Papua New Guinea has increased the risk that the carrying values of the components of goodwill may be impaired. The Group has calculated the value of the respective cash generating units containing goodwill balances 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 value of the cash generating units.	We have considered and tested the financial models used by the Group to determine the value 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. We compared the forecast revenues and expenditures to approved budgets and obtained an understanding and evaluated 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 the assumptions used around revenue and cost inflation 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. 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.

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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

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.

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 2019:

- 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

Christopher Hansor
Partner

Registered under the Accountants Act 1996

Port Moresby
31 March 2020

Steamships Trading Company Limited and Subsidiary Companies

The Directors submit their Annual Report for the year ended 31 December 2019 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 Hotels and Property, Logistics and Commercial & 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.

Result

The Group operating profit for the year attributable to shareholders was K49,995,000 (2017: K69,529,000).

Dividend

The Directors advise that a final dividend of 55 toea per share will be paid after the Annual General Meeting on 17th June 2020. This brings the total dividend declared for the year to 80 toea per share. 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.

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 28th February 2015

Managing Director from 1st January 2013 to 12th January 2015

Member of the Remuneration 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 from 1989-1992. He is a Director of John Swire & Sons (PNG) Ltd. He was the Managing Director of Steamships Trading Company Limited from 1st January 2013 to 12th January 2015. He is Chairman and Chief Executive Officer of John Swire and Sons (Australia) Pty Limited.

G. Aopi CBE

Director since 1997

Mr Aopi has achieved several tertiary degrees in Papua New Guinea, and a Masters of Business Administration from the University of Queensland. He has substantial public service and business experience in PNG, including Secretary of Finance and Planning and Managing Director of Telikom PNG Limited. He presently holds the position of PNG Country Chairman at Oil Search Limited and President of Chamber of Mines and Petroleum. He was previously the Chairman of Telikom PNG Limited and Independent Public Business Corporation (IPBC). He is a Director of Marsh Limited and is involved in a number of other private sector and charitable organizations in Papua New Guinea.

R.P.N. Bray

Director since 27th August 2018

Appointed Chief Operating Officer on 27th August 2018, Mr Bray was previously Marine Services Director of Singapore based Swire Pacific Offshore Pte Ltd. He was responsible for Swire Pacific Off shore'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 is a Director of John Swire & Sons (PNG) Ltd and various Steamships Trading Company subsidiaries, joint ventures and associated companies.

L.M. Bromley

Director since 1st August 2019

Senior Executive of the Bromley Group of Companies for over 11 years. Ms Bromley is currently a Director of the Bromley Group's various commercial operating companies which include Heli Niugini Limited 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 and responsible for the aviation operation, logistics support and group investment functions.

She is the Managing Director of Merit Finance Limited which serves as the Bromley Group's investment arm and also consults for the Bromley Group's property development and property management.

She has previously held position on the Divisional Boards of East West Transport and Steamships Shipping.

She graduated from Bond University in Australia and holds both a Bachelor of Commerce and a Bachelor of Laws

Sir M.R. Bromley KBE

Member of the Audit Committee

Member of the Remuneration Committee

Member of the Strategic Planning Committee

Director, 1986 to 1996

Director since 2000

Sir Michael Bromley has extensive international business experience from over 40 years of operating and advising companies in countries including Singapore, Indonesia, Australia, Russia, China and Papua New Guinea, principally in retail and logistics operations. He is Chairman of Heli Niugini Ltd and a Director of Baht Fung Limited, Allway Logistics Limited, Pegasus Print Group Pty Ltd, Fasteners & More Pty Ltd, Sonway Asia Ltd, Chemica Ltd, Sig No.1 Ltd, Glock No. 1 Ltd, Maps Tuna Ltd, Sek No. 35 Ltd, Hoia Investment Ltd, Venture Ltd and Viva No. 31 Limited.

Relevant Interest in Steamships shares: 19.99%.

D.H. Cox OL, OBE

Member of the Audit Committee

Member of the Strategic Planning Committee

Managing Director 2004 to 2012

Director since 2003

Mr Cox joined Steamships as a Manager in 1992 for the Hotels Division.He has extensive experience in Property and Hotel Development within the Asia-Pacific Region. He holds a MBA in International Hospitality and BSc (Hons) in Accounting & Business Management. Mr Cox is also a member of the Steamships Hotels and Properties Advisory Boards.

G.J. Dunlop

Chairman of the Audit Committee

Member of the Strategic Planning Committee

Managing Director 2000 to 2003

Director since 1995

Mr Dunlop is a chartered accountant with extensive experience in the Pacific region. He is a Director of City Pharmacy Group Ltd and Croesus Re PCC Limited.

Lady W.T. Kamit CBE

Member of the Audit Committee

Director since 2005

Lady Winifred Kamit is a former Senior Partner, and currently a consultant at Dentons (formerly Gadens Lawyers) in Port Moresby. Lady Kamit is a Director of Bunowen Services Ltd, Kamchild Limited, Dentons Administration Services Ltd, Post Courier Limited and its subsidiaries, Brian Bell Group and Chairman of ANZ Banking Group (PNG) Ltd.

Lady Kamit also serves on a number of non-government and charitable organisations, including Anglicare PNG and as Patron of Business Coalition for Women Inc.

DIRECTORS' REPORT

Steamships Trading Company Limited Year ended 31 December 2019

M.R. Scantlebury

Managing Director since 27th August 2018

Finance Director & Company Secretary since June 2016

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 is a Director of John Swire & Sons (PNG) Ltd and various Steamships Trading Company subsidiaries, joint ventures and associated companies.

J.B. Rae-Smith

Director since 12th August 2019

Mr Rae-Smith joined the Board of United States Cold Storage, Inc in June 2008 and has been its Chairman since January 2017.

Mr Rae-Smith 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. He has led or has been involved with many Swire Group businesses over the years and was most recently the Chief Executive Officer of Swire Oilfield Services. He is also a Director of the Argent Energy Group, a sustainable producer of biofuel based in the United Kingdom and the Netherlands and Green Biologics a biochemical start up.

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.

J.H. Woodrow

Director since 7 September 2015

Mr Woodrow is Managing Director of the China Navigation Company Pte Ltd (Swire Shipping). He was formerly Director Cargo for Cathay Pacific (2013-2015) and General Manager Cargo Sales & Marketing for Cathay Pacific (2010-2013). He joined John Swire and Sons Ltd in September 1990 and spent 15 years in the sea freight industries in Japan and Australia. He was also a Director of various companies across Asia including Air Hong Kong Ltd, Air China Cargo Ltd, Cathay Pacific China Cargo Holdings Ltd, Cathay Pacific Services Limited.

Remuneration of Directors

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

	2019 K'000	2018 K'000
P. Aitsi (retired)	-	106
G. Aopi	121	124
L.M. Bromley (appointed)	61	-
Sir M.R. Bromley	218	223
D.H Cox	218	223
G.L Cundle (Chairman)	218	223
G.J. Dunlop	243	247
Lady W.T. Kamit	170	135
B.N. Swire (retired)	61	124
J.B Rae Smith (appointed)	61	-
J.H Woodrow	121	124
M.R. Scantlebury*	-	-
R.P.N Bray*	-	-
	1,492	1,529

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	2019 No.	2018 No.	Remuneration K'000	2019 No.	2018 No.	Remuneration K'000	2019 No.	2018 No.
100-110	5	7	350-360	5	1	650-660	1	1
110-120	4	6	360-370	1	3	660-670	1	2
120-130	7	3	380-390	1	1	680-690	1	-
130-140	3	5	390-400	-	2	690-700	-	1
140-150	7	3	400-410	-	2	700-710	-	1
150-160	2	2	410-420	-	1	720-730	1	-
160-170	2	3	420-430	1	1	730-740	1	-
170-180	1	2	430-440	1	1	770-780	2	2
180-190	3	4	440-450	-	2	780-790	-	1
190-200	-	2	450-460	-	1	790-800	1	-
200-210	3	3	460-470	1	2	800-810	1	1
220-230	2	1	470-480	1	1	830-840	1	-
230-240	-	1	500-510	1	1	870-880	-	1
240-250	1	2	520-530	2	-	890-900	1	1
250-260	-	1	530-540	1	-	900-1000	1	2
260-270	-	1	550-560	1	2	1,000-1,010	1	1
270-280	3	3	560-570	-	-	1,300-1,400	1	-
280-290	1	-	570-580	1	1	1,800-1,900	1	1
290-300	2	-	600-610	-	1	2,600-2,700	1	1
300-310	1	-	620-630	1	2	2,700-2,800	1	-
310-320	-	2	630-640	1	1			
330-340	2	2	640-650	1	1			

For and on behalf of the Board:

Geoffrey. Cundle

Port Moresby
31 March 2019

G.L. Cundle
Chairman

M.R. Scantlebury
Managing Director

STOCK EXCHANGE INFORMATION

Steamships Trading Company Limited Year ended 31 December 2019

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

Shareholdings

At 28 February 2020, there were 361 shareholders.

262	Holding	1	-	1,000 units
69	Holding	1,001	-	5,000 units
16	Holding	5,001	-	10,000 units
14	Holding	10,001	-	and over

The number of shareholders holding less than a marketable parcel was 20.

The 20 largest shareholders were:	Number of shares	%
JS & S(PNG) Limited	22,362,651	72.12
Bell Potter Nominees Ltd	5,760,000	18.58
National Superannuation Fund Ltd	1,859,446	6.00
Berne No 132 Nominees Pty Ltd	446,494	1.44
John E Gill Operations Pty Ltd	54,727	0.18
Hylec Investments Pty Ltd	32,500	0.10
HSBC Custody Nominees (Australia) Limited	26,200	0.08
Kelvinside Pty Ltd	25,000	0.08
Bond Street Custodian Limited	23,067	0.07
Mr Ramesh Mahtani	21,700	0.07
Citicorp Nominees Pty Limited	17,467	0.06
Intercontinental Assets Pty Ltd	15,000	0.05
Engoordina Pty Ltd	11,078	0.04
Derrick Charles Whitaker	10,348	0.03
Jennifer May Forbes	10,000	0.03
Miss Shirin Moayyad	10,000	0.03
National Nominess Limited	9,457	0.03
Custodial Services Limited	8,768	0.03
Mrs Judith Scottholland	8,161	0.03
Mrs Mary Patricia Haughton	8,161	0.03
	30,720,225	99.07

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 & FINANCE DIRECTOR
M. R. Scantlebury

EXECUTIVE DIRECTOR
R.P.N. Bray

NON-EXECUTIVE DIRECTORS
G. Aopi CBE
L.M. Bromley
Sir M.R. Bromley KBE §+&
D. Cox OL, OBE +&
G.J. Dunlop +&
Lady W.T. Kamit, CBE +
J.B. Rae Smith
J. H Woodrow

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

SECRETARY
M.R. Scantlebury

REGISTERED OFFICE
Level 5, Harbourside West, Stanley Esplanade
Telephone: +675 313 7400
P.O. Box 1
Port Moresby, NCD
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 Port Moresby Stock Exchange Limited and the Australian Securities Exchange Limited.

A. R. B. N.
055 836 952

STEAMSHIPS
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