

Appendix 4E

Preliminary final report

Name of entity

Steamships Trading Company Limited

ABN or equivalent company
reference

055836952

Half yearly
(tick)

Preliminary
final (tick)

Financial year ended ('current period')

31st December 2009

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$K'000

Revenues from continuing operations	Up/ down	7.1%	to	495,976
Profit from continuing operations after tax attributable to members	Up/ down	6.7%	to	93,648
Profit for the period attributable to members	Up/ down	7.0%	to	96,560
Dividends (distributions)		Amount per security		Franked amount per security
Final dividend (<i>Preliminary final report only</i>)		86t		0t
Interim dividend (<i>Half yearly report only</i>)		60t		0t
Previous corresponding period (<i>Preliminary final report; half yearly report</i>)		86t 60t		0t
⁺ Record date for determining entitlements to the dividend, (in the case of a trust, distribution)	11th May 2010			

Final Report to the Stock Exchange

The Directors of Steamships Trading Company Limited wish to advise a profit after tax and minority interests of PGK96.6 million for the twelve months to December 2009, compared to a profit of PGK90.2 million for the same period in 2008. This figure includes Steamships' equity-accounted share of associates' results. Revenues of PGK496.0 million, increased by 7.1% compared to 2008 results of PGK463.0 million. Depreciation in 2009 was PGK47.9 million compared to PGK39.3 million in the previous year, and interest on borrowings was PGK12.2 million against PGK4.7 million in 2008. Capital expenditure for the year was PGK195.4 million against PGK133.7 million in 2008.

The result reflects the continuing improvement in trading performance from businesses within the Group. Notably, the Hotels and Property Divisions recorded healthy results against budget expectations. This is largely driven by increased demand for short term stays and conferencing. Room and facility expansion at the Gateway and Ela Beach Hotels together with the construction of the new 166 room Grand Papua Hotel, in Port Moresby ensures the division's position as a leading hospitality service provider. The demand for high quality commercial, industrial and residential accommodation drove favourable results for the Property Division and reinforced investment decisions to commence property development programmes.

Steamships Coastal Shipping was hampered by low river levels in the Fly River affecting the integrity of scheduled services. The impact of reduced international volumes and vessel calls was felt at major ports, though this is projected to improve in 2010. Regional spot charter opportunities were converted and forecasted coastal volume increases to the Gulf and Western Provinces, driven by project activity, prompted the investment in new wharf and storage facilities in Port Moresby and additional tonnage through the planned acquisition of a 3100DWT low draft, geared cargo ship arriving in early 2010. On 16 November 2009 Steamships Shipping acquired a further 18% in Consort Express Lines to hold a 51% interest in order to provide a more seamless service for coastal and international shippers.

In April 2009 Steamships concluded a transaction to purchase the remaining shares in Datec, enabling a management restructure and capital investment campaign that has taken the business forward considerably. The focus on innovative Information Communication and Telecommunication business solutions, education and learning, and the new Mega-store concept will realise significant value growth in 2010.

Port Moresby Transport and East West road haulage fleets saw an improvement in their results compared to 2008. This was partially due to a major upgrade and additional capacity provided to these fleets. The refurbished Lae depot will be complemented in 2010 by a new purpose built depot in Port Moresby.

The Manufacturing division had a difficult year due to the relocation of its Port Moresby bottling plant to Lae and competition from import substitution products. Results in this division over the past two months indicate an improvement in 2010 with new products and markets being developed through the year.

Steamships is aware of its pre-eminent role as a responsible corporate citizen and continued to encourage and support key community health, welfare, education and environmental programmes during 2009.

The PNG economy is providing a stable platform for in-country growth and investment. This is underpinned by considerable resource project development which augers well for the country's future. The company's investment strategy for the next 3 to 5 years in all areas of its activities will require additional borrowings and prudent cash management.

Thus a final dividend of 86 toea per share has been declared and will be paid following approval at the company's annual general meeting on the 25th of May 2010. This brings the total dividend for the year to 146 toea per share which is the same as 2008. The current strategic investment plans for the next 3 years will require a reduction in annual dividends to an estimated 100 toea per annum – interim 40 toea, final 60 toea. This will be reviewed throughout the year in response to the company's operating performance and capital growth needs.

Statement of comprehensive income

	Current period - K'000	Previous corresponding period - K'000
Revenues from continuing operations	495,976	462,972
Other Income	13,174	2,778
Operating Expenses		
Cost of Goods Sold	(135,545)	(136,974)
Staff Costs	(93,681)	(83,896)
Depreciation & Amortisation	(47,889)	(39,316)
Finance Costs	(12,182)	(4,654)
Insurance Expense	(11,855)	(15,860)
Repairs & Maintenance	(17,039)	(16,102)
Telecommunications Expenses	(14,245)	(13,006)
Fuel Expense	(14,377)	(21,247)
Electricity	(10,389)	(10,002)
Other Operating Expenses	(34,258)	(15,518)
Share of profits (losses) of associates and joint venture entities	23,677	16,837
Profit before Income tax	141,367	126,012
Income tax on continuing operations	(34,637)	(27,729)
Income tax on share of net profits of associates and joint venture entities	(6,945)	(5,079)
Profit from continuing operations after tax	99,785	93,204
Profit from discontinued operations	2,912	2,440
Net profit for the Year	102,697	95,644
Total Comprehensive Income for the Year	102,697	95,644
Profit/Total Comprehensive Income is attributable to:		
Owners of Steamships Trading Company Limited	96,560	90,226
Minority Interests	6,137	5,418
	102,697	95,644

Earnings per security (EPS)	Current period	Previous corresponding Period
Basic EPS	311.4	290.97
Diluted EPS	311.4	290.97

Comparison of half year profits

(Preliminary final report only)

	Current year - K'000	Previous year - K'000
Consolidated profit from continuing operations after tax attributable to members reported for the <i>1st</i> half year	38,211	39,378
Consolidated profit from continuing operations after tax attributable to members for the <i>2nd</i> half year	55,437	48,408

STATEMENT OF FINANCIAL POSITION – CONSOLIDATED	As at 31 Dec 2009 K'000	As at 31 Dec 2008 K'000	As at 30 June 2009 K'000
Current assets			
Cash, bank and short term deposits	2,690	760	1,290
Receivables and prepayments	117,528	76,394	80,534
Loans to associates & joint ventures	189	11,626	270
Inventories	34,251	24,951	34,493
Other –Financial Assets	48,822	40,614	40,614
Total current assets	203,480	154,345	157,201
Non-current assets			
Investments	17,939	33,337	28,717
Property, plant and equipment	664,196	353,261	423,857
Intangibles	17,183	7,578	16,694
Deferred tax benefit	7,305	4,150	7,645
Total non-current assets	706,623	398,326	476,913
Total assets	910,103	552,671	634,114
Current liabilities			
Trade Payables	33,298	16,187	27,222
Other payables & accruals	61,494	41,197	48,065
Provisions	17,446	8,063	8,040
Loans from associates & joint ventures	607	1,991	544
Borrowings	93,040	31,671	15,120
Income Tax Payable	30,962	23,290	30,127
Total current liabilities	236,847	122,399	129,118
Non-current liabilities			
Deferred Tax Payable	323	647	323
Borrowings	243,168	80,000	140,000
Long Service Leave	7,828	4,494	6,041
Total non-current liabilities	251,319	85,141	146,364
Total liabilities	488,166	207,540	275,482
Net assets	421,937	345,131	358,632

Statement of financial position – consolidated continued

Share Capital and Reserves			
Issued Capital	24,200	24,200	24,200
Retained earnings	327,216	275,928	295,534
Proposed final dividend	26,667	26,667	18,605
Shareholders' Funds	378,083	326,795	338,339
Minority Shareholders' Interests	43,854	18,336	20,293
Total Capital and Reserves	421,937	345,131	358,632

Notes to the statement of financial position – consolidated

STATEMENT OF CHANGES IN EQUITY	Contributed Equity K'000	Revaluation Reserves K'000	Proposed Dividend K'000	Retained Earnings K'000	Total K'000	Minority Interests K'000	Total Equity K'000
Balance At 1st January 2008	24,200	159	23,256	230,815	278,430	13,684	292,114
Total Comprehensive Income for the Period	-	-	-	90,226	90,226	5,418	95,644
Transfer from revaluation reserve	-	(159)	-	159	-	-	-
Dividends paid 2008	-	-	(41,861)	-	(41,861)	(766)	(42,627)
Dividend proposed 2008	-	-	45,272	(45,272)	-	-	-
Minority Interest on Acquisition of subsidiary	-	-	-	-	-	-	-
Balance at 31 December 2008	24,200	-	26,667	275,928	326,795	18,336	345,131
Total Comprehensive Income for the Period	-	-	-	96,560	96,560	6,137	102,697
Dividends paid 2009	-	-	(45,272)	-	(45,272)	(1,558)	(46,830)
Dividends proposed 2009	-	-	45,272	(45,272)	-	-	-
Minority Interest on Acquisition of subsidiary	-	-	-	-	-	20,939	20,939
Balance at 31 December 2009	24,200	-	26,667	327,216	378,083	43,854	421,937

Consolidated statement of cash flows

	Current period K'000	Previous corresponding period - K'000
Cash flows related to operating activities		
Receipts from customers	490,027	479,740
Payments to suppliers and employees	(327,936)	(323,317)
Interest received	72	120
Interest and other costs of finance paid	(12,183)	(4,654)
Income taxes paid	(29,269)	(9,386)
Other (provide details if material)		
Net operating cash flows	120,711	142,503
Cash flows related to investing activities		
Purchases of property, plant and equipment	(195,397)	(133,657)
Proceeds from sale of property, plant and equipment	7,549	9,569
Payment for purchases of equity investments	(8,208)	(40,614)
Increase in short term investments	-	-
Dividends received from associates	14,859	646
Loans repaid by other entities	1,711	(8,597)
Payment for acquisition of subsidiaries (net of cash acquired)	(23,975)	-
Net investing cash flows	(203,461)	(172,653)
Cash flows related to financing activities		
Proceeds from issues of ⁺ securities (shares, options, etc.)		
Proceeds from borrowings	127,500	80,000
Repayment of borrowings	-	(15,000)
Dividends paid	(45,272)	(43,891)
Other (provide details if material)		
Net financing cash flows	82,228	21,109
Net (decrease) in cash held	(522)	(9,041)
Cash at beginning of period (see Reconciliation of cash)	(30,838)	(21,797)
Cash at end of period (see Reconciliation of cash)	(31,360)	(30,838)

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

Steamships Trading Company now consolidates Consort Express Lines as a result of an additional 18% shareholding acquired during the year. Included in consolidated liabilities at 31 December 2009 is K 95.2m relating to Consort's short and long term borrowings.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period K'000	Previous corresponding period - K'000
Cash on hand and at bank	2,690	760
Bank overdraft	(34,050)	(31,598)
Total cash at end of period	(31,360)	(30,838)

Other notes to the consolidated financial statements

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue Consolidated profit from continuing operations before tax as a percentage of revenue	28.50%	27.22%
Profit after tax / ⁺equity interests Consolidated net profit from continuing operations after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	25.54%	27.61%

Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: *Earnings Per Share* are as follows.

Not applicable

NTA backing <i>(see note 7)</i>	Current period	Previous corresponding period
Net tangible asset backing per ⁺ ordinary security	13.05	10.88

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclosed in their accounts in accordance with AASB 1042: Discontinuing Operations (see note 17).)

Discontinuing Operations

Profit from discontinued operations in the current and prior year relate to the Steamships Hardware business which was sold in 2008.

Control gained over entities having material effect

Name of entity (or group of entities)

Datec (PNG) Ltd

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was ⁺acquired

K 4,532,000

Date from which such profit has been calculated

27 April 2009

Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

K 5,973,000

Loss of control of entities having material effect

Name of entity (or group of entities)

Not applicable

Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

Not applicable

Date to which the profit (loss) in item 14.2 has been calculated	Not applicable
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	Not applicable
Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	Not applicable

Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	25 th May 2010
⁺ Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if ⁺ securities are not ⁺ CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if ⁺ securities are ⁺ CHESS approved)	11th May 2010
If it is a final dividend, has it been declared? (<i>Preliminary final report only</i>)	Yes

Amount per security

		Amount per security	Franked amount per security at 42% tax (see note 4)	Amount per security of foreign source dividend
	<i>(Preliminary final report only)</i>			
	Final dividend: Current year	86t	NIL	86t
	Previous year	86t	NIL	86t
	<i>(Half yearly and preliminary final reports)</i>			
	Interim dividend: Current year	60t	NIL	60t
	Previous year	60t	NIL	60t

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

(Preliminary final report only)

	Current year	Previous year
+Ordinary securities	146t	146t
Preference +securities	NIL	NIL

**Half yearly report - interim dividend (distribution) on all securities *or*
Preliminary final report - final dividend (distribution) on all securities**

	Current period \$K'000	Previous corresponding period - K'000
+Ordinary securities (<i>each class separately</i>)	26,667	26,667
Preference +securities (<i>each class separately</i>)	Nil	Nil
Other equity instruments (<i>each class separately</i>)	Nil	Nil
Total	26,667	26,667

The +dividend or distribution plans shown below are in operation.

Not applicable

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions). (*For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting*)

None

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period K'000	Previous corresponding period - K'000
Profit (loss) from ordinary activities before tax	23,677	16,837
Income tax on ordinary activities	(6,945)	(5,079)
Profit (loss) from ordinary activities after tax	16,732	11,758
Extraordinary items net of tax	-	-
Net profit (loss)	16,732	11,758
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	16,732	11,758

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.10)	
	Current period	Previous corresponding period	Current period K'000	Previous corresponding period - K'000
Equity accounted associates and joint venture entities				
a) Colgate Palmolive Ltd	50.0	50.0	1,990	1,862
b) Pacific Towing Ltd	50.0	50.0	10,702	2,348
c) Datec (PNG) Ltd ¹	100.0	50.0	999	3,111
d) Consort Express Lines ²	51.0	33.3	1,791	4,332
e) New Britain Shipping	50.0	50.0	1,220	240
f) Others		-	30	-135
Total			16,732	11,758
Other material interests			-	-
Total			16,732	11,758

¹ Additional 50% acquired on 27 April 2009

² Additional 18% acquired on 13 November 2009

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of ⁺ securities	Total number	Number quoted	Issue price per security (see note 14) (toea)	Amount paid up per security (see note 14) (toea)
Preference ⁺securities (description)				
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
⁺Ordinary securities	31,008,237	31,008,237	N/A	N/A
Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks				
⁺Convertible debt securities (description and conversion factor)				
Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	Issued during current period			
	Exercised during current period			
Expired during current period				
Debentures (description)				
Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				

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

(Information on the business and geographical segments of the entity must be reported for the current period in accordance with *AASB 1005: Segment Reporting* and for half year reports, *AASB 1029: Interim Financial Reporting*. Because entities employ different structures a pro forma cannot be provided. Segment information in the layout employed in the entity's +accounts should be reported separately and attached to this report.)
Refer attachment page 18.

Comments by directors

(Comments on the following matters are required by ASX or, in relation to the half yearly report, by *AASB 1029: Interim Financial Reporting*. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.)

Basis of financial report preparation

Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

Nil

A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

Nil

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows. (Disclose changes and differences in the half yearly report in accordance with *AASB 1029: Interim Financial Reporting*. Disclose changes in accounting policies in the preliminary final report in accordance with *AASB 1001: Accounting Policies-Disclosure*).

During the second half of 2009 Steamships Trading Company have changed their accounting policy in relation to the carrying value of ships. Ships were previously held under the revaluation model and are now to be held at cost. Previous revaluations were fully amortised during 2008 therefore the change in accounting policy has no impact on the 2008 or 2009 financial statements.

Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous +annual reports if those revisions have a material effect in this half year.

Nil

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last + annual report.

Nil

Additional disclosure for trusts

Number of units held by the management company or responsible entity or their related parties.

N/A

A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Steamships Trading Company Limited, Head Office, Champion Parade, Town, Port Moresby
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Date

25 th May, 2010

Time

11.00 am

Approximate date the annual report will be available

26th April, 2010

Compliance statement

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

International Financial Reporting Standards

- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed (see note 2).
- 4 This report is based on accounts to which one of the following applies.
(Tick one)

The accounts have been audited.

The accounts have been subject to review.

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

The accounts have *not* yet been audited or reviewed.

- 5 The preliminary final report is based on accounts that have been audited. The audit report, which was unqualified will be made available with the company's financial report.
- 6 The entity has a formally constituted audit committee.

Sign here: Date:
(Director/Company Secretary)

Print name:

Segmental Reporting

Divisional Segments

The group operates in the following commercial areas:

	Retail	Hotels	Manu- facturing	Shipping & Transport	Property & Investment	Total
	K'000	K'000	K'000	K'000	K'000	K'000
2009						
Total Revenue	55,898	86,446	103,042	209,280	41,310	495,976
Segment Results	8,005	35,620	8,156	42,293	26,528	120,602
Add: Share of Associate Profit	1,257	-	2,843	19,590	(12)	23,678
Total Segment result	9,262	35,620	10,999	61,883	26,516	144,280
Income tax expense	(2,402)	(10,686)	(2,133)	(12,688)	(6,729)	(34,638)
Add: Associate Share of Income Tax	(258)	-	(853)	(5,834)	-	(6,945)
Total tax Expense	(2,660)	(10,686)	(2,986)	(18,522)	(6,729)	(41,583)
Group Profit	6,602	24,934	8,013	43,360	19,787	102,697
Segment assets	39,765	95,837	67,795	336,826	369,880	910,103
Segment liabilities	21,719	9,648	14,283	155,201	287,315	488,166
Net Assets	18,046	86,189	53,512	181,625	82,565	421,937
Capital expenditure	8,710	28,153	6,971	40,952	110,611	195,397
Depreciation	3,621	5,682	3,721	23,277	11,588	47,889

	Retail	Hotels	Manu- facturing	Shipping & Transport	Property & Investment	Total
	K'000	K'000	K'000	K'000	K'000	K'000
2008						
Total Revenue	64,152	74,998	114,892	182,382	26,548	462,972
Segment Results	4,410	28,069	13,375	38,730	27,031	111,615
Add: Share of Associate Profit	4,392	-	2,661	9,973	(188)	16,837
Total Segment result	8,802	28,069	16,036	48,703	26,843	128,452
Income tax expense	(1,323)	(8,420)	(4,013)	(11,619)	(2,354)	(27,729)
Add: Associate Share of Income Tax	(1,280)	-	(798)	(3,002)	1	(5,079)
Total tax Expense	(2,603)	(8,420)	(4,811)	(14,621)	(2,353)	(32,808)
Group Profit	6,199	19,649	11,225	34,082	24,489	95,644
Segment assets	-	72,187	68,077	142,529	269,878	552,671
Segment liabilities	-	8,247	12,024	25,429	161,840	207,540
Net Assets	-	63,940	56,053	117,100	108,038	345,131
Capital expenditure	334	22,447	7,462	26,299	77,115	133,657
Depreciation	526	4,994	3,208	21,061	9,527	39,316

These figures include minorities' share of operating profit and assets.