

# Appendix 4D

## Half yearly results

Name of entity

Steamships Trading Company Limited

ARBN

055 836 952

Half year/financial year ended ('current period')

30 June 2010

### Results for announcement to the market—

K'000

Revenues from continuing operations	Up/ <del>Down</del>	66.0%	to	366,500
Profit (loss) from continuing operations after tax	up/ <del>Down</del>	75.7%	to	65,928
Profit (loss) attributable to members	Up/ <del>Down</del>	49.1%	to	56,960
<b>Dividends (distributions)</b>		Amount per security		Franked amount per security
Final Dividend – 2009		86 <i>t</i>		0 <i>t</i>
Interim Dividend – 2010		50 <i>t</i>		0 <i>t</i>

<sup>+</sup>Record date for determining entitlements to the dividend,

15 September 2010

Refer Page 9 for commentary

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

## **Directors Report**

The directors present their report together with the consolidated financial report for the half-year ended 30 June 2010.

Directors:

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

W.L. Rothery Chairman	Chairman since 2006
D H Cox Managing Director	Managing Director since 2004
G Aopi, CBE	Director since 1997
Sir Michael Bromley, KBE	Director since 2000
G.J. Dunlop	Director since 1995
W. Kamit	Director since 2005
C.R. Kendall	Director since 2007
E H Ruha	Director since 2008

**Statement of comprehensive income**  
**For the 6 months ended 30 June 2010**

	6 months ended 30 June 2010 K'000	6 months ended 30 June 2009 K'000
<b>Revenue</b>		
Revenue from Continuing Operations	366,500	220,790
Other income	12,023	3,512
<b>Operating expenses</b>		
Raw materials and consumables used	(74,589)	(45,137)
Staff costs	(65,607)	(43,917)
Depreciation & amortisation	(32,349)	(22,489)
Finance Costs	(12,013)	(4,715)
Freight	(2,680)	(2,992)
Insurance	(9,239)	(5,121)
Repairs & Maintenance	(19,750)	(14,109)
Occupancy Costs	(12,584)	(10,155)
Fuel	(20,925)	(6,550)
Charter & Port Expenses	(14,074)	(7,682)
Stevedoring Expenses	(9,421)	(1,694)
Other operating expenses	(19,439)	(10,157)
Share of net profit of associates accounted for using the equity method	9,426	5,825
<b>Profit from continuing operations before income tax</b>	<b>95,280</b>	<b>55,409</b>
Income Tax Expense	(29,352)	(17,880)
<b>Profit from continuing operations after tax</b>	<b>65,928</b>	<b>37,529</b>
Profit from discontinued operations	0	2,842
<b>Profit for the six-month period</b>	<b>65,928</b>	40,371
<b>Total comprehensive income for the six-month period</b>	<b>65,928</b>	40,371
<b>Profit/total comprehensive income is attributable to:</b>		
Owners of Steamships Trading Company Limited	56,960	38,211
Minority Interest	8,968	2,160
	<b>65,928</b>	40,371
<b>Earnings per security (EPS)</b>		
Basic EPS	183.7	123.2
Diluted EPS	183.7	123.2

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 JUNE 2010**

	Attributable to owners of Steamships Trading Company Limited				Minority Interest <u>K'000</u>	Total equity <u>K'000</u>
	Contributed Equity <u>K'000</u>	Reserves <u>K'000</u>	Retained earnings <u>K'000</u>	Total <u>K'000</u>		
	<b>BALANCE AT 1 JANUARY 2009</b>	24,200	0	302,595		
<b>Total Comprehensive Income for the period</b>	<b>0</b>	<b>0</b>	<b>38,211</b>	<b>38,211</b>	<b>2,160</b>	<b>40,371</b>
Dividends provided for or paid	0	0	( 26,667)	( 26,667)	( 478)	( 27,145)
Consolidation of new minority interest	0	0	0	0	275	275
<b>Balance at 30 June 2009</b>	<b>24,200</b>	<b>0</b>	<b>314,139</b>	<b>338,339</b>	<b>20,293</b>	<b>358,632</b>
<b>Total Comprehensive Income for the period</b>	<b>0</b>	<b>0</b>	<b>58,349</b>	<b>58,349</b>	<b>3,977</b>	<b>62,326</b>
Dividends provided for or paid	0	0	( 18,605)	( 18,605)	( 1,355)	( 19,960)
Consolidation of new minority interest	0	0	0	0	20,939	20,939
<b>Balance at 31 December 2009</b>	<b>24,200</b>	<b>0</b>	<b>353,883</b>	<b>378,083</b>	<b>43,854</b>	<b>421,937</b>
<b>Total Comprehensive Income for the period</b>	<b>0</b>	<b>0</b>	<b>56,960</b>	<b>56,960</b>	<b>8,968</b>	<b>65,928</b>
Dividends provided for or paid	0	0	( 26,667)	( 26,667)	( 2,001)	( 28,668)
<b>Balance at 30 June 2010</b>	<b>24,200</b>	<b>0</b>	<b>384,176</b>	<b>408,376</b>	<b>50,821</b>	<b>459,197</b>

<b>STATEMENT OF FINANCIAL POSITION - CONSOLIDATED</b>	<b>As at 30 June 2010 K'000</b>	<b>As at 31 Dec 2009 K'000</b>	<b>As at 30 June 2009 K'000</b>
<b>Current assets</b>			
Inventories	53,394	34,251	34,493
Receivables & prepayments	148,981	117,528	80,534
Loans to associates & joint ventures.	208	189	270
Cash, bank and short term deposits	1,796	2,690	1,290
Other – Financial Asset	57,014	48,822	40,614
<b>Total current assets</b>	<b>261,393</b>	<b>203,480</b>	<b>157,201</b>
<b>Non-current assets</b>			
Investments	19,424	17,939	28,717
Goodwill	17,183	17,183	16,694
Property, plant and equipment	728,154	664,196	423,857
Deferred tax benefit	10,025	7,305	7,645
<b>Total non-current assets</b>	<b>774,786</b>	<b>706,623</b>	<b>476,913</b>
<b>Total assets</b>	<b>1,036,179</b>	<b>910,103</b>	<b>634,114</b>
<b>Current liabilities</b>			
Trade Payables	30,240	33,298	27,222
Other payables & accruals	74,687	61,494	48,065
Provisions	14,791	17,446	8,040
Loans from associates & joint ventures	14,016	607	544
Borrowings	71,237	93,040	15,120
Income tax payable	47,511	30,962	30,127
<b>Total current liabilities</b>	<b>252,482</b>	<b>236,847</b>	<b>129,118</b>
<b>Non-current liabilities</b>			
Deferred tax payable	647	323	323
Borrowings	316,132	243,168	140,000
Long service leave	7,721	7,827	6,041
<b>Total non-current liabilities</b>	<b>324,500</b>	<b>251,318</b>	<b>146,364</b>
<b>Total liabilities</b>	<b>576,982</b>	<b>488,166</b>	<b>275,482</b>
<b>Net assets</b>	<b>459,197</b>	<b>421,937</b>	<b>358,632</b>
<b>Share Capital and Reserves</b>			
Issued Capital	24,200	24,200	24,200
Retained earnings	368,672	327,216	295,534
Proposed Dividend	15,504	26,667	18,605
Shareholders' funds	408,376	378,083	338,339
Minority shareholders' interest	50,821	43,854	20,293
<b>Total capital and reserves</b>	<b>459,197</b>	<b>421,937</b>	<b>358,632</b>

**Consolidated statement of cash flows**

	<b>Current period K'000</b>	<b>Previous corresponding Period K'000</b>
<b>Cash flows related to operating Activities</b>		
Receipts from customers	331,724	217,773
Payments to suppliers and employees	(251,715)	(131,991)
Interest and other items of similar nature received	3,286	36
Interest and other costs of finance paid	(12,013)	(4,715)
Income taxes paid	(12,274)	(13,700)
<b>Net operating cash flows</b>	<b>59,008</b>	<b>67,403</b>
<b>Cash flows related to investing activities</b>		
Payment for purchases of property, plant and equipment	(96,874)	(79,056)
Proceeds from sale of property, plant and equipment	6,836	996
Payment for Purchase of financial asset	(11,827)	0
Dividends received from associates	5,015	1,941
Acquisition of new Business	0	(16,928)
Loans repaid by/to other entities	13,390	9,798
<b>Net investing cash flows</b>	<b>(83,460)</b>	<b>(83,249)</b>
<b>Cash flows related to financing activities</b>		
Proceeds from borrowings	87,827	60,000
Repayment of borrowings	(56,537)	0
Dividends paid	(28,668)	(27,146)
<b>Net financing cash flows</b>	<b>2,622</b>	<b>32,854</b>
<b>Net increase (decrease) in cash held</b>	<b>(21,830)</b>	<b>17,008</b>
Cash at beginning of period	(31,360)	(30,838)
<b>Cash at end of period</b> <i>(see Reconciliation of cash)</i>	<b>(53,190)</b>	<b>(13,830)</b>
<b>Reconciliation of cash</b>		
Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	<b>Current period K'000</b>	<b>Previous corresponding period K'000</b>
Cash on hand and at bank	1,796	1,290
Bank overdraft	(54,986)	(15,120)
<b>Total cash at end of period</b>	<b>(53,190)</b>	<b>(13,830)</b>

**Other Notes to the consolidated financial Statements**

Ratios	Current period	Previous corresponding period
<b>Profit before tax / revenue</b>		
Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	26.0%	25.1%
<b>Profit after tax / equity interests</b>		
Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period	14.0%	11.3%
<b>Earnings per security (EPS)</b>		
Calculation of the following in accordance with <i>IAS33: Earnings per Share</i>		
(a) Basic EPS	183.7 <i>t</i>	123.2 <i>t</i>
(b) Diluted EPS	183.7 <i>t</i>	123.2 <i>t</i>
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	31,008,237	31,008,237
<b>NTA backing</b>		
Net tangible asset backing per ordinary security	K12.62	K10.37

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

*The economic entity has an interest (that is material to it) in the following entities.*

<i>Name of entity</i>	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss)	
	Current period	Previous corresponding period	Current period - K'000	Previous corresponding period- K'000
<b>Equity accounted associates and joint venture entities</b>				
Colgate Palmolive Ltd	50	50	1,826	1,246
Consort Express Lines <sup>1</sup>	51	33	0	612
Datec <sup>2</sup>	100	50	0	1,237
Pacific Rumana	50	50	0	(12)
Pacific Towing Ltd	50	50	4,616	2,575
New Britain Shipping	50	50	1,564	159
Kiunga Stevedoring	25	25	116	8
United Stevedoring <sup>3</sup>	12	0	28	0
Riback Stevedores <sup>3</sup>	25	0	977	0
Makerio Stevedoring <sup>3</sup>	23	0	61	0
Makana Stevedoring <sup>3</sup>	23	0	238	0
<b>Total</b>			9,426	5,825
Tax expense/ (credit)			2,437	1,665
<b>Total</b>			6,989	4,160

1. Consort Express Lines is accounted for as a consolidated entity during the current period
2. Datec is accounted for as a consolidated entity during the current period
3. The Associates of Consort Express Lines are consolidated this period where control was acquired

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

	Current Period	Previous Corresponding Period
Nil		

**10. Basis of Accounting**

This financial report has been prepared in accordance with International Financial Reporting Standards. Significant Accounting Policies are included in the most recent Financial Report.

**Commentary**

**Final Report to the Stock Exchange**

The Directors of Steamships Trading Company Limited advise a profit after tax and minority interests of K56,960,000 for the six months to June 2010, compared to a profit of K38,211,000 for same period in 2009. This figure includes Steamships' equity-accounted, share of associates' results. Sales of K366.5 million have increased by 66% against 2009 sales of K220.8 million. The 2010 figures include Consort and Datec which in 2009 first half were reported as Associate companies. Thus on a "like for like" basis sales have increased by 14% and profit after tax and minority interests have increased by 30%. Depreciation in 2010 was K32,252,000 against K22,489,000 in 2009, and interest on borrowings was K12,013,000 against K4,715,000 in 2009. Capital expenditure for the six months was K96,876,806 against K79,056,903 in 2009.

Hotels, Property and Shipping divisions have had a solid six months to date, due to strong demand for their services. Demand for hotel accommodation remains strong and although the Gateway and Ela Beach expansion projects in Port Moresby have been delayed by 4 months, they are nearing completion and will add significantly to the Coral Sea Hotels group. The 160 room Grand Papua Hotel development continues on schedule for completion in late 2011. Shipping has had a good first half with high vessel utilisation and good cost containment. Two recently purchased barges and two tugs will be fully utilised from August onward. Stevedoring has been strong in both Port Moresby and Lae with overall tonnage up 22% on budget and 30% on last year. Consort has also made a significant contribution, with overall tonnage movements up 11.5% on 2009. The Property division continues to grow its earnings due to the increased demand for industrial and residential sites in Lae and Port Moresby. The developments at the NGI site and Badili in Port Moresby are nearing completion and will add to the result in the second half of the year. The Datec division also contributed positively to the first half performance and has signed significant contracts due for delivery in the second half of the year. The Manufacturing division has had a poor start to the year but should see an improvement in the second half due to the consolidation of the Lae facility and an alternative distribution supply chain solution. East West Transport also had a poor start to the year however with improved conditions on the Highway we expect that the recent profitability of the division will provide a stronger second half.

The solid performance of the PNG economy, with its continuing stable exchange rate and low interest rates, has meant that the Group has, as in previous years, been able to continue to invest with confidence in new projects and assets, particularly in the Property, Hotels and Shipping Divisions, which is reflected in the capital expenditure figures. These long term investments are crucial to grow the Company and provide future opportunities for all stake holders.

Directors anticipate that the second half of 2010 will continue to see an improvement in earnings as the current economic conditions persist and the LNG project gains traction.

An interim dividend of 50 toea per share (2009 - 60 toea per share), absorbing K15, 504,119, will be paid on the 30<sup>th</sup> of September 2010. As noted in the 2009 Annual Report, in view of the substantial capital expenditure program being undertaken dividends will be modest.

**Directors' Declaration**

Steamships Trading Company Limited – ARBN 055 836 952

In the opinion of the directors of Steamships Trading Company Limited

1. The financial statements and notes set out in pages 3 to 8 are in accordance with the Papua New Guinea Companies Act 1997, including:
  - (a) Giving a true and fair view of the financial position of the Group as at 30 June 2010 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and
  - (b) Complying with international Financial Reporting Standard IAS34: Interim Financial Reporting, other generally accepted accounting practices in Papua New Guinea, and ASX listing rules relating to the half yearly financial reports.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in Accordance with a resolution of the directors

Director



Print Name: DAVID H COX

Place: Port Moresby

Date: 24 August 2010

## 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
<b>2010</b>						
<b>External Revenue</b>	54,082	47,419	56,365	186,377	22,257	<b>366,500</b>
<b>External Revenue</b>	54,082	47,419	56,365	186,377	22,257	<b>366,500</b>
<b>Segment Results</b>	3,235	21,059	1,422	39,324	20,814	<b>85,854</b>
<b>Add: Share of Associate Profit</b>	-	-	1,826	7,600	-	<b>9,426</b>
<b>Total Segment result</b>	3,235	21,059	3,248	46,924	20,814	<b>95,280</b>
<b>Income tax expense</b>	(1,014)	(6,602)	(446)	(12,328)	(6,525)	<b>(26,915)</b>
<b>Associate Share of Income Tax</b>	-	-	(548)	(1,889)	-	<b>(2,437)</b>
<b>Total tax Expense</b>	(1,014)	(6,602)	(994)	(14,217)	(6,525)	<b>(29,352)</b>
<b>Group Profit</b>	2,221	14,457	2,254	32,707	14,289	<b>65,928</b>
<b>Segment assets</b>	44,170	112,381	92,912	371,546	415,170	<b>1,036,179</b>
<b>Segment liabilities</b>	19,166	8,505	16,710	158,627	373,974	<b>576,982</b>
<b>Net Assets</b>	25,004	103,876	76,202	212,919	41,196	<b>459,197</b>
<b>Capital expenditure</b>	3,058	18,176	2,679	31,299	41,662	<b>96,874</b>
<b>Depreciation</b>	1,913	2,868	1,964	18,365	7,238	<b>32,349</b>

	Retail	Hotels	Manu- facturing	Shipping & Transport	Property & Investment	Total
	K'000	K'000	K'000	K'000	K'000	K'000
<b>2009</b>						
External revenue	12,253	39,266	48,574	98,384	22,313	<b>220,790</b>
<b>Total Revenue</b>	<b>12,253</b>	<b>39,266</b>	<b>48,574</b>	<b>98,384</b>	<b>22,313</b>	<b>220,790</b>
<b>Segment Results</b>	1,886	15,781	2,302	21,966	10,490	<b>52,425</b>
<b>Add: Share of Associate Profit</b>	1,238	-	1,246	3,355	(12)	<b>5,825</b>
<b>Total Segment result</b>	<b>3,124</b>	<b>15,781</b>	<b>3,548</b>	<b>25,321</b>	<b>10,478</b>	<b>58,251</b>
<b>Income tax expense</b>	(592)	(4,957)	(723)	(6,899)	(3,295)	<b>(16,466)</b>
<b>Associate Share of Income Tax</b>	-	-	(374)	(1,040)	-	<b>(1,414)</b>
<b>Total tax Expense</b>	<b>(592)</b>	<b>(4,957)</b>	<b>(1,097)</b>	<b>(7,940)</b>	<b>(3,295)</b>	<b>(17,880)</b>
<b>Group Profit</b>	<b>2,531</b>	<b>10,824</b>	<b>2,452</b>	<b>17,381</b>	<b>7,183</b>	<b>40,371</b>
<b>Segment assets</b>	35,156	83,213	72,556	170,442	272,747	<b>634,114</b>
<b>Segment liabilities</b>	19,247	8,961	14,308	25,759	207,207	<b>275,482</b>
<b>Net Assets</b>	<b>15,909</b>	<b>74,252</b>	<b>58,248</b>	<b>144,683</b>	<b>65,540</b>	<b>358,632</b>
<b>Capital expenditure</b>	9,169	11,228	3,292	13,437	41,930	<b>79,056</b>
<b>Depreciation</b>	515	3,152	1,776	11,547	5,499	<b>22,489</b>

**Independent auditor's review report to the members of  
Steamships Trading Company Limited**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Steamships Trading Company Limited which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Steamships Trading Company Limited Group (the consolidated entity). The consolidated entity comprises both Steamships Trading Company Limited (the Company) and the entities it controlled during that half-year.

*Directors' responsibility for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with International Financial Reporting Standards (including generally accepted accounting practices in Papua New Guinea) and with the requirements of the Papua New Guinea Companies Act 1997 and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Papua New Guinea Companies Act 1997* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and its performance for the half-year ended on that date; and complying with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. As the auditor of Steamships Trading Company Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with International Standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of  
Steamships Trading Company Limited  
(continued)**

*Independence*

In conducting our review, we have complied with the independence requirements of the *Papua New Guinea Companies Act 1997*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Steamships Trading Company Limited is not in accordance with the *Papua New Guinea Companies Act 1997* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the half-year ended on that date; and
- (b) complying with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* and generally accepted accounting practices in Papua New Guinea.

*Other matters*

This report, including the review opinion, has been prepared for and only for the company's shareholders as a body in accordance with the PNG Companies Act 1997 and for no other purpose. We do not, in giving this review opinion, accept or assume responsibility for any other purpose or to any other person whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

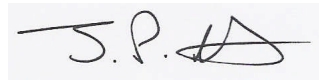
PricewaterhouseCoopers

PricewaterhouseCoopers



Brett Entwistle  
Partner

Port Moresby  
24 August 2010



Jon Roberts  
Engagement Leader