STEAMSHIPS

TRADING COMPANY LIMITED

ANNUAL REPORT 2014

CONTENTS

BRIEF PROFILE OF STEAMSHIPS TRADING COMPANY LTD

Steamships Trading Company Limited (Steamships) has a long history in Papua New Guinea and is one of the country's leading businesses. Today Steamships is a well-established business conglomerate with diverse commercial interests and listings on both the Australian and Port Moresby 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 just over 4,000 PNG citizens and non-citizens in 8 diverse divisions grouped under the 3 operating categories of Logistics, Property and Commercial.

Steamships core values include the following:

- 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.
- 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. Humility guides our approach to colleagues, customers and partners. This does not mean that we lack self-confidence but that we act with humble pride.
- 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.
- Customer Focus – Our customers are the final judges of our success or failure. We understand and respond to the needs of our customers.
- Safety – We prioritise safety awareness and compliance to ensure our business operations are conducted safely.
- People Development – We value a working environment that fosters innovation and encourages personal development and learning.

Steamships is aware of its pre-eminent 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, environment 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 of and satisfaction of its customers, the local communities and the environment in which it operates.

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

STEAMSHIPS' ORGANISATIONAL STRUCTURE

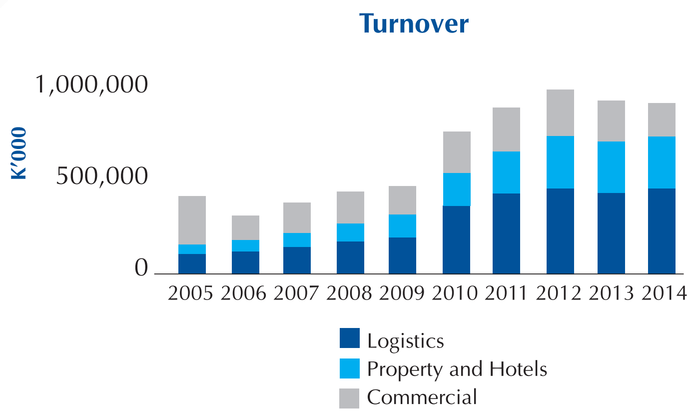
STEAMSHIPS HEAD OFFICE

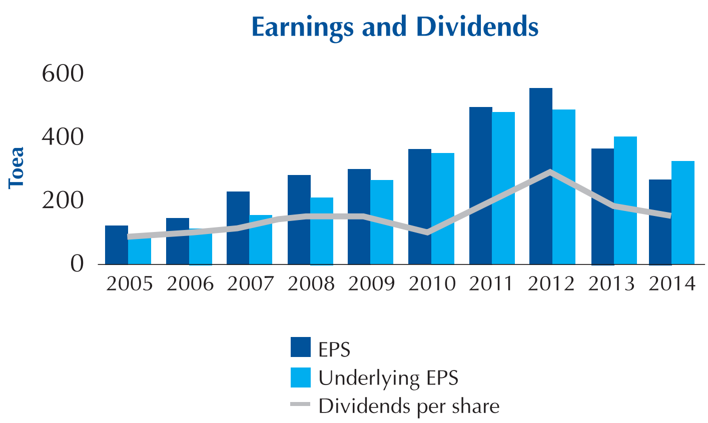
- **LOGISTICS**
  - Steamships Shipping
    - - Coastal Shipping
    - - Joint Venture Stevedoring
  - Consort Express Lines
  - East West Transport
  - Pacific Towing
- **PROPERTY**
  - Coral Sea Hotels
  - Pacific Palms Property
- **COMMERCIAL**
  - Datec*
  - Laga Industries
  - Colgate-Palmolive**

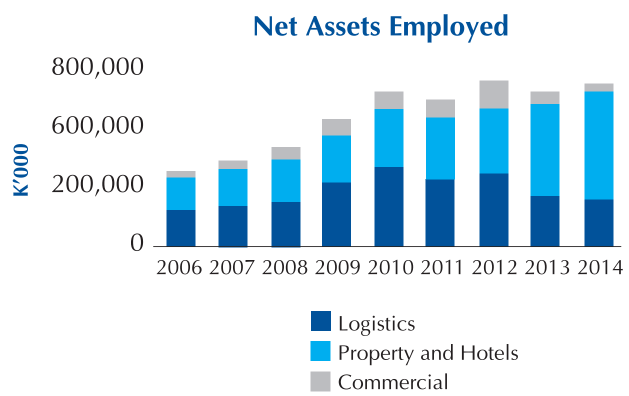
* Sold 31 July 2014
** Joint Venture

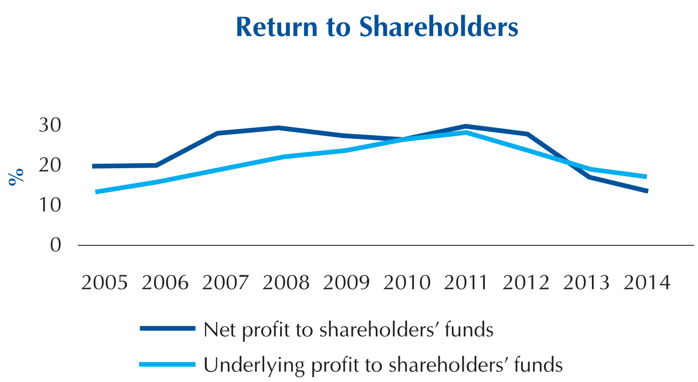
FINANCIAL HIGHLIGHTS

2014 FINANCIAL HIGHLIGHTS	2014 K'000	2013 K'000	Change %
Revenue (including discontinued operations)	941,708	930,934	1%
Profit attributable to shareholders	88,655	114,011	-22%
Cash generated from operations	222,512	237,638	-6%
Net cash inflow/(outflow) before financing	13,193	(73,984)	118%
Shareholders' funds	735,964	713,977	3%
External Borrowings	700,883	640,284	9%
Earnings per share	286	368	-22%
Dividends per share	140	185	-24%
Shareholders' funds per share	2,373	2,303	3%
Underlying profit attributable to shareholders	108,808	128,367	-15%
Underlying earnings per share	351	414	-15%
Gearing ratio	47.8%	46.5%	3%
Interest cover	5.8	7.4	-22%
Dividend cover	2.0	2.0	3%









SUMMARY OF PAST PEFORMANCE

	2005 K'000	2006 K'000	2007 K'000	2008 K'000	2009 K'000	2010 K'000	2011 K'000	2012 K'000	2013 K'000	2014 K'000
INCOME STATEMENT (including discontinued operations)										
Revenue	363,565	333,966	404,592	462,972	495,976	789,918	920,357	986,310	930,934	941,708
Profit before tax	45,434	53,502	91,208	111,615	120,602	180,834	233,967	265,574	79,747	134,789
Share of associates profit	13,389	15,115	15,029	16,837	16,732	11,416	13,859	14,188	9,697	3,843
Income tax expense	(16,589)	(18,357)	(27,869)	(32,808)	(34,637)	(53,935)	(67,727)	(81,414)	(14,042)	(38,487)
Minority interests	(2,026)	(2,781)	(4,211)	(5,418)	(6,137)	(21,870)	(21,838)	(20,648)	38,609	(11,490)
Net profit attributable to shareholders	**40,208**	**47,479**	**74,157**	**90,226**	**96,560**	**116,445**	**158,261**	**177,700**	**114,011**	**88,655**
Depreciation transfer	1,467	1,467	1,467	159	0	0	(1,061)	0	0	0
Equity adjustment	0	0	0	0	0	0	0	0	(8,994)	0
Dividends paid or provided	(20,157)	(31,008)	(38,760)	(45,272)	(45,272)	(31,008)	(58,916)	(88,373)	(57,365)	(43,411)
Earnings retained this year	**21,518**	**17,938**	**36,864**	**45,113**	**51,288**	**85,437**	**98,284**	**89,327**	**47,652**	**45,244**
Underlying profit attributable to shareholders	**28,696**	**35,067**	**49,926**	**67,770**	**85,120**	**113,597**	**153,566**	**156,213**	**128,367**	**108,808**
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	196,161	218,833	254,230	302,595	353,883	428,157	554,349	652,978	689,777	711,764
Shareholders' funds	**220,361**	**243,033**	**278,430**	**326,795**	**378,083**	**452,357**	**578,549**	**677,178**	**713,977**	**735,964**
Minority Shareholder's Interest	10,056	11,094	13,684	18,336	43,854	62,851	75,365	84,322	22,907	30,773
EQUITY	**230,417**	**254,127**	**292,114**	**345,131**	**421,937**	**515,208**	**653,914**	**761,500**	**736,884**	**766,737**
Fixed Assets / Investment Properties	193,639	227,773	263,276	353,261	664,196	786,510	938,709	1,023,861	1,066,393	1,115,123
Investments in Associated Companies	10,572	16,839	22,225	33,337	17,939	15,416	28,445	38,687	31,471	33,193
Future Income Tax Benefit	24,207	12,944	5,358	4,150	7,305	9,282	0	0	21,081	33,521
Goodwill	3,068	3,568	3,568	7,578	17,183	17,183	17,183	17,183	93,617	80,491
Current assets	98,588	98,006	137,623	154,508	203,480	294,203	299,634	411,920	352,549	366,479
TOTAL ASSETS	**330,074**	**359,130**	**432,050**	**552,834**	**910,103**	**1,122,595**	**1,283,971**	**1,491,651**	**1,565,111**	**1,628,807**
Current Liabilities	90,867	98,517	134,941	122,562	236,847	273,055	283,445	370,396	230,390	190,621
Non-Current Liabilities	8,790	6,486	4,995	85,141	251,319	334,331	346,612	359,755	597,837	671,449
TOTAL LIABILITIES	**99,657**	**105,003**	**139,936**	**207,703**	**488,166**	**607,386**	**630,057**	**730,151**	**828,227**	**862,070**
NET ASSETS	**230,417**	**254,127**	**292,114**	**345,131**	**421,937**	**515,208**	**653,914**	**761,500**	**736,884**	**766,737**
RATIOS										
Current assets to current liabilities	1.08	0.99	1.02	1.26	0.86	1.08	1.06	1.11	1.53	1.92
Borrowings to shareholders funds	13.7%	10.6%	13.6%	34.8%	89.1%	89.7%	70.1%	72.6%	89.7%	95.2%
Gearing	11.6%	9.2%	11.5%	24.8%	44.4%	44.0%	38.3%	39.2%	46.5%	47.8%
Tangible net asset backing per share (toea)	7.33	8.08	9.31	10.89	13.05	16.06	20.53	24.00	20.75	22.13
Net profit to revenue %	10.9%	14.1%	18.2%	19.4%	19.3%	14.5%	16.9%	17.1%	12.2%	9.4%
Net profit to shareholders' funds %	18.2%	19.5%	26.6%	27.6%	25.5%	25.7%	27.4%	26.2%	16.0%	12.0%
Underlying profit to shareholders' funds %	13.0%	14.4%	17.9%	20.7%	22.5%	25.1%	26.5%	23.1%	18.0%	14.8%
Dividends per share (toea)	65	100	125	146	146	100	190	285	185	140
EPS (toea)	130	153	239	291	311	376	510	573	368	286
Underlying EPS (toea)	93	113	161	219	275	366	495	504	414	351
Earnings retained %	53.5%	37.8%	49.7%	50.0%	53.1%	73.4%	62.1%	50.3%	41.8%	51.0%

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

Trading conditions slowed as anticipated in 2014 as the stimulus provided by the construction phase of the LNG project came to an end. Weaker agricultural commodity prices and the stronger Kina also took their toll on the non-resource sector of the economy which supports the vast majority of Papua New Guinea's citizens. The mid-year intervention by the Bank of Papua New Guinea added unwelcome disruption and uncertainty to foreign currency transactions and created an additional cost burden for much of the business community.

The logistics businesses; Consort, Steamships Shipping, East West Transport and Pacific Towing are early barometers of PNG's economic health with their exposure to trade flows and resource sector development. 2014 experienced slowing activity levels and the critical focus for 2015 will be on reducing structural costs to enhance competitiveness. Investment in fleet retonnaging was significant in 2014 and the modern tonnage will improve cost efficiency and reliability. Consort continued to suffer from severe congestion delays in Lae but the welcome completion of the first stage of the Lae Tidal Basin should remove this infrastructure bottleneck in 2015.

In recent years Pacific Palms Property has increasingly focused investment upon developments of scale and quality in good strategic locations. These attributes should position the business to ride out the stresses created by over-supply in some property sectors in Port Moresby. Windward West, Waigani Central, Kittyhawk Industrial Complex, the Madang retail centre and SVS supermarket in Lae were all completed during 2014 and fully tenanted upon opening.

Coral Sea Hotels has and will continue to invest significantly in the upgrade of its product and the service standards of its staff to better attract and retain custom in an increasingly competitive market. Yields were managed to ensure room occupancy rates were maintained despite the entry of new room capacity in the Port Moresby and Lae markets. The Division has expansion plans to meet anticipated demand growth, especially for leisure dining, as disposable incomes are expected to increase over the medium term.

Management of the transition of Laga from a manufacturer of a variety of consumer goods to a business more focused upon ice cream manufacturing, sales and distribution has been a challenge. New management will be applying a more disciplined and structured approach to delivering the basics in a more reliable manner. Investment in a doubling of freezer and manufacturing capacity reflects the commitment to the potential of the ice cream business.

The sale of Datec was completed in 2014. The potential of this information technology and communications service provider was considered to be more readily realisable if aligned with a telecoms provider in an industry that is increasingly communications dependent. Datec was a good business for Steamships but should better realise its potential with its new owner, Telikom.

Steamships continued to invest significantly in 2014 (Kina 201.3 million) as several large property projects were completed and vessels delivered. The pace of investment will be decelerated in the short term as the economic downturn is digested but Steamships will remain vigilant to identifying opportunities that could arise during this period.

The recent collapse in oil and gas prices will bring uncertainty and possible delays to anticipated projects but the quality of PNG resources should mean that it a question of when not if development will commence. Steamships remains confident in the longer term prospects for the PNG economy. In the short term a degree of caution will be exercised and disciplines applied that have assisted Steamships over 96 years to navigate the occasional bumpy road on PNG's journey of development.

Steamships will continue to invest in the training and development of its staff despite the slowdown. We intend to be well positioned for when the economy regathers steam and our team can continue to grow Steamships. I thank all our staff for their commitment and hard work which have been and will remain critical to the success of Steamships.

GL Cundle
Chairman

March 2015

DIRECTORS' REVIEW

The Directors of Steamships advise a profit after tax and minority interests of K88.7 million for the 12 months to December 2014, compared to a profit of K114.0 million (restated) for the same period in 2013 (a 22.2% reduction).

Sales of K941.7 million have increased by 1.2% against 2013 sales of K930.9 million. Depreciation in 2014 was K106.9 million (excluding impairments) against K106.7 million in 2013, and interest on borrowings (excluding capitalised interest) was K28.9 million against K17.8 million in 2013. Capital expenditure for the 12 months was K201.3 million (with capitalised interest of K4.9million) against K224.7 million (with capitalised interest of K16.5 million) in 2013. A final dividend of 60 toea per share has been proposed and will be paid following approval at the company's annual general meeting on the 26th of May 2015. This brings the total dividend for the year to 140 toea per share (2013; 185 toea per share).

As allowed by IFRS 3, the 2013 comparative results have been restated to include an adjustment of K3.0 million to reduce the equity gain on assuming control of Pacific Towing; this is as a result of a reassessment of the estimated fair value associated with outstanding salvage jobs at the point of gaining control.

As reported to the Stock Exchange on the 16th February 2015, East West Transport implemented a decision to exit its operations on the Highlands Highway given an unsustainable operation. This together with a number of other impairments, netted off by a gain on the sale of Datec (PNG) Limited in July 2014, sees an adjusted underlying profit attributable to shareholders of K108.8 million as compared to a K128.4 million for the same period in 2013 (a 15.2% decline).

STEAMSHIPS COASTAL SHIPPING & STEVEDORING

Steamships has been a leader in coastal shipping in PNG since 1919. Through its Steamships Shipping division, the Group today operates a fleet of 16 coastal vessels. Designed for shallow water and river passage, their safety and technical specifications are maintained to international standards. The fleet includes landing craft, bulk carriers, tankers, tugs and barges. While the Division specialises in river shipping, it also has vessels fully certified for international trading, which regularly operate charters to Australia.

Steamships Shipping provides short and long term vessel charters, as well as reliable scheduled cargo liner services to the shores and rivers of the Gulf of Papua. It also develops, implements and supports intermodal logistics solutions linked to land based services such as road transport, cargo handling, storage, agencies, customs clearance, lay down areas and warehousing.

In addition to owning vessels, Steamships JV Stevedoring businesses offer a full range of stevedoring and handling facilities. They operate in the ports of Port Moresby, Lae, Oro, Madang, Kimbe, Kavieng and Kiunga. With a fleet of specialist equipment the businesses handle all types of containers, as well as project cargo, break-bulk, RO-RO, LO-LO and grains. Local trucking businesses are also operated at several locations. The stevedoring companies are joint ventures between Steamships Shipping and local landowner groups at the respective ports. Each joint venture employs a local workforce and is structured in a manner so that earnings are able to filter back into the community.

A disappointing year as demand for landing craft on project charters was weak due to the fall in exploratory activity for resource companies as a result of weakening commodity prices. The liner trades to Kiunga and Daru also reported poor results with weaker cargo volumes and continued competitive pressure on rates.

Costs were inflated by the salvage of two vessels that grounded in the Kikori River where navigational conditions are challenging. There was also a subsequent loss of hire for the two vessels. Steamships is introducing new vessels with shallow draft and double bottom hulls to provide the most environmentally sound operating solution for these regions where exploration activity is expected to be centred in the future.

The first half of the year benefited from continued spot employment with Ok Tedi for the Obo Chief and Bosset Chief but with the cessation of this work both vessels are now scheduled for disposal. A 5 year charter extension for Kiunga Chief has been confirmed with Ok Tedi.

The fleet retonnaging plans continued through 2014 with a replacement tug (Ok Tarim) delivered in March, a new design 480 dead weight tons B-class (Balimo Chief) arriving in November and an additional 1,450 dead weight tons K-class (Kerema Chief) delivered in December. The new B-class is designed to meet the demand for shallow draft river project work and replaces the retiring Erima Chief.

A group reorganisation has been announced with the consolidation of Steamships Shipping into Consort Express Lines, a related entity in which Steamships has a 51% shareholding, expected to take place in mid 2015. Consort will combine its existing main port coastal liner service with Steamships liner services to the Papuan Gulf offering a more seamless service to customers. The expanded Consort will also be able to offer project and charter services on a national basis whereas the Steamships traditional focus has been on the Papuan Gulf. The consolidation should also provide cost efficiencies.

The Joint Venture Stevedoring businesses with local partners in key PNG ports had a satisfactory year with flat tonnage in most ports except Port Moresby, which experienced a downturn with the completion of the LNG Project decommissioning phase. A new Joint Venture, Palm Stevedoring & Transport, was successfully established in Alotau and met expectations.

Prospects for the project charter business in 2015 appear challenging with the collapse in commodity prices potentially delaying development of the Elk Antelope and Western Province LNG projects. The fleet renewal undertaken in recent years (another B-class vessel, Bamu Chief, will be delivered in Q1 2015) will position Steamships/Consort to be a strong contender for the eventual recovery in market conditions. 2015 will have a strong focus on cost efficiency as the consolidation with Consort is progressed.

CONSORT EXPRESS LINES

As a complementary business to Steamships Shipping, Consort Express Lines Limited (Consort), established in 1978, provides the most comprehensive network of scheduled liner shipping services in PNG. Operating from its hub in Lae, Consort connects 15 ports in PNG and provides an international service to Townsville, Australia. The Division has scheduled services to the North Coast (Madang, Basamuk, Wewak, Vanimo), South Coast (Port Moresby, Oro Bay, Alotau), New Guinea Islands (Kimbe, Rabaul, Kavieng), Bougainville (Buka, Kieta), Australia (Townsville) and with Steamships Coastal Shipping a transhipment to Western Province (Daru, Kiunga). Consort proudly serves the people of PNG by providing the sole supply link to many of the communities on its routes.

Consort owns seven geared, multi-purpose vessels (PNG flagged and manned) with all safety and technical specifications maintained according to international standards. The Division can carry 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 cargoes to outports.

In addition to owning and operating ships, Consort provides complementary depot services to customers at its Lae hub (including bond yard, container storage and wash bay facilities) and is a shareholder and manager of stevedoring operations at five PNG ports (Riback Stevedoring, Lae; United Stevedoring, Lae; United Stevedoring, Port Moresby; Makerio Stevedoring, Buka; Nikana Stevedoring, Kieta). These stevedoring companies are partnerships between Consort and local landowner companies and provide significant employment opportunities for the nearby communities.

The coastal shipping industry continued to face challenging conditions as the non-resource sector of the economy struggled with weaker commodity prices and the revaluation of the Kina imposed by the Bank of PNG. Coastal tonnages had been improving in the first half but activity in the second half was significantly and progressively weaker. Overseas tonnages on the Townsville service were in line with what had been a poor prior year. Competition remained fierce on all key sectors.

Berth congestion in Lae was significantly worse than 2013 and added appreciably to operating costs. The opening of the first phase of the Lae Tidal Basin should bring some welcome relief to this problem once the new berth is fully operational.

A new service to Manus reported start-up losses and was also hampered by congestion – it is hoped that a contract/sourcing review may assist PNG-service providers in 2015.

Operating costs were negatively impacted by charter costs incurred to bridge the gap between retiring older tonnage and the delayed purchase of replacement tonnage. The fleet renewal programme is on track to provide Consort with larger capacity (8000 dwt) vessels to better meet customer requirements and to enable improved and more reliable scheduling. Gazelle Coast (October delivery) and Bougainville Coast (November) have entered service and are performing well. Consort continues to invest in the expansion and upgrading of its container fleet with 1000 new boxes delivered in 2014 and a further 2000 boxes ordered for 2015 delivery.

Stevedoring tonnages for associate, Riback Stevedoring, were significantly down on 2013 as project cargoes declined and the contribution attributable to Consort was consequently much reduced.

Prospects for 2015 are clouded by the weakening non-resource sector of the economy. There will be a strong focus on improved cost efficiency to be delivered from the consolidation with Steamships Shipping and the new vessel deliveries. The Lae Tidal Basin opening should also bring significant operational efficiencies and an improved service to customers with an anticipated fall in congestion delays.

PACIFIC TOWING

Pacific Towing became a wholly owned Steamships subsidiary at the end of November 2013. The Division is the leading provider of harbour towage and mooring services in PNG and offers coastal and ocean towage services. It also retains a fast responder salvage capability complimented by a comprehensive range of commercial dive services.

Pacific Towing is headquartered in Port Moresby and operates 22 vessels, including tugs and line boats, in five ports across PNG (Port Moresby, Lae, Rabaul, Kimbe and Madang). Dedicated harbour towage services were extended to the Solomon Islands in 2013 through a newly formed subsidiary company operating in Honiara.

2014 was the first year of operation for Pacific Towing as a wholly-owned subsidiary. The result was satisfactory despite a 3% drop in harbour jobs due to fewer ship calls as the LNG project decommissioning came to a close. Tug charters and diving services had positive growth and costs were well contained with the introduction of 3 crew manning on the two tugs acquired in 2013. Maintenance costs were also reduced with the deployment of the new tugs.

Two salvages of Steamships Coastal vessels were reported as extraordinary income.

The retonnaging plan progressed with the acquisition of a third 50 ton bollard pull AST tug, Pacific Salvor, to be deployed in Lae in early 2015 after completion of refitting. The two similar scoped tugs acquired in 2013 have performed very reliably. Two new line boats were delivered for service in Port Moresby during 2014.

Prospects are expected to be steady for 2015. A new mooring service will be offered in Kimbe.

EAST WEST TRANSPORT

East West Transport (EWT) is one of Papua New Guinea's main multifaceted transport and logistics companies. Based in Lae, it also has a presence in Port Moresby, Kimbe, Rabaul, Madang, Wewak and Kavieng. The Division has a sizable fleet of prime movers, heavy trucks, light trucks, forklifts and reach stackers ranging from 2.5 to 45 tons in capacity. All equipment is supported by localised workshop facilities, safety and emergency vehicles and in house training programmes.

EWT operates across a wide spectrum of transport-related activities including bulk fuel, containerised cargoes, bulk grain, sawdust and coffee along with break-bulk cargoes and depot services such as equipment hire, warehousing and yard storage. EWT also offers a licensed customs cargo clearance service in Lae and Port Moresby and operates a large export coffee processing facility in Lae. The Division capitalises on its close relationships with sister companies in shipping and stevedoring by offering specialised project solutions for the mining, oil and gas sectors.

East West continued to operate in difficult market conditions and operating margins remained compressed despite significant efforts to reduce costs, which unfortunately necessitated a number of staff redundancies through 2014. Operating conditions on the Highlands Highway continued to deteriorate with security problems endemic and maintenance costs inflated by the poor road conditions and consequent vehicle damage. The Highlands economy was hit by another disappointing coffee crop which impacted East West haulage volumes and its coffee bulking facility. The slowdown in mining activity has led to excess truck capacity having to be absorbed at a time of weakening demand with an inevitable fall in rates. As reported to the stock markets in February, this situation sadly resulted in a decision to close the Division's Highlands Highway Operations with an impairment charge of PGK 15.7 million (post tax) recognised in the 2014 results.

Haulage activity in Port Moresby and Lae was impacted by the economic slowdown and there was some relocation of excess vehicles from the Highlands into both markets. Customs clearance work and warehousing was weaker in both markets again due to the slowing economy. Fuel haulage was relatively stable. The Kimbe operation was effected by weakening palm oil prices and their impact on the local economy and there is expected to be a reduction in fertiliser imports (and consequent haulage for East West) for 2015 as growers seek to reduce input costs.

No improvement in market conditions is anticipated in the short term and cost rationalisation will be a key focus for 2015. Consequently the residual East West Transport business will during the course of 2015 be amalgamated with that of Steamships' Joint Venture Stevedoring business to form an overall land based logistics division.

CORAL SEA HOTELS

Coral Sea Hotels (CSH) operates nine hotel and apartment complexes offering full hotel facilities and serviced apartments as well as extensive meeting, conference and banqueting facilities.

CSH remains the largest hotel group in PNG, offering 646 hotel rooms and 136 apartments. The Group comprises the Grand Papua Hotel, the Gateway Hotel and Apartments, the Ela Beach Hotel and Whittaker Apartments in Port Moresby; the Huon Gulf Hotel and Apartments and Melanesian Hotel and Apartments in Lae; the Highlander Hotel and Apartments in Mount Hagen; the Bird of Paradise Hotel and Apartments in Goroka, and the Coastwatchers Hotel in Madang.

Margin declined as average rates fell 10% on prior year with the impact of a slowing economy on business travel, growing competition in Port Moresby and Lae, budget constraints on government department expenditure and reduced consumer discretionary spend in restaurants all being contributory factors. Room occupancy levels were maintained in line with prior year and serviced apartment performance was generally stable in the major centres.

Revenue and margin improved with the internalisation of food and beverage services at the Grand Papua Hotel following cancellation of its previous external service provider contract.

Investment was maintained in the upgrade of room standards, Project Cambridge, with the Ela Beach Hotel being the initial beneficiary. The project will be extended to other hotels through 2015. Free wi-fi service was introduced to the Port Moresby hotels and service performance will be evaluated for extension to other centres. Significant investment in staff training was maintained to improve the quality of service offering for customers and to develop capability in advance of the planned expansion of food and beverage outlets over the next few years.

Plans for 2015 include redevelopment of the Huon Gulf Hotel in Lae, extensions for the Highlander Hotel in Mt Hagen, a new restaurant extension for the Gateway Hotel and new restaurant outlets for the Grand Papua Hotel. Development of a new hotel in Kiunga in co-operation with Ok Tedi Development Fund has also been announced.

A recovery in business travel is not anticipated for 2015 and new competition will enter the Port Moresby market but the Port Moresby hotels will benefit from the Steamships Gold sponsorship of The Pacific Games and designation of Coral Sea Hotels as “Preferred Accommodation Provider of the Event”.

PACIFIC PALMS PROPERTY

Pacific Palms Property is one of the largest and most dynamic property developers in PNG. The Division provides residential, commercial, retail and industrial property throughout the country.

Pacific Palms Property has two separate streams of business activity. The development team manages land acquisition, investment assessment and construction management, while the lettings team manages marketing, tenant placements, rental collections and property maintenance.

Building and land assets are located in Port Moresby, Lae, Madang, Wewak, Goroka, Mt Hagen, Popondetta and Rabaul. The Division currently holds a total lettable space of 25,488m^2 of commercial property, 189,944m^2 of industrial property, 36,949m^2 of retail property and 160 residential townhouses and apartments.

Pacific Palms had a satisfactory year with new developments attracting strong support. The anticipated weakening in the Port Moresby residential market was realised with reduced demand as the LNG demobilisation phase coincided with an influx of new capacity entering the market. Rentals came under pressure, primarily for older units, but demand for the premium Windward East complex ensured full occupancy from opening.

The Blaikie Apartments in Lae, completed at the end of 2013, attracted high occupancy levels throughout the year. Occupancies in Port Moresby fell in the final quarter as renovation work commenced on the Windward West apartments to bring them to an equivalent standard as Windward East. The renovations will impact occupancy through 2015.

In the Retail sector, the pre-let SVS supermarket and commercial centre in Lae and the Waigani Central supermarket, hardware and cinema complex were completed and have proven popular new retail destinations. A retail and mixed use development in Madang was completed in the first half and was fully let upon opening.

Demand remained satisfactory in the industrial category. Eight new warehouses were completed at the Kittyhawk centre at 6 Mile, Port Moresby and were fully let upon opening. Two new warehouses were completed at Baruni, Port Moresby and were again fully let upon opening.

Demand in the commercial office category was steady. The 11,743m^2 twin tower Harbourside office development remains on schedule for completion in early 2015. The ground floor, originally planned for mixed use has been redesigned as purely a restaurant and bar area to take advantage of its attractive location overlooking the harbour.

Prospects for 2015 are expected to be relatively stable for the industrial and retail sector. Demand for older residential units is expected to remain under pressure and selective disposals of less strategic properties will be considered. The Harbourside office towers will be leased into a softening commercial sector market but the quality of the product should stimulate solid interest. Pacific Palms has no plans to commence any new major developments in 2015 but will remain alert for opportunities to increase its land banks.

LAGA INDUSTRIES

Headquartered in Lae, Laga Industries is PNG's premier consumer goods business and the country's leading manufacturer of ice creams, vegetable oils, drink powders, condiments and spirits.

Brands include Gala Ice Cream, distributed from the Gala Parlours found in most leading retail supermarkets, Laga and Highlands Meadow oils, Kools drinking powders, and Trade Winds spirits including popular ready-to-drink (RTD) premixed beverages. Laga Industries also bottles pure drinking water.

Operationally, the Division has a fully integrated production facility in Lae and has a freezer and dry goods distribution facility in Port Moresby, with sales offices in Madang, Wewak, Goroka, Mt Hagen, Kimbe, Kavieng, Rabaul and Buka.

Laga Industries experienced another disappointing year with poor manufacturing reliability leading to failures to meet customer requirements. Addressing these issues will be the key priority for 2015.

A strategic decision to reduce manufacturing complexity in the Lae factory and the influx of aggressively priced imports led to the cessation of domestic bottling of cooking oil. The transition to overseas sourcing was not well managed and led to out-of-stocks but performance was improving towards the year end.

Operations were disrupted from mid-year by the Bank of PNG introduction of new controls on foreign exchange which led to lengthy and unreliable processing of applications for foreign exchange payment approvals. The disruption to supply chains and resultant additional costs in sourcing raw materials served to further under-mine the competitiveness of domestic manufacturing. Power supplies to the Lae factory were extremely unreliable and added to cost, waste and increased maintenance.

Trade Winds had a disappointing year due to manufacturing breakdowns and lack of focus which new management is expected to address.

Freezer warehouse capacity has been doubled and a new blast freezer commissioned in 2014, which will improve stock availability and product quality. The completion of the ice cream manufacturing upgrade in Q1 2015 will double production capacity.

New management will focus on getting the basics right in a business that has significant potential and results are expected to recover in 2015.

COLGATE PALMOLIVE

Steamships holds a 50 per cent beneficial interest in Colgate-Palmolive (PNG) Ltd (Colgate), a company that markets and distributes oral, personal, home and fabric care products in PNG. Joint control is exercised by the Board however day to day management is performed by Colgate-Palmolive Australia.

Colgate Palmolive had a much improved performance in 2014 with strengthened supply chain processes and stock control avoiding the product availability problems that undermined the prior year performance. Margins were compressed in the first half due to high soap chip costs and the impact of the strong Kina on import costs. Input costs eased in the second half.

Sales volumes grew in most categories with improved stock availability. Soap powder sales were an exception due to increased competitive activity. Improved in-store execution and an enhanced distribution presence in second tier markets had a positive impact on sales.

Marketing focus was maintained on consumer education programmes in all media to promote the health benefits of oral and personal hygiene. The "Bright Smiles, Bright Futures" campaign for Colgate toothpaste had a direct interaction between Colgate Palmolive's oral health ambassadors and 150,000 consumers (the majority being schoolchildren) across PNG.

SUSTAINABILITY

Steamships remains committed to the principles of Sustainable Development. Our People remain our key asset and focus on their health, safety and security is paramount in all we do.

Steamships will continue to invest in the training and development of its staff despite the slower economy. We intend to be well positioned for when the economy regathers steam and our team can continue to grow Steamships.

We continue to promote community engagement initiatives and are acutely aware of the need to minimise our environmental footprint. We continue for a second year to report against the Global Reporting Initiative measures at the C level.

Steamships' full annual Sustainability Report can be found at http://www.steamships.com.pg/sustainability/sustainability-reporting

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) and Port Moresby Stock Exchange (POMSOX) recommendations by addressing each key principle in the order it is listed in the guidelines. Each section addressing a key principle includes references to relevant information that appears elsewhere in the 2014 Annual Report or on the Steamships' website.

Steamships believes it complied with the 2010 Australian Stock Exchange Corporate Governance Principles and Recommendations with 2010 amendments during the twelve months ended 31 December 2014, except where noted in the annual Corporate Governance Report.

Steamships' full annual Corporate Governance Report can be found at http://www.steamships.com.pg/aboutus/corporate-goverance

Steamships Annual Report

FINANCIAL CONTENTS

STATEMENTS OF COMPREHENSIVE INCOME

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

	Note	Consolidated 2014	Consolidated 2013 (restated)	Parent Entity 2014	Parent Entity 2013
Continuing Operations					
Revenue	3(a)	879,267	827,936	78,347	56,971
Other income	3(a)	11,674	37,791	21,568	6,103
Operating expenses	3(b)	(730,630)	(769,090)	(4,706)	(6,001)
OPERATING PROFIT		160,311	96,637	95,209	57,073
Finance income/(costs) - net	3(e)	(28,808)	(17,690)	417	72
Share of profit of associates and joint ventures	4(b)	3,844	9,697	-	-
PROFIT BEFORE INCOME TAX		135,347	88,644	95,626	57,145
Income tax expense	5(a)	(37,295)	(13,815)	(70)	(572)
PROFIT FROM CONTINUING OPERATIONS		98,052	74,829	95,556	56,573
Profit after tax from discontinued operations	25	2,093	573	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		100,145	75,402	95,556	56,573
Attributable to:					
Non-controlling interests		11,490	(38,609)	-	-
Shareholders		88,655	114,011	95,556	56,573
		100,145	75,402	95,556	56,573
Basic and Diluted Earnings per share					
Continuing & discontinued (toea)	3(f)	286t	368t	-	-
Continuing (toea)	3(f)	279t	366t	-	-

These Statements of Comprehensive Income are to be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

	Share Capital	Retained Earnings	Other Reserves	Total Capital & Reserves	Non-Controlling Interest	Total Equity
BALANCE AT 1 JANUARY 2013	24,200	652,978	-	677,178	84,322	761,500
Profit for the year	-	117,050	-	117,050	(38,609)	78,441
Restatement (note 24)	-	(3,039)	-	(3,039)	-	(3,039)
Change in ownership interest resulting in a change in control	-	-	(8,994)	(8,994)	(17,104)	(26,098)
Dividends paid 2013	-	(68,218)	-	(68,218)	(5,702)	(73,920)
BALANCE AT 31 DECEMBER 2013 (Restated)	24,200	698,771	(8,994)	713,977	22,907	736,884
Profit for the year	-	88,655	-	88,655	11,490	100,145
Dividends paid 2014	-	(66,668)	-	(66,668)	(3,624)	(70,292)
BALANCE AT 31 DECEMBER 2014	24,200	720,758	(8,994)	735,964	30,773	766,737

This Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

No Statement of Changes in Equity is presented for the Parent Entity as the only movement in equity is represented by the retained earnings as shown in the statement of comprehensive income and dividend movements as reflected above for the Group.

BALANCE SHEETS

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

		Consolidated		Parent Entity	
	Note	2014	2013 (restated)	2014	2013
Current assets					
Cash and cash equivalents	6	15,273	11,640	765	643
Trade and other receivables	7	160,551	177,966	3,376	2,690
Inventories	8	37,060	59,878	-	-
		212,884	249,484	4,141	3,333
Non-current assets					
Property, plant and equipment	11	714,630	722,735	26,820	28,944
Investment properties	12	400,493	343,658	-	-
Investments in related companies	4(a)	33,193	31,471	128,319	145,365
Loans to related companies	10	153,595	103,065	5,712	5,712
Intangible assets	13	80,491	93,617	-	-
Deferred tax asset	5(c)	33,521	21,081	701	771
		1,415,923	1,315,627	161,552	180,792
TOTAL ASSETS		1,628,807	1,565,111	165,693	184,125
Current liabilities					
Trade and other payables	14	101,181	130,662	17	213
Provisions for other liabilities and charges	15	12,411	10,176	-	-
Loans from related company	10	13,579	15,998	108,110	155,234
Loan from shareholder	16	17,615	15,160	-	-
Borrowings	16	42,014	50,681	-	-
Income tax payable		3,821	7,713	-	-
		190,621	230,390	108,127	155,447
Non-current liabilities					
Deferred tax liability	5(c)	32,106	27,710	-	-
Provisions for other liabilities and charges	15	11,836	12,019	-	-
Borrowings	16	627,507	558,108	-	-
		671,449	597,837	-	-
TOTAL LIABILITIES		862,070	828,227	107,523	154,843
NET ASSETS		766,737	736,884	57,566	28,678
EQUITY					
Issued capital	17	24,200	24,200	24,200	24,200
Retained earnings		711,764	689,777	33,366	4,478
Capital and reserves attributable to the Company's shareholders		735,964	713,977	57,566	28,678
Non-controlling interests		30,773	22,907	-	-
TOTAL EQUITY		766,737	736,884	57,566	28,678

These Balance Sheets are to be read in conjunction with the accompanying notes.

For and on behalf of the Board:

Geoffrey. Cundle

30 March 2015

G.L. Cundle
Chairman

P.W. Langslow
Managing Director

STATEMENTS OF CASH FLOWS

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

		Consolidated		Parent Entity	
	Note	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		933,365	962,288	2,303	1,206
Payments to suppliers and employees		(631,622)	(642,030)	(2,288)	(1,177)
Interest received		91	106	417	72
Interest and other finance costs paid		(28,899)	(17,796)	-	-
Income tax paid		(50,423)	(64,930)	-	-
Net cash provided by/(used in) operating activities	19	222,512	237,638	432	101
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		(201,328)	(224,734)	(610)	(497)
Proceeds from sales of property, plant & equipment		11,414	52,463	-	-
Loans made (to)/repaid by associated companies		(50,494)	(51,609)	(46,168)	86,780
Dividends received		2,122	5,921	78,337	56,971
Acquisition of subsidiaries and non-controlling interests(net of cash acquired)		-	(93,663)	-	(77,719)
Proceeds from sale of subsidiary		28,967	-	34,795	-
Net cash (used in)/provided by investing activities		(209,319)	(311,622)	66,354	65,535
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		92,626	220,000	-	-
Repayments of borrowings		(16,490)	(86,401)	-	-
Dividends paid		(70,292)	(73,920)	(66,668)	(68,218)
Net cash provided by/(used in) financing activities		5,844	59,679	(66,668)	(68,218)
NET INCREASE/(DECREASE) IN CASH HELD		19,037	(14,305)	122	(2,582)
CASH AT BEGINNING OF THE YEAR		(29,978)	(15,673)	643	3,225
CASH AT END OF THE YEAR		(10,941)	(29,978)	765	643
CASH COMPRISES:					
Cash and cash equivalents	6	15,273	11,640	765	643
Bank overdrafts	16	(26,214)	(41,618)	-	-
		(10,941)	(29,978)	765	643

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 30th March 2015.

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

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Changes in accounting policy and disclosures

i. Standards, amendment and interpretations effective in the year ended 31 December 2014

The following new standards and amendments were applicable for the first time during the accounting period beginning 1 January 2014, but did not have a significant impact.

- Amendments to IFRS 10, Consolidated financial statements, IFRS 12 and IAS 27 for investment entities.
- Limited scope amendments to IAS 36 Impairment of assets.
- Amendments to IAS 32, Financial instrument: Presentation.
- Amendments to IAS 39, "Financial instruments: Recognition and measurement" in relation to novation of derivatives.
- IFRIC 21 Levies.

ii. New standards, amendment and interpretations issued but not yet effective for the year ended 31 December 2014 or adopted early

A number of new 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 2015 or later periods, but the entity has not early adopted them. None of these is expected to have a significant effect in the consolidated financial statements, but their potential full impact has yet to be assessed.

- Amendment to IAS 19 regarding defined benefit plans.
- Amendment to IFRS 11 Joint arrangements.
- Amendments to IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures.

There are no other IFRS's or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations. The consolidated financial statements have been prepared under the historical cost convention as modified by financial assets and liabilities at fair value through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 1 (z).

Restatement

As allowed by IFRS 3, the 2013 comparative results have been restated to include a negative adjustment to reduce the equity gain on gaining control of Pacific Towing (PNG) Limited; this is as a result of a reassessment of the fair value associated with outstanding salvage jobs at the point of gaining control.

(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 the Steamships Trading Company Limited as at 31 December 2014 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 1d).

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 (refer to note 13).

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

The interest in a joint venture is 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.

(e) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Sale of goods - Revenue from the sale of goods is recognised when the entity sells a product to the customer and all significant risks and rewards have been transferred.

Services - Service revenue is recognised when the service has been rendered.

Freight - Freight revenue is recognised as the service has been provided.

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

Dividend income - Dividends are recognised 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 in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 the 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 a maturity less than 90 days. 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. A provision is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(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

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The Group does not hold any held to maturity investments or available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other (losses)/gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group's right to receive payments is established.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in note 1(h).

(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. Depreciation 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:

Properties	0 - 10%
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 13. 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 in 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 departments 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 fair value less costs to sell. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow (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 5.7% (2013 – 6.8%).

(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

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.

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.

(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.

(ii) Estimated fair values of investments

The Group carries an indirect investment in an unlisted entity with changes in fair value being recognised in profit or loss. At the end of each reporting period, a future maintainable earnings calculation is performed, or if available, non-observable market information is used to determine the appropriate fair value of the investment.

(iii) Provision for dry docking

For vessels on long term bare boat charter agreement in from a third party and where the Group has a contractual obligation for dry docking costs, the cost of future dry docking is provided. The cost of dry docking is not accurately known until the vessels are surveyed and assessed at the commencement of docking. Estimates are based on the dry docking interval (i.e. Special or Interim), repairs considered necessary identified at balance date, its age, and docking history. Docking intervals are assumed to be 5 years.

Docking costs are often incurred in either AUD, USD or SGD currencies. The costings are updated monthly for the foreign exchange rate.

(iv) Estimated impairment of ships and other plant and equipment

Impairment losses have been recognised in relation to ships and plant and vehicles. The impairment of these ships arose from changes in expectations of future freight volumes and pricing and changes in ship replacement strategy. A change in the freight market and consequent vehicle replacement policy has given rise to an impairment charge for vehicles, while a change in manufacturing strategy has resulted in an impairment charge for plant. 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 post-tax discount rate of 15.9% (pre-tax approximately 20.7%).

During the year the Directors performed an impairment review on all key assets of the Group given the economic slowdown. As a result of this assessment the impaired charge on ships includes an additional Knil (2013: K92.4M). The impairment cost on vehicles, plant and buildings includes K20.9M (2013: K11.5M) impairment on vehicles and K3.9M (2013: K2.4M) on plant and buildings.

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 programme 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 and fair value 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 2014, 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 K1,350,000 (2013: K1,350,000) 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.

(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:

	2014 K'000	2013 K'000
Undrawn Facilities	56,000	26,000

The table below 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.

	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 2014					
Borrowings	(79,032)	(552,507)	(75,000)	-	(669,521)
Borrowings from shareholders	(17,615)	-	-	-	(17,615)
Borrowing from related parties	(13,579)	-	-	-	(13,579)
Trade and other payables	(116,657)	-	-	-	(116,657)
Income tax payable	(3,821)	-	-	-	(3,821)
At 31 December 2013					
Borrowings	(50,681)	(42,849)	(515,259)	-	(608,789)
Borrowings from shareholders	(15,160)	-	-	-	(15,160)
Borrowing from related parties	(16,335)	-	-	-	(16,335)
Trade and other payables	(130,662)	-	-	-	(130,662)
Income tax payable	(7,713)	-	-	-	(7,713)

The Group does not hold derivative financial instruments.
All loan covenants associated with borrowing arrangements have been met.

(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.

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:

	2014 K'000	2013 K'000 (restated)
Total external borrowing & unsecured loans	700,715	639,949
Less: Cash & Cash equivalents	15,273	11,640
Net debt	685,610	628,644
Total equity	766,737	736,884
Total capital	1,452,347	1,368,567
Gearing ratio	47%	46%

(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 following table presents the change in level 3 instruments for the year ended 31 December 2014.

Financial asset at fair value through profit and loss (consolidated).

	2014 K'000	2013 K'000
Opening balance	-	20,307
Losses recognised in profit and loss	-	(20,307)
Closing Balance	-	-
Total losses for the period included in other operating expenses that relate to assets held at the end of the reporting period	-	20,307
Minority Interest in share of loss	-	(20,307)
	-	-

The parent entity does not hold any financial assets.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

3. Operating results

	Consolidated		Parent Entity	
	2014	2013	2014	2013
(a) Revenue and other income comprises:				
Revenue from sale of goods	114,729	114,092	-	-
Revenue from provision of services	764,538	713,844	-	-
Dividend income	-	-	78,347	56,971
Total Revenue	879,267	827,936	78,347	56,971
Other income *	11,674	37,791	21,568	6,103

* Other income principally represents a gain of K7M on the sale of Datec Limited on a consolidated basis and a gain of K17M for the parent entity (2013: a restated gain of K34.5M on re-measuring to fair value the existing interest in Pacific Towing Limited on acquiring a controlling interest).

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
(b) Expenses comprise:				
Cost of sales	187,369	153,646	-	-
Staff costs (note 3c)	177,053	167,637	-	-
Depreciation and amortisation	104,723	103,037	2,613	3,995
Impairment of fixed assets (refer note 11b)	20,865	106,427	-	-
Impairment of other assets	9,725	-	-	-
Impairment of goodwill	4,010	-	-	-
Electricity and fuel	78,989	71,678	-	-
Other operating expenses	147,896	166,665	2,093	2,006
Total Operating expense	730,630	769,090	4,706	6,001
(c) Staff costs:				
Wages and salaries	120,986	115,810	-	-
Retirement benefit contributions	7,453	7,424	-	-
Accommodation and other benefits	48,614	44,403	-	-
	177,053	167,637	-	-
Number of staff employed by the Group at year end:				
Full Time	4,159	4,000	-	-

3. Operating results (continued)

(d) The operating profit before income tax is arrived at after charging and crediting the following specific items:

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
After charging:				
Audit fees	1,050	1,033	10	28
Fees for non-audit services to Auditors	679	462	-	-
Bad and doubtful debts	1,764	2,420	-	-
Donations	2,366	1,887	-	-
Fair value impairment on financial assets	-	20,307	-	-
Loss on sale of property, plant and equipment	3,365	919	-	-
After crediting:				
Gain on acquiring a controlling interest (net) (refer note 24)	-	34,795	-	-
Gain on disposal of subsidiary	7,079	-	17,548	-
Net foreign exchange transaction gains	1,455	1,801	-	-
Impairment of goodwill	4,010	-	-	-
Impairment of fixed assets	20,865	-	-	-
Impairment of other assets	9,725	-	-	-

(e) Cost of financing – net:

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Expense	28,899	17,796	-	-
Income	(91)	(106)	(417)	(72)
Net finance costs	28,808	17,690	(417)	(72)

(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.

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Net profit attributable to shareholders	88,655	114,011	-	-
Average number of ordinary shares on issue (thousands)	31,008	31,008	-	-
Basic earnings per share (continuing & discontinued operations)	286t	368t	-	-
Basic earnings per share (continuing operations)	279t	366t	-	-

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

4. Investments in subsidiaries, associates and joint ventures

	Consolidated		Parent Entity	
	2014	2013	2014	2013
(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)	-	-	108,268	125,314
Investments in associates (note 22)	17,636	16,449	-	-
Investments in joint ventures (note 23)	15,557	15,022	20,051	20,051
	33,193	31,471	128,319	145,365
(b) Share of profit in associates and joint ventures				
Share of profit in associates	1,808	4,354	-	-
Share of profit in joint ventures	2,036	5,343	-	-
	3,844	9,697	-	-

5. Income Tax

	Consolidated		Parent Entity	
	2014	2013 (restated)	2014	2013
(a) Income tax expense				
Current tax	45,339	40,311	-	465
Deferred tax	(8,044)	(26,496)	70	107
	37,295	13,815	70	572

(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 2014	Consolidated 2013 (restated)	Parent Entity 2014	Parent Entity 2013
Prima facie tax on profit before income tax	39,451	23,684	23,491	17,144
Tax effect of rebateable dividends	-	-	(23,674)	(17,091)
Expenses not deductible for tax	4,596	9,672	(38)	(26)
Deductible expenses not recognised for accounting purposes	(448)	(666)	-	-
Income not assessable for tax	(1,220)	(10,640)	-	-
Prior year (over)/under provisions	(5,084)	(8,235)	291	545
	37,295	13,815	70	572

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

	Consolidated 2014	Consolidated 2013 (restated)	Parent Entity 2014	Parent Entity 2013
Provisions	14,318	4,174	5	65
Tax losses	19,773	9,979	-	-
Prepayments	(2,284)	(3,296)	-	-
Property, plant and equipment	(30,392)	(17,485)	696	706
	1,415	(6,629)	701	771
Comprising of				
Deferred tax asset	33,521	21,081	701	771
Deferred tax liability	(32,106)	(27,710)	-	-
	1,415	(6,629)	701	771

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

5. Income tax (continued)

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

	Beginning Balance (restated)	Charge to profit	Ending Balance
Consolidated			
Provisions	4,174	10,144	14,318
Tax losses	9,979	9,795	19,773
Prepayment	(3,296)	1,012	(2,284)
Property and equipment	(17,485)	(12,907)	(30,392)
Total	(6,629)	8,044	1,415
Parent Company			
Provisions	65	(60)	5
Prepayment	-	-	-
Property and equipment	706	(10)	696
Total	771	(70)	701

6. Cash and cash equivalents

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Cash and short term deposits	15,273	11,640	765	643
	15,273	11,640	765	643

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 Bank of South Pacific and Westpac PNG who have Standard and Poor's long term credit ratings of B+ and AA- respectively.

7. Trade and other receivables

	Consolidated		Parent Entity	
	2014	2013 (restated)	2014	2013
Trade and other receivables				
Trade receivables	104,227	114,132	-	-
Provision for impairment	(5,305)	(6,415)	-	-
	98,922	107,717	-	-
Other receivables & prepayments	61,629	70,249	3,376	2,690
	160,551	177,966	3,376	2,690

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

7. Trade and other receivables (continued)

	Consolidated		Parent Entity	
	2014	2013	2014	2013

(i) Impaired trade receivables

As at 31 December 2014, trade receivables of K5.3M (2013: K6.4M) relating to trade debtors were considered impaired and were provided for by management. The ageing of these receivables is as follows:

	2014	2013	2014	2013
3 to 6 months	1,084	704	-	-
Over 6 months	4,221	5,711	-	-
	5,305	6,415	-	-

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

	2014	2013	2014	2013
Opening balance	6,415	5,102	-	-
Impairments recognised during the year	1,764	2,420	-	-
Provision released	(2,874)	(1,107)	-	-
Total	5,305	6,415	-	-

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.

(ii) Past due but not impaired

As at 31 December 2014, trade receivables of K2.9M (2013: K2.1M) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2014	2013	2014	2013
3 to 6 months	546	1,692	-	-
Over 6 months	2,310	416	-	-
	2,856	2,108	-	-

The other classes within trade and other receivables do not contain impaired assets and are not past due. 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. Interest may be charged at commercial rates where the terms of repayment exceed three months. Collateral is not normally obtained.

Prepayments relate to advance payments for expenses not yet incurred.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

8. Inventories

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Raw materials	2,720	16,907	-	-
Work in progress	-	31	-	-
Finished goods	37,380	44,627	-	-
Provision for obsolescence	(3,040)	(1,687)	-	-
	37,060	59,878	-	-

Inventories recognised as an expense during the year ended 31 December 2014 and included in cost of sales and cost of providing services amounted to K77.3M (2013: K76.9M). The provision for obsolescence of inventories during the year increased by K1.7M (2013: K0.4M reduction).

9. Financial assets at fair value through profit and loss

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Opening balance	-	20,307	-	-
Fair value loss recorded in the profit and loss	-	(20,307)	-	-
Closing balance	-	-	-	-

10. Loans to/(from) related companies

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Non-Current				
Harbourside Development Limited	152,305	101,775	-	-
Colgate Palmolive (PNG) Limited	500	500	500	500
Kelton Investments Limited	790	790	-	-
	153,595	103,065	500	500
Loans to subsidiaries	-	-	5,212	5,212
	153,595	103,065	5,712	5,712
Loans from associates and joint ventues:				
Consort Express Lines Limited's associates	(13,579)	(15,998)	-	-
	(13, 579)	(15,998)	-	-
Loans from subsidiaries	-	-	(108,110)	(155,234)
	(13, 579)	(15,998)	(108,110)	(155,234)

Loan to Harbourside Development Limited is based on a fixed rate of 6.5% p.a. which is deemed to be the market interest rate.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

11. Property, plant & equipment

	Property	Ships	Plant and Vehicles	Total
Consolidated				
2014				
Cost	464,285	445,022	414,901	1,322,308
Accumulated depreciation (including impairment losses)	(106,759)	(287,323)	(213,596)	(607,038)
Net book value	355,626	157,699	201,305	714,630
Opening value	376,605	114,566	231,564	722,735
Additions	-	68,497	66,102	134,599
Sale of subsidiary	(150)	-	(10,778)	(10,928)
Disposals	-	(251)	(13,901)	(14,152)
Depreciation	(14,075)	(25,113)	(50,818)	(90,006)
Transfers	(6,754)	-	-	(6,754)
Impairment losses	-	-	(20,865)	(20,865)
Closing value	355,626	157,699	201,305	714,630
2013				
Cost	471,550	394,758	478,197	1,344,505
Accumulated depreciation (including impairment losses)	(94,945)	(280,192)	(246,633)	(621,770)
Net book value	376,605	114,566	231,564	722,735
Opening value	358,444	178,015	218,890	755,349
Additions	29,323	41,038	70,333	140,694
Business combinations	124	15,683	11,197	27,004
Disposals	-	(121)	(4,431)	(4,552)
Transfer from asset held for sale	8,426	-	-	8,426
Transfer to investment property (note12)	(730)	-	-	(730)
Depreciation	(18,982)	(27,617)	(50,430)	(97,029)
Impairment losses	-	(92,432)	(13,995)	(106,427)
Closing value	376,605	114,566	231,564	722,735
Parent				
2014				
Cost	74,580	-	6,118	80,698
Accumulated depreciation	(49,207)	-	(4,671)	(53,878)
Net book value	25,373	-	1,447	26,820
Opening value	27,296	-	1,648	28,944
Additions	224	-	386	610
Disposals	(109)	-	(12)	(121)
Depreciation	(2,041)	-	(572)	(2,613)
Closing value	25,370	-	1,450	26,820

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

11. Property, plant & equipment (continued)

	Property	Ships	Plant and Vehicles	Total
Parent				
2013				
Cost	75,540	6,474	5,822	87,836
Accumulated depreciation	(48,244)	(6,474)	(4,174)	(58,892)
Net book value	27,296	-	1,648	28,944
Opening value	30,646	-	1,832	32,478
Additions	105	-	392	497
Disposals	-	-	(35)	(35)
Depreciation	(3,455)	-	(541)	(3,996)
Closing value	27,296	-	1,648	28,944

(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	
	2014	2013	2014	2013
Property (classified as investment properties in note 12)	34,918	243,348	-	-
Ships	31,531	15,954	-	-
Plant and vehicles	20,892	569	-	-
Total assets in the course of construction	87,341	259,871	-	-

The cost of additions in 2014 includes capitalised borrowing costs of K4.9M (2013: K16.5M) in relation to qualifying assets.

(b) Impairment losses

During the year the Directors performed an impairment review on all key assets of the group given the economic slowdown. As a result of this assessment the impairment charge on ships of Knil (2013: K92.4M) resulted. The impairment charge to property, plant and vehicles includes K20.9M (2013: K11.5M) on vehicles and K3.9M (2013: K2.4M) on plant.

Impairment losses have been recognised in relation to property, plant and vehicles. A decision to close the Highlands Highway operations of East West Transport has led to an impairment charge for vehicles, while a change in manufacturing strategy has resulted in an impairment charge for plant. 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 post-tax discount rate of 15.9% (the group's WACC).

There are no other conditions that indicate impairment of property, plant and equipment as at 31 December 2014.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

12. 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 11.

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Non-current assets – at cost				
Cost	497,697	426,146	-	-
Accumulated depreciation	(97,204)	(82,488)	-	-
Net book value	400,493	343,658	-	-
Opening value	343,658	268,512	-	-
Additions	66,729	84,040	-	-
Disposals	(1,932)	-	-	-
Transfers from property (note 11)	6,754	730	-	-
Depreciation	(14,716)	(9,624)	-	-
Closing value	400,493	343,658	-	-

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

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Rental income	112,927	90,069	-	-
Repairs and maintenance attributable to rental properties under non-cancellable leases	(3,607)	(3,675)	-	-
Operating expenses directly attributable to rental properties under non-cancellable leases	(11,408)	(8,249)	-	-

(b) 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 2014 for a selected sample of representative properties and discounted value in use assessments for hotel properties.

Included in properties are the following:

	NBV	Valuation Lower	Range Higher
Investment properties	400,493	793,726	992,158
Other properties (note 11)	355,626	780,433	975,541
Total	756,119	1,574,159	1,967,699

The independent valuer utilised certain historical facts and relevant market data available up to the date of valuation in reaching their opinion to the valuation of the properties.

(c) Non-current assets pledged as security

Refer to note 16 for information on non-current assets pledged as security by the group.

(d) Contractual receivables

Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Within one year	110,728	76,989	-	-
Later than one year but not later than five years	116,264	141,079	-	-
Later than five years	148,385	145,059	-	-
	375,377	363,127	-	-

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

13. Intangible assets

	Consolidated 2014	Consolidated 2013 (restated)	Parent Entity 2014	Parent Entity 2013
Goodwill opening value	93,617	17,183	-	-
Additions	-	76,331	-	-
Disposal of Subsidiary	(9,116)	-	-	-
Impairment during the year	(4,010)	-	-	-
Closing value	80,491	93,617	-	-

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. The goodwill balance of K80.5M (2013: K93.6M) is attributable to various business acquisitions in the logistics and commercial segments including Consort (K0.5M), Laga Industries (K3.6M), 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 ten-year period. Growth beyond year ten for the purpose of the impairment testing is set at 0%. A post-tax discount rate of 15.9% (2013: 15.92%) has been used and reflects specific risks relating to the operating segment.

14. Trade and other payables

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Trade Payables	49,921	50,177	-	-
Accruals	34,036	57,281	-	-
Other payables	17,224	23,204	17	213
	101,181	130,662	17	213

All trade and other payables are due and payable within 12 months and are recorded at their carrying value.

15. Provisions for other liabilities and charges

	Employee	Dry Dock	Other	2014 Total	2013 Total
Opening value	19,304	2,442	449	22,195	22,643
Charged to profit & loss	10,793	3,304	4,348	18,445	9,318
Write off during sale of business unit	(2,326)	-	-	(2,326)	-
Transfer in on acquisition	-	-	-	-	1,445
Utilised during year	(9,362)	(1,600)	(3,103)	(14,065)	(11,211)
Closing value	18,409	4,146	1,694	24,247	22,195
Current	6,572	4,146	1,694	12,411	10,176
Non-current	11,837	-	-	11,836	12,019
	18,409	4,146	1,694	24,247	22,195

A description of employee and dry dock provisions is disclosed in note 1p.

16. Borrowings

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Current:				
Bank overdrafts (secured)	26,214	41,618	-	-
Bank loans (secured)	15,800	9,063	-	-
Other loans (unsecured)	17,615	15,160	-	-
	59,629	65,841	-	-
Non-current:				
Other loans (secured)	135,000	135,000	-	-
Bank loans (secured)	492,507	423,108	-	-
	627,507	558,108	-	-
Total Borrowings	687,136	623,949	-	-

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 5.7% (2013: 6.8%). Bank overdrafts are interest-only with no agreed repayment schedule. Bank loans are secured loans with varying terms.

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	
	2014	2013	2014	2013
(a) Issued and paid up capital				
Ordinary shares	24,200	24,200	24,200	24,200
Balance brought forward	24,200	24,200	24,200	24,200
Share issue	-	-	-	-
Balance carried forward	24,200	24,200	24,200	24,200
(b) Number of shares				
Number of shares		Number of shares (000's)		
Ordinary shares	31,008	31,008	31,008	31,008
Balance brought forward	31,008	31,008	31,008	31,008
Share issue	-	-	-	-
Balance carried forward	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.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

18. Related party disclosures

(a) Parent entity

The Group is controlled by John Swire & Sons (PNG) Limited, which owns 72.12% of the Company's shares. The ultimate Holding Company is John Swire & Sons Limited, incorporated in England.

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

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

(c) Directors:

G.L. Cundle, P.W. Langslow and S.C.Pelling are Directors of John Swire & Sons (PNG) Limited. Dividends were received by those Directors holding an interest in the Company as set out in the Directors' Report.

(d) Remuneration:

Income received or due and receivable both by Directors and senior managers in connection with the management of the Group companies is shown in the Directors' Report.

Key management personnel disclosure

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Wages and salaries	10,258	9,386	-	-
Other short term benefits	1,415	1,126	-	-
Long-term benefits	342	313	-	-

(e) Material transactions:

	Consolidated 2014	Consolidated 2013	Parent Entity 2014	Parent Entity 2013
Sales of goods and services				
- Associates & joint ventures	246	951	-	-
- Key Management	21	17	-	-
- Associated Groups	29,146	11,662	-	-
Lease and rental income				
- Associates & joint ventures	-	4,067	-	-
- Associated Groups	3,287	4,536	-	-
Dividends received				
- Subsidiaries, associates & joint ventures	2,935	5,922	78,347	56,971
- Other shareholders	-	-	-	-
Management fees income				
- Associates & joint ventures	-	868	-	-
- Key Management	6	-	-	-
Purchase of goods and services				
- Associates & joint ventures	(140)	(20,979)	-	-
- Associated Groups	(106)	-	-	-
- Shareholders of associated companies	-	(12,313)	-	-
Management fees paid				
- Associates & joint ventures	(100)	-	-	-
- Other shareholders	(1,548)	(99)	-	-
Purchase of assets				
- Associates & joint ventures	(830)	-	-	-
Lease rental expense				
- Other Shareholders	(291)	-	-	-
Container/Charter hire fee				
- Other Shareholders	(15,334)	-	-	-

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

18. Related party disclosures (continued)

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Finance Cost				
Other Shareholders	(3,533)	(504)	-	-
Fellow subsidiary of ultimate shareholder	-	(1,169)	-	-
Dividends paid				
Associates & joint ventures	(3,624)	(5,702)	-	-
Other shareholders	(435)	-	-	-
Shareholders of associated companies	-	(49,198)	-	-
Loans to/(from) related companies				
Other shareholders	(62,586)	(50,636)	-	-
Shareholders of associated companies	-	973	-	-

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

Balances with related companies:				
Associates and joint ventures:				
Consort associates (note 10)	(13,579)	(15,998)	-	-
Consort shareholders (note 16)	(17,455)	(15,000)	-	-
Basilok Ltd (note 16)	(160)	(160)	-	-
Loans to related Companies:				
Colgate Palmolive Ltd (note 10)	500	500	500	500
Harbourside Development Limited (note 10)	152,303	101,775	-	-
Kelton Investments (note 10)	790	790	-	-
Subsidiary Companies (note 10)	-	-	5,212	5,212

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

19. Reconciliation of profit after income tax to net cash inflow from operating activities

	Consolidated		Parent Entity	
	2014	2013 (restated)	2014	2013
Profit for the year after tax	100,145	75,402	95,556	56,573
Depreciation and impairment	127,689	213,080	2,613	3,995
Dividend and interest income	(91)	-	(78,347)	(56,971)
Net loss (gain) on sale of fixed assets	3,365	919	-	-
Fair value adjustment on acquisition	-	(35,467)	-	-
Fair value adjustment on financial assets	-	20,307	-	-
Goodwill impairment	4,010	-	-	-
Gain on sale of investment	(7,097)	-	(17,548)	-
Share of profit after tax of associates	(3,844)	(9,697)	-	-
Income tax expense	37,295	14,042	-	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/decrease in trade debtors	(1,939)	(1,053)	(1,717)	-
(Increase)/decrease in inventory	28,818	9,487	-	-
(Increase)/decrease in deferred tax asset	(12,440)	(19,509)	70	134
(Increase)/decrease in operating assets	(41,666)	36,029	-	-
Increase/(decrease) in trade creditors	(14,005)	(26,070)	(195)	62
(Decrease)/increase in other operating liabilities	(2,052)	3,631	-	(4,130)
(Decrease)/increase in provision for income tax payable	(3,892)	(26,190)	-	438
Increase/(decrease) in deferred tax liability	4,396	(7,300)	-	-
Net cash inflow from operating activities	222,512	237,638	432	101

20. Retirement benefit plans

The total cost of retirement benefits of the Group in 2014 was K7.9M (2013: K7.8M). 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 Group also contributes to a defined contribution superannuation plan on behalf of expatriates. The defined contribution superannuation plan was established in 2002.

The parent entity does not employ staff directly; consequently there was no charge during the year.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

21. Subsidiaries and transactions with non-controlling interests

(a) 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* 2014	Equity Holdings* 2013
Consort Express Lines Limited	Papua New Guinea	Ordinary	51	51
Datec (PNG) Limited***	Papua New Guinea	Ordinary	-	100
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
Laga Industries Limited	Papua New Guinea	Ordinary	100	100
Madang Port Services Limited	Papua New Guinea	Ordinary	60	60
Middle Fly Shipping Limited**	Papua New Guinea	Ordinary	50	50
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
Pacific Rumana Limited**	Papua New Guinea	Ordinary	50	50
Pacific Rumana Mobile Investments Limited	Papua New Guinea	Ordinary	79.8	79.8
Palm Stevedoring & Transport Limited	Papua New Guinea	Ordinary	50.3	-
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

*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 December 31,2014 Steamships Trading Company still has controls over these entities.

***Datec (PNG) Limited was sold on July 31, 2014.

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

The major non-controlling interest is in Consort Express Lines Limited. The loss after tax attributable to non-controlling interest in this entity was K2.7M (2013: K26.1M loss) and the accumulated non-controlling interest in the entity at 31 December 2014 was K17.6M (2013: K16.8M). Consort Express Lines Limited paid a total dividend during 2014 of K0.4M (2013:K0.6M).

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

21. Subsidiaries and transactions with non-controlling interests (continued)

(b) New subsidiary established during the year

On 1 January 2014 Palm Stevedoring and Transport Limited was established with operations in Alotau, of which Steamships Trading Company holds a 33% share, Consort Express Lines Limited a 33% share (net Group holding of 50.3%) and an external party 33%.

(c) Transactions with non-controlling interests

On 1 October 2013, Steamships Trading Company Limited acquired the remaining 32% shares of Laga Industries Limited for a purchase consideration of K26.1M. The carrying amount of the non-controlling interest in Laga Industries on the date of acquisition was K17.1M. The Group recognised a decrease in non-controlling interest of K17.1M. and a decrease in equity attributable to owners of the parent of K9.0M. The effect of changes in the ownership interest of Laga Industries on the equity attributable to owners of Steamships Trading Company Limited during the year is summarised as follows:

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Carrying amount of non-controlling interests acquired	-	17,104	-	-
Consideration paid to non-controlling interests	-	26,098	-	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	-	8,994	-	-

22. Investment in associates

(a) Movement in carrying amounts

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Opening value	16,499	12,177	-	-
Share of profits before tax	2,583	6,538	-	-
Income tax expense	(775)	(2,184)	-	-
Dividends received/receivable	(621)	(82)	-	-
Closing value	17,636	16,449	-	-

The equity method is used to account for all interests in associates on a consolidated basis.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

22. Investment in associates (continued)

(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:

2014	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Makerio Stevedoring Limited	23	916	138	779	686	291
Nikana Stevedoring Limited	23	933	48	885	364	198
Riback Stevedoring Limited	25	18,438	2,510	15,927	8,620	1,310
United Stevedoring Limited	12	179	134	45	2,208	8
		20,465	2,830	17,636	11,877	1,807

2013	Ownerships Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Makerio Stevedoring Limited	23	842	182	660	462	118
Nikana Stevedoring Limited	23	1,247	110	1,137	329	207
Riback Stevedoring Limited	25	17,499	2,881	14,618	10,997	4,014
United Stevedoring Limited	12	172	138	34	2,022	15
		19,760	3,311	16,449	13,810	4,354

The Stevedoring Companies 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 2014 (Amounts in Kina 000's)

23. Investment in joint ventures

(a) Movement in carrying amounts

	Consolidated		Parent Entity	
	2014	2013	2014	2013
Opening value	15,021	26,510	20,051	20,190
Share of profits before tax	2,907	7,634	-	-
Income tax expense	(871)	(2,292)	-	-
Dividends received/receivable	(1,500)	(5,840)	-	-
Transfers/sales	-	(10,991)	-	(139)
Closing value	15,557	15,021	20,051	20,051

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 are set out below.

2014	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Colgate Palmolive (PNG) Limited	50	11,393	3,695	7,698	32,989	2,036
Harbourside Development	50	7,859	-	7,859	-	-
		19,252	3,695	15,557	32,989	2,036

2013	Ownership Interest %	Assets	Liabilities	Carrying Value	Revenue	Profit
Pacific Towing Limited (note 24)	100	-	-	-	-	4,637
Colgate Palmolive (PNG) Limited	50	16,844	9,681	7,163	32,766	706
Harbourside Development	50	61,067	53,208	7,859	-	-
		77,911	62,889	15,022	32,766	5,343

Pacific Towing Limited became a wholly owned subsidiary during 2013.

Colgate Palmolive (PNG) Limited is a long held investment providing investment returns to the Group.

Harbourside Development is a property investment company that is currently developing a commercial property in Port Moresby. The Group's share of the capital commitments at 31 December 2014 is K11.1 M (2013: K43.5M).

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

Joint ventures have been presented separately from associates consistent with IFRS 11 and 12 which became effective 1 January 2013.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

24. Business combinations

2013

Acquisition of the remaining shares of Pacific Towing Limited

On 1 December 2013, the Group acquired a further 50% of the issued share capital, and obtained control, of Pacific Towing (PNG) Limited. Together with the 50% of the issued share capital already held, this gave Steamships Trading Company Limited control of 100% of Pacific Towing (PNG) Limited. Pacific Towing (PNG) Limited is a company incorporated in Papua New Guinea whose business includes harbor tug boat operations, tug boat charter, diving and marine salvage activities.

The carrying value of the Group's 50% interest in Pacific Towing Limited before the acquisition was K11.0m. The Group recognised a gain of K34.8m as a result of remeasuring this interest, which is included in other income in the consolidated income statement.

The goodwill arising on the acquisition of Pacific Towing Limited amounting to K67.3m (which is not tax-deductible) consists of the benefit of port access and relationships with customers, none of which is subject to contractual arrangements.

Restatement of previous year (2013) figures

As allowed by IFRS 3, the 2013 comparative results have been restated to include a negative adjustment to reduce the equity gain on gaining control of Pacific Towing (PNG) Limited; this is as a result of a reassessment of the fair value associates with outstanding salvage jobs at the point of gaining control. Deferred tax was also amended to reflect correct position at time of acquisition.

	31 Dec 2013	Increase/ (Decrease)	31 Dec 2013 (Restated)
Statement of financial position (extract)			
Trade & other receivables	178,996	(1,000)	177,996
Intangibles	93,514	103	93,617
Deferred tax liability	(25,598)	(2,112)	(27,710)
Net Assets	739,923	(3,039)	736,884
Statement of comprehensive income - including discontinued operations (extract)			
Other Income	38,718	(927)	37,791
Profit before income tax	90,371	(927)	89,444
Income tax expense	(11,930)	(2,112)	(14,042)
Profit for the year	78,441	(3,039)	75,402

Acquisition of Kimbe Shipping and Transport

On 1 March 2013, the Group acquired, through New Britain Shipping Ltd, the trade and fixed assets of Kimbe Shipping and Transport Limited, as road transport operator and container storage, equipment hire and workshop services provider. The acquisition complimented the Group's presence in Kimbe.

The goodwill of K9.0M was attributable to the increased market access in New Britain. It is not tax-deductible.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

25. Discontinued Operations

On 31st July 2014, the Group disposed of its 100% interest in Datec (PNG) Ltd to Telikom PNG Ltd.

The 31st December 2014 results from the Discontinued activities were derived from:

a) Profit & loss for the period were:

	7 Months 2014	12 Months 2013
Revenue	62,441	102,998
Operating expenses	(59,156)	(102,198)
Profit before tax	3,285	800
Profit after tax	2,093	572

b) The subsequent sale for cash consideration of K36M resulted in a capital gain for the Group of K7M (parent K17M).

c) Cash flow statement as 31 July 2014 as follows:

Operating cash flows	10,814	(947)
Investing cash flows	2,048	(1,013)
Financing cash flows	(4,998)	(965)
	7,864	(2,925)

26. Segmental reporting

(a) Description of segments

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

- Commercial – consists of the retail arm of the Group and is involved in the manufacture and distribution of consumer products.
- 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.
- Finance and investment – consists of the head office administration function.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

26. Segmental reporting (continued)

(b) Segment information

The segment information provided to the Board for the reportable segments for the year ended 31 December 2014 is as follows:

	Commercial	Hotels & Property	Logistics	Finance & Investment	Total
2014					
External revenue	181,588	278,621	481,332	167	941,708
Intersegmental revenue	661	34,821	5,332	-	40,815
Interest revenue	-	-	16	75	91
Interest expense	(8)	(3,709)	(7,033)	(5,787)	(28,899)
Depreciation and amortisation	(6,991)	(40,277)	(58,250)	(1,306)	(106,824)
Impairment losses	(4,562)	(3,568)	(22,460)	-	(30,590)
Gain on sale of properties	-	-	-	11,107	-
Segment results	(12,172)	116,886	23,265	6,809	134,788
Share joint ventures and associates profit	2,035	-	1,808	-	3,843
Total tax expense	3,329	(37,459)	(3,988)	(369)	(38,486)
Profit from continuing & discontinued operations	(6,807)	79,427	21,086	6,440	100,145
Segment assets	85,739	780,428	504,616	294,535	1,665,318
Segment liabilities	5,923	137,050	139,273	616,335	898,581
Net assets	79,816	643,378	365,343	(321,800)	766,737
Total assets includes investment in joint ventures and associates of	7,698	-	17,636	7,859	33,193
Capital expenditure	10,094	59,418	130,790	1,026	201,328

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

26. Segmental reporting (continued)

	Commercial	Hotels & Property	Logistics	Finance & Investment	Total
2013					
External revenue	229,434	260,270	441,093	137	930,934
Intersegmental revenue	995	39,564	12,502	-	53,061
Interest revenue	-	-	34	72	106
Interest expense	(8)	(7)	(5,773)	(12,008)	(17,796)
Depreciation and amortisation	(7,023)	(40,808)	(57,364)	(1,458)	(106,653)
Impairment losses	(2,487)	-	(103,940)	-	(106,427)
Fair value loss on financial asset	-	-	-	(20,307)	(20,307)
Segment results	(16,456)	133,160	(57,707)	20,750	79,747
Share joint ventures and associates profit	706	-	8,991	-	9,697
Total tax expense	4,057	(35,807)	17,010	698	(14,042)
Profit from continuing operations	(11,693)	97,353	(32,633)	22,375	75,402
Segment assets	122,155	822,810	442,633	177,850	1,565,448
Segment liabilities	21,599	40,699	124,865	641,400	828,564
Net assets	100,556	782,111	317,768	(463,550)	736,884
Total assets includes investment in joint ventures and associates of	7,162	-	16,450	7,859	31,471
Capital expenditure	13,425	118,297	117,998	926	250,646

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

(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 one insignificant business operation in the Solomon Islands.

Steamships Trading Company Limited Year ended 31 December 2014 (Amounts in Kina 000's)

27. 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	
	2014	2013	2014	2013
Contracts outstanding for capital expenditure:				
- less than 12 months	25,404	47,400	-	-
- 1-5 years	23,433	-	-	-
	48,837	47,400	-	-

(b) Lease commitments: group as lessee

The Group leases various properties under non-cancellable operating leases. The leases have varying terms and renewal rights. On renewal, the terms of the lease are renegotiated.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	2,779	5,075	-	-
Later than one year but not later than five years	-	449	-	-
Later than five years	-	-	-	-
	2,779	5,524	-	-

29. Subsequent events

In March 2015 the Directors declared a final dividend of 60 toea per share payable immediately after the Annual General Meeting on 26 May 2015.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Steamships Trading Company Limited

Report on the financial statements

We have audited the accompanying financial statements of Steamships Trading Company Limited (the Company), which comprise the statements of financial position as at 31 December 2014, 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 that 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 2014 or from time to time during the financial year.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation of these financial statements such that they give a true and fair view in accordance with generally accepted accounting practice in Papua New Guinea and the Companies Act 1997 and for such internal controls as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the Company and the Group's preparation of financial statements that give a true and fair view of the matters to which they relate, 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 Company and the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements:

1. comply with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea; and

2. give a true and fair view of the financial position of the Company and the Group as at 31 December 2014, and their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

The Companies Act 1997 requires 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 2014:

1. we have obtained all the information and explanations that we have required;

2. in our opinion, proper accounting records have been kept by the Company as far as appears from an examination of those records; and

3. we have no relationships with or interests in the Company or any of its subsidiaries other than in our capacities as auditor and tax advisor. These services have not impaired our independence as auditor of the Company and the Group.

Restriction on distribution or use

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

Grant Burns
Partner

Port Moresby
30 March 2015

By: Stephen Beach
Partner
Registered under the Accountants Act 1996

Steamships Trading Company Limited and Subsidiary Companies

The Directors submit their Annual Report for the year ended 31 December 2014 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 7. The Group continues to operate in the segments of Commercial, Hotels and Property, and Logistics.

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 K88,655,000 (2013: K114,011,000 restated).

Dividend

The Directors advise that a final dividend of 60 toea per share will be paid immediately after the Annual General Meeting on 26 May 2015. The exchange rate Kina to Australian Dollar applying on 1 May 2015 will be used to calculate the dividends to shareholders resident outside Papua New Guinea.

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

Appointed Chairman on 28th February 2015 following W.L. Rothery's retirement

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 Steamships Shipping General Manager from 1989-1992. He is a Director of John Swire & Sons (PNG) Ltd and various Steamships Trading Company subsidiaries, joint ventures and associate companies. He was the Managing Director of Steamships Trading Company Limited from 1st January 2013 to 12th January 2015.

P. Aitsi MBE

Director since 17th November 2014

Mr Aitsi is currently the PNG Country Manager for Newcrest Mining Limited and serves as a Director for various Newcrest PNG entities including the position of Chairman of Lihir Gold Limited. He was formerly the country manager for GHD (an engineering firm), former chairman of Transparency International PNG (currently a board member) and the founder chairman of Digicel Foundation. He also serves on the boards of PNGFM, City Pharmacy Group, Leadership PNG and IPBC.

G. Aopi CBE

Director since 1997

Mr Aopi is an Executive Director of Oil Search Ltd, where he is also Executive General Manager of External & Government Affairs and Sustainability. He has substantial public service and corporate experience in Papua New Guinea currently serving as the Chairman of the PNG Chamber of Mines and Petroleum. He is a Director of Port Moresby Stock Exchange Ltd, Marsh Ltd, Bank of South Pacific Limited, CDI Foundation, Wahinemo Ltd and various other private companies. He is a former Chairman of Telikom PNG Ltd and Independent Public Business Corporation.

T.J. Blackburn

Director since 2011

Mr Blackburn is Managing Director of The China Navigation Company Pte Ltd (a Swire group company) and Chairman of Mandarin Shipping Ltd and a Director of Altus Logistics Pte Ltd. He was Director & General Manager (2009-2011) of Hong Kong Aero Engine Services, a Director of James Finlay Ltd (2005-2009) and from 1994 to 2005 worked for various subsidiaries and associates of John Swire & Sons Ltd, including Steamships Shipping & Transport.

Sir M.R. Bromley KBE

Member of the Audit and Risk 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 AAB Holdings Pty Ltd, and a Director of Pegasus Print Group Pty Ltd, Fasteners & More Pty Ltd, New Guinea Energy Limited, Sonway Asia Ltd, Chemica Ltd, Sig No.1 Ltd, Glock No. 1 Ltd, Broman Ltd, Maps Tuna Ltd, Sek No. 35 Ltd, Hoia Investment Ltd and Venture Ltd.

Relevant Interest in Steamships shares: 19.99%

D.H. Cox OL, OBE

Managing Director 2004 to 2012

Member of the Audit & Risk Committee (wef 2015)

Member of the Strategic Planning Committee (wef 2015)

Director since 2003

Mr Cox joined Steamships as a Manager in 1992, rising to become Managing Director from 2004-2012. He has extensive experience in the PNG business environment. He is also a Director of Telikom PNG Ltd.

G.J. Dunlop

Chairman of the Audit & Risk 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, Credit Corporation (PNG) Ltd, Hardware Haus Pty Ltd and Mainland Holdings Ltd.

Lady W.T. Kamit CBE

Member of the Audit and Risk Committee

Director since 2005

Lady Winifred Kamit is a former Senior Partner, and currently a consultant at Gadens Lawyers in Port Moresby. She is a Councillor of the Papua New Guinea Institute of National Affairs and Chairperson of Coalition for Change PNG. She is a Director & Secretary of Bunowen Services Ltd and Gadens Administration Services Ltd, and a Director of Newcrest Mining Ltd, Nautilus Minerals Niugini Ltd, Kamchild Ltd, ANZ Banking Group (PNG) Ltd and South Pacific Post Ltd.

P.W. Langslow

Managing Director from 12th January 2015

Mr Langslow joined the Swire group in September 1984 and has been with Cathay Pacific since 1985. Prior to his present appointment, he has held a number of positions in the airline, including country and regional management roles in India, Italy, Canada and Taiwan, as well General Manager Inflight Services and General Manager Airports. He is a Director of John Swire & Sons (PNG) Ltd and various Steamships Trading Company subsidiaries, joint ventures and associate companies.

S.C. Pelling

Finance Director & Company Secretary

Mr Pelling is a chartered accountant who was previously Finance Director for agricultural operations in Africa with James Finlay Ltd, a wholly-owned subsidiary of John Swire & Sons Ltd. He is a Director of John Swire & Sons (PNG) Ltd and various Steamships Trading Company subsidiaries, joint ventures and associated companies.

B.N. Swire

Director since 2015

Mr Swire joined John Swire & Sons in 1985 and has since worked at various times in Hong Kong, Papua New Guinea and Japan, concentrating on the Group's marine businesses. He returned to the London Head Office in 1994 and is now the Chairman of John Swire & Sons, Ltd., as well as the Non-Executive Chairman of the China Navigation Co., Ltd., and of Swire Oilfield Services, Ltd., and a Non-Executive Director of Swire Pacific Offshore, Ltd.

Direct and indirect beneficial interest 4.47%

Remuneration of Directors

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

	2014 K'000	2013 K'000
W.L. Rothery (retired 28 February 2015)	246	211
D.H Cox OL, OBE	99	84
G. Aopi, CBE	99	84
T.J. Blackburn	99	84
Sir M.R. Bromley KBE	152	211
G.J. Dunlop	129	169
J.W.J Hughes - Hallett CMG, SBS (retired 31 December 2014)	99	84
Lady W.T. Kamit, CBE	197	148
P. Aitsi, MBE	11	-
G.L Cundle*	-	-
S. C. Pelling *	-	-

* Managing Director and Finance Director receive no fees for their service as Directors during the year.

Remuneration of Employees

The number of employees other than Directors, whose remuneration and other benefits was within the specified bands are as follows:

Remuneration K'000	2014 No.	2013 No.	Remuneration K'000	2014 No.	2013 No.	Remuneration K'000	2014 No.	2013 No.
110-120	13	-	360-370	6	1	630-640	-	1
120-130	14	12	370-380	2	3	650-660	1	1
130-140	6	12	380-390	-	4	660-670	-	2
140-150	5	9	390-400	1	-	670-680	1	
150-160	9	9	400-410	1	3	680-690	1	2
160-170	7	6	410-420	4	2	700-710	2	-
170-180	6	3	420-430	5	2	710-720	1	1
180-190	2	5	430-440	-	1	740-750	-	1
190-200	3	8	440-450	2	-	750-760	1	3
200-210	2	5	450-460	1	1	770-780	-	1
210-220	5	1	460-470	-	1	790-800	2	-
220-230	3	6	470-480	1	3	830-840	-	1
230-240	2	3	490-500	1	-	840-850	-	1
240-250	3	8	500-510	2	-	880-890	-	1
250-260	1	4	510-520	-	3	940-950	-	1
260-270	1	5	520-530	1	2	960-970	1	1
270-280	6	3	530-540	2	-	970-980	1	1
280-290	6	2	540-550	2	1	1,030-1,040	1	-
290-300	1	2	550-560	-	3	1,050-1,060		1
300-310	2	1	560-570	2	-	1,070-1,080	1	1
310-320	1	1	570-580	-	2	1,660-1670		1
330-340	1	5	580-590	1	-	1,700-1,800	1	1
340-350	1	-	600-610	1	-			
350-360	3	1	610-620	1	1			

For and on behalf of the Board:

Geoffrey. Cundle

Port Moresby	G.L. Cundle	P.W. Langslow
30 March 2015	Chairman	Managing Director

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

Shareholdings

At 26 February 2015, there were 398 shareholders.

295	Holding	1	-	1,000 units
76	Holding	1,001	-	5,000 units
13	Holding	5,001	-	10,000 units
14	Holding	10,001	-	and over

The 20 largest shareholders were:	Number of shares	%
John Swire & Sons (PNG) Limited	22,362,651	72.12
Bell Potter Nominees Ltd	6,199,586	19.99
National Superannuation Fund Ltd	1,859,446	6.00
John E Gill Operations Pty Ltd	54,727	0.18
Citicorp Nominees Pty Limited	27,542	0.09
Kelvinside Pty Ltd	25,000	0.08
Malcolm Burns Reid	22,867	0.07
Mr Ramesh Mahtani	21,700	0.07
Hylec Investments Pty Ltd	20,494	0.07
Intercontinental Assets Pty Ltd	15,000	0.05
Capital Nominees Limited	12,767	0.04
Bryce Family Super Fund	12,243	0.04
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
Custodial Services Limited	8,768	0.03
Mary Patricia Haughton	8,161	0.03
Mrs Judith Scottholland	8,161	0.03
Mrs Robyn A Gostelow	7,393	0.02
	30,707,932	99.03

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
P.W. Langslow

FINANCE DIRECTOR
S. C. Pelling

NON-EXECUTIVE DIRECTORS
P. Aitsi MBE
G. Aopi CBE
T.J. Blackburn
Sir M.R. Bromley KBE §+&
D. Cox OL, OBE +&
G. J. Dunlop +&
Lady W.T. Kamit CBE +
B.N. Swire

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

SECRETARY
S. C. Pelling

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Papua New Guinea

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PricewaterhouseCoopers
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SHARE REGISTRARS
Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
AUSTRALIA

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STOCK EXCHANGE
Shares are listed on both the Port Moresby Stock Exchange Limited and the Australian Securities Exchange Limited.

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