STEAMSHIPS

STEAMSHIPS TRADING COMPANY LIMITED

Annual Report 2010

COMPANY DIRECTORY

Chairman
W. L. Rothery §&
Chairman

Executive Directors
D. H. Cox, OL §
Managing Director

E. H. Ruha
Finance Director

Non-Executive Directors
G. Aopi, CBE
Sir Michael Bromley, KBE §+&
G. J. Dunlop +&
J. W. J. Hughes-Hallett
Lady W. T. Kamit, CBE +
C. R. Kendall

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

Secretary
E. H. Ruha

Registered Office
Champion Parade
P.O. Box 1
Port Moresby
Papua New Guinea
Telephone: +675 322 0222

Auditors
PricewaterhouseCoopers
P.O. Box 484
Port Moresby
Papua New Guinea

Share Registrars
Corporate Registry Services Pty Limited
Level 3
60 Carrington Street
Sydney, NSW 2000
Telephone (within Australia) 1300 855 080
Telephone from overseas +61 3 9615 5970
Fax +61 3 9611 5710

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

A. R. B. N.
055 836 952

FINANCIAL HIGHLIGHTS

	2010 K'000	2009 K'000	Change
Revenue	793,460	499,415	58.9%
Operating Profit	197,963	129,872	52.4%
Profit attributed to shareholders	116,445	96,560	20.6%
Cash generated from operations	156,766	120,711	29.9%
Net cash outflow before financing	(2,562)	(82,750)	96.9%
Shareholders' funds	452,357	378,083	19.6%
External borrowings	376,993	277,218	36.0%

Note	2010 Toea	2009 Toea	
1. Earnings per share	376	311	20.9%
Dividends per share	100	146	(31.5%)
Shareholders' funds per share	1,459	1,219	19.7%

Note	2010	2009
2. Gearing ratio - percentage	83%	73%
3. Interest cover - times	8.4	10.6
4. Dividend cover - times	3.8	2.1

Notes

1. Earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of shares on issue during each year.
2. Gearing represents the ratio of net borrowings to shareholders' funds.
3. Interest cover is calculated by dividing operating profit by net finance changes.
4. Dividend cover is calculated by dividing profit attributable to shareholders by the total dividends paid or provided for during the year.

CHAIRMAN'S REPORT

The year 2010 was one of further investment, growth and increased returns for the Company. Net profit after tax and minorities has increased by 20.6% from 96.6 million kina in 2009 to 116.4 million kina in 2010. The PNG economy, underpinned by the ExxonMobil-led LNG project, continues to provide a stable platform for growth and investment. GDP was estimated to increase by 7.5 % in 2010 following on from a 5.5% increase in 2009. The LNG project is forecast to double PNG's GDP over the next 30 years.

Sales of K793.5 million increased by 58.9% against 2009 sales of K499 million. The 2010 figures include Consort and Datec, which in 2009 first half were reported as Associate companies. Thus on a "like for like" basis there was an increase of 23.8% in 2010. Depreciation in 2010 was K66.4 million against K48 million in 2009, and interest on borrowings was K28.1 million against K12.2 million in 2009, a reflection of the significant capital investment during the year. As flagged in last year's annual report the aggressive capital expenditure programme has continued in 2010 and will continue well into 2011 and 2012. Capital expenditure of K190.2 million during the year was below budget and below 2009 expenditure of K195.4 million, due to delays in building project approvals.

The government's economic policies have promoted the stability of the Kina exchange rate and interest rate, which in turn has increased business confidence across the country, and allowed the Company to continue to implement its extensive investment plans, particularly in the property, hotels and shipping divisions.

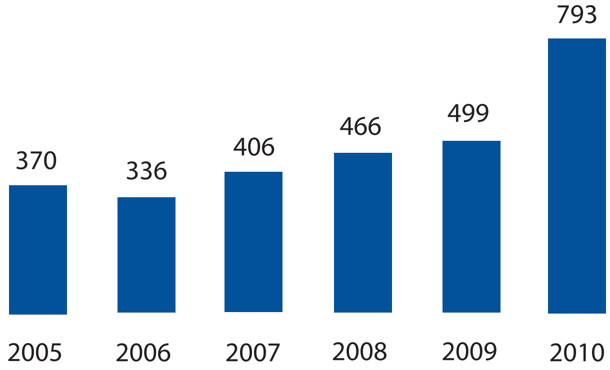
PNG's economic growth and political stability have continued to be good for the country. Steamships has been well positioned to take advantage of this. Since 2007, there has been a change in regards to investor perceptions of Papua New Guinea, which has been brought about by a number of factors. Papua New Guinea entered the global financial crisis with low debt levels, high import cover and an economy benefiting from rising demand and prices for resources - oil, gas, copper, gold and primary produce. In a world where long term growth and performance will increasingly shift to China and the Asian economies, with their resultant demand for energy and minerals, Papua New Guinea is strongly placed to play a significant role. The announcement at the end of 2009 of the ExxonMobil K18 billion LNG project, with an estimated K30 billion of revenues coming back to government and land owners over the next 30 years, is indicative of this role. It is possible that a second LNG project will be in production later this decade and several mining projects are gearing up for production. These will create widespread commercial benefits for the whole PNG economy.

Environmental consciousness, be it global warming, climate change or sustainability, is a component of the Company's day to day practices. Steamships and its parent company, John Swire & Sons Ltd, continue actively to support the Bintang Research Institute, based in Madang, in its efforts to coordinate research to contribute to the long-term sustainability of this environment, and are assisting with the funding for the study of a further 5 forest plots. We are proud to announce that Junior Novera, the recipient of the first Steamships-funded Chevening Scholarship, has successfully completed at Lancaster University, United Kingdom his Masters of Science in Conservation Science and is employed as a Conservation Scientist at the PNG Institute of Medical Research in Goroka.

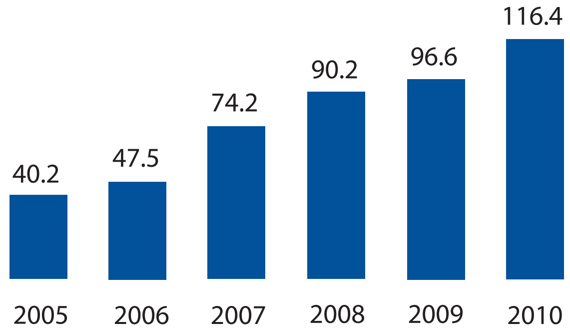
On behalf of the Directors and shareholders, I would like to thank all our employees for their hard work and continuing support.

W.L. Rothery
Chairman

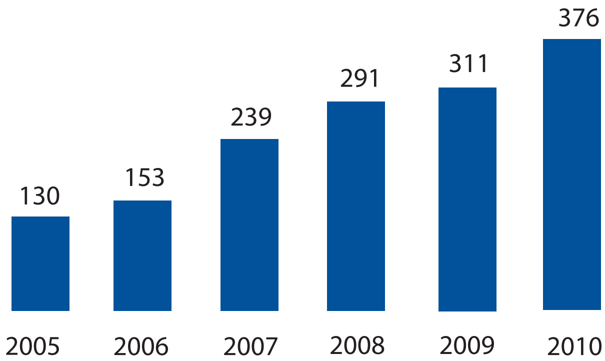
Revenue (Kina Million)



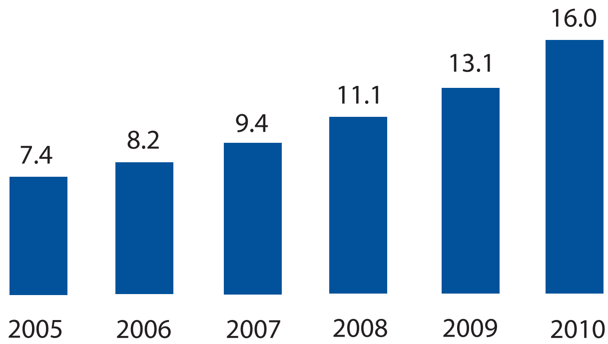
Net Profit Attributable to Shareholders (Kina Million)



Earnings per Share (Toea)



Net Asset Backing per Share (Toea)



DIRECTORS' REVIEW

Logistics

SHIPPING

Steamships Shipping performed well in 2010. The start of the ExxonMobil LNG project has had a positive effect on the PNG economy, particularly in Port Moresby. This project has led to increased cargo volumes through the major ports of Port Moresby and Lae, increased charter activity across Steamships fleet, higher volumes on the scheduled liner services and a solid performance from the Group's Shipping Agencies.

Throughout 2010 there has been a focus on cost awareness and control in the expectation that, although the market in PNG is growing, it will become increasingly competitive.

LNG exploration in the North Fly region of Western province has seen increasing tonnages to Kiunga. The Kiunga town wharf infrastructure has deteriorated, however a new JV with the port operator and considerable capital expenditure will see this port return to an acceptable operating condition.

The increased cargo volumes have allowed the Hiri Chief, our larger Landing Craft (LCT) delivered in April 2010, to be assigned to the Kiunga service, freeing up our other smaller geared vessels for project charter work. In addition to the Hiri Chief the Company purchased a new tug and barge unit for use in the gas and oil industry and has committed for a further three vessels to be purchased in 2011.

The new Port Moresby Coastal Wharf facility commenced operation during the year, with half of the area being utilised for coastal shipping and project charter cargoes and the other half rented out to LNG sub-contractors. Lae has experienced good increases in overseas cargo volumes, again largely project driven, with the associated knock on effect to the general economy resulting in improved earnings for Lae Port Services. Apart from New Britain Shipping in Kimbe, which had a successful year, other smaller ports of PNG had a quieter year, with Stevedoring and Agency businesses being above last year.

CONSORT

The business produced a good trading result in 2010 with cargo volumes (both shipping and stevedoring) increasing 8% year on year. Coastal shipping volumes were particularly buoyant, benefiting from a recovery in commodity prices for PNG's agricultural exports.

Port congestion continues to be a significant factor in disrupting coastal operations and services. Severe congestion in Lae continues to impede productivity and schedule integrity. Various PNG port projects designed to alleviate the congestion in Lae are only anticipated to meet increasing volumes from PNG's LNG project. Lae port congestion is expected to continue to impact adversely on the company's operational hub and therefore its customer service in the medium term. A longer term solution is being pursued.

TRANSPORT

2010 was a challenging year for East West Transport. However, strategies for the redevelopment of town transport services, the company's project and fuel fleet, and resolution of the loss-making Highlands Highway services, should see a marked improvement in the 2011 results.

Operational Health & Safety has been a major focus for EWT strategic initiatives during the year. A zero tolerance approach to harm has seen considerable investment in depot and vehicle safety, education, awareness, personnel and equipment in a bid to reduce to zero, incidents and accidents across the company. EWT will reinforce its driver training and assessment programmes with the introduction of a driver simulator.

The Highlands Highway continues to present EWT with significant operational and financial challenges. 58 days of road closures during the year seriously jeopardised customer supply chains. This figure is consistent with previous years and is likely to be repeated in 2011. Whilst only limited funds are committed by the PNG Government towards the rehabilitation and ongoing maintenance of highway infrastructure, we can presume that impediments will continue. EWT continues to provide chemical transport to Orica Mining as part of the materials supply to the Hidden Valley Gold Mine. The company was successful in retaining major town transport and fuel distribution contracts in both Port Moresby and Lae. Additional and replacement equipment was added to both fleets. Project work, specifically customs clearance associated with the LNG project, has generated additional revenues and provides a conduit for further transport and equipment hire services.

The new Port Moresby depot location, on the outskirts of the city, provides purpose built facilities with significantly more storage capacity across the 7 hectare block. It also includes a 4000 square meter warehouse and bonded storage area. This is particularly relevant at a time when the PNG Ports Corporation is imposing heavy storage penalties for import consignments into PNG, in a bid to reduce port congestion.

Hotels and Property

HOTELS

Coral Sea Hotels delivered a very good performance due to the high demand for both long and short-term, accommodation particular in Port Moresby, and to a lesser degree in Lae. Port Moresby hotel capacity was increased by the opening, in December, of thirty five rooms and seven conference rooms at the Gateway Hotel and forty two rooms at the Ela Beach Hotel.

During the year the division upgraded all the property management systems and launched a new website that will allow for direct bookings to be made to each individual hotel. It is expected that the opening of new restaurants and an additional twenty rooms at the Highlander Hotel in Mount Hagen will occur in the second half of 2011.

The division is focused on improving the training and development of its staff in order to meet the challenges of providing superior service to the current hotels' clientele and to satisfy the demand for staff from the one hundred and sixty-six room Grand Papua Hotel, which will be the premier hotel in Papua New Guinea when it opens in the last quarter of 2011.

PROPERTY

2010 has seen continued growth and development for Steamships Property. Revenue was up by 50% due to construction of additional industrial, commercial and residential properties as well as better rental rates for existing properties. The Group's commercial and residential properties throughout PNG have been maintained at a steady occupancy rate in excess of 95%, with near 100% occupancy rates for both Windward Apartments and the Plaza Commercial Centre in Port Moresby.

Property and land acquisition has proven to be difficult in a market where prices have increased significantly over the last four years. While Steamships Property will continue to seek strategic properties for acquisition to add to its land bank, many properties are being listed at prices which render economic development impossible.

During 2010 the Stop'N'Shop Supermarket in Badili, NGI Stage 2 Office complex of 6,000 square meters, Okari Street Retail complex in Boroko and a residential development of eight townhouses in Davara Road have all been completed and let. Major projects initiated in 2010, which will be completed during 2011 and 2012, include eight warehouses in the Badili Estate, the eight unit " Captain Finch" townhouses at Ela Beach, the 40 unit "Stage 2 Windward Apartments", Sletford Street Lae Office block and the new Port Moresby premises for East West Transport.

Planning is well advanced for the construction of a multi-story office block on the Port Moresby waterfront and the redevelopment of the major commercial site on the corner of the Poreporena Freeway and Waigani Drive.

Commercial Division

DATEC

Datec experienced solid revenue growth in 2010 but failed to meet profit expectations. Demand for IT services increased across all sectors of the business, particularly retail, however margins came under pressure throughout the year. The appreciation of the Australian dollar had a significant impact on the cost of imported inventory. The new business training services provided through Datec Learning Centres had an encouraging start, resulting in partnerships with both University of Technology in Lae and Port Moresby Technical College to manage their IT training curriculum.

Datec remains the largest Internet Service Provider in PNG, however the deregulation of the ICT sector by the National Government in October 2010 will see significant changes in the ISP space and other areas of the ICT sector in 2011.

MANUFACTURING

Laga Industries achieved a strong 30% revenue growth over the last quarter of 2010. This result was driven by solid growth in all categories especially in the vegetable oil category. A number of new products launched throughout the year contributed significantly to the result. The decision to resume direct marketing of liquor products has been successful with strong growth in the last quarter of the year

There has been an increased emphasis on safety during the year with management monitoring of toolbox activities and working closely with the teams of "Safety Action Groups" to drive a safety culture throughout the business. Emphasis on safety is highly visible with strategically located signage enhancing the safety message.

The quality team focused on obtaining the internationally recognised food safety standard accreditation (HACCP), which was achieved in December. To achieve the accreditation a continuous improvement culture was adopted by the manufacturing team to drive process improvement, which in turn results in improved efficiencies.

Investment throughout the year in injection and blow mould plants and equipment has increased capacity to meet the total bottle and cap forecasted demand for vegetable oil and water volumes through to 2015. The business continues to focus on its established and market leading brands.

ASSOCIATES

Colgate (50% owned)

The business had a satisfactory year in 2010 with both turnover and profit up on 2009. Port Moresby was once again a strong market for Colgate branded products, recording good increases in sales.

Pacific Towing (50% owned)

Harbour towage operations recorded good growth through a surge in non liner traffic at Port Moresby and Lae supporting the construction phase of the PNG LNG Project. Predicted growth at Basamuk did not materialise in 2010 due to delays with commissioning the refinery at Basamuk. However, commissioning of the plant is now underway with full cycle operations scheduled to commence in 2011. Towage and mooring services commenced at the new international wharf at Motukea in July 2010.

Two salvage operations were undertaken in 2010 - the tankers QUINN and HAI SOON 5. Both were successfully refloated and safely redelivered, with settlement on both expected in 2011.

HEALTH, SAFETY & SECURITY

The Company recognises the overriding importance of providing a safe and secure workplace for all its staff, customers and contractors. Consequently, an ever increasing focus is placed within the divisions and at Board level on monitoring the success of the Company in reducing the number of incidents relating to health and safety. Systems are in place to monitor all incidents involving members of staff, and lost time injury (LTI) statistics are compiled and monitored.

An active, Group-wide Health, Safety, Security and Environment (HSS&E) committee, chaired and attended by division HSS&E representatives, meets monthly to consider occupational health and safety matters. These issues are raised through the management representatives, with appropriate action taken in a timely manner. A monthly report of all HSS&E incidents, plus cumulative statistic graphs, is sent to all Company Directors, and a full report is discussed at the quarterly Board meetings.

A variety of initiatives have been taken at the divisional level, including self inspections and regular "tool-box" meetings to discuss HSS&E. Frequent training sessions, promotion of safe work practices and critical risk audits all help to assert the dangers of failing to adhere to set procedures regarding safe working and failing to pay attention to warnings given. External consultants from Australia conducted risk assessments of the Group's businesses.

ENVIRONMENT

Steamships is committed to meeting environmental best practice in addition to all legal and regulatory requirements. As a major, diversified business group, the Company is very conscious of the potential impact that its activities have on the environment. In line with the commitment and requirements of our major shareholder, John Swire & Sons Ltd, Steamships has implemented formal systems to monitor the impact its businesses have on the environment. This data is being used to improve processes and policies that help to increase sustainability and reduce adverse effects on the environment across the Company's operations. In particular all construction projects are designed with sustainable operations so as to minimise energy waste.

COMMUNITY ENGAGEMENT

Steamships is aware of its pre-eminent position in the community, and seeks to play a role as a responsible corporate citizen. The Company provides financial support to a diverse range of community programmes and encourages its employees to become involved in these initiatives.

During the year, cash, goods, services and other benefits in kind were given to various charitable causes across Papua New Guinea. The value, in excess of K1 million, demonstrates the Company's commitment to the communities within which it operates. Our initiatives are targeted across three main areas: Education, Health and Social Welfare.

Steamships has continued its sponsorship of the PNG Business Coalition Against HIV/AIDS (BAHA), which is part of a major world-wide initiative by the business community to promote awareness of and proper responses to the threat of HIV and AIDS through the workplace, and is represented on the BAHA Board. Company staff continue to receive training from BAHA and the Company has developed a policy on responsible workplace behaviour in respect of HIV and AIDS. Steamships is a major sponsor of child literacy development, through the Buk Bilong Pikinini library scheme, which supports libraries in Port Moresby, Lae and Goroka, and continues as a major sponsor of Susu Mamas, the Salvation Army, and the Mt Hagen General Hospital.

STAFF DEVELOPMENT

With 3,038 employees nationwide, of whom 97.2% are PNG citizens, Steamships is one of the largest private-sector employers in the country and it takes the development and training of its workforce very seriously. Each division has detailed training programmes, covering both management and technical skills, which are monitored to ensure that the most appropriate training is provided. The need to develop qualified sea farers, heavy goods vehicle drivers, mechanics, and IT system engineers, to name a few, is of paramount importance and represents a significant investment. Suitably qualified employees, who demonstrate outstanding career potential, will have the opportunity for nomination toward the Company's Leadership Development Programme, which serves to grow the necessary skills and experiences required to take on strategic positions within the Company. The Swire Group conducts finance and advanced management curriculums at the INSEAD campuses in Singapore and France, to which Steamships nominates attendees. Through this system of training and investment in people, Steamships aims to foster an environment of growth and development, for the benefit of both the Company and the employees.

CORPORATE GOVERNANCE STATEMENT

Steamships and its Board are committed to achieving and demonstrating the highest standards of Corporate Governance and ethical standards, and they expect these standards from all employees. The Company 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 other 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 well-being of employees, and others with whom the Company has contact; and
- Promoting sustainable business practice.

A description of the Group's main corporate governance practices is set out below. Steamships complies with the August 2007 ***ASX Principles of Good Corporate Governance and Best Practice Recommendations*** except where noted below.

Board of Directors

The Board of Directors has the responsibility to set the strategic direction of the Company, to review the operational and financial performance of the Group's activities, to monitor the achievements of the Group against its objectives, to review the management of business risk, and to report to the shareholders.

The Steamships Board currently comprises two executive Directors, two independent non-executive Directors, Lady Winifred Kamit (chairperson of the Audit and Risk Committee) and Mr Gerea Aopi, and five non-executive Directors, of whom four are also Directors of other John Swire & Sons subsidiary companies.

The Australian Stock Exchange (ASX) recommends that the Chairperson and a majority of the Board, and all of the members of the Audit and Risk Committee, should be independent Directors.

The Company currently has 98% of its shares held by three major shareholders, one of which holds 72% of the shares. The pool of available independent representatives in Papua New Guinea is small, and it would be very difficult to find an adequate number of truly independent Directors qualified to serve on the Board. To disqualify existing Directors on the grounds of lack of independence would deprive the Company of valuable experience in the management of its affairs. While recognising the importance of the ASX's recommendations, the Board feels that, under current circumstances, the recommendations are not practicable and would not serve the interest of the Company or its shareholders.

Other than the Managing Director and the Finance Director, who are appointed by the Board, all Directors retire on a rotational basis at least every three years. Retiring Directors are eligible for re-election.

The Chairman in conjunction with all members of the Board has the responsibility for overseeing the nomination of all Directors and for the review of the Board's membership.

Executive Management

Steamships focuses on the long-term development and growth of business where it can add value through its industry-specific expertise, its partnerships and its knowledge of Papua New Guinea, gained through its long history in the country. In order to achieve this, the Company combines the efforts of dedicated management teams in the individual business units, supported by a small Head Office team to provide services such as strategic direction, investment and performance review, treasury, human resources management and people development services.

Steamships has adopted a structured approach to strategic business planning across all divisions. The Company has implemented a key performance indicator monitoring system to ensure that the business remains focused on the strategies and the action plans outlined to achieve them. Progress against the strategies and indicators are measured on a quarterly basis.

The Company is committed to the development of its employees by ensuring its succession programmes are appropriate and monitored. Although the expertise and skills of expatriate staff are still required, an active programme of training and skills transfer seeks to enable the Company to promote citizen staff and to build a strong, long-term workforce for the future.

Audit and Risk Committee and Internal Control

While the Board maintains overall responsibility for the systems of internal control and monitors their effectiveness, the Board is assisted in discharging its responsibilities by the Audit and Risk Committee, which is composed of an Independent non-executive Chairman and two Directors who are representatives of major shareholders.

The Audit and Risk Committee recommends the appointment and remuneration of the external auditors, reviews the Company's financial statements and the adequacy and effectiveness of existing internal and external audit arrangements. It also considers management of the Group's risk. The findings and recommendations of the Committee are reported to the Board. The Committee meets twice a year, at which time it receives and discusses reports from senior management and from the external auditors. The Audit and Risk Committee has a formal charter.

Different divisions within the Company have a number of internal audit and monitoring functions, dependent on need. In addition to this, regular reviews of the monthly accounts and balance sheets, conducted by senior divisional and head office management, seek to ensure that internal control is properly managed throughout the Group. In the opinion of the Directors, this is the most efficient and cost-effective means of managing internal control, given the diversity of the business and the nature of the risk.

Risk Management

The Company is committed to the management of risks throughout its operations to protect its employees, the environment, and Group assets, earnings and reputation.

Certain risks occur in the normal course of the Company's business and include foreign exchange and interest rate risks. Exchange risks are minimised by borrowing in currencies other than Kina only when an equivalent cash flow is received.

A computer-based risk management database has been developed to assist the Company's Risk Management Department to monitor and enforce compliance with the risk management procedures and policies.

The Company also uses other risk management techniques, including insurance, to reduce the financial impact of any uncontrollable or catastrophic losses.

Remuneration Committee

A Committee comprising the Chairman, the Managing Director and a non-executive Director meets annually to determine the compensation of the Managing Director and the senior executive staff. The committee also reviews the Company's staff development plans and is responsible for the succession planning of all senior management positions. The recommendations of this Committee are minuted.

Strategic Planning Committee

The Strategic Planning Committee meets annually and provides a detailed review of the annual budget and the three year planning process in discussion with the divisional General Managers. This is after a quarterly review and update of the strategic plan by external advisors. This review in no way diminishes the responsibility of the full Board of Directors to review and approve the company's strategy at a more macro level. The selected strategy is implemented by means of programs, budgets and procedures. Implementation involves the organisation of the firm's resources and motivation of the staff to achieve objectives.

Independent External Advice

In exercising their duties as Directors, the Board, and individual members of it, can seek independent professional advice at the Company's expense. Requests for the provision of such advice are directed to the Chairman.

Shareholder Information

The Board seeks to inform shareholders of major issues affecting the Company by sending comprehensive annual reports to the shareholders, and through the release of reports to the Port Moresby Exchange, the Australian Stock Exchange and appropriate media. These detail the Company's financial and operating performance. At all times, the Board ensures that the continuous disclosure requirements of the Port Moresby and Australian Stock Exchanges are met.

Steamships Trading Company Limited

Statements of Comprehensive Income

Steamships Trading Company Limited and Subsidiary Companies

		Consolidated		Parent Entity	
		Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	Note	**K'000**	**K'000**	**K'000**	**K'000**
Revenue from Continuing Operations	3(a)	**783,045**	495,976	**48,938**	55,494
Other revenue	3(a)	**10,415**	3,439	**-**	-
Operating expenses	3(b)	**(595,497)**	(369,543)	**(4,508)**	(4,651)
OPERATING PROFIT		**197,963**	129,872	**44,430**	50,843
Finance costs - net	3(d)	**(23,638)**	(12,182)	**-**	-
Share of profit of associates and joint ventures	9(b)	**19,532**	23,677	**-**	-
PROFIT BEFORE INCOME TAX		**193,857**	141,367	**44,430**	50,843
Income tax expense	4(a)	**(57,841)**	(41,582)	**(35)**	(29)
PROFIT FROM CONTINUING OPERATIONS		**136,016**	99,785	**44,395**	50,814
Profit on discontinued operations	20	**-**	2,912	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**136,016**	102,697	**44,395**	50,814
Non-controlling interests		**(19,571)**	(6,137)	**-**	-
NET PROFIT/TOTAL COMPREHENSIVE INCOME					
ATTRIBUTABLE TO SHAREHOLDERS		**116,445**	96,560	**44,395**	50,814
Basic and Diluted Earnings per share continuing (toea)	3(f)	**376t**	302t		
Basic and Diluted Earnings per share discontinuing (toea)	3(f)	**-**	9t		

These statements of comprehensive income are to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

Steamships Trading Company Limited and Subsidiary Companies

	Share Capital	Proposed Dividend	Retained Earnings	Total Capital Reserves	Minority Interest	Total Equity
	K'000	K'000	K'000	K'000	K'000	K'000
BALANCE AT 1 JANUARY 2009	24,200	26,667	275,928	326,795	18,336	345,131
Total Comprehensive Income for the period	-	-	96,560	96,560	6,137	102,697
Dividends paid 2009	-	(45,272)	-	(45,272)	(1,558)	(46,830)
Dividends proposed 2009	-	45,272	(45,272)	-	-	-
Non-controlling Interest on Acquisition of Subsidiary	-	-	-	-	20,939	20,939
BALANCE AT 31 DECEMBER 2009	24,200	26,667	327,216	378,083	43,854	421,937
Total Comprehensive Income for the period	-	-	116,445	116,445	19,571	136,016
Dividends paid 2010	-	(42,171)	-	(42,171)	(3,431)	(45,602)
Dividends proposed 2010	-	31,008	(31,008)	-	-	-
BALANCE AT 31 DECEMBER 2010	24,200	15,504	412,653	452,357	59,994	512,351

This statement of changes in equity 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.

Statements of Financial Position

Steamships Trading Company Limited and Subsidiary Companies

	Note	Consolidated Dec 10 K'000	Consolidated Dec 09 K'000	Parent Entity Dec 10 K'000	Parent Entity Dec 09 K'000
EQUITY					
Issued capital	7	**24,200**	24,200	**24,200**	24,200
Retained earnings		**412,653**	327,216	**(11,342)**	(24,729)
Proposed final dividend		**15,504**	26,667	**15,504**	26,667
Capital and reserves attributable to the Company's shareholders		**452,357**	378,083	**28,362**	26,138
Non-controlling interests		**59,994**	43,854	**-**	-
TOTAL EQUITY		**512,351**	421,937	**28,362**	26,138
Non-current assets					
Property, plant and equipment	8	**784,809**	664,196	**38,983**	42,983
Investments in subsidiaries, associates and joint ventures	9(a)	**18,136**	17,939	**42,142**	42,142
Goodwill	10	**17,183**	17,183	**-**	-
Deferred tax asset	4(c)	**8,821**	7,305	**1,511**	1,238
		828,949	706,623	**82,636**	86,363
Current assets					
Inventories	11	**54,462**	34,251	**-**	-
Trade and other receivables	12(a)	**177,548**	117,528	**1,562**	1,327
Loans to associates and incorporated joint ventures		**1,290**	189	**21,854**	17,854
Financial assets at fair value through profit and loss	12(b)	**52,583**	48,822	**-**	-
Cash and cash equivalents		**3,644**	2,690	**-**	-
		289,527	203,480	**23,416**	19,181
TOTAL ASSETS		**1,118,476**	910,103	**106,052**	105,544
Current liabilities					
Trade payables		**56,119**	33,298	**-**	-
Other payables and accruals		**68,992**	61,493	**-**	-
Provisions for other liabilities and charges	13	**19,551**	17,447	**-**	-
Loans from associates and incorporated joint ventures		**22,032**	607	**77,481**	79,266
Loan from Shareholder	14	**6,522**	58,990	**-**	-
Borrowings	14	**50,604**	34,050	**-**	-
Income tax payable		**48,105**	30,962	**209**	140
		271,925	236,847	**77,690**	79,406
Non-current liabilities					
Deferred tax liability	4(d)	**-**	323	**-**	-
Borrowings	14	**326,389**	243,168	**-**	-
Provisions for other liabilities and charges	13	**7,811**	7,828	**-**	-
		334,200	251,319	**-**	-
TOTAL LIABILITIES		**606,125**	488,166	**77,690**	79,406
NET ASSETS		**512,351**	421,937	**28,362**	26,138

These statements of financial position are to be read in conjunction with the accompanying notes.

For and on behalf of the Board:
31 March 2011

W. L. Rothery
Chairman

D.H. Cox OL
Managing Director

Statements of Cash Flows

Steamships Trading Company Limited and Subsidiary Companies

		Consolidated		Parent Entity	
		Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	Note	**K'000**	**K'000**	**K'000**	**K'000**
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipt from customers		**733,549**	490,027	**4,247**	4,288
Payments to suppliers and employees		**(514,959)**	(327,936)	**(261)**	(362)
Interest received		**4,421**	72	**-**	-
Interest and other finance costs paid		**(28,059)**	(12,183)	**-**	-
Income tax paid		**(38,186)**	(29,269)	**(239)**	(22)
Net cash provided by operating activities	16	**156,766**	120,711	**3,747**	3,904
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment		**(190,158)**	(195,397)	**(638)**	(2,559)
Proceeds from sales of property, plant & equipment		**8,844**	7,549	**6,898**	2,570
Payment for purchase of other financial asset		**(11,827)**	(8,208)	**-**	-
Loans made (to)/repaid by associated companies		**20,357**	1,711	**(12,123)**	(10,577)
Dividends received		**13,456**	14,859	**44,287**	50,747
Payment for acquisition of subsidiaries (net of cash acquired)		**-**	(23,975)	**-**	-
Net cash used in investing activities		**(159,328)**	(203,461)	**38,424**	40,181
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**102,164**	127,500	**-**	-
Repayments of borrowings		**(69,600)**	-	**-**	-
Dividends paid		**(45,602)**	(45,272)	**(42,171)**	(44,085)
Net cash provided by financing activities		**(13,038)**	82,228	**(42,171)**	(44,085)
NET INCREASE/(DECREASE) IN CASH HELD		**(15,600)**	(522)	**-**	-
CASH AT BEGINNING OF THE YEAR		**(31,360)**	(30,838)	**-**	-
CASH AT END OF THE YEAR		**(46,960)**	(31,360)	**-**	-
CASH COMPRISES:					
Cash and cash equivalents		**3,644**	2,690	**-**	-
Bank overdrafts	14	**(50,604)**	(34,050)	**-**	-
		(46,960)	(31,360)	**-**	-

These statements of cash flows are to be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE ACCOUNTS

Steamships Trading Company Limited and Subsidiary Companies

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company is a company limited by shares and is incorporated and domiciled in Papua New Guinea.

These group consolidated financial statements were authorised for issue by the Board of Directors on 31 March 2011.

The Board of Directors have the power to amend the financial statements after its issue.

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

Changes in accounting policy and disclosures

New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2010.

IFRS 3 (revised), 'Business combinations. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

IAS 1 (amendment), 'Presentation of financial statements'. The amendment clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2011 or later periods, but the group has not early adopted them.

- Improvements to IFRSs 2010 - effective 1 July 2010
- IAS 24 (revised), 'Related party disclosures' - effective 1 January 2011
- Amendments to IFRS 7: Disclosures - Transfers of Financial Assets and consequential amendment to IFRS 1: 'First time adoption of IFRS' - effective 1 July 2011

NOTES TO AND FORMING PART OF THE ACCOUNTS

Steamships Trading Company Limited and Subsidiary Companies

- Revised IFRS 9, 'Financial Instruments' - effective 1 January 2013
- Amendment to IAS 12, 'Deferred tax - Recovery of underlying assets' - effective 1 January 2012

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

(a) Basis of preparation

The accounts have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates, refer to note 1(y). It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(b) Principles of consolidation

The consolidated accounts incorporate the assets and liabilities of all companies controlled by the Group as at the end of the reporting period and the results of all controlled companies for the year then ended. All inter-group transactions and balances have been eliminated. Non-controlling interests in controlled companies are shown separately in the consolidated statement of financial position and statement of comprehensive income. Interests in joint ventures and associates in which the Group holds 20%-50% or more of the issued share capital, and hold significant influence are accounted for under the equity method. Interests in subsidiaries, joint ventures, and associates are carried at cost by the parent entity.

(c) 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, with limited exceptions, 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 profit or loss as a bargain purchase.

(d) Property, plant and equipment

All property, plant and equipment (including investment properties) are initially recorded at cost. Depreciation is calculated on the straight-line method to write off the cost of each asset to their residual values over 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.

Steamships Trading Company Limited and Subsidiary Companies

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.

(e) Inventories

Inventories are valued at the lower of cost or 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.

(f) Income tax

The income tax expense or revenue 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, using the liability method, 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) 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 long-term charter agreement to 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.

(h) 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.

(i) 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 that it might be impaired and is carried at cost less impairment losses.

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.

Steamships Trading Company Limited and Subsidiary Companies

(j) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes deposits at call and Treasury bills with a maturity less than 90 days, net of outstanding bank overdrafts.

(k) 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 a Group entity sells a product to the customer.

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

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

Dividend income - Dividends are recognised as revenue when the right to receive payment is established.

Consulting - Sales of consulting services are recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised under the percentage of completion method.

(l) Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for any uncollectable debts. A provision for doubtful receivables 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.

(m) 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 reporting period.

(n) Changes in accounting policies and comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation and accounting policies in the current year.

(o) 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 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).

(p) Borrowing cost

Borrowing cost incurred for the construction of any qualifying asset 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 7.25% (2009 - 7.2%).

(q) Segment reporting

The Group has adopted IFRS 8 Operating Segments" from 1 January 2010. IFRS 8 replaces IAS 14 Segment Reporting.

NOTES TO AND FORMING PART OF THE ACCOUNTS

Steamships Trading Company Limited and Subsidiary Companies

The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a decrease in the number of reportable segments presented. In addition, the segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

(r) Dividends

Provision is made for the amount of any dividend declared on or before the end of the financial year but not distributed at balance date. The Group creates a separate category within equity to recognise amounts set aside for payment of dividends that are declared post-year end but before the issue of the Annual Report.

(s) Earnings per share

Basic earning 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 earning per share is equal to the basic earnings per share.

(t) Critical judgments in applying the entity's accounting policies

Judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(v) 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.

(w) 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(l).

(x) Rounding of amounts

Amounts in the financial statements have been rounded off to the nearest thousand kina.

(y) Critical accounting estimates and assumptions

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 Bemobile Ltd at fair value with changes in the fair values recognised in profit or loss. At the end of each reporting period, a future maintainable earnings calculation is performed to determine the appropriate fair value of the investment.

(iii) Provision for Dry Docking

For vessels on long term charter contracts, 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. Management have made estimates based on the dry docking interval (ie Special or Interim), repairs identified at balance, its age, and docking history. Docking intervals are assumed to be 30 month periods.

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

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks including market risk (including currency, and interest rate risk), credit risk, liquidity risk and capital risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out under policies approved by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

The Group engages in international purchase transactions and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Australian dollar. Foreign exchange risk arises from recognised assets and liabilities.

The Group's foreign currency purchases do not represent a significant proportion of the Group's costs and as such exposure to foreign currency risk is minimal. It is not the Group's policy to hedge foreign currency risk. As the foreign currency exposure is minimal no sensitivity analysis is provided.

NOTES TO AND FORMING PART OF THE ACCOUNTS

Steamships Trading Company Limited and Subsidiary Companies

(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 at a fixed rate of interest. It is not the Group's policy to hedge cash flow and interest rate risk.

At 31 December 2010, if interest rates on PNG kina-denominated borrowings had been 1.0% higher/lower with all other variables held constant, post-tax profit for the year would have been five hundred and six thousand kina (2009: three hundred and forty thousand) 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. No credit limits were exceeded during the reporting period and management does not expect any losses from non-performance by counterparties.

(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 2010 is as follows:

	2010 K'000	**2009 K'000**
Undrawn Facilities	**182,944**	163,871

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 1year	Between 1 & 2 years	Between 2 & 5 years	Over 5years
	K'000	K'000	K'000	K'000
At 31 December 2010				
Borrowings	(75,212)	(29,595)	(266,895)	(111,389)
Trade & other payables	(125,111)	-	-	-
At 31 December 2009				
Borrowings	(34,050)	-	(243,168)	-
Trade & other payables	(94,792)	-	-	-

The Group does not hold derivative financial instruments.

(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.

Steamships Trading Company Limited and Subsidiary Companies

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as external borrowings less cash and cash equivalents net of bank overdrafts. Total capital is calculated as "equity" as shown in the balance sheet plus net debt.

The gearing ratios at each balance date were as follows:

	2010 K'000	**2009 K'000**
Total external borrowing	**376,993**	277,218
Less: cash & cash equivalents	**3,644**	2,690
Net debt	**373,349**	274,528
Total equity	**452,357**	378,083
Issued capital	**24,200**	24,200
Gearing ratio	**83%**	73%

The higher gearing ratio in 2010 resulted primarily from additional debt to fund the capital works being undertaken.

(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).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2010.

	Level 1 K'000	**Level 2 K'000**	**Level 3 K'000**
Assets			
Financial Assets at Fair Value through profit & loss:	-	-	52,583
Total Assets:	-	-	52,583

at 31 December 2009

	Level 1 K'000	**Level 2 K'000**	**Level 3 K'000**
Assets			
Financial Assets at Fair Value through profit & loss:	-	-	48,822
Total Assets:	-	-	48,822

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Steamships Trading Company Limited and Subsidiary Companies

The following table presents the change in level 3 instruments for the year ended 31 December 2010.

Consolidated	Financial asset at fair value through profit or loss	
	2010	**2009**
	K'000	**K'000**
Opening balance	**48,822**	40,614
Additions	**11,827**	8,208
Losses recognised in statement of comprehensive income	**(8,066)**	-
Closing Balance	**52,583**	48,822
Total losses for the period included in other operating expenses that relate to assets held at the end of the reporting period	**8,066**	-

The parent entity does not hold any financial assets.

Steamships Trading Company Limited and Subsidiary Companies

	Consolidated		Parent Entity	
	Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	K'000	**K'000**	**K'000**	**K'000**
3. Operating results				
(a) Revenue comprises:				
Revenue from sale of goods	**198,436**	135,763	**-**	-
Revenue from provision of service	**584,609**	360,213	**-**	-
Dividend income	**-**	-	**48,938**	55,494
Other income	**10,415**	3,439	**-**	-
Total Revenue	**793,460**	499,415	**48,938**	55,494
(b) Operating expenses comprise:				
Cost of Sales	**200,554**	107,175	**-**	-
Staff costs	**137,909**	93,681	**-**	-
Depreciation and amortisation	**66,389**	47,889	**4,247**	4,288
Electricity and fuel	**52,954**	24,766	**-**	-
Freight	**6,198**	5,130	**-**	-
Insurance	**17,305**	11,855	**-**	-
Motor Vehicle expenses	**6,536**	12,811	**-**	-
Shipping and Survey costs	**6,114**	3,304	**-**	-
Stevedoring	**19,419**	3,423	**-**	-
Telecommunication	**13,558**	14,245	**-**	-
Repairs & Maintenance	**33,366**	17,039	**-**	-
Other operating expenses	**35,195**	28,225	**261**	363
Total operating expenses	**595,497**	369,543	**4,508**	4,651
(c) The operating profit before income tax is arrived at after charging and crediting the following specific items:-				
Charges:				
Audit fees	**795**	659	**10**	9
Fees for non-audit services to Auditors	**443**	624	**-**	-
Bad and doubtful debts	**721**	(50)	**-**	-
Donations	**1,262**	1,104	**-**	-
Fair value decrement on financial assets	**8,066**	-	**-**	-
Credits:				
Subsidiary companies' dividends	**-**	-	**44,287**	50,747
Net foreign exchange transaction gains	**3,307**	394	**-**	-
Profit (loss) on sale of properties	**5,689**	1,714	**-**	-
(d) Finance costs - net				
Interest expense	**28,059**	12,254	**-**	-
Interest income	**(4,421)**	(72)	**-**	-
Net finance costs	**23,638**	12,182	**-**	-

Steamships Trading Company Limited and Subsidiary Companies

	Consolidated		Parent Entity	
	Dec 10	Dec 09	Dec 10	Dec 09
	K'000	K'000	K'000	K'000

3. Operating results (continued)

(e) Staff costs:

Wages and salaries	**94,572**	60,377	**-**	-
Retirement benefit contributions	**7,380**	5,229	**-**	-
Accommodation and other benefits	**35,957**	28,075	**-**	-
	137,909	93,681	**-**	-
Number of staff employed by the Group at year end.				
Full time	**3,038**	2,592	**-**	-

(f) Earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares on issue during the year. There is no difference between the basic and diluted earnings per share.

Net profit attributable to shareholders	**116,445**	96,560	**-**	-
Weighted average number of ordinary shares on issue (thousands)	**31,008**	31,008	**-**	-
Basic earnings per share	**376t**	311t	**-**	-
Split between:				
Continuing operations	**376t**	302t	**-**	-
Discontinued operations	**-**	9t	**-**	-

4. Income Tax

(a) Current tax	**47,488**	34,934	**35**	29
Deferred tax	**4,504**	(297)	**-**	-
Share of associates' tax	**5,849**	6,945	**-**	-
	57,841	41,582	**35**	29

(b) The income tax in the Income Statement 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. \

Prima facie tax payable on operating profit	**58,157**	42,410	**13,329**	15,253
Tax effect of rebateable dividends	**-**	-	**(13,286)**	(15,224)
Exempt income	**-**	(2,920)	**-**	-
Permanent differences	**(316)**	1,638	**-**	-
Prior year over/under provisions	**-**	454	**(8)**	-
	57,841	41,582	**35**	29

(c) The deferred tax asset comprises:

Provisions	**9,446**	7,099	**(220)**	-
Prepayments	**(2,378)**	(2,038)	**-**	104
Tax depreciable assets	**1,753**	2,090	**1,731**	1,134
Tax losses	**-**	154	**-**	-
	8,821	7,305	**1,511**	1,238

Unused tax losses for which no deferred tax asset has been recognised total K1,598,502(2009: K1,598,502) in a subsidiary company.

(d) The deferred tax liability comprises:

Revaluation of ships	**-**	323	**-**	-

Steamships Trading Company Limited and Subsidiary Companies

5. Segmental reporting

(a) Description of segments

The Managing Director considers the business from both a product and a geographic perspective and has 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 food products and general IT retail sales.
- Hotels and Property- consists of the hotels owned and operated by the Company and also its property leasing division. The assets are stated at book value.
- Logistics- consists of shipping and land based freight transport divisons.
- Finance and Investment – consists of the head office administration function and internal property development projects prior to the transfer to the hotel and property segment.

(b) Segment information

The segment information provided to the Managing Director for the reportable segments for the year ended 31 December 2010 is as follows:

	Commercial Division	Hotels & Property	Logistics	Finance & Investment	Total
	K'000	**K'000**	**K'000**	**K'000**	**K'000**
2010					
External Revenue	227,426	175,155	390,879	-	793,460
Intersegmental Revenue	4,837	18,803	7,813	-	31,453
Interest Revenue	72	-	39	4,310	4,421
Interest Expense	(381)	(20)	(11,357)	(16,301)	(28,059)
Fair value loss on financial asset	-	-	-	(8,066)	(8,066)
Segment Results	16,549	80,860	81,538	(4,622)	174,325
Share of Associate Profit	3,258	-	16,274	-	19,532
Total tax Expense	(5,942)	(23,953)	(29,333)	1,387	(57,841)
Profit from continuing operations	13,865	56,907	68,479	(3,235)	136,016
Segment assets	130,350	497,424	387,258	103,444	1,118,476
Segment liabilities	32,612	343,369	163,155	66,989	606,125
Net Assets	97,738	154,055	224,103	36,455	512,351
Total assets included investment in associates of	5,490	-	12,646	-	18,136
Capital expenditure	10,176	128,479	49,914	1,589	190,158
Depreciation and amortisation	7,974	20,322	37,842	251	66,389

Steamships Trading Company Limited and Subsidiary Companies

5. Segmental reporting (continued)

	Commercial Division	Hotels & Property	Logistics	Finance & Investment	Total
	K'000	**K'000**	**K'000**	**K'000**	**K'000**
2009					
External Revenue	158,953	130,228	210,234	-	499,415
Intersegmental Revenue	281	20,190	3,243	-	23,714
Interest Revenue	72	-	-	-	72
Interest Expense	(102)	(17)	(1,632)	(10,503)	(12,254)
Segment Results	16,161	59,771	42,293	2,377	120,602
Share of Associate Profit	4,100	-	19,577	-	23,677
Total tax Expense	(5,646)	(16,702)	(18,522)	(712)	(41,582)
Profit from continuing operations	14,615	43,069	43,348	1,665	102,697
Segment assets	107,560	400,591	336,826	65,126	910,103
Segment liabilities	36,002	276,930	155,201	20,033	488,166
Net Assets	71,558	123,661	181,625	45,093	421,937
Total assets included investment in associates of	5,851	-	12,088	-	17,939
Capital expenditure	15,681	137,249	40,952	1,515	195,397
Depreciation and amortisation	7,342	17,031	23,277	239	47,889

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

(c) Geography

The Group operates wholly in Papua New Guinea. It is not practical to provide a segment analysis by geographical region within Papua New Guinea.

Steamships Trading Company Limited and Subsidiary Companies

6. Related party disclosures

The Group is controlled by John Swire & Sons (PNG) Limited, which owns 72.12% of the Company's shares. Related parties comprise other companies within the John Swire & Sons (PNG) Group, including Collins & Leahy Holdings Limited, together with associate and joint ventures entities.

	Consolidated		Parent Entity	
	Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	K'000	**K'000**	**K'000**	**K'000**
(a) Material transactions:				
Sales of goods and services:				
Associates & Joint Ventures	**3,972**	19,509	**-**	-
Shareholders of Associated Companies	**7,844**	5,188	**-**	-
Lease and rental income				
Associates & Joint Ventures	**176**	-	**-**	-
Dividends received				
Associates & Joint Ventures	**13,456**	18,841	**44,287**	50,747
Management fees received				
Associates & Joint Ventures	**180**	38	**-**	-
Royalty/License Income				
Associates & Joint Ventures	**1,177**	1,051	**-**	-
Purchase of goods and services				
Associates & Joint Ventures	**(30,068)**	(12,282)	**-**	-
Other Shareholders	**(1,437)**	(50)	**-**	-
Shareholders of Associated Companies	**(580)**	(88)	**-**	-
Management fees paid				
Other Shareholders	**(418)**	(695)	**-**	-
Container/Charter hire fees				
Other Shareholders	**(10,194)**	-	**-**	-
Interest paid				
Other Shareholders	**(808)**	-	**-**	-
Dividends paid				
Other Shareholders	**(985)**	-	**-**	-
Shareholders of Associated Companies	**(30,413)**	(32,650)	**-**	-
Intercompany Loan Transactions				
Equity instrument in associate	**(11,827)**	(8,208)	**-**	-
Additional investment in Associate	**20,357**	(1,454)	**-**	-
Other Shareholders	**(52,500)**	52,500	**-**	-
Shareholders of Associated Companies	**-**	6,490	**-**	-

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

(b) Directors:

G.J. Dunlop and W.L. Rothery are Directors of John Swire & Sons (PNG) Limited and Collins & Leahy Holdings Limited. C.R. Kendall is a Director 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.

(c) 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 report of the Directors.

The Group paid K7,844,465 (2009: 7,449,142) to SCL Nominees Limited for management services.

(d) Interest in subsidiaries, associates and joint ventures: These are set out in note 9 and 19

(e) Holding company: The ultimate holding company is John Swire & Sons Limited, incorporated in England.

Notes to and Forming Part of the Accounts

Steamships Trading Company Limited and Subsidiary Companies

7. Capital

	Note	Consolidated Dec 10 K'000	Consolidated Dec 09 K'000	Parent Entity Dec 10 K'000	Parent Entity Dec 09 K'000
Issued and fully paid : 31,008,237 shares		**24,200**	24,200	**24,200**	24,200

In accordance with the Papua New Guinea Companies Act 1997 the Group has no authorised share capital and shares of no par value.

8. Property, Plant & Equipment

	Note	Consolidated Dec 10 K'000	Consolidated Dec 09 K'000	Parent Entity Dec 10 K'000	Parent Entity Dec 09 K'000
Property					
Opening net book amount		**350,001**	209,464	**40,478**	42,179
Building under construction		**107,879**	96,064	**-**	-
Additions		**8,302**	39,781	**638**	3,084
Business combinations	21	**-**	15,422	**-**	-
Disposals cost		**(2,492)**	(2,374)	**(2,468)**	(1,451)
Disposals accumulated depreciation		**2,228**	1,752	**2,228**	183
Depreciation charge		**(15,430)**	(10,108)	**(3,665)**	(3,517)
Closing net book amount		**450,488**	350,001	**37,211**	40,478
Cost or valuation		**557,382**	443,693	**75,923**	77,753
Accumulated depreciation		**(106,894)**	(93,692)	**(38,712)**	(37,275)
Net book amount		**450,488**	350,001	**37,211**	40,478
Ships					
Opening net book amount		**187,048**	46,219	**-**	-
Additions		**19,420**	17,592	**-**	-
Business combination	21	**-**	131,995	**-**	-
Disposals - cost		**(3,466)**	-	**-**	-
Disposals - accumulated depreciation		**3,466**	-	**-**	-
Depreciation charge		**(20,026)**	(8,758)	**-**	-
Closing net book amount		**186,442**	187,048	**-**	-
Cost or valuation		**291,324**	275,370	**6,474**	6,474
Accumulated depreciation		**(104,882)**	(88,322)	**(6,474)**	(6,474)
Net book amount		**186,442**	187,048	**-**	-
Plant & Vehicles					
Opening net book amount		**127,147**	97,578	**2,505**	2,533
Additions		**54,557**	41,961	**-**	823
Business combinations	21	**-**	21,423	**-**	-
Disposals - cost		**(9,078)**	(7,987)	**(347)**	(183)
Disposals - accumulated depreciation		**6,186**	3,195	**196**	103
Depreciation charge		**(30,933)**	(29,023)	**(582)**	(771)
Closing net book amount		**147,879**	127,147	**1,772**	2,505
Cost or valuation		**301,536**	256,057	**4,434**	4,781
Accumulated depreciation		**(153,657)**	(128,910)	**(2,662)**	(2,276)
Net book amount		**147,879**	127,147	**1,772**	2,505
Total property, plant and equipment		**784,809**	664,196	**38,983**	42,983

Included in the 'Property' classification at 31 December 2010 are buildings under construction of K203.9M (2009: K96.1M).The cost of additions in 2010 includes capitalised borrowing costs of K7.9M (2009: K4.3) in relation to qualifying assets.

Steamships Trading Company Limited and Subsidiary Companies

8. Property, Plant & Equipment (continued)

Properties include commercial properties occupied by Group businesses together with commercial and residential investment property 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 2010 for a selected sample of representative properties.

Included in Properties are the following:

	NBV	Valuation Range	
		Lower	Higher
	K'000	K'000	K'000
Commercial Internal	30,799	96,472	111,613
Commercial External	385,875	972,647	1,120,769
Residential	33,814	193,205	214,670
Total	450,488	1,262,324	1,447,052

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.

9. Investments in subsidiaries, associates and joint ventures

	Consolidated		Parent Entity	
	Dec 10	Dec 09	Dec 10	Dec 09
	K'000	K'000	K'000	K'000
(a) Investments are accounted for in accordance with the policy set out in Note 1(b) and relate to:				
Investments in subsidiary companies	**-**	-	42,003	42,003
Investments in associates and joint ventures	**18,136**	17,939	139	139
	18,136	17,939	42,142	42,142
(b) Movement in carrying amounts				
Carrying amount at the beginning of the year	**17,939**	33,337	**42,142**	42,142
Share of Profits	**19,532**	23,677	**-**	-
Income Tax Expense	**(5,849)**	(6,945)	**-**	-
Dividends Received/receivable	**(13,456)**	(14,859)	**-**	-
Transfers/Sales	**(30)**	(17,271)	**-**	-
Carrying amount at the end of the year	**18,136**	17,939	**42,142**	42,142

Notes to and Forming Part of the Accounts

Steamships Trading Company Limited and Subsidiary Companies

9. Investments in subsidiaries, associates and joint ventures (continued)

(c) Summarised financial information of equity accounted associates and joint ventures

The Group's share of the results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows.

	Ownership Interest %	Assets K'000	Liabilities K'000	Carrying Value K'000	Revenues K'000	Profit K'000
2010						
Pacific Towing	50.00	17,663	12,846	4,817	16,529	6,698
New Britain Shipping	50.00	4,202	1,482	2,720	4,293	2,267
Kiunga Stevedores	24.50	588	103	485	1,002	333
Colgate	50.00	10,833	5,343	5,490	23,547	2,280
Makerio Stevedoring	23.00	442	90	352	727	151
Nikana Stevedoring	23.00	736	261	475	900	308
Riback Stevedoring	25.00	5,311	1,564	3,747	9,824	1,637
United Stevedoring	12.00	273	223	50	3,846	9
		40,048	21,912	18,136	60,668	13,683

	Ownership Interest %	Assets K'000	Liabilities K'000	Carrying Value K'000	Revenues K'000	Profit K'000
2009						
Consort Express Lines*	33.33	-	-	-	37,095	1,791
Datec PNG*	50.00	-	-	-	14,407	999
Pacific Towing	50.00	23,663	16,798	6,865	30,056	10,702
New Britain Shipping	50.00	2,277	935	1,342	2,041	1,220
Kiunga Stevedores	24.50	361	118	243	476	42
Colgate	50.00	9,324	3,473	5,851	21,493	1,990
Makerio Stevedoring	23.00	421	146	275	-	-
Nikana Stevedoring	25.00	356	151	205	-	-
Riback Stevedoring	25.00	3,844	776	3,068	-	-
United Stevedoring	12.00	355	265	90	-	-
Others		-	-	-	-	(12)
		40,601	22,662	17,939	105,568	16,732

*Consort Express Lines and Datec PNG were transferred from Associates to subsidiaries during the 2009 year.
The percentage ownerships above relates to the period prior to transfer.

(d) Within the parent company, shares in subsidiary companies have been stated at cost or valuation less dividends received from pre-acquisition profits. Subsidiary companies are shown in note 19.

Notes to and Forming Part of the Accounts

Steamships Trading Company Limited and Subsidiary Companies

10. Goodwill

	Consolidated		Parent Entity	
	Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	K'000	**K'000**	**K'000**	**K'000**
Opening net book amount	**17,183**	7,578	**-**	-
Additions	**-**	9,605	**-**	-
Impairment	**-**	-	**-**	-
Closing net book amount	**17,183**	17,183	**-**	-

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to operating segment. The goodwill balance of K17.2M (2009: K17.2M) is attributable to Datec (K 9.1m), Consort (K 0.5m) and the Manufacturing division (K 7.5m). 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 five-year period. Growth beyond year five for the purpose of the impairment testing is set at 0%. A pre-tax discount rate of 12.8% has been used and reflects specific risks relating to the operating segment. No goodwill is considered to be impaired as at 31 December 2010.

11. Inventories

	Consolidated		Parent Entity	
	2010	**2009**	**2010**	**2009**
	K'000	**K'000**	**K'000**	**K'000**
Raw materials	**28,286**	8,709	**-**	-
Work in progress	**542**	239	**-**	-
Finished goods	**28,999**	28,956	**-**	-
Provision for obsolescence	**(3,365)**	(3,653)	**-**	-
	54,462	34,251	**-**	-

Steamships Trading Company Limited and Subsidiary Companies

12 (a) Trade and other receivables

	Consolidated		Parent Entity	
	Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
Trade receivables	**103,199**	72,336	**-**	-
Provision for impairment	**(3,582)**	(2,861)	**-**	-
	99,617	69,475		-
Other receivables & prepayments	**77,931**	46,209	**1,562**	1,327
External loans	**-**	1,844	**-**	-
	177,548	117,528	**1,562**	1,327

(i) Impaired trade receivables

As at 31 December 2010, trade receivables of K3.6 million (2009: K2.9 million) relating to trade debtors were considered impaired and were provided for by management. The ageing of these receivables is as follows:

3 to 6 months	**1,511**	1,121	**-**	-
Over 6 months	**2,071**	1,740	**-**	-
	3,582	2,861	**-**	-

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

Opening balance	**2,861**	3,048	**-**	-
Provision for receivables impaired	**721**	(187)	**-**	-
Total	**3,582**	2,861	**-**	-

The creating and releasing of provision for impaired receivables is included in administration costs in the income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(ii) Past due but not impaired

As at 31 December 2010, trade receivables of K7.1 million (2009: K4.2 million) 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 are as follows:

3 to 6 months	**7,062**	4,207	**-**	-
Over 6 months	**-**	-	**-**	-
	7,062	4,207	**-**	-

The other classes within trade and other receivables do not contain impaired assets. 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.

(b) Financial asset held at fair value through the profit and loss

Opening balance	**48,822**	40,614	**-**	-
Additional investment	**11,827**	8,208	**-**	-
Fair value loss recorded in the profit and loss	**(8,066)**	-	**-**	-
Closing Balance	**52,583**	48,822	**-**	-

The financial asset is a convertible note in GEMS PNG Limited, which holds an investment in Bemobile Ltd.

Steamships Trading Company Limited and Subsidiary Companies

13. Provisions for other liabilities and charges

	Employee	Dry Dock	Other	2010	2009
	K'000	K'000	K'000	K'000	K'000
At 31 December 2009	14,359	10,289	627	25,275	12,557
Transfer in on acquisition	-	-	-	-	17,393
Charged to profit & loss	4,166	6,689	-	10,855	6,593
Utilised during year	(2,010)	(6,605)	(153)	(8,768)	(11,268)
	16,515	10,373	474	27,362	25,275
Short-term provisions at 31 December 2010	8, 704	10,373	474	19,551	17,447
Long-term provisions at 31 December 2010	7,811	-	-	7,811	7,828
	16,515	10,373	474	27,362	25,275

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

Other provisions comprise benefits under the home ownership scheme, and provisions for cargo claims.

14. Borrowings

	Consolidated		Parent Entity	
	Dec 10	Dec 09	Dec 10	Dec 09
	K'000	K'000	K'000	K'000
Current:				
Bank overdrafts (secured)	**50,604**	34,050	**-**	-
Other loans (unsecured)	**6,522**	58,990	**-**	-
	57,126	93,040	**-**	-
Non-current:				
Bank loans (secured)	**326,389**	243,168	**-**	-
Total Borrowings	**383,515**	336,208	**-**	-

Mortgages over certain of the Group's properties and a registered equitable mortgage 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 fixed commercial rates at a discount to ILR. The effective interest rate on bank facilities at the balance sheet date was 7.75% (2009: 7.75%). Bank overdrafts are interest-only with no agreed repayment schedule. Bank loans are secured loans with a five year term.

15. Capital expenditure commitments

Contracts outstanding for capital expenditure:				
- less than 12 months	127,436	136,882	-	-
-1 - 5 years	29,283	34,048	-	-
	156,719	170,930	-	-

Steamships Trading Company Limited and Subsidiary Companies

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

	Consolidated		Parent Entity	
	Dec 10	**Dec 09**	**Dec 10**	**Dec 09**
	K'000	**K'000**	**K'000**	**K'000**
Profit for the year	**136,016**	102,697	**44,395**	50,814
Depreciation	**66,389**	47,889	**4,247**	4,288
Dividend and Interest income	**-**	-	**(44,287)**	(50,747)
Net gain on sale of non-current asset	**(5,688)**	(2,136)	**(6,507)**	(1,348)
Fair value adjustment on financial assets	**8,066**	-	**-**	-
Share of profit after tax of associates	**(13,683)**	(16,732)	**-**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entity				
(Increase)/Decrease in trade debtors	**(30,142)**	17,603	**(235)**	(1,164)
(Increase)/Decrease in inventory	**(20,211)**	3,367	**-**	-
(Increase)/Decrease in deferred tax asset	**(1,516)**	625	**(273)**	167
Increase in other operating assets	**(31,691)**	(16,904)	**-**	-
Increase/(Decrease) in trade creditors	**22,821**	(31,788)	**6,338**	2,054
Increase in other operating liabilities	**9,585**	8,742	**-**	-
Increase/(Decrease) in provision for income tax payable	**17,143**	7,672	**69**	(160)
Decrease in deferred tax liability	**(323)**	(324)	**-**	-
Net cash inflow from operating activities	**156,766**	120,711	**3,747**	3,904

17. Retirement benefit plans

The total cost of retirement benefits of the Group in 2010 was K7,380,000 (2009: K5,229,000). 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 senior management. The defined contribution superannuation plan was established in 2002.

The Holding Company does not employ staff directly; consequently there was no charge during the year

Steamships Trading Company Limited and Subsidiary Companies

18. Contingent assets and liabilities

Contingent Liabilities

There were contingent liabilities at the Balance Sheet date as follows:

(a) The Holding Company has given a secured guarantee in respect of the bank overdrafts of certain subsidiaries.

(b) The Holding Company 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.

19. Subsidiary companies

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1 (b):

Name of Entity	Country of Incorporation	Class of Shares	Equity Holdings* 2010 %	Equity Holdings* 2009 %
Consort Express Lines Limited	Papua New Guinea	Ordinary	51	51
Datec (PNG) Limited	Papua New Guinea	Ordinary	100	100
Kavieng Port Services	Papua New Guinea	Ordinary	60	60
Lae Port Services Limited	Papua New Guinea	Ordinary	51	51
Laga Industries	Papua New Guinea	Ordinary	68	68
Madang Port Services Limited	Papua New Guinea	Ordinary	60	60
Oro Agencies Ltd	Papua New Guinea	Ordinary	100	100
Pacific Rumana Limited	Papua New Guinea	Ordinary	50	50
Pacific Rumana Mobile Investments Limited	Papua New Guinea	Ordinary	83	83
PNG Link Limited	Papua New Guinea	Ordinary	100	-
Port Services PNG Limited	Papua New Guinea	Ordinary	54	54
Progressive Traders Limited	Papua New Guinea	Ordinary	100	100
Steamships Limited	Papua New Guinea	Ordinary	100	100
Tanubada Food Processors Limited	Papua New Guinea	Ordinary	88	88
Windward Apartments Limited	Papua New Guinea	Ordinary	100	100

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

Steamships Trading Company Limited and Subsidiary Companies

20. Discontinued operations

There were no discontinued operations in 2010.

	Dec 10 K'000	Dec 09 K'000
Operating Results		
Revenue	-	-
Operating costs	-	(2,912)
Profit from operations	-	(2,912)
Earnings per Share	-	9t
Goodwill on disposal	-	-
Net Profit (loss)	-	-
Tax	-	-
Profit (loss) after tax	-	-
Cash Flows		
Operating cash flows	-	2,912
Investing cash flows	-	-
Total cash flows	-	2,912
Net Assets		
Total assets	-	-
Total liabilities	-	-
Net assets	-	-

Profit from operations in 2009 represents a recovery of accounts receivable fully provided for in prior years.

21. Business Combinations

There were no business combination in 2010.

2009

(a) Summary of acquisitions

On 27th April 2009, the Group concluded a share purchase transaction that saw the Company attain 100% control of the share capital of Datec (PNG) Limited (previously 50%). On the 16th of November 2009, the Group increased its shareholding in Consort Express Lines Limited to 51% (previously 33%). The total purchase price of K23,975,000 was settled in cash on acquisition.

Datec contributed revenues of K54,873,292 and net profit of K6,288,440 to the Group for the period 1 May 2009 to 31 December 2009. Consort attributed revenues of K3,324,678 and profit of K234,354 to the Group for the period 1 December 2009 to 31 December 2009. If both acquisitions had occurred on 1 January 2009, consolidated revenue and profit would have been K86,445,661 and K8,005,118 for Datec and K63,556,251 and K9,469,066 for Consort before minority interests respectively.

Steamships Trading Company Limited and Subsidiary Companies

21. Business Combinations (continued)

Details of the fair value of the assets and liabilities acquired and goodwill are as follows:

(a) Summary of acquisitions

	Datec	Consort	Total
	K'000	K'000	K'000
Purchase Consideration (refer to (b) below):			
Cash paid	16,928	8,000	24,928
Direct costs relating to acquisition	313	80	393
Total Purchase Consideration	17,241	8,080	25,321
Fair value of net identifiable assets acquired (refer to (c) below)	8,125	7,591	15,716
Goodwill	9,116	489	9,605

(b) Purchase consideration

	Consolidated		Parent Entity	
	Dec 10	Dec 09	Dec 10	Dec 09
	K'000	K'000	K'000	K'000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	-	25,321	-	-
less: Balances acquired				
Cash	-	1,032	-	-
Bank overdraft	-	(15,804)	-	-
	-	(14,772)		
Outflow of cash	-	40,093	-	-

(c) Assets and liabilities acquired

	Datec	Consort	Total
	K'000	K'000	K'000
Preliminary fair value of assets acquired			
Cash	39	993	1,032
Trade Receivables	15,244	26,426	41,670
Inventories	10,370	2,297	12,667
Plant & Equipment	7,653	152,493	160,146
Investments	-	4,163	4,163
Deferred Tax Asset	2,833	947	3,780
Trade Payables	(8,416)	(23,717)	(32,133)
Bank Overdraft	(5,247)	(10,557)	(15,804)
Provision for employee benefits	(2,986)	(2,094)	(5,080)
Borrowings	-	(94,088)	(94,088)
Other creditors / provisions	(4,752)	(14,277)	(19,029)
Net Assets	14,738	42,586	57,324
Minority Interests	-	(20,939)	(20,939)
Net identifiable assets	14,738	21,647	36,385
Transfer from Associates	(6,613)	(14,056)	(20,669)
Net identifiable assets acquired	8,125	7,591	15,716

Steamships Trading Company Limited and Subsidiary Companies

21. Business Combinations (continued)

(c) Assets and liabilities acquired (continued)

The goodwill of Datec is attributable to the customer base and business presence the company maintains in its market as well as the service agreements the company fulfills on an ongoing basis.

The goodwill of Consort is attributable to the customer base, the asset base and the strategic complement to the Steamships shipping and transport business in Papua New Guinea.

The fair value of the assets and liabilities acquired are based on the carrying values at the time of acquisition.

22. Subsequent events

On 24 February 2011 the Directors declared a final dividend of 50 toea per share to be payable immediately after the Annual General Meeting on 24 May 2011. The gross dividend of K15.5M has been recognised as a separate component of equity at 31 December 2010.

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 statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year ended on that date, a summary of significant accounting policies, and other explanatory notes for both Steamships Trading Company Limited and the Steamships Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the end or from time to time during the financial year.

Directors' responsibility for the financial statements

The directors of the company are responsible for the preparation and fair presentation of the financial statements in accordance with Generally Accepted Accounting Practice in Papua New Guinea and the Companies Act 1997 and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

Auditor's opinion

In our opinion the financial statements of Steamships Trading Company Limited is in accordance with the Companies Act 1997, including giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2010 and of their performance for the year ended on that date; and complying with International Financial Reporting Standards and other generally accepted accounting practice in Papua New Guinea.

Report on other legal and regulatory requirements

The Papua New Guinea Companies Act 1997 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

1. in our opinion proper accounting records have been kept by the company, so far as appears from our examination of those records;

2. we have obtained all the information and explanations we have required; and

3. in conducting our audit we followed applicable independence requirements of Certified Practising Accountants Papua New Guinea.

Other matters

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

PricewaterhouseCoopers

PricewaterhouseCoopers

By: Brett Entwistle
Partner
Registered under the Accountants Act 1996

Jon Roberts
Engagement Leader

Port Moresby
31 March 2011

DIRECTORS' REPORT

Steamships Trading Company Limited and Subsidiary Companies

The Directors submit their Annual Report for the year ended 31 December 2010 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 pages 6 to 11. 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 have been no significant changes to accounting policies in the year.

Result

The Group operating profit for the year attributable to shareholders was K116,445,000 (2009: K96,560,000)

Dividend

The Directors advise that a final dividend of 50 toea per share will be paid immediately after the Annual General Meeting on 24th May 2011. The exchange rate Kina to Australian Dollar applying on 10th May 2011 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.

Steamships Trading Company Limited and Subsidiary Companies

Interests Register

Directors have disclosed the following 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:

Particulars of Directors	Relevant Interests	Beneficial Shares Held
W.L. Rothery Member of the Remuneration Committee Member of the Strategic Planning Committee Director since 1997 Chairman since 2006	Executive and Director, John Swire & Sons Pty Ltd and group companies, Director, John Swire & Sons (PNG) Ltd and group companies.	Nil
David H. Cox OL Member of the Remuneration Committee Managing Director since 2004 Director since 2003	Director: Bemobile Ltd, Capital Way PNG Ltd and GEMS PNG Ltd.	Nil
E. H. Ruha Finance Director & Company Secretary since Aug 2008	Nil	Nil
G. Aopi, CBE Director since 1997	Chairman; Telikom (PNG) Ltd, Chairman IPBC Ltd, Director: Oil Search Ltd; Bank of South Pacific; Marsh Ltd, Kumul Hotels Ltd; PomSoX Ltd, F.M. Morobe Ltd; Hirad Ltd; CDI Foundation and various other private companies.	Nil
Sir Michael 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	Chairman Heli Niugini Ltd; Chairman New Guinea Energy Ltd; Director, Chemica Ltd; Maps Tuna Ltd; Sonway Ltd and various other private companies.	Nil
G.J. Dunlop Member of the Audit and Risk Committee Member of the Strategic Planning Committee Managing Director 2000 to 2003 Company Secretary 1987 to 2003 Director since 1995	Director, John Swire & Sons (PNG) Ltd and group companies. Director John Swire & Sons Pty Ltd; City Pharmacy Group Ltd; Hardware Haus Pty Ltd; Credit Corporation (PNG) Limited.	Nil
J. W. J. Hughes-Hallett Director since 2010	Director: Swire Pacific Ltd, John Swire & Sons Ltd, Cathay Pacific Airways Ltd, HSBC Holdings Ltd	Nil
Lady W.T. Kamit, CBE Chairperson of the Audit and Risk Committee Director since 2005	Director & Secretary; Bunowen Services Ltd, Gadens Administration Services Ltd, Senior Partner Gadens Lawyers, Director; South Pacific Post Ltd, Post Courier Ltd, Allied Press Ltd, Nautilus Minerals Niugini Limited, Lihir Gold Limited; Newcrest Mining Ltd, Kamchild Ltd	Nil
C.R. Kendall Director since 2007	Director: The China Navigation Company Ltd; John Swire & Sons (PNG) Ltd and various other companies in the Swire Group	Nil

Steamships Trading Company Limited and Subsidiary Companies

Remuneration of Directors

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

	2010 K'000	2009 K'000
W.L. Rothery	**62**	58
D.H. Cox OL	**716**	664
E. H. Ruha	**350**	335
G. Aopi, CBE	**40**	30
Sir Michael Bromley, KBE	**76**	54
G.J. Dunlop	**76**	48
J. W. J. Hughes-Hallett (appointed 16 November 2010)	**-**	-
Lady W. T. Kamit, CBE	**75**	48
C.R. Kendall	**40**	30

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	Dec 10 No.	Dec 09 No.	Remuneration K'000	Dec 10 No.	Dec 09 No.	Remuneration K'000	Dec 10 No.	Dec 09 No.
100-110	4	3	330-340	-	1	570-580	1	-
110-120	4	3	340-350	-	1	580-590	-	1
120-130	4	1	350-360	1	1	590-600	1	2
130-140	5	1	370-380	1	2	600-610	1	1
140-150	2	6	380-390	1	-	610-620	-	1
150-160	3	4	390-400	1	3	640-650	-	1
160-170	4	3	400-410	-	3	650-660	-	1
170-180	8	-	410-420	2	2	670-680	1	-
180-190	2	1	420-430	2	1	680-690	-	1
190-200	3	3	430-440	1	1	690-700	1	3
200-210	2	4	440-450	1	3	700-710	1	-
210-220	1	1	450-460	2	-	710-720	1	-
220-230	1	-	460-470	-	1	730-740	1	-
230-240	6	-	470-480	1	1	750-760	-	1
240-250	3	-	480-490	1	1	860-870	1	-
250-260	2	-	500-510	1	2	880-890	1	-
260-270	1	1	510-520	1	-	900-910	1	-
270-280	2	-	520-530	-	-	970-980	1	-
280-290	2	3	530-540	-	1	990-1,000	1	-
290-300	-	1	540-550	2	-	1,000-1,010	1	-
310-320	1	-	550-560	1	1	1,370-1,380	1	-
320-330	2	3	560-570	-	2			

In addition, an amount of K7,844,465 (2009:K7,449,142) was paid to SCL Nominees Limited for management services.
Details of auditors' remuneration and donations are shown in Note 3 to the accounts.

For and on behalf of the Board:

Port Moresby	**W. L Rothery**	**D.H. Cox OL**
31st March 2011	Chairman	Managing Director

TABLE OF COMPARISONS

Steamships Trading Company Limited and Subsidiary Companies

	2010	2009	2008	2007	2006	2005	2004	2003
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance Sheet								
Paid up capital	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200
Reserves	428,157	353,883	302,595	254,230	218,833	196,161	162,157	153,037
Shareholders' funds	452,357	378,083	326,795	278,430	243,033	220,361	186,357	177,237
Non-controlling interest	59,994	43,854	18,336	13,684	11,094	10,056	6,431	4,607
	512,351	421,937	345,131	292,114	254,127	230,417	192,788	181,844
Fixed assets	784,809	664,196	353,261	263,276	227,773	193,639	173,858	160,913
Investments	18,136	17,939	33,337	22,225	16,839	10,572	11,181	8,680
Future deferred tax asset	8,821	7,305	4,150	5,358	12,944	24,207	9,885	11,708
Goodwill	17,183	17,183	7,578	3,568	3,568	3,068	-	-
Current assets	289,527	203,480	154,508	137,623	98,006	98,588	95,308	128,169
Total assets of the Group	1,118,476	910,103	552,834	432,050	359,130	330,074	290,232	309,470
Current liabilities	271,925	236,847	122,562	134,941	98,517	90,867	90,786	90,018
Non-current liabilities	334,200	251,319	85,141	4,995	6,486	8,790	6,658	37,608
Total liabilities of the Group	606,125	488,166	207,703	139,936	105,003	99,657	97,444	127,626
Net assets	512,351	421,937	345,131	292,114	254,127	230,417	192,788	181,844
Income Statement								
Revenue	793,460	499,415	465,750	406,757	336,302	370,037	328,880	356,426
Operating profit before income tax and abnormals	174,325	120,602	111,615	91,208	53,502	45,434	13,590	6,017
Share of associates' profit	19,532	23,677	16,837	15,029	15,115	13,389	11,118	6,726
Income tax expense	(57,841)	(41,582)	(32,808)	(27,869)	(18,357)	(16,589)	(6,969)	(3,433)
Minority interests	(19,571)	(6,137)	(5,418)	(4,211)	(2,781)	(2,026)	(3,036)	(2,398)
Net profitable attributable to shareholders	116,445	96,560	90,226	74,157	47,479	40,208	14,703	6,912
Depreciation transfer	-	-	159	1,467	1,467	1,467	1,467	1,467
Dividends paid or provided	(31,008)	(45,272)	(45,272)	(38,760)	(31,008)	(20,157)	(5,583)	(3,102)
Earnings retained this year	85,437	51,288	45,113	36,864	17,938	21,518	10,587	5,277
Ratios								
Current assets to current liabilities	1.06	0.86	1.26	1.02	0.99	1.09	1.05	1.42
Borrowings to shareholders' funds %	83.34	73.32	34.17	13.28	10.13	12.97	15.39	32.85
Net tangible asset backing per share (toea)	15.97	13.05	11.13	9.42	8.20	7.43	6.22	5.86
Net profit to revenue %	14.68	19.33	19.37	18.23	14.12	10.87	4.47	1.94
Net profit to shareholders' funds %	25.74	25.54	27.61	26.63	19.54	18.25	7.89	3.90
Net profit per share (toea)	375.53	311.40	290.98	239.15	153.12	129.67	47.42	22.29
Dividends paid (toea)	136	146	146	125	100	65	18	10
Earnings per share	376t	311t	291t	239t	153t	130t	47t	22t
Earnings retained in relation to total earnings %	73.37	53.11	53.78	49.71	37.78	53.52	72.01	76.35

STOCK EXCHANGE INFORMATION

Steamships Trading Company Limited and Subsidiary Companies

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

SHAREHOLDINGS

At 3 March 2011, there were 371 shareholders.

258	Holding	1	-	1,000 units
87	Holding	1,001	-	5,000 units
15	Holding	5,001	-	10,000 units
11	Holding	10,001	-	and over

6 shareholders held less than a marketable parcel. The 20 largest shareholders were:

		%
John Swire & Sons (PNG) Limited	22,362,651	72.12
Bell Potter Nominees Ltd	6,198,000	19.99
National Superannuation Fund Ltd	1,851,096	5.97
John E Gill Operations Pty Ltd	54,727	0.18
Kelvinside Pty Ltd	25,000	0.08
PCSM Pension Fund	23,580	0.08
Mr Ramesh Mahtani	21,700	0.07
Hylec Investments Pty Ltd	20,494	0.07
Malcolm Burns Reid	19,526	0.06
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
BSP Capital Ltd	8,785	0.03
Mary Patricia Haughton	8,161	0.03
Mrs Judith Scottholland	8,161	0.03
Makana Holdings Pty Ltd	7,850	0.02
Mrs Robyn Anne Gostelow	7,393	0.02
Mr David Mitchell Odlin	7,300	0.02
Mr Michael Pairidis	7,100	0.02
	30,672,950	98.92

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 take-overs). 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.