



STEAMSHIPS

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Monday, 14th April 2025

Yushra Haniff
Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Ltd
Level 6, 20 Bridge Street
Sydney NSW 2000

By email: ListingsComplianceSydney@asx.com.au

Dear Madam

Response to ASX Aware Letter

Steamships Trading Company Limited (ASX: SST) (Steamships) refers to the ASX Aware Letter dated 9th April 2025. Capitalised terms used and not otherwise defined in this letter have the meaning given to them in your letter.

The questions raised in your letter are set out below, with Steamships' response in bold text. All figures are in K'000 unless otherwise stated.

1. Does SST consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 - 1.1 That SST has made material adjustments to the Statements of Financial Position and the Statements of Cash Flows in the Appendix 4E. **No. See the response for question 2 below for context on why the Adjustment Announcement made reference to adjustments that were described as 'material'.**
 - 1.2 That SST's net cash balance has increased from K3,924 to K26,235. **No. As is described in further detail in the responses to questions 2 and 3, from first discovery of the potential need for a reclassification in the net assets of Steamships to the point that inquiries were completed and the final impact was known, there was never any information to indicate that the issue could have an impact on recorded earnings or impact the financial statements in any way that Steamships considered could have a material impact on the market price of its securities.**

Please answer separately for each of the above.

2. If the answer to any part of question 1 is “no”, please advise the basis for that view.
Please answer separately for each of the items in question 1 above.

In respect of item 1.1, Steamships considers that the adjustments made to its Statement of Financial Position and the Statements of Cash Flows in the Appendix 4E (as disclosed by Steamships in the Adjustment Announcement in comparison to the disclosures in the Preliminary Report) did not constitute information that a reasonable person would have expected to have a material effect on the price or value of Steamships' securities. Whilst the Adjustment Announcement referred to there being 'material differences' to the results disclosed in the Preliminary Report, this is a reference to scope of the adjustments in the financial statements themselves rather than those adjustments being material to the price or value Steamships' securities.

The adjustments disclosed in the Adjustment Announcement involved a reclassification in the net assets of Steamships (specifically, its cash, trade receivables and trade payables) which did not change the net asset position of Steamships' balance sheet in respect of its FY24 year-end position as disclosed in the Preliminary Report, but rather involved a reclassification between assets and liabilities in those specific items. The scope of those adjustments is considered to be de minimis – by reference to specific items in the financial accounts between the Preliminary Report and the Annual Report, the change in the net asset composition is quantified as follows:

- Statements of Financial Position:
 - increase in Cash and cash equivalents from K15,696 to K27,800 = 12,104 or 1.1% of net assets
 - increase in Trade and other receivables from K151,832 to K159,987 = 8,155 or 0.75% of net assets
 - increase in Property, plant, and equipment from K831,124 to K832,366 = 1,242 or 0.11% of net assets
 - increase in Trade and other payables from K106,774 to K138,482 = 31,708 or 2.9% of net assets
 - decrease in Current borrowings from K81,932 to K71,725 = 10,207 or 0.94%
- Statements of Cash Flows:
 - decrease in Receipts from customers from K750,273 to K742,119 = 8,154 or 0.75% of net assets
 - decrease in Payments to suppliers and employees from (K585,650) to (K555,176) = 30,474 or 2.8% of net assets

None of these items, either separately or in aggregate, was considered to effect Steamships' financial position in any way that Steamships considered could have an impact on the market price of its securities.

Further, this reclassification did not have an impact on Steamships' recorded earnings, and therefore the company's profitability or capacity to pay a dividend, given those items did not go to equity components of Steamships' balance sheet nor the basis for how Steamships calculates its capacity to pay a dividend or its earnings per share. Accordingly, Steamships does not consider that the reclassification changed the financial position of the company in any material respect. As a matter of fact, it did not alter Steamships' dividend in respect of the relevant reporting period.

Steamships notes that there was no material movement in the value of Steamships securities following the release of the Adjustment Announcement.

In respect of item 1.2, the same response as for item 1.1 applies. In addition, Steamships notes that its business is externally funded (as is evident in the 'Borrowings' line item in the balance sheet and Note 16 to the Financial Statements in the Annual Report) and so its net cash balance is not determinative of its capacity to fund operations.

3. When did SST first become aware of the information referred to in question 1 above?
Please answer separately for each of the items in question 1 above.

In respect of item 1.1, Steamships undertook its usual end of year reporting process and released the Preliminary Report in the ordinary course and consistent with Steamships' disclosure obligations. As the end of year audit process was ongoing at that time, the information in the Preliminary Report was based on the best knowledge of management at the time.

Following release of the Preliminary Report, Steamships commenced its preparation and approval process in respect of the Annual Report, with a view to submitting a near final version of the Annual Report to the Audit Committee 28th March 2025.

On 13th March 2025, Steamships first became aware of a potential issue with regards to reconciling its cash position as stated in the Preliminary Report when the external auditor raised with management possible discrepancies in the cash reconciliation as set out in the Preliminary Report. However, at that time, the nature and extent of the reclassification was not fully known, and the issue continued to be investigated and assessed in conjunction with the process to finalise the Annual Report.

As is discussed further in response to question 4, Steamships promptly began an investigation, including analysis and consultation with its external auditor regarding the potential need for a reclassification in order to verify and determine the scope of the potential issue and take advice from its auditor on next steps in connection with the finalisation of Steamships' end of financial year audit.

Whilst the impact was always assessed as being immaterial to Steamships' overall financial position, Steamships only became conclusively aware of the extent of the necessary adjustment to the cash position when the external audit process had concluded, and information had been presented to Steamships' Audit Committee and Board.

In respect of item 1.2, the same response as for item 1.1 applies.

4. If SST first became aware of the information referred to in question 1 above before the release of the Annual Report, did SST make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an

earlier time, commenting specifically when you believe SST was obliged to release the information under Listing Rules 3.1, 3.1A and 4.3D and what steps SST took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

In respect of item 1.1, Steamships did not make an announcement of the information referred to in question 1 prior to the release of the Adjustment Announcement as:

- Steamships was continuing to make inquiries with management and its external auditor in connection with the finalisation of the Annual Report, hence its investigations into the matter were incomplete and the outcome was not sufficiently definite to warrant disclosure prior to the release of the Adjustment Announcement and release of the Annual Report. The process of reviewing proposed adjusting entries between the external auditor and management, and discussing findings and making appropriate recommendations for adjustments to Steamships' Audit Committee, particularly in the context of finalising the broader Annual Report, involved significant dialogue between the parties in order to verify the existence of, and quantify the extent of, the potential reclassification and make a recommendation to Steamships' Audit Committee and Board; and
- at all times whilst those inquiries were ongoing, all information available to Steamships indicated that the issue was limited to a re-classification only and the maximum potential adjustment amounts were those ultimately recorded. There was never any information to indicate that this could have any impact on recorded earnings or impact the financial statements in any way that Steamships considered could have a material impact on the price or value of Steamships' securities.

In finalising the end of year audit, Steamships' management provided a draft of the Annual Report (pending final audit clearance) to its Audit Committee and Board on the morning of 29 March 2025. Following this, management provided a further update to alert the Audit Committee and Board of the conclusions reached regarding the adjustment to the cash position on the morning of 31st March 2024 and advised that a further disclosure was anticipated to be necessary to update the market on the variance in the net asset composition.

The Annual Report was given audit clearance by the external auditor at approximately 12pm on 31st March 2025 following which the Board considered management's recommendations, approved the accounts, and promptly released the Annual Report and Adjustment Announcement.

Therefore, Steamships considers that:

- for the purposes of Listing Rule 3.1, it had not become aware of information that was capable of disclosure until the matters had been considered and approved by the Board on 31th March 2025;
- for the purposes of Listing Rule 3.1A, up until that point, the information was incomplete and insufficiently definite to warrant disclosure and was information held only between Steamships and its external auditor, in particular the audit had

not been finalised, the information had not been considered by Steamships' Board and remained confidential; and

- for the purposes of Listing Rule 4.3D, Steamships had not become aware of the impact of the bank reconciliation and whether it was likely to impact the financial position disclosed in the Preliminary Report until 31st March 2025.

Further, once Steamships did become aware of the nature and extent of the bank reconciliation, Steamships (in light of its continuous and periodic disclosure obligations) moved promptly to update the market via the Adjustment Announcement.

In respect of item 1.2, the same response as for item 1.1 applies.

5. Please confirm that SST is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Steamships confirms that it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

6. Please confirm that SST's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SST with delegated authority from the board to respond to ASX on disclosure matters.

Steamships confirms that this response has been authorised and approved by Steamships' Board of Directors

Yours sincerely,



Alessandro Mistrone
Company Secretary



9 April 2025

Reference: 107824

Mr Alessandro Mistrone
Company Secretary and Finance Director
Steamships Trading Company Limited
Level 2, 345 Stanley Esplanade Port Moresby PO Box 1
Port Moresby NCD
Papua New Guinea 121

By email only.

Dear Mr Mistrone

Steamships Trading Company Limited ('SST'): ASX Aware Letter

ASX refers to the following:

- A. SST's announcement titled 'SST Appendix 4E Full Year Results 2024' for the year ended 31 December 2024 released on the ASX Market Announcements Platform ('MAP') at 9.09AM on 28 February 2025 ('Preliminary Report').
- B. SST's announcement titled 'Steamships Annual Report 2024' for the year ended 31 December 2024 released on MAP at 2.33 PM on 31 March 2025 ('Annual Report').
- C. SST's announcement titled 'SST Results disclosed Unaudited App 4E to 2024 Annual Report' released on MAP at 3.05 PM on 31 March 2025 ('Adjustment Announcement') which disclosed (relevantly) that for the year ended 31 December 2024:

Upon finalisation of accounting for the timing of cash flow and non-cash movements for the year ended 31st December 2024, the following material adjustments to the Statements of Financial Position and the Statements of Cash Flows in the Appendix 4E have arisen and are now reflected in the Annual Report of the Group.

...

The net effect of the above adjustments has increased the net cash balance from K3,924 to K26,235. However, the Statements of Comprehensive Income and the Statements of Changes in Equity remain unchanged from the published Appendix 4E.

- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.
- F. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 *One or more of the following 5 situations applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed.*

H. Listing Rule 4.3D which states:

Once an entity is or becomes aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report given to ASX under Listing Rules 4.3 or 4.3A the entity must immediately give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity's current or future financial performance or financial position.

Request for information

Having regard to the above, ASX asks SST to respond separately to each of the following questions and requests for information:

1. Does SST consider the following information, or any part thereof, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
 - 1.1 That SST has made material adjustments to the Statements of Financial Position and the Statements of Cash Flows in the Appendix 4E.
 - 1.2 That SST's net cash balance has increased from K3,924 to K26,235.Please answer separately for each of the above.
2. If the answer to any part of question 1 is "no", please advise the basis for that view.
Please answer separately for each of the items in question 1 above.
3. When did SST first become aware of the information referred to in question 1 above?
Please answer separately for each of the items in question 1 above.
4. If SST first became aware of the information referred to in question 1 above before the release of the Annual Report, did SST make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically when you believe SST was obliged to release the information under Listing Rules 3.1, 3.1A and 4.3D and what steps SST took to ensure that the information was released promptly and without delay.

Please answer separately for each of the items in question 1 above and provide details of the prior announcement if applicable.

5. Please confirm that SST is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that SST's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of SST with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4.00 PM AEST Monday, 14 April 2025**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, SST's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require SST to request a trading halt immediately if trading in SST's securities is not already halted or suspended.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in SST's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to SST's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that SST's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance