



S A M O A
S H I P P I N G
C O R P O R A T I O N
L I M I T E D

ANNUAL REPORT 2 0 2 3



TABLE OF CONTENT

3 STATEMENT TO PARLIAMENT

4 BOARD OF DIRECTORS / EXECUTIVE MANAGEMENT

5-6 MESSAGE FROM THE CHAIRMAN

7 MESSAGE FROM THE GENERAL MANAGER

8-12 PROJECTS

- I MV-LADY SAMOA IV OFFICIAL SEA TRIAL & INSPECTION (JAPAN)
- II MV FOTU-O-SAMOA II-EMERGENCY RAMP REPAIR
- III STAFF UNDERTAKE CLASS 4 EXAMINATION CERTIFICATION
- IV MV-SSC FASEFULU ENGINE OVERHAUL
- V MV SAMOA EXPRESS II PORT ENGINE OVERHAUL
- VI MV LADY SAMOA IV ARRIVED AT APIA PORT
- VII MV LADY SAMOA IV ACCREDITED BY US COAST GUARD
- VIII MV-SAMOA EXPRESS II ANCHOR REPAIR
- IX MV SSC FASEFULU RAMP REPAIR AND ANNUAL SURVEY
- X MV LADY SAMOA III DRY-DOCKING IN AMERICAN SAMOA
- XI JAPAN INTERNATIONAL COOPERATION SYSTEM (JICS) VISIT ONBOARD LSIV
- XII SAMOA EXPRESS II QUARTERLY MAINTENANCE
- XIII MV FOTU O SAMOA II ANNUAL RADIO COMMUNICATION SURVEY
- XIV APPRENTICE PROGRAMS OFFERED BY SSC

13-16 OPERATION RESULTS

17-18 FINANCIAL REVIEW

19 KEY FINANCIAL INDICATORS

20 FINANCIAL - FIVE YEARS COMPARISON

23-45 FINANCIAL STATEMENTS

- 24-25 CERTIFICATION BY DIRECTORS
- 26-27 REPORT OF THE AUDIT OFFICE
- 28 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
- 29 STATEMENT OF FINANCIAL POSITION
- 30 STATEMENT OF CHANGES IN EQUITY
- 31 STATEMENT OF CASH FLOWS
- 32-45 NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

STATEMENT TO PARLIAMENT

The Honorable Speaker
Members of Parliament
Mulinu'u

DECLARATION FROM THE RESPONSIBLE MINISTER

As the Minister for Samoa Shipping Corporation Limited, I hereby submit this Annual Report 2023 for Samoa Shipping Corporation. It has been produced in accordance with the provisions provided in the Public Bodies (Performance and Accountability) Act 2001.

Ma le Faaaloalo lava,



Honourable. 'Olo Fiti Afoa Va'ai
MINISTER OF WORKS, TRANSPORT & INFRASTRUCTURE
RESPONSIBLE MINISTER - SAMOA SHIPPING CORPORATION LIMITED

BOARD OF DIRECTORS

1. Tagaloa Faaufouina Su'a (Chairman)
2. Fonoia Lemaota Taifau
3. Alice Niumata Leota
4. Tuilagi James Bartley
5. Vagana Stephanie Ela Lomitusi
6. Leiatualetaua Capt. Samuel Decca Phineas (ex officio / General Manager)

EXECUTIVE MANAGEMENT



MESSAGE FROM THE CHAIRMAN



It gives me great pleasure to present the Annual Report for Samoa Shipping Corporation for the year then ended 30 June 2023. We hit some key milestone notwithstanding the encountered risk and long stretch of challenges with the pandemic and other inherent limitations in the past. In doing so, we re-analyzed our business model and assessed our value chain to find ways for other potential returns.

Ua tatou talanoa, ua te'a i tua Apolima. Malo fai o le faiva. Tautai A'e.

REBOUND

Following a challenging 2022 and the re-opening of borders in August 2022, the Company rebounds strong this year with not only a remarkable \$1.01 million profit, but also realising one of its key projects included in its corporate plan 2021-2024, which became the highlight for the year under review.

The arrival of MV Lady Samoa IV in November 2022 marks a new era for the company as the inter-island Ro-Pax ferry although designated for the Pago service, can also service the Domestic routes between Mulifanua and Salelologa as well as international charters to Tokelau and other neighbouring Pacific islands. Its design not only reflects SSC's commitment for premier, safe and financially feasible sea transportation for the public, but forward looking and integrated thinking to adapt with emerging maritime risks instigated by climate change and the ever-changing operating environment.

Worth noting, the undertaking of transferring Domestic Ports Mulifanua and Salelologa back to Samoa Port Authority officially on 1st of October 2022 not only reflects necessary changes to adapt but also to remain viable and sustainable in the foreseeable future. Furthermore, our commitment to leveraging relationships and maximizing opportunities with international partners resulted in forty (40) international charter trips during the year (2022: 10) which significantly impacted results.

FINANCIAL HIGHLIGHTS

A strong and outstanding performance for the year as \$1.012 million profit represents an increase of 211% over 2022 and subsequently an improved Return on Equity and a 71% increase in our cash position as highlighted in the following table.

FINANCIAL HIGHLIGHTS – KEY PERFORMANCE INDICATORS (KPI)			
KPI	COMPONENT	2023 000s	2022 000s
NET PROFIT/(LOSS) AFTER TAX	Profit and Loss	1,012	(909)
CASH FLOW	CASHFLOW (excluding investments)	7,075	4,141
NET ASSETS	Balance Sheet	27,961	41,840
DIVIDEND	Shareholders return	354	NIL
RETURN ON EQUITY (ROE)	Performance Measure	3.8%	(24.7%)

BUSINESS MODEL

Samoa Shipping Corporation model it's business activities and value creation through a hybrid basis to which not only transporting cargo and vehicles but also people. Mode is mainly sea. We create our value and cashflow through our service of transporting people, vehicles, machinery and cargo from port to port (inter-island) and international (Pago/Manu'a/Tokelau).

VALUE CHAIN

In creating our value, we have reviewed our infrastructure, human resources and procurement in order for sustainable operation in the future. We strongly believe that a successful strategy must move with the changing external circumstances.

As noted in the rebound section above and flagged in 2022 annual report. The new vessel MV Lady Samoa IV, cost savings on ports (Mulifanua & Salelologa) and Satitoea Slipway being disaggregated from our watch and transferred back to Samoa Ports Authority has yield in the current financial year and contributes significantly to our bottom line.

The review on tariff has come into effect post balance date.

WAY FORWARD

- The company is in a process of acquiring a new vessel to replace the MV Fotu o Samoa. Project drawings, technical and general arrangement completed and contract is in progress for signing to build. It will take about 18 months to complete and the plan to build cashflow reserves to cater for these significant capital expenditures (capex).
- Succession planning in the making mainly for seafarers and captains migrating overseas and retirement;
- Sustainability on climate change and net zero world contributing to global protocols

WISHLIST

- Digital platform app for ease of passengers and vehicle tickets
- Sustainability and maintenance of vessels for consistency of service and reduce disruptions and breakdown.

ACKNOWLEDGEMENT

To conclude, I register my profound gratitude and appreciation to my fellow directors both past (Tapusoa Onogafulu Fuimaono and Papalii Francis Caffarelli) whom end their tenure during the year.

I welcome our new directors (Vagana Stephanie Lomitusi & Tuilagi James Bartley) as new addition to the pack. Both past and present directors all contributed to the same vision and common purpose. I also recalled one other gentleman who has been instrumental in the operation (especially the new vessels) but was always overlooked on my part...this is Tofa Pipi Ioane Fomai whom end his service two years back due to illness.

To the Chief Executive Officer, Management and staff, thank you for your continuous and unwavering support, loyalty and service in ensuring another successful year for the Corporation. Directors take a helicopter view of the corporation but you make things happened. Lastly, I acknowledge with warm appreciation the invaluable contribution and endless support of our people, stakeholders, partners, donors and Government and all whom part of our value chain that have made this year yet another successful year.

Viia le Alii



Su'a Tagaloa Fa'afouina Su'a
Chairman

Samoa Shipping Corporation Limited

MESSAGE FROM THE GENERAL MANAGER

I am pleased to note that although the world has registered a contraction in economy due to the spill on effects of post COVID19 which continue to surge fuel prices. Restrictions were gradually eased and International Borders were opened in August 2022 which highly contributed to the rise in passengers and vehicles yielding to an increase in revenue. The Corporation have realigned its priority Objectives to suit current circumstances and progressively achieved its long-standing Objectives with a favorable performance thus far of Net Profit After Tax of \$1.01m in comparative to previous years \$909,282. Although against the odds, we were able to meet financial obligations, procure essential capital goods for vessel maintenance, compensate human resources and deliver our core functions.

As predicted, 2023 has been an impressive year with its highlights being the delivery of the long-anticipated state of the art MV Lady Samoa IV a replacement for the deteriorating MV Lady Naomi to service the international Apia to Pago-Pago route.

This dream was finally realized in October 2022 not only will it make sailing comfortable and faster but assist with the revival of exports of local crops and handicrafts. Primarily the vision behind this project to benefit the public at large both socially and economically.

Evidently, this Financial Year we underwent numerous maintenance and servicing to all our fleet in our attempts to satisfy not just Flag State requirements but multiple International Maritime stringent Conventions to enhance safety of Life at Sea.

These hands-on tasks range from the Emergency Repair for MV Fotu o Samoa II Ramp and Communication Survey, MV SSC Fasefulu Engine Overhaul and Ramp Repair, MV Samoa Express II Port Engine Overhaul and Anchor Repair and the major Dry Docking for MV Lady Samoa III in American Samoa. All these vessels underwent their usual annual surveys and routine general maintenance.

Progress work are also in place for a replacement of the MV Fotu o Samoa II which is likely the Corporation will self- fund this project. The 28 years old cargo barge with 299 International Gross tonnage is crucial in the provision of charter services for Tokelau and Manua Islands hence this item is high on management Working Matrix.

A proposal has been forwarded to Government for an overdue review in tariffs for International routes and charter services in the hope to offset increasing cost incurred by domestic service operation. In effect to Cabinet Directive the Domestic Ports were officially handed back to the auspices of the Samoa Ports Authority in October 2022. Whilst our Net Assets worth has decreased as a result of this transaction our Financial Performance has favorably improved since.

We continue to face the challenge of brain drain with a high turnover of seafarers exiting the services for attractive remunerations packages offered by overseas Return Seasonal Employment schemes, Foreign Going Vessels and the popular New Zealand Quota for permanent residency. Fortunately, there is surplus pool of fresh maritime graduates that continues to fill the gaps.

PROJECTS

I | MV-LADY SAMOA IV OFFICIAL SEA TRIAL & INSPECTION (JAPAN)

An invitation from the government of Japan was extended to Samoa Shipping Corporation to attend the final phase of the newly constructed MV Lady Samoa IV project prior to delivery. This was an opportunity for government officials including Samoa Shipping Corporation management directly involved with the project to familiarize with equipment's, machinery, lifesaving & firefighting appliances. The team will also work together with the shipbuilders in confirming critical spare parts and special tools for maintenance. The new state of the art vessel is a RoRo passenger ship of 1030 Gross tonnage plus service speed of 11.5knot with a capacity of 280 passengers and 17 crew. The boat is earmarked to service the weekly international route between Apia and American Samoa as the replacement for the ageing MV Lady Naomi.

During the familiarization technical officials managed to identify emergency components on lower deck that needed to be modified to satisfy Coast Guard requirements. This has led to delay of delivery date from initial schedule. In conjunction to this project and capitalizing on excess funding a Mobile Workshop was also negotiated for boat maintenance and heavy tasks to support the Corporations Emergency Response Service.



II | MV FOTU-O-SAMOA II-EMERGENCY RAMP REPAIR

MV Fotu o Samoa II is approaching retirement with a life span of 28 years. This Cargo Barge -ramp type is accredited for International sailings to Manua and Tokelau with a passenger capacity of 110 and 299 Gross tonnage for international voyages. This is also the only designated boat that can sail to Manua Island for charters having satisfied all Coast Guard stringent maritime obligations.

As this ship is tasked with heavy trucks and loadings. The ramp or its gangway broke at one of its full capacity trips causing halt to its normal domestic schedule. Exposed and deteriorated ramp areas were repaired followed by anti-coating for the needed corroded areas. The work was a full day job that was done overnight to ensure safety of passengers for embarking and disembarking whilst minimum disruption to its sailing roster.

The biggest challenge for the crew is the rising and falling tides causing waves to lap up onto the ramp creating more damage. The workshop and maritime team worked around the clock to rectify this problem and prepared her for her early sailing the next day.



III | STAFF UNDERTAKE CLASS 4 EXAMINATION CERTIFICATION

For any seafarer to elevate in his or her career path they must complete Certification of Competency or STCW Basic Training to perform the functions and duties on both engine and deck of passenger and cargo ships. This training was conducted by the local Flag State with the objective to upgrade seafarers that are already serving sea time and proven capability to perform added responsibilities. They should be physically and mentally fit with appropriate literacy skills to the responsibilities and functions of the level of Certificate.

The training is one of the Corporations objectives stipulated in its Corporate Plan to enhance and build Staff Capacity. Participants combined of current seafarers and maritime shore staff they all share common knowledge and experienced in maritime. The exchange of knowledge both practical and theory has made this program a success.

PROJECTS

IV | MV-SSC40 ENGINE OVERHAUL

The vessel MV SSC40 underwent an engine overhaul when its main generator failed during her return trip from Tokelau. Overhauling is of great importance as it involves, inspection of the major parts like crankshaft, piston, cylinder liners etc whether it is engine overheating, increased temperature or low-pressure issues. The process usually involves disassembling the engine which is usually done when the boat is at idle.

The scope of work carried out range from under water haul cleaning of sea-chest removing fouling organisms causing leaks and compression loss and replacements of valves and bearings. The work was completed within a week thus routine maintenance is required to avoid costly breakdowns and ensure longer life spans of engines.



V | MV SAMOA EXPRESS II PORT ENGINE OVERHAUL

MV Samoa Express II underwent an overhaul to her port engine which suddenly stopped during her 1400hrs sailing from Mulifanua to Salelologa port on Thursday 08th September 2022. As reported by the crew the vessel was operating perfectly in the morning, however while manoeuvring for arrival in Salelologa wharf one engine suddenly stopped and ceased functioning. They tried turning it back on but to no avail. Engineers from the workshop division rushed to Savaii on the 1600hrs sailing to attend the matter. They suspected it was the engine piston rings that triggered the sudden ceased.

Therefore, immediate actions required and the vessel needed reporting back to Apia port. Arrangement was made for MV SSC Fasefulu to take over all sailings from then until she is suitable for operation again. The MV-Samoa Express II managed to sail through the next morning functioning on her starboard engine. Instant work were carried out to dismantle the engine to identify what precisely caused the problem. It was found out, that the cylinder number 1 and conrod bearing caused the engine to wedge. Further enquiry to dismantle everything including; the engine block and crank-shaft were carried out and more problems were found; Cylinder piston conrod bend, Conrod bearing ceased, crank-shaft bend and the whole port engine was dismantled. All parts of the port engine failed, therefore new parts were procured from Cummins Manufacturer in USA.

VI | MV LADY SAMOA IV ARRIVED AT APIA PORT

The newest addition to the Corporation's fleet has made her grand-entrance into Apia harbor on the cloudy afternoon of Thursday 27th October 2022. She was greeted at the wharf by the Honorable Minister of Works, Transport and Infrastructure Afioga Olo Fiti Afoa Vaai, management and staff. What a sight to behold! The MV Lady Samoa IV is part of a long-term initiative of the Government in strengthening Samoa's Maritime connectivity and enhance efficient in sea transportation for our people.

This project was funded by the Government of Japan under its ESDP grant aid assistance and began construction in 2021 by the Naikai Zosen Corporation in Setoda Hiroshima, Japan. On October 8th 2022 the passenger/Ro-Ro Cargo ship has finally departed Hiroshima Japan despite delays due to impact of Covid19. She safely reached our shores after two weeks and 5 days of voyage. The voyage was crew by eight (8) Filipino, along with six (6) SSC local crew members consisting of 2 Captains, 3 Engineers and an Electrician. The exchange of knowledge and skills was evident as the Filipino crew partake their expertise to the local crew which will better equipped them to service the new ship.



PROJECTS



VII | MV LADY SAMOA IV ACCREDITED BY US COAST GUARD

The US Coast Guard surveyors policing the MV Lady Naomi coastal operations within the American Samoa Exclusive Economic Zone were in the country to perform post inspection on the newly build MV Lady Samoa IV that is earmark to serve this International channel.

Coast Guard stringent maritime requirements were all addressed at the prior inspection on the 13th October by their designated surveyors on a special mission to tick satisfied components against check list. Their heavy presence in the territory to effectively counter illegal and unregulated maritime activities is welcome by the Corporation who are no strangers to the enforcements of these international maritime arrangements.

The validation by this prestige body is essential to allow the new boat MV Lady Samoa IV to conduct her weekly sailings between Apia and Pago Pago and carry passengers onboard.

VIII | MV-SAMOA EXPRESS II ANCHOR REPAIR

A ship berthing accident was reported for the MV Samoa Express II as it sailed into the edges of the Mulifanua wharf at its attempt to berthing at port dock from its routine domestic trips from Salelologa. The berthing operation is highly dependent on human interaction although engine and propulsion failure is also a common cause. It is important to have sufficient personnel to be able to moor the ship and maneuver it safely to port. Evident of the accident was a broken anchor it is also noted that strong winds and high currents contributed to move the vessel off course and broke the anchor shackles.

The Maritime surveyors and Workshop responsive team worked overnight to replace shackles and ensure its resistance and able to handle larger straps given this Cargo Barge Ramp type is classified with 705 Gross tonnage with 211 Net tonnage.



IX | MV SSC FASEFULU RAMP REPAIR AND ANNUAL SURVEY

Major maintenance was in full force in January for the MV SSC Fasefulu particularly ramp repairs so she is fit to carry heavy duty machineries that the MV Fotu O Samoa II is usually tasked for. Her Ramp replacement was successfully installed by Workshop Division team together with her crew. Additional maintenance work includes the replacing of the ramp wire rope, replacing of wasted transverse & longitudinal beams, replating of floor, priming & full coating with marine paints of all internal ramp sections to ensure that the new steel repairs lasts, manufacturing of new pins & hinges and lining of pins to confirm maximum accuracy guaranteeing its seaworthiness.

Following its mandatory maintenance MV SSC Fasefulu had her annual survey carried out by MWTI. A variety of crucial areas designed to comply with the flag state were covered by the survey including adhering to the vessels full safety requirements for ship construction, cargo ship safety gear, navigational equipment and compliance of her crew qualification with STCW requirements.

PROJECTS

X | MV LADY SAMOA III DRY-DOCKING IN AMERICAN SAMOA

The vessel has been servicing the domestic route for thirteen (13) years with her maximum passenger capacity of 740 and vehicles of 32 standard size operating 7 days a week from Monday to Sunday. To pursue and comply with the IMO convention requirements for all Passenger Vessels, two bottom surveys are required to be conducted within the five (5) years validity period of SOLAS Cargo Ship Safety Construction (SC) certificate and the maximum interval between any two successive bottom surveys is to not exceed three (3) years. MV Lady Samoa III arrived in American Samoa as scheduled at 0800hrs on Monday 13th March 2023 carrying 20 crew members.

On Tuesday 14th March at 1000hrs she was ready for slipping. The mooring lines and extra fenders for both port and starboard side on standby in case strong winds encountered on her way in. The ballast tanks, double bottoms, fore & aft peak tanks were emptied to ensure lightship at time of hauling. The plan was given by the shipyard for the vessel to be safely hauled up during high tide. Fortunately, the MV Lady Samoa III was high and dry on the ship yard cradle at 1230 hours despite strong currents. Drydocking work included: Normal Drydocking maintenance – Sea Chest Valves, Hull Preservation, Water Blasting & Scraping, Sand Blasting, Painting, Sacrificial Anodes (Zinc Anodes), Bow Thruster Tunnel, Anchor Marking, Sea Chests. Additional Work – Top Side Preservation (Forward & Aft Ramps), Top Side Preservation (Vehicle Deck), Ramp Repairs, Provision of M-26 Zinc Anodes. MV Lady Samoa III arrived back in Apia at Matautu Wharf at 0100hrs on Sunday 26th March 2023.



XI | JAPAN INTERNATIONAL COOPERATION SYSTEM (JICS) VISIT ONBOARD LSIIV

As a mandatory post follow up routine, a team from Japan International Cooperation System (JICS) Mr Hiroshi and his assistance Mr Yuta flew from Japan not only to finalize specifications and concept design for the mobile workshop but a post inspection of the new boat MV Lady Samoa IV following its delivery in November 2022. During the inspection some deficiencies were discovered and brought to their attention by the crew.

This included the damaged to the electric remote valves being submerged under water. The toilets vacuum and suction system is weak hence not functioning properly and the fire line pipes on the ceiling is leaking causing unpleasant flooding in the crew cabins. These problems detected during the boats early sailings is unfortunate given it's a new vessel with a 1045 tonnage a Ro-Ro passenger type yet already experiencing deficiencies. Both crew and workshop team carried out the repairs under the supervision of JICS engineers and hopefully no more faults detected in the near future.

PROJECTS

XII | MV SAMOA EXPRESS II QUARTERLY MAINTENANCE

The quarterly maintenance for any vessel is paramount, this is to ensure seaworthiness and safety of life at sea for both crew and passengers. Needed work carried out for MV Samoa Express II is in details on its work checklist ranging from the monkey island of polishing, painting and replacing broken hinges to the bridge deck with port and starboard lights been replaced. Standby lockers gate fixed and mostly cleaning and painting.

The vehicle deck posed the same deficiencies with repairs to corroded vent covers to ensure good ventilation and upholding occupation safety and health issues. The maintenance crew also gave the ramp flap hinges and sheaves a good grease whilst awaiting a seal rubber. The hull was also painted with emphasis on corroded areas on the exhaust vent, towing shackles and draft section. It was also good that marine growth was completely removed. Although minor work is still pending due to unavailability of parts the overall work was ticked off by the flag surveyors and the boat is back to her sailing schedule



XIII | MV FOTU O SAMOA II ANNUAL RADIO COMMUNICATION SURVEY

Radio communication whilst sailing is essential to ensure connection is not cut out during emergencies. The accessibility and connectivity have increase satellite services for maritime operators. Hence there is growing demand for navigation system that give precise and real time information to enable safe and efficient vessel operations.

Annual inspection is carried out by the regulating authority Office of the Regulator (OOTR) in testing out all navigation aids such as bridge radio and inflatable lifesaving equipment's. For every 300 tons plus commercial vessels must be equipped with the Global Maritime Distress Safety System (GMDSS) and all radio distress system to satisfy International Maritime Conventions particularly Safety of Life at Sea (SOLAS) Convention. Electronic chart systems for navigation have outperform traditional paper in providing multiple apps including weather updates, emergency notifications etc at low cost.

XIV | APPRENTICE PROGRAMS OFFERED BY SSC

The Corporation has been a provider of vocational trainings for years in the areas of plumbing, electrical, welding & fabrication, fitting & machinery, refrigeration & air conditioning, etc for students in preparations for real time employment. The wide of expertise and skills set available at the workshop yields to benefit students on short term work attachments.

Every quarter the Corporation host students from vocational trainings providers both government and church Institutions and no doubt this benefit the students as they become better informed and equipped with real life scenarios in the workforce. These students are captured in the Corporations database when future opportunities arise for employment in respective fields that better match the individual's capabilities

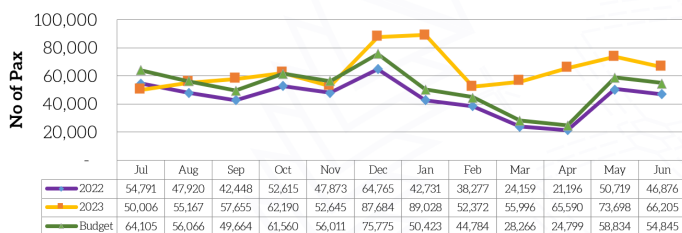


OPERATIONS RESULTS

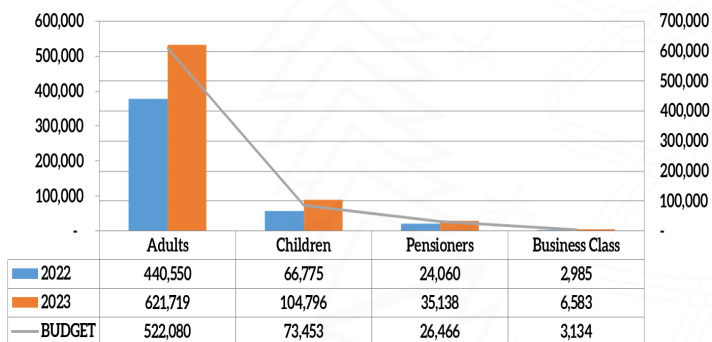
DOMESTIC SERVICE

DOMESTIC PASSENGERS

The number of travelling public between Mulifanua and Salelologa in 2023 was above corresponding period by 44%, a total of 768,236 passengers compared to 534,370 in 2022. This number was also above budget by 23%. The significant increase in the number of travelling passengers was attributed to the influx of visitors and families from overseas when borders re-opened in August 2022. As noted, December, January, May and June recorded the highest number of travelling passengers being the festive season and independence celebrations for the closing of the 60th Independence and opening of the 61st independence of Samoa.

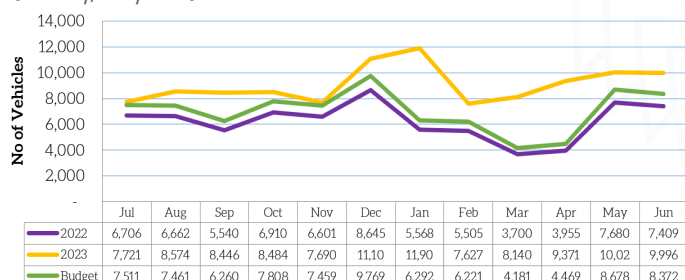


DOMESTIC PAX CATEGORIES - 2022/2023

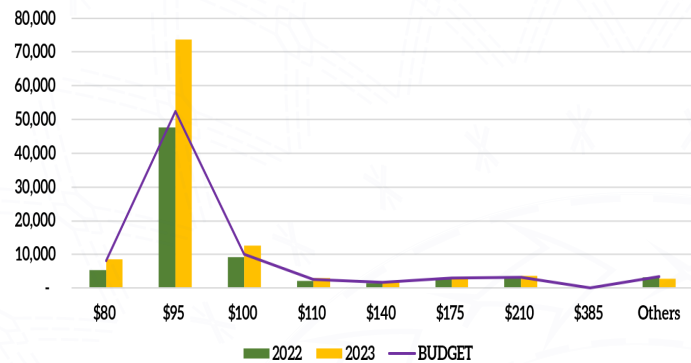


DOMESTIC VEHICLES

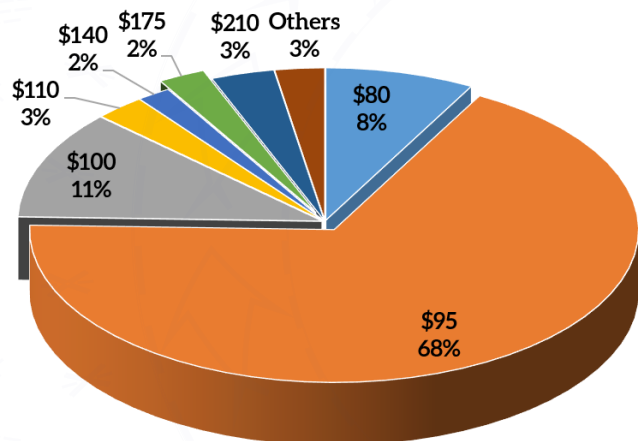
The number of vehicles also recorded an increase of 46% over the corresponding period and likewise better than the annual budget by 29%. The significant increase in the number of travelling vehicles was attributed to the re-opening of borders in August 2022 resulting in the influx of visitors and families from overseas in addition of numerous events hosted in Savaii during the year. Similar to passenger numbers, vehicles were at the highest in December, January, May and June.



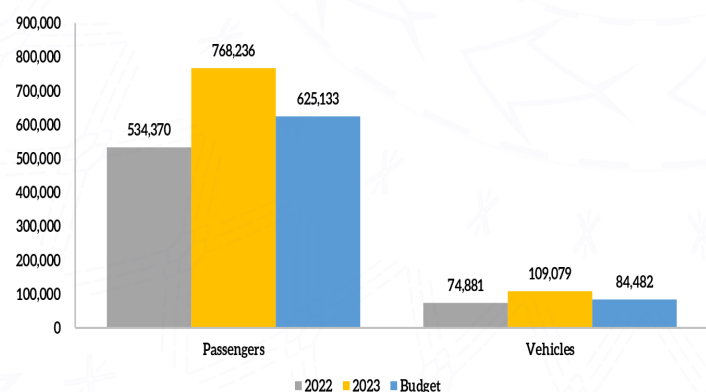
VEHICLES CATEGORIES



DOMESTIC VEHICLES CATEGORIES



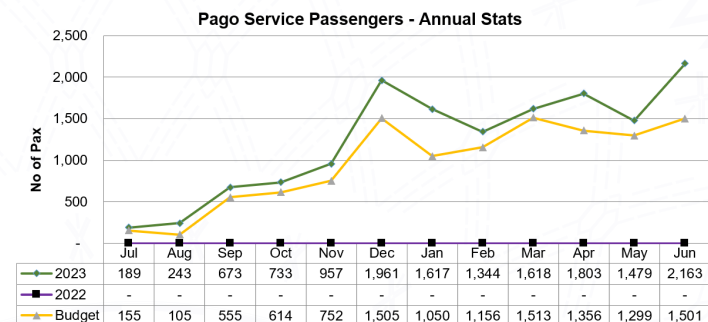
TOTAL OF PASSENGERS & VEHICLES



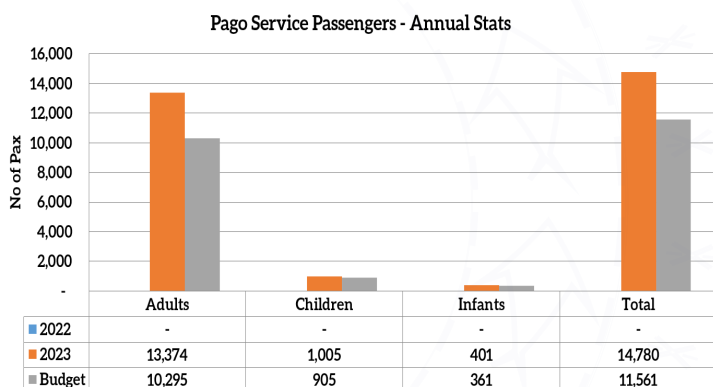
OPERATION RESULTS

PAGO SERVICE

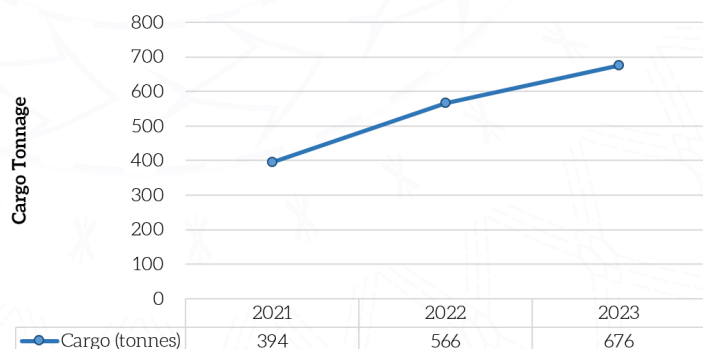
PAGO SERVICE PASSENGERS



International borders finally re-opened in August 2022 hence the significant increase in number of travelers between Apia and Pago Pago Am Samoa. As noted, the actual travelling public was 14,780, which was 28% higher than budget of 11,561. In same period of 2022, the public was not allowed to travel between Apia and Pago Pago as COVID-19 restrictions were only lifted for Cargos only.



PAGO SERVICE CARGO (TONNES)

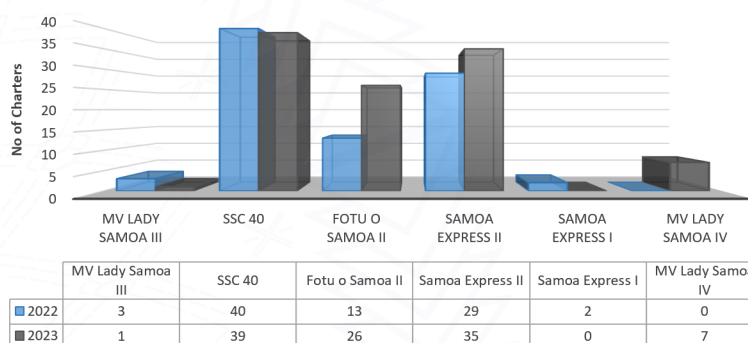


The volume of cargos shipped between Apia and Pago Pago Am Samoa improved by 19% compared to the same period of 2022 and was also above budget by 14%. US stimulus packages for the Territory continued into the review year as noted in the significant increase in volumes of cargos shipped from Pago Pago Am Samoa to Apia and likewise from Apia to Pago Pago. Am Samoa Independence and annual sports tournaments resumed once borders re-opened hence the increase in cargos and travelling public from Apia into the Territory.

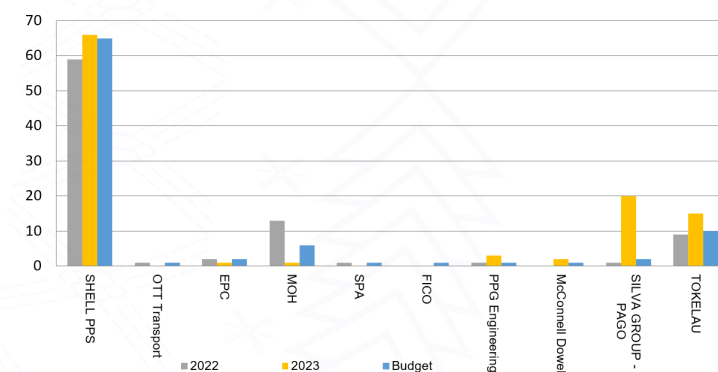
CHARTER SERVICE

The charter service recorded 108 charter trips compared to 87 in 2022 which represents an increase of 24%. Of this number, 40 were international charter trips and 68 were domestic trips. Of the 68 domestic trips, 66 were from Shell PPS compared to 59 in 2022. For international charters, Tokelau had 15 trips compared to 9 in previous year and Silva Group Ltd had 20 trips compared to 1 trip in 2022. The SILVA Group and Tokelau international charter trips positively contributed to the overall results of the financial year.

CHARTER BY VESSELS



CHARTER BY CUSTOMERS



CHARTER BY CUSTOMERS

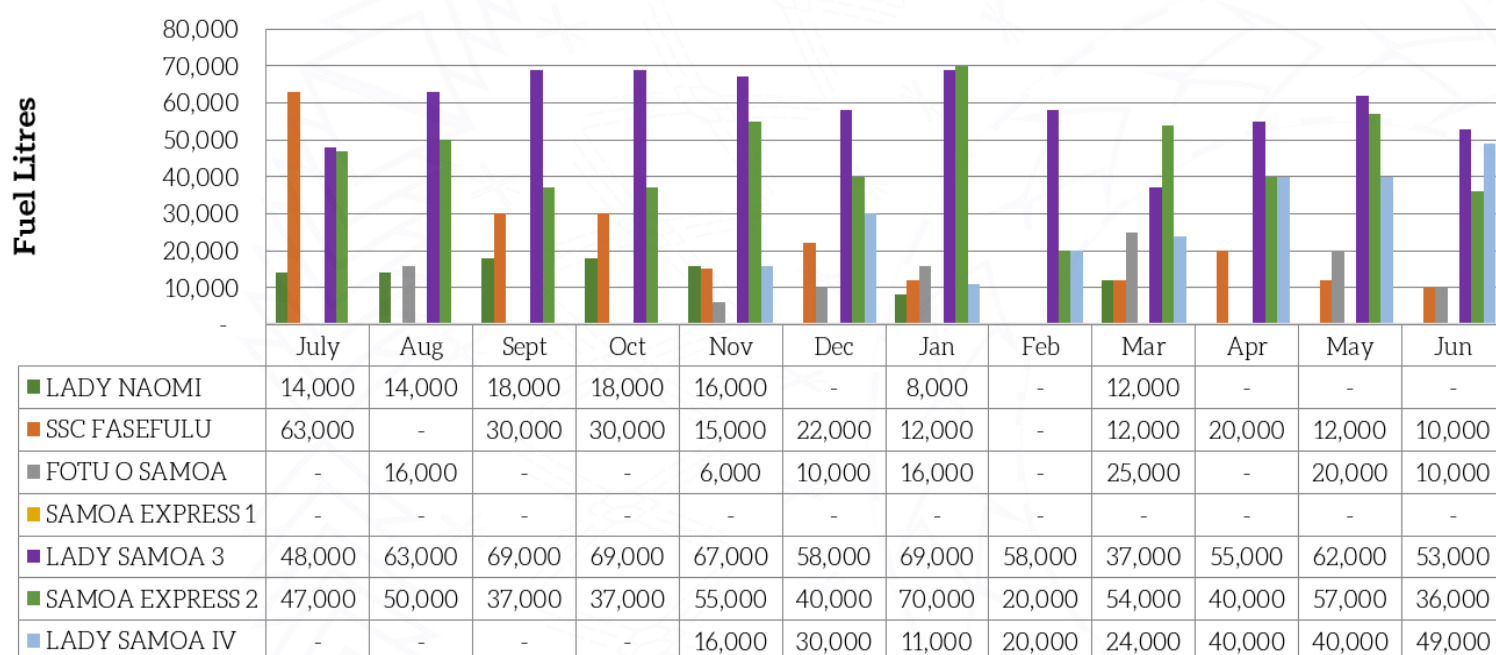
Charterers	2022	2023	Budget
SHELL PPS	59	66	65
OTT Transport	1	0	1
EPC	2	1	2
MOH	13	1	6
SPA	1	0	1
FICO	0	0	1
PPG Engineeringg	1	3	1
McConnell Dowell	0	2	1
SILVA GROUP - PAGO	1	20	2
TOKELAU	9	15	10
Domestic	77	68	76
International	10	40	14
Total charters	87	108	90

OPERATION RESULTS

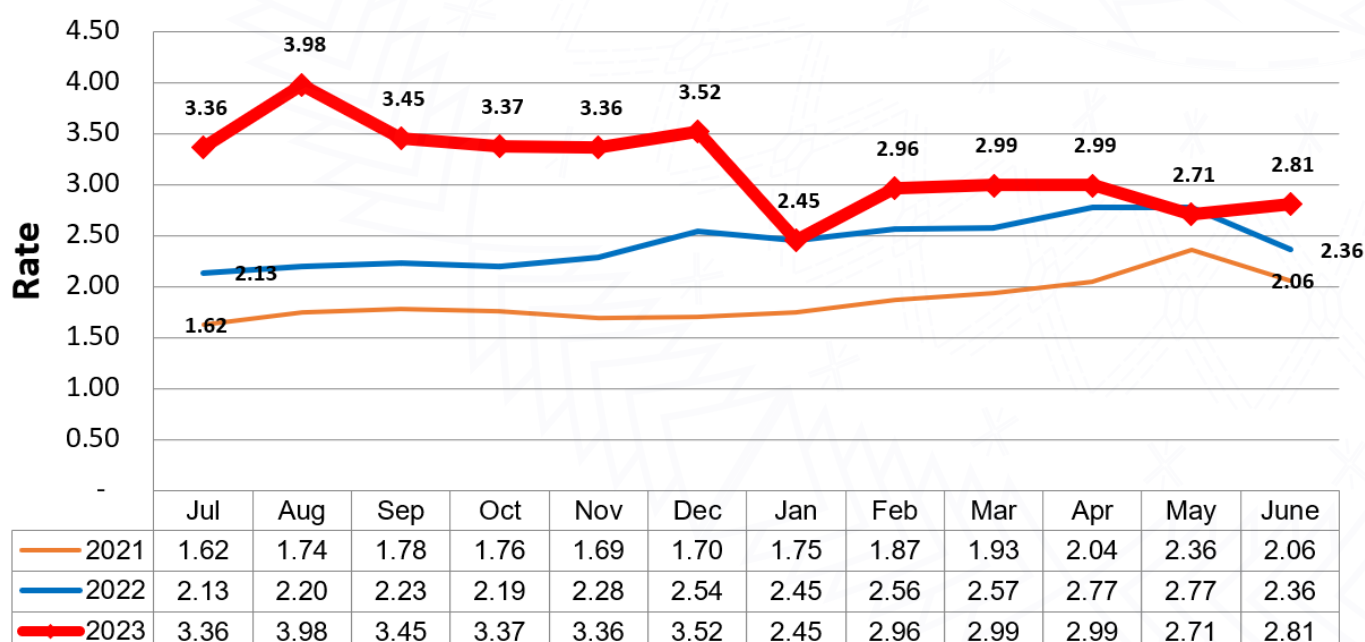
OTHER SERVICES

Fuel consumption for the period of 2023 increased by 31% given the addition of MV Lady Samoa IV to the fleet in November 2022, significant increase in international charter trips and the fact that domestic service trips returned to normal schedule when borders re-opened in August 2022. In total, fuel consumption for 2023 was 1,910,000 litres compared to 1,455,000 litres in 2022. MV Lady Samoa III and MV Samoa Express II were the main fuel consumption users with 37% and 28% respectively. Simultaneously, the fuel rate fluctuated during the year but relatively higher than previous period which also contributed to the high increase in vessel operating costs.

Litres of Fuel per Vessel - July.22 - June.23



Fuel Rate - 3 Years Trend



OPERATION RESULTS

SIGNIFICANT EVENTS WITH SIGNIFICANT IMPACT ON RESULTS

1. TRANSFER OF DOMESTIC PORTS MULIFANUA AND SALELOLOGA BACK TO SAMOA PORT AUTHORITY

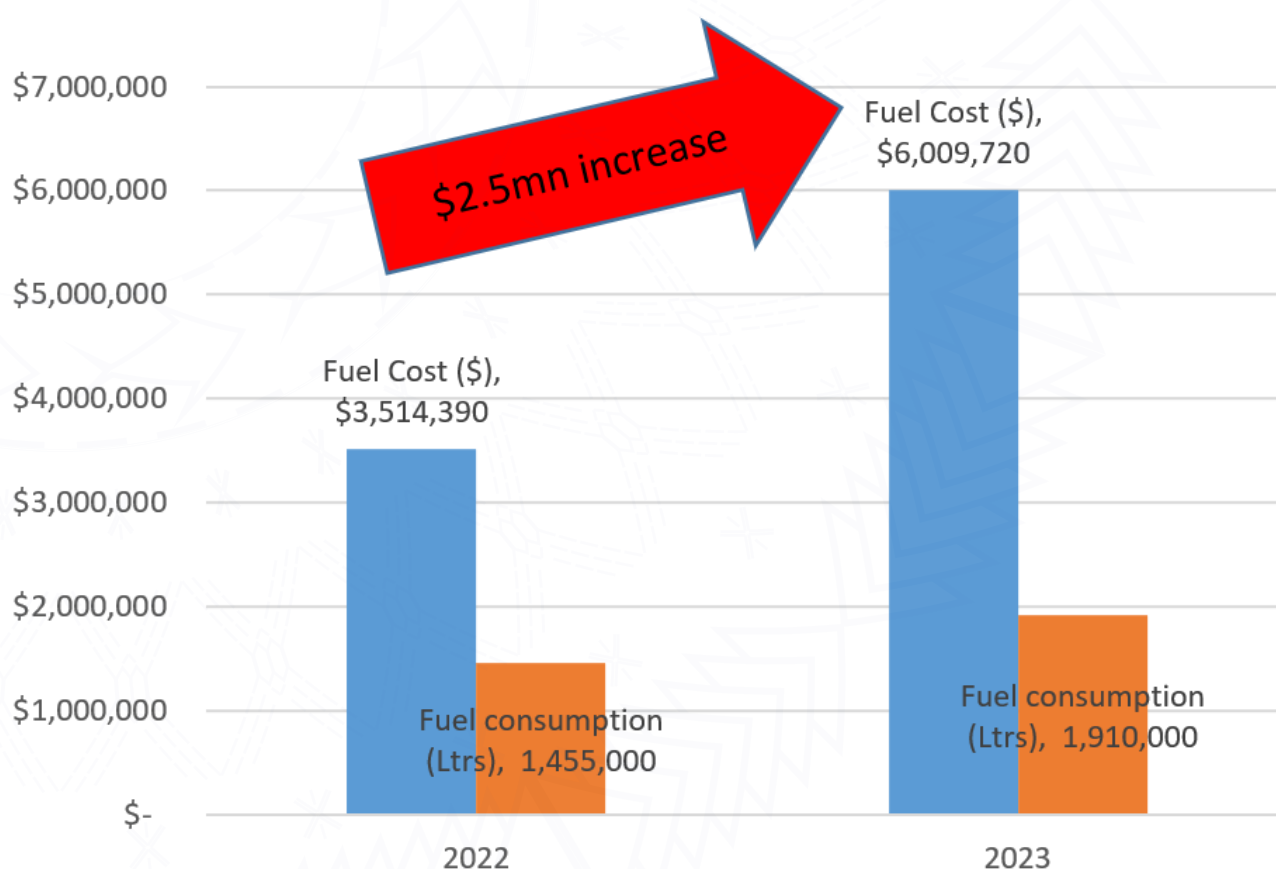
On 03 August 2022, a Cabinet directive FK (22) 28 approved the transfer of Domestic Ports Mulifanua and Salelologa back to Samoa Ports Authority. The same FK also implied the cancellation of Satitoea Slipway lease between Samoa Shipping Corporation and Samoa Port Authority. On 01 October 2022, FK (22) 28, was implemented and these Ports (Wharves) were officially transferred back to Samoa Ports Authority. In compensation, Samoa Ports Authority agreed for \$1,000,000 payment to Samoa Shipping Corporation Ltd. Moreover, Samoa Shipping Corporation improved its profitability performance for the year with cost savings from operating these domestic wharves.

2. RE-OPENING OF INTERNATIONAL BORDERS – AUGUST 2022

On 01 August 2022, Samoa finally opened its international borders and welcomed its first international flight into the Country with all COVID-19 travel restrictions lifted in September 2022. The influx of visitors, families and relatives from overseas is reflected in the significant increases in both the number of travelling passengers and vehicles in the domestic service. Similarly, Pago service noted a huge increase in its revenues from both passengers and cargos. Moreover, international charter trips increased significantly from Tokelau and especially from SILVA GROUP which contributed positively to the financial results of the year.

3. DIESEL AND FUEL PRICES

High Fuel prices from 2022 continued into 2023 and remained well above prior year. A “like for like” comparison per graph below reflects the increase in fuel cost of \$2.5mn for 2023 compared to 2022 with \$1.22mn being the impact of fuel price increase and \$1.28mn being the impact of increase in litres of fuel consumption. On average, fuel rate was \$3.16 per litre for 2023 compared to \$2.42 per litre in 2022.



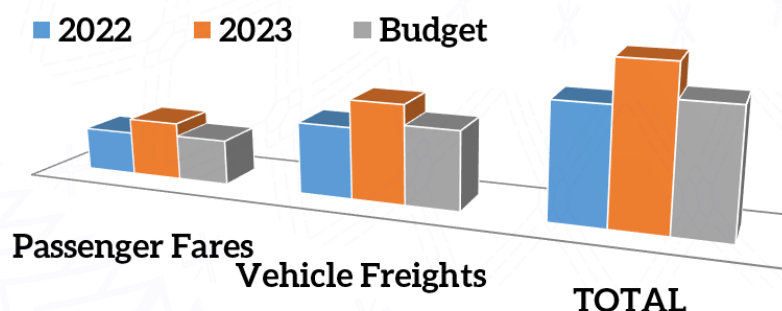
FINANCIAL REVIEW

KPIs	FULL YEAR (\$mns)					Commentaries
Financials	2022	2023	BUD	vs 2022	vs BUD	Performance Key Drivers - re-opening of international borders resulted in significant increases in domestic and Pago revenues. - transfer of Domestic Ports Mulifanua and Salelologa back to SPA resulted in reduced terminal and domestic ports costs - regional conferences held in Apia, GCMA Medical Conference, CHOGM 2024 preparations conference, IVF World Championships, church conferences etc. 40 international charter trips from Tokelau, SILVA GROUP and others - sale of MV Samoa Express I and Pasifika Express - Atoa o Samoa talks boost agricultural exports to Pago Pago Am Samoa
Revenues	20.94	32.52	24.63	55%	32%	
Expenses	22.12	31.20	24.12	41%	29%	
NPAT	(0.91)	1.01	0.45	211%	125%	
Cash Flow	4.14	7.08	2.36			
Total assets	78.74	100.39	134.10			
ROE	(24.7%)	3.8%	1.2%			
Current ratio	2.35:1	2.21:1	2.07:1			
Non-Financials	2022	2023	BUD	vs 2022	vs BUD	Key Challenges - inflation correlated with high fuel prices and high costs for imported critical spare parts for vessels. - aged vessels breakdowns (MV FOS2, MV LN, MV SE) resulted in high repairs and maintenance costs. - high crew turnover rate (RSE) resulted in high overtime costs - increasing Pago Port fees/charges - increasing Maritime costs and insurance premium covers for new fleet (MV LS4 and MV SE 2) Overall - Positive performane with 211% increase in profit, 70% increase in cash position and subsequently and improved ROE.
Dom Passengers	534,370	768,236	625,133	44%	23%	
Dom Vehicles	74,881	109,079	84,482	46%	29%	
Pago passengers	0	14,780	11,561	100%	28%	
Pago Cargos (tonnage)	566	676	594	19%	14%	
Dom charters	77	68	76	(12%)	(11%)	
International charters	10	40	14	300%	186%	

DOMESTIC SERVICE REVENUE

Revenue from domestic service passengers was 34% higher than the previous year and likewise above budget by 29%. Similarly, revenues from vehicles was 38% above previous year and also 26% above budget. Overall revenue from domestic service was 37% above 2022 and 27% above budget. This result was attributed to the re-opening of international borders in August 2022 and numerous awareness programs, church conferences – Malua, Koneferenisi and others and government events - Uluai Seleselega hosted in Savaii during the year.

Domestic Service Revenue	2022	2023	Budget
Passenger Fares	5,146,742	6,901,346	5,352,948
Vehicle Freights	8,504,497	11,738,469	9,351,171
TOTAL	13,651,238	18,639,815	14,704,119



FINANCIAL REVIEW

PAGO SERVICE REVENUE

Pago revenues was 183% above previous year and also exceeded budgeted revenue by 135% driven mostly by increase in cargo shipments from Pago Pago Am Samoa to Apia as well as re-opening of borders in which passengers were then allowed to travel between Apia and Pago Pago Am Samoa. The US stimulus packages continued into the financial year resulting in the increase in cargos from Am Samoa.

Pago Service Revenue	2022	2023	Budget
Passenger Fares	-	1,456,175	138,117
Cargo Freights	1,558,558	2,955,792	1,742,231
TOTAL	1,558,558	4,411,966	1,880,348

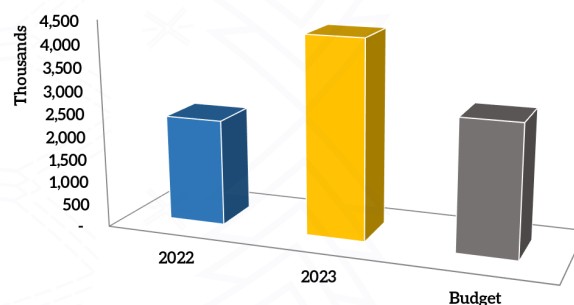
■ 2022 ■ 2023 ■ Budget



CHARTER SERVICE REVENUE

Charter revenue improved significantly by 86% over previous year and likewise above budget by 51% driven mainly by increase in international charter trips from Tokelau and SILVA GROUP to Manu'a. The revenues from this service contributed significantly to the overall result of the financial year.

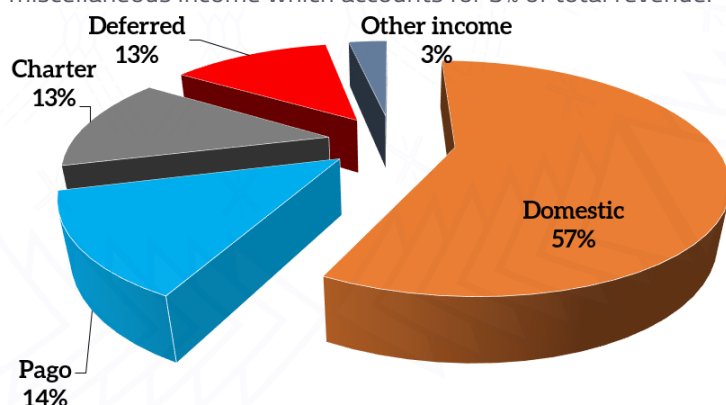
Charter Service Revenue	2022	2023	Budget
Domestic charters	1,402,493	1,059,203	1,472,618
International	910,064	3,235,861	1,365,096
Charter Revenue	2,312,557	4,295,065	2,837,714



	2022	2023	Budget
■ Charter Revenue	2,312,557	4,295,065	2,837,714

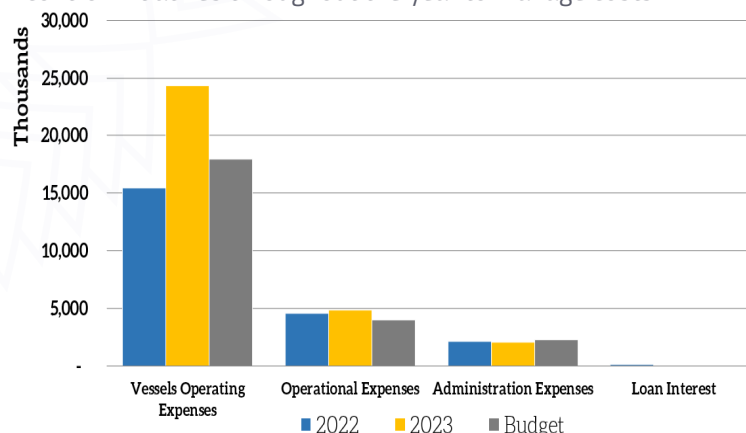
TOTAL REVENUE

Total revenue for the financial year of \$32.52mn was 55% above the corresponding period revenue of \$20.94mn. The significant increase in revenue performance for the year was mainly attributed to the re-opening of borders in August 2022 resulting in increased revenues from both domestic and Pago services as well as the significant increase from international charter trips which positively contributed to the overall result of the financial year. Domestic service accounts for 57% of total revenue whilst Charter and Pago services respectively account for 13% and 14%. Other income comprises of dividend income, MEFs, Slipway, and miscellaneous income which accounts for 3% of total revenue.



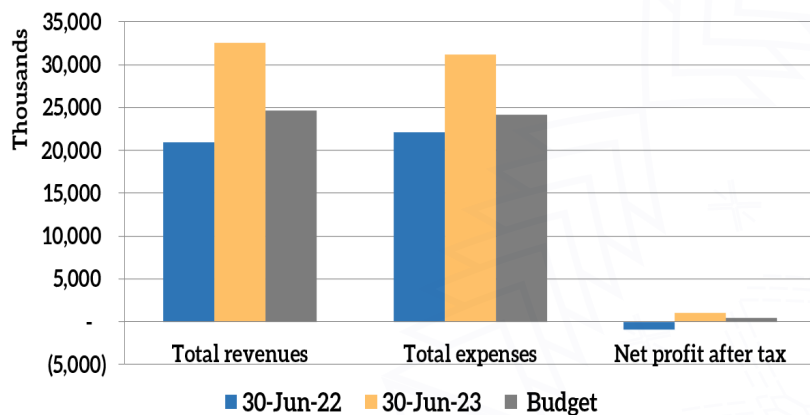
TOTAL EXPENSES

Total expenses increased significantly by 40% over previous year driven mainly by vessels operating costs being fuel consumption, dry-docking costs, the addition of MV Lady Samoa IV to the fleet, crew overtime costs due to shortage in crew officer level and breakdowns in aged vessels being MV Lady Naomi and MV Fotu o Samoa II. Administrative expenses were slightly lower than previous year spending due to cost base control initiatives throughout the year to manage costs.



KEY FINANCIAL INDICATORS

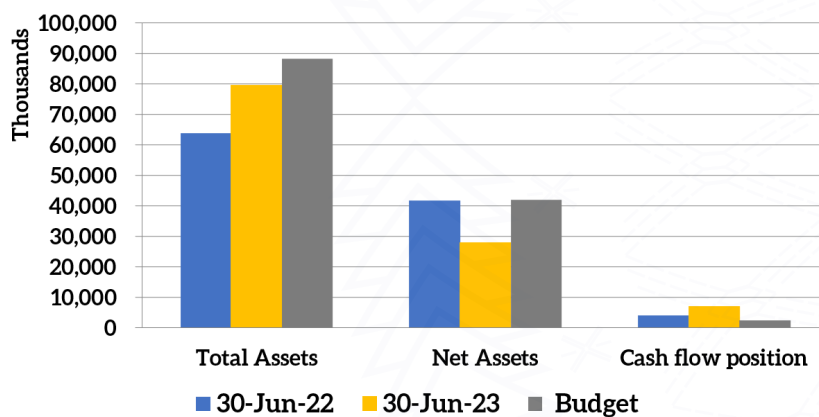
FINANCIAL PERFORMANCE



STATEMENT OF FINANCIAL PERFORMANCE

Total Revenue for the financial year was 55% higher than previous year whilst total expenses was also above 2022 by 41%. The result was a net profit after tax of \$1.01mn driven by re-opening of international borders in August 2022, transfer of domestic ports back to SPA (cost savings) and international charter trips from Tokelau and SILVA GROUP.

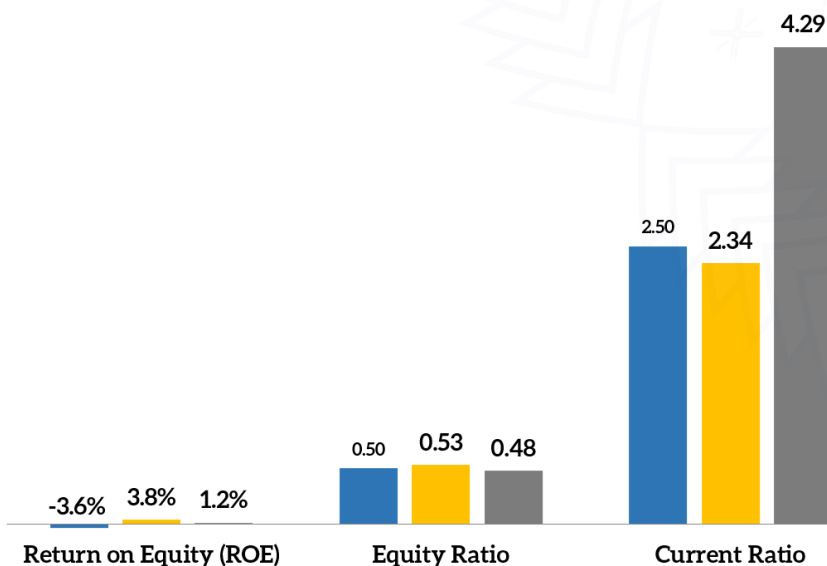
FINANCIAL POSITION



STATEMENT OF FINANCIAL POSITION

Total assets increased by 25% compared to 2022 given the addition of MV Lady Samoa IV to the fleet whilst net assets decreased by 33% given the transfer of domestic ports back to SPA and accumulated depreciation and amortisation. Liquidity position maintained at stable level as reflected in current ratio and cash flow position.

MANAGEMENT INDEX



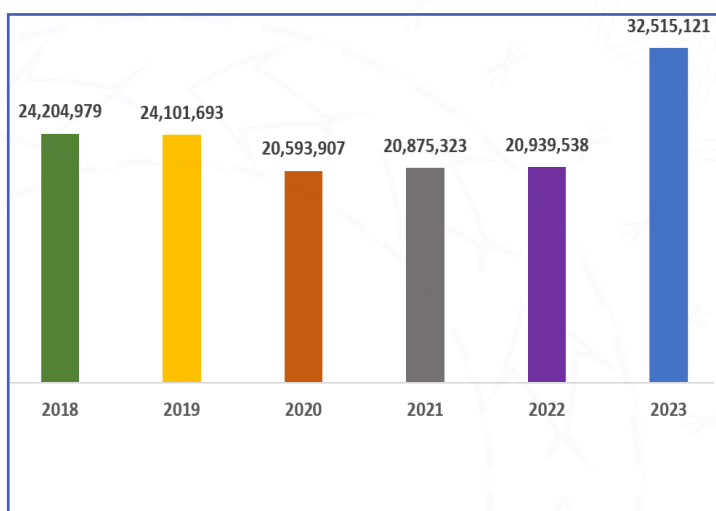
STATEMENT OF CASH FLOWS

Return on Equity improved from a negative 3.6% in 2022 to 3.8% although below the 7% benchmark by MPE. The company maintained a stable liquidity position for its operations and future plans.

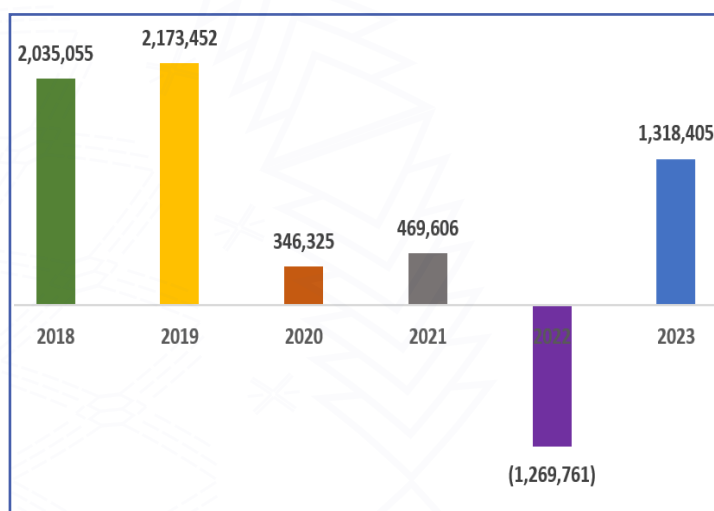
FINANCIAL-FIVE YEARS COMPARISON

	2018	2019	2020	2021	2022	2023
TOTAL REVENUE	24,204,979	24,101,693	20,593,907	20,875,323	20,939,538	32,515,121
NET PROFIT BEFORE TAX	2,035,055	2,173,452	346,325	469,606	(1,269,761)	1,318,405
TOTAL ASSETS	95,789,963	92,515,043	87,616,640	85,530,138	78,738,788	100,393,206
TOTAL EQUITY	39,299,896	40,363,426	42,526,786	42,731,008	41,840,346	27,961,440

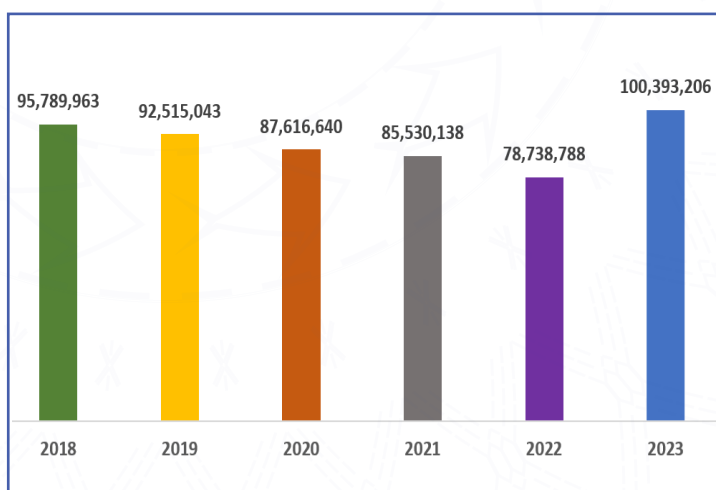
TOTAL REVENUE



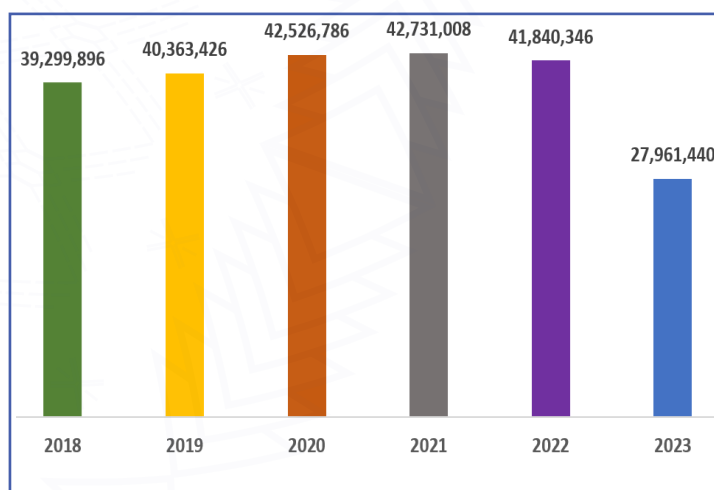
NET PROFIT BEFORE TAX



TOTAL ASSETS



TOTAL EQUITY



TARIFFS STRUCTURE

A paper was presented for the Tenders Board consideration in September 2022, proposing a minimum increase in tariffs for the International route Apia – Pago Pago and Charter Services. In comparison to aviation flights the cost for return ticket is \$800 plus compared to a minimum set \$120 for return ticket on the state of the art MV Lady Samoa IV.

The last tariff increase was almost two decades ago in 2008 hence this item has been hot on the agenda for Board meetings within the period under scrutiny. Despite the increase in the Cost of Living, the fluctuation in fuel prices, the costly breakdowns of vessels and routine dry docks for maintenance which consumed a significant cost due to the nature and scope of the work. The Corporation have instead reduced tariffs in November 2021 for domestic travelers. This was a huge loss that coincided with the recession of the COVID19 pandemic.

The proposal which outlines the rationale for the increase to recover the consistent loss recorded, additional capital acquisitions, staff increase salaries and overtime, utilities and port fees, and loan repayment obligations.

It is anticipated that if the proposed increase is endorsed this will subsidize excessive cost absorbed by the domestic services on its daily operation to ensure our service to the public is not jeopardized.

OUTLOOK FOR NEXT FINANCIAL YEAR

We anticipated a slow to moderate growth for the current year and judging from the books we exceeded expectations and welcome every avenue to generate income. We must continue to be vigilant and capitalize on opportunities to increase earnings and market share.

We welcome the rise in the number of passengers and vehicles for domestic sailings, the increase in charter trips, the improvement of International voyages as the travelling public embraced the state of the art MV Lady Samoa IV providing comfortable sailing.

Operation Costs will likely to reduce with the transfer of Domestic Ports officially handed back to Samoa Ports Authority. Staff involved were inherited by this transfer and are now working under the Samoa Ports Authority banner.

We are certain that the Outlook for the Next Financial Year will be optimistic with a steady growth from start to end now that International borders are open again and domestic sailing is consistently increasing. This is complemented with the growing demand for international charters.

FUTURE RISKS AND UNCERTAINTIES

The risks predicted from previous year shall continue to carry forward for this period. The cost of fuel prices consistently skyrocketed. The government has addressed the high Cost of Living with the Salaries Adjustments (COLA) that came into effect in July 2022 for all public servants to assist in improving standard of living.

The rise in sea level that heavily impacted vessels during berthing continue to pose external threats for daily excursions and damaged ports infrastructure. The inevitable Risks associated with human interactions can be costly if not well managed.

We are hopeful that there will be no more pandemics restricting international borders impacting the provision of shipping services. On the same token we also hope that warfare in Europe and among big players will not escalate because Pacific Islands will pay the exorbitant prices.



HUMAN RESOURCE

Samoa Shipping Corporation Ltd registered 202 employees this Financial Year which is 25 short of the previous year. There were five contracted Principals appointed within this period Principal Maritime, Principal Cost Accountant, Principal Information Technology, Principal Engineering & Vessel Maintenance and Principal Engineering General. It is pleasing to note that four of the positions advertised were all filled by internal applicants who have all served the Corporation for more than decades.

As highlighted in our Corporate Plan we endeavor to build staff capacity through ongoing professional development. To this effect, we have been busy with relevant Trainings throughout both In-Country, In-House and International. The components of trainings ranged from Digital Assessments, Behavior Insight & Designing, Building Effective Leadership, Basic Computer Trainings, Customer Services, Marine Spatial Planning Project, Report Writing, Public Bodies Continuous Learning, Maritime Certificate of Competency and others.

With a strong presence in the Pacific Maritime and embracing equal opportunities for seafarers Samoa Shipping Corporation was fortunate to receive an invitation in March 2023 to attend the 3rd Pacific Women in Maritime Conference in Cairns, Australia.

Whilst two technical Marine staff also attended Technician Training of Youlong- Survival System in Vanuatu to upgrade their certification in servicing Liferrafts and inflatable rescue equipment onboard. These staff with specialized set skills can successfully service and maintain the Corporations essential tools whilst cost saving.

Another valuable opportunity was utilized by two management to attend the Incident Management Team Tabletop in California in March to better prepared in responding to unforeseeable marine incidents.

For years the Corporation not only provide employment for seafarers graduating from the School of Maritime and enhancing a career path in Seafaring but we highly played a role in offering apprentice programs to better equip students for real life work.

The Corporation play host to students from vocational training providers both Government and Church Institutions. Programs on offered varies from Plumbing, Electrician, Welding and Fabrication, Fitter and Machinist, Refrigeration and Air Condition, Mechanic and Carpentry, Business and Administration.

These ongoing programs have proven successful as students become better informed and equipped with set skills to tackle real life scenarios in the workforce and they are also captured on the Corporations database when employment opportunity arise.

OVERALL SUMMARY

As anticipated, our Financial Performance has been favorable posting a Net Profit After Tax of \$1.01m compared to \$909,282 of previous year. The optimistic results is due to the reopening of International borders which ultimately revived economic activity in the country.

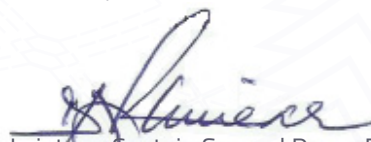
The arrival of the new vessel MV Lady Samoa IV has come at a time when people have longed to travel again due to the prolong restrictions imposed by COVID19. This state-of-the-art vessel is sailing weekly to American Samoa at full capacity. Its competitive edge is the affordable \$120 return fare on a comfortable seat as opposed to the \$800 plus flight ticket with restricted carry on a plane.

In a snapshot our Financial Performance is at a steady and stable rate with an increase by 55% of revenue compared to previous. We hope to maintain at this pace and impose stringent control on expenditures.

Our Financial Position posted an increase in Total Assets by 25% compared to previous although Net Assets decreased by 33% due to the transfer of Domestic Ports back to Samoa Ports Authority. Our Cash Flow registered a moderate improvement of 3.8% Return on Equity compared to (24.7%) previous. Although 7% is the benchmark we are optimistic given we have reduced domestic tariffs at a time when the Cost of Living is high and prices of good and services have generally increased.

Ma lo'u fa'aaloalo lava,

Fa'afetai,



Leiatua Captain Samuel Decca Phineas
GENERAL MANAGER

SAMOA SHIPPING CORPORATION LIMITED

FINANCIAL STATEMENTS

30 JUNE 2023

SAMOA SHIPPING CORPORATION LIMITED

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2023

The directors herewith present the financial statements and the independent auditors report thereon for the financial year ended 30 June 2023 of Samoa Shipping Corporation Limited ("the Company").

1. DIRECTORS

The following were directors of the Company at any time during the financial year:

Tagaloa Faa'ouina Su'a (Chairman)
Papalii Francis Caffarelli (end contract March 03, 2023)
Alice Niumata Leota (re-appointed May 04, 2023)
Tapusoa Onogafulu Fuimaono (end contract March 03, 2023)
Fonoia Lemaota Taifau
Tuilagi James Bartley (appointed May 04, 2023)
Stephanie Vagana (appointed May 04, 2023)
Leiataualetaua Capt. Samuel Decca Phineas (ex officio / General Manager – re-appointed May 24, 2023)

2. STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

3. PRINCIPAL ACTIVITIES

During the year, the Company undertook its principal activity of providing sea transportation (ferry services) for the public between Mulifanua and Salelologa, Apia and Pago Pago, Am. Samoa, as well as charter service between Apia and Tokelau Islands and Apia and Manu'a, Am Samoa.

4. OPERATING RESULTS

The after-tax net profit for the year was SAT \$1,011,990 (2022: (SAT \$909,282)). Accumulated profit at end of the year totalled SAT \$24,816,643 (2022: SAT \$24,092,209). Shareholder equity at end of the year totalled SAT \$27,961,440 (2022: SAT \$41,840,346).

5. DIVIDENDS

During the year, the Directors declared dividends of \$354,196 (2022: NIL) in which \$340,346 remain payable at balance date.

6. DIRECTORS' BENEFITS

No director has received or become entitled to receive any benefits other than those included and disclosed in Note 25 (a) of the financial statements since the end of the previous financial year by reason of a contract made by the Company or a related corporation with any director or with a firm of which a director is a member or with a Company in which a director has a substantial financial interest.

7. SIGNIFICANT EVENTS

On 01 August 2022, Samoa finally opened its international borders and welcomed its first international flight into the Country with all COVID-19 travel restrictions lifted on September 2022.

On 01 October 2022, ownership and management of Domestic Ports Mulifanua and Salelologa was officially transferred back to Samoa Port Authority as well as cancellation of existing Satitua Slipway lease between Samoa Shipping Corporation and Samoa Port Authority.

8. EVENTS SUBSEQUENT TO BALANCE DATE

Other than those disclosed in the financial statements, there has not arisen since balance date and date of this report any other transaction or event of a material nature, which in the opinion of the directors of the Company would render any amounts stated in the financial statements misleading.

9. GOING CONCERN

The directors consider that the Company will continue as a going concern. The directors believe that the basis of the preparation of financial statements is appropriate and the Company will be able to continue its operations in the foreseeable future.

10. RELATED PARTY TRANSACTIONS

In the opinion of the directors, all related party transactions have been adequately recorded and disclosed in the financial statements.

SAMOA SHIPPING CORPORATION LIMITED

STATEMENT BY DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2023

In the opinion of the directors of the Company:

- (a) the accompanying statement of profit or loss and other comprehensive income of the Company is drawn up so as to give a true and fair view of the results of the Company for the year ended 30 June 2023;
- (b) the accompanying statement of financial position of the Company is drawn up so as to give a true and fair view of the state of affairs of the Company as at 30 June 2023;
- (c) the accompanying statement of changes in equity is drawn up so as to give a true and fair view of the changes in equity for the year ended 30 June 2023;
- (d) the accompanying statement of cash flows of the Company is drawn up so as to give a true and fair view of the cash flows of the Company for the year ended 30 June 2023;
- (e) at the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due;
- (f) all related party transactions have been adequately recorded in the books of the Company.

Dated at Apia this day of 2023

For and on behalf of the Board of Directors.


Chairman
Tagaloa Fa'afoiuna Su'a
Director
Alice Niumata



AUDIT OFFICE

Please address all correspondences
to the Controller and Auditor General

REPORT OF THE AUDIT OFFICE

TO THE GOVERNING BODY IN CHARGE OF GOVERNANCE – SAMOA SHIPPING CORPORATION LIMITED

Audit Opinion

We have audited the Financial Statements of Samoa Shipping Corporation Limited (the Corporation) which comprises of the Statement of Financial Position as at 30 June 2023, the Statement of Comprehensive Income, Statement of Changes in Equity, and Statement Cash Flows for the year ended 30 June 2023 and notes to the financial statements including a Summary of Significant Accounting Policies and Other Explanatory Notes. The Accounting Firm of BDO, Chartered Accountants, assisted in the audit. The Engagement Partner on the audit resulting in this Independent Auditor's Report is Hanalei Betham.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Samoa Shipping Corporation Limited as at 30 June 2023, and of its financial performance, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Samoa Shipping Corporation in accordance with the ethical requirements that are relevant to our audit of financial statements in Samoa, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the directors report but does not include the financial statements and our auditors report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as directors and management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors and Management, either intends to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Please address all correspondences
to the Controller and Auditor General



AUDIT OFFICE

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with these International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the directors and management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures, are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors and Management regarding, among other matters, the significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion the financial statements have been prepared in accordance with and complies with the requirements of:

- i. Public Bodies (Performance and Accountability) Act 2001; and the
- ii. Public Finance Management Act 2001 (and amendments)

Our audit was completed on the 25th October 2023 and our opinion is expressed as at that date.

Apia, Samoa
27 October 2023


Vaofusi Terence Su'a

ASSISTANT CONTROLLER AND AUDITOR GENERAL

SAMOA SHIPPING CORPORATION LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2023

(Samoan tala)	Notes	2023	2022
REVENUES		\$	\$
Vessel revenues		27,346,846	17,522,353
Amortised deferred income		4,147,289	2,859,439
Other income	5	1,020,986	557,747
		<u>32,515,121</u>	<u>20,939,539</u>
EXPENSES			
Vessel operating expenses	6	24,330,505	15,420,610
Other Operating expenses	7	4,835,946	4,574,213
Administration expenses	8	2,030,265	2,125,514
		<u>31,196,716</u>	<u>22,120,337</u>
Operating profit/(loss)		1,318,405	(1,180,798)
Interest expense		-	(88,962)
Profit/(Loss) before taxation		1,318,405	(1,269,760)
Income tax (benefit)/expense	9	(306,415)	360,478
Net profit/(loss) for the year		1,011,990	(909,282)
Other comprehensive income/(loss); Items that may not be reclassified to profit or loss			
Loss Tariff income (drop in inter-island passenger fares)		1,215,172	508,000
Tariff expense - (drop in inter-island passenger fares)		(1,215,172)	(508,000)
Net change in Fair Value of equity investments - UTOS		66,641	18,621
Other comprehensive income for the year		66,641	18,621
Total Comprehensive income/(loss) for the year		<u>1,078,631</u>	<u>(890,661)</u>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes set out on pages 33 to 46.

SAMOA SHIPPING CORPORATION LIMITED

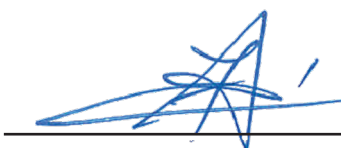
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

(Samoan tala)	Notes	2023	2022
Share Capital & Reserves		\$	\$
Share Capital	10	1,000,000	15,603,340
Capital Reserves	11	2,144,797	2,144,797
Accumulated profits		24,816,643	24,092,209
TOTAL CAPITAL AND RESERVES		27,961,440	41,840,346
Represented by;			
ASSETS			
Current Assets			
Cash and Cash equivalents	12	7,075,196	4,140,715
UTOS Investment	13	4,375,744	1,634,388
Trade receivables	14	887,397	336,940
Other receivables and prepayments	15	4,793,200	3,229,382
Income tax receivable	16	2,465,188	4,375,015
Inventories	17	1,231,324	1,308,828
		20,828,049	15,025,268
Non -Current Assets			
Vessels and capitalised dry-docking	18	73,363,225	40,536,694
Property, plant and equipment	19	4,517,139	20,353,607
Future Income Tax Benefits / DTA	20(a)	1,684,794	2,823,219
		79,565,157	63,713,520
TOTAL ASSETS		100,393,206	78,738,788
LIABILITIES			
Current Liabilities			
Trade payables		593,074	448,201
Other payables and accruals	21	4,136,034	2,939,809
Employee Entitlements - current	22	239,494	162,282
Dividend Payable	23	340,346	-
Deferred Income - current	24	4,147,289	2,859,439
		9,456,236	6,409,731
Non - Current Liabilities			
Employee entitlements	22	331,171	212,694
Deferred Income	24	51,803,938	18,603,589
Deferred Tax Liability	20(b)	10,840,418	11,672,428
		62,975,527	30,488,711
TOTAL LIABILITIES		72,431,766	36,898,442
NET ASSETS		27,961,440	41,840,346

The statement of financial position is to be read in conjunction with the accompanying notes set out on pages 33 to 46

For and on behalf of the Board of Directors.


Chairman
Tagaloa Fa'afoiuna Su'a


Director
Alice Niumata

SAMOA SHIPPING CORPORATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

(Samoan tala)	Notes	Share Capital	Reserves	Retained Earnings	Total
		\$	\$	\$	\$
Balance at 1 July 2021		15,603,340	2,144,797	24,982,871	42,731,008
<u>Total comprehensive income/(loss) for the year</u>					
Net loss for the year		-	-	(909,282)	(909,282)
Other comprehensive income for the period		-	-	18,621	18,621
Total Comprehensive loss		-	-	(890,661)	(890,661)
<u>Transactions with owners of the Company</u>					
Dividends declared during the period		-	-	-	-
Balance at 30 June 2022		15,603,340	2,144,797	24,092,209	41,840,346
Balance at 1 July 2022		15,603,340	2,144,797	24,092,209	41,840,346
<u>Total comprehensive income for the period</u>					
Net profit for the period		-	-	1,011,990	1,011,990
Other comprehensive income for the period		-	-	66,641	66,641
Total Comprehensive (loss)/income		-	-	1,078,631	1,078,631
<u>Transactions with owners of the Company</u>					
Dividends declared during the period	23	-	-	(354,196)	(354,196)
Domestic Ports MF & SL transfer to SPA	10	(14,603,340)	-	-	(14,603,340)
Balance at 30 June 2023		1,000,000	2,144,797	24,816,644	27,961,440

The statement of changes in equity is to be read in conjunction with the accompanying notes set out on pages 33 to 36.

SAMOA SHIPPING CORPORATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2023

(Samoan tala)	Notes	2023 \$	2022 \$
Cash Flows from Operating activities			
Cash receipts from customers		26,748,062	18,477,942
Cash paid to suppliers and employees		(23,339,591)	(17,437,627)
Interest received - operating bank accounts		35,970	44,840
Net Cash inflow from operating activities		3,444,441	1,085,155
Cash Flows from Investing activities			
Dividend paid during the year	23	(13,850)	(123,830)
Acquisition of Property, Plant and Equipment	18,19	(764,332)	(1,340,202)
UTOS additional investments		(2,674,715)	(644,649)
Dividend received from UTOS		74,715	44,649
Compensation for transfer of Domestic Ports		500,000	-
Proceeds from sale of assets		453,000	7,000
Income tax refund from Tax office		1,915,222	-
Net Cash inflow used in investing activities		(509,960)	(2,057,032)
Cash Flows from Financing activities			
Loan repayments		-	(3,074,214)
Net Cash outflow from financing activities		-	(3,074,214)
Net increase / (decrease) in cash and cash equivalents		2,934,481	(4,046,091)
Cash and cash equivalents at beginning of the year	12	4,140,715	8,186,806
Cash and cash equivalents at the end of the year	12	7,075,196	4,140,715

The statement of cash flows is to be read in conjunction with the accompanying notes set out on pages 33 to 46.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

1. GENERAL INFORMATION

Samoa Shipping Corporation Limited ("the Company") is a duly incorporated body established under the provisions of the Samoa Companies Act 2001. The address of the registered office which is also the main office is located at Matautu Tai, Apia, SAMOA.

The principal activity of the Company is providing sea transportation (ferry services) for the general public between Mulifanua and Salelologa and between Apia and Pago, Am. Samoa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by certain accounting policies below.

The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant are disclosed in Note 4.

(i) Statement of compliance

The financial statements of the Company have been drawn up in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Samoa Companies Act 2001 and Public Bodies (Performance and Accountability) Act 2001.

(ii) New standards, amendments and interpretations not yet adopted

The Company has not applied any new standards and amendments issued by IASB in the preparations of the financial statements for the current period

The following are new or amended accounting standards (IFRS) and interpretations (IFRIC) issued by IASB that have not early adopted by the Company.

- IFRS 17 Insurance Contracts (01 January 2023)
- IAS 12 amendments Deferred Tax related to Assets and Liabilities arising from a single transaction (01 January 2023)
- IAS 8 amendments Definition of Accounting Estimates (01 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements (01 January 2024)
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback (01 January 2024)
- IFRS S1 & IFRS S2 General Requirements of Disclosure of Sustainability-related Financial Information & Climate-related Disclosures (01 January 2024)

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont...

b) Functional and Foreign currencies

Functional and presentation currency

The financial statements are presented in Samoan Tala (WST), which is the functional and presentation currency of the Company. Amounts presented are rounded to the nearest dollar, unless otherwise indicated.

Transactions and balances

Transactions denominated in a foreign currency are initially recorded in the functional currency at the exchange rate on the date of the transaction. Foreign currency receivables and payables at balance date are retranslated using Bank rates at balance date.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end are recognised in statement of profit or loss and other comprehensive income.

c) Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring the promised goods or services to the customer at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration the Company expects to be entitled to.

The core income generating activities for the Company comprise of regular passenger and cargo ferry services and charter service. Revenue from passenger and cargo ferry services is recognised when the services have been carried out and reliably measured. For charter service, revenue is recognised at the time the Company has completed the charter service for a customer. Revenue for all other services are recognized as and when the service had been carried out and service can be reliably measured.

d) Expense recognition

All expenses are recognised in the statement of profit or loss and other comprehensive income on accrual basis.

e) Income tax

Income tax assets and liabilities for the current year is measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantially enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws applicable to the origin of the temporary differences) that have been enacted or substantively enacted at the balance date. The measurement reflects the tax consequences that would follow from the manner in which the Company, at the balance date recovers or settles the carrying amount of its assets and liabilities.

f) Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, cash at banks and term deposits held at banks which are highly liquid investments that are readily convertible to amounts of cash which are subject to an insignificant risk of changes in value.

g) Financial instruments

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. Financial asset (unless it is a trade receivable without a significant financing component) or a financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

The Company's financial assets measured at amortised cost comprise of cash and cash equivalents, trade and other receivables. Equity investment measured at fair value to other comprehensive income (FVOCI) is its UTOS Investment. The Company's financial liabilities comprise of trade and other payables and loans. Financial instruments are derecognized when the rights to receive cash flows from the assets have expired or have been transferred.

h) Trade receivables

Trade receivables are carried at original invoice amount less a provision made for any impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect the amounts due in accordance to the original terms of the sale. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial re-organisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the trade receivables is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'administrative costs'.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to 'other income' in the statement of profit or loss and other comprehensive income.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont...

i) Expected Credit losses

Expected credit losses at initial recognition are determined using an ageing factor as well as a specific customer knowledge, such as customers' ability to pay, considering historical information about payment patterns, credit risks, customer concentration, and customer credit worthiness as well as prevailing economic conditions. The estimates are updated subsequently and if the debtor's ability to pay is becoming doubtful, expected credit losses are calculated on an annual basis. When there are no reasonable expectations of recovering the credit losses, the receivable is written off in part or entirety.

j) Inventories

Inventories have been valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price in the ordinary course of business, less transaction costs.

k) Vessels

Vessels are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises acquisition cost and costs directly related to the acquisition up until the time when the asset is ready for use including interest expenses during the period of construction based on the loans obtained for the vessels.

Dry-docking – Vessels

Approximately every 24 and 60 months, depending on the nature of work and external requirements, the vessels are required to undergo planned dry-dockings for replacement of certain components, major repairs and maintenance of other components which cannot be carried out while the vessels are operating.

These dry-docking costs are capitalised on a straight-line basis over the estimated period until the next dry-docking. The residual value of such components is estimated at nil. The useful life of the dry-docking costs is reviewed at least each financial year-end based on market conditions, regulatory requirements and SSC business plans.

l) Property, plant and equipment

Freehold Land is shown at cost. Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment.

Depreciation

Freehold Land is not depreciated. Items of property, plant and equipment, including vessels are depreciated over their estimated useful lives. Assets are first depreciated in the year of acquisition or, in respect of internally constructed assets, from the time an asset is held ready for use. The straight-line method of depreciation is used and the principal depreciation rates for the current and comparative periods are as follows:

Class	Depreciation
Buildings	5%
Plant, Machine & Equipment	20%
Fixtures & Fittings	20%
Motor Vehicles & Office equipment	25%
IT & Computers	20%
FOS2 / MV LS III / MV SSC 40 / Samoa Express II / MV LSIV / MV PE	5%
MV Samoa Express 1	4.21%
Lady Naomi	5.56%

The residual values and estimated useful lives of property, plant and equipment are reviewed and adjusted if appropriate, at each balance date

Profit or loss on disposal of property, plant and equipment is taken into account in determining the results for the year.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in statement of profit or loss and other comprehensive income as incurred.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES cont...

Impairment

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets that have an indefinite useful life are not subject to amortisation and depreciation 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 exceeds its recoverable amount. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Any impairment losses are recognised in the profit or loss in the period in which they arise.

m) Trade and other payables

Payables are recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of past event, and it is more likely that not an outflow of economic benefits will be required to settle the obligation, and the amount has been reliably estimated. Liabilities arising in respect to normal operations of the Company are expected to be settled within 12 months of the reporting date are measured at their nominal amounts.

n) Employee entitlements

Liabilities for annual leave are accrued and recognised in the balance sheet at the undiscounted amount expected to be paid for the entitlement earned. Liabilities for staff performance based incentive scheme are also accrued and recognized at the undiscounted amount expected to be paid.

Liabilities for other employee entitlements including long service leave, which are not expected to be paid or settled within twelve months of reporting date, are accrued in respect of all employees at the present value of future amounts expected to be paid. In determining the future value of cash outflows, discount rates used are based on the interest rates attaching to government securities which are released by the Central Bank of Samoa. Inflation used is based on the latest available estimate by the Central Bank of Samoa.

o) Dividend distribution

Dividend is declared as per requirements of the Public Trading Bodies Act 2001 before the end of the financial year but not distributed at balance date. Distribution of declared dividends is subject to Board approval.

p) Provisions

Provisions are recognised when a present obligation (legal, equitable or constructive) to make a future sacrifice of economic benefits to other entities arise as a result of past transactions or other past events, and it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

q) Leases

The Company assesses whether a contract or contains a lease at inception of the contract and recognises right-of-use assets and corresponding liabilities at the lease commencement date, except for short term leases and leases of low value. For these leases, the Company recognises the lease payments as an operating expense in the profit or loss and other comprehensive income statement on a straight line basis over the term of the lease.

r) Deferred income

Government Aid donated in the form of depreciable assets are capitalised in the year of receipt as well as the recognition of deferred income on the amount of the depreciable asset. The amortisation rate of the depreciable asset is the same as the rate of depreciation under the Depreciation accounting policy (Note 2 (l)).

s) Comparative figures

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

3. FINANCIAL RISK MANAGEMENT

The Company's activities expose to a variety of financial risks; (i.e. market risk, credit risk and liquidity risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management which identifies and evaluates financial risks in close co-operation with the Company's operating units.

(a) Market risk (i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the \$US, \$NZ, \$AU and \$YEN currencies. Foreign exchange transactions mainly relate to insurance premiums for vessels which are paid in USD and vessels spare parts which are mainly supplied from NZ and Japan.

In managing and minimising this exposure to foreign currency risks, the Company operates various foreign currency bank accounts and transacts where required in these currencies.

(ii) Sensitivity analysis

A strengthening (weakening) of the USD, NZD, AUD and YEN as indicated below, against the WST tala at 30 June 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

3. FINANCIAL RISK MANAGEMENT (cont)

The analysis is performed on the same basis for 2022, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below:

	Effect on 2023	Equity and Income 2022
	\$	\$
USD - P&L and Equity impact + 10%	(6,052)	(7,882)
USD - P&L and Equity impact - 10%	6,052	7,882
AUD - P&L and Equity impact + 10%	(-)	(-)
AUD - P&L and Equity impact - 10%	-	-
NZD - P&L and Equity impact + 10%	(-)	(8,917)
NZD - P&L and Equity impact - 10%	-	8,917

(iii) Cash flow and fair value interest rate risk

As the Company has significant interest earning assets, the Company's income and operating cash flows are exposed to risk of changes in market interest rates. The risks are mitigated by leveraging relationship with Banks and other Financial institutions for favourable gains for the Company.

(b) Credit risk

Credit risk is managed by management with board oversight. Credit risks arises from normal trading operations. The majority of credit customers are government ministries and state-owned enterprises and management considered these as low risks as payments are secured by the Treasury Department of the Ministry of Finance.

A small portion of trade receivables are private businesses in which the Company takes the following process. Management assesses the credit quality of the customer considering its financial position, past experience and other factors. This assessment is carried out before the General Manager Approval. Individual credit risk limits are then set based on the assessments done. Sales to credit customers are settled in either cash cheque or direct transfers into the Bank.

The Company's net exposure to credit risk is limited to the carrying amounts presented in the statement of financial position.

Expected credit loss assessment for trade receivables as at 30 June 2023.

The Company uses an allowance matrix to measure the ECLs of trade receivables. The Company uses its historical credit loss experience for trade receivables to estimate the 12 months expected credit losses or the lifetime expected credit losses.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June 2023. The movement in the allowance for impairment in respect to trade receivables during the year is disclosed in Note 14.

	Matrix rate	Gross Carrying amount	Loss allowance	Credit impaired
30 June 2023		\$	\$	\$
Current (not overdue)	3.16%	367,727	13,260	354,467
31 to 60 days overdue	3.16%	316,023	11,396	304,627
61 to 180 days overdue	3.16%	225,183	8,120	217,063
181 – 365 days overdue	4.97%	11,915	675	11,239
Over 365 days overdue	100%	-	-	-
		920,848	33,451	887,397

Cash

The Company held cash and cash equivalents of \$7,075,196 (2022: \$4,140,715) at 30 June 2023. The cash and cash equivalents are held with Banks.

Impairment on cash has been measured on the 12-month expected loss basis. The Company considers that its cash and cash equivalents have low credit risk based on the external credit risk ratings of the counterparties.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet present obligations. Management monitors rolling forecasts of the Company's liquidity reserve, comprising of cash and cash equivalents on the basis of expected cash flow.

The Company's financial assets and liabilities as at year ending 30 June 2023 are due within 12 months from balance date and are equal to their carrying balances.

4. ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and 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. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- Note (14) – Recoverability of trade receivables
- Note (18) – Estimated useful lives of vessels
- Note (19) – Estimated useful lives of property, plant and equipment
- Note (22) – Employee entitlements

Fair Value Estimates

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. Cash on hand and at bank are valued at cost and approximate their fair value.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

5. OTHER INCOME

	2023	2022
	\$	\$
Dividend Income – UTOS	196,663	74,715
Gain on sale of assets	325,600	15,000
Other income	498,723	468,032
	<u>1,020,986</u>	<u>557,747</u>

6. VESSEL OPERATING EXPENSES

Vessel expenses comprise of personnel costs, depreciation, fuel and oil, repairs and maintenance, dry-docking costs, vessel port charges and fees. These costs are expensed as incurred.

	2023	2022
	\$	\$
MV Samoa Express 1	673,596	746,096
MV Pacifica Express	87,771	38,765
MV Fotu O Samoa II	1,702,797	992,376
MV Lady Samoa III	7,457,256	5,988,737
MV Lady Samoa IV	3,418,741	-
MV Lady Naomi	2,718,181	1,972,422
MV SSC Fasefulu	2,281,214	1,745,926
MV Samoa Express II	4,078,880	3,334,564
Vessel Port Charges	1,912,068	601,724
	<u>24,330,505</u>	<u>15,420,610</u>

Included in the above are the following significant items

1. Depreciation and capitalised drydocking expenses for the period totalled WST \$6,089,436 (2022: \$5,297,779). Please see Note 18 & 19.
2. Insurance expense for the period totalled \$1,150,497 (2022: \$908,223) for vessels and items of property, plant and equipment.

7. OTHER OPERATING EXPENSES

Other operating support expenses comprise of costs incurred under each supporting division below including personnel costs, depreciation, repairs and maintenance, utilities, engineering costs and life rafts service equipment's. These costs are expensed as incurred.

	2023	2022
	\$	\$
Slipway Cost	170,255	104,983
Life Rafts Service Station Cost	60,322	7,695
Workshop Cost	1,200,111	1,094,903
Marine Workshop Cost	273,951	260,710
SS Maritime Cost Academy	19,525	25,061
Terminal Cost	3,060,432	2,747,095
Domestic Port Services	51,350	333,766
	<u>4,835,946</u>	<u>4,574,213</u>

These are significant items of administration expenses

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

8. ADMINISTRATION EXPENSES

These are significant items of administration expenses

	2023	2022
	\$	\$
Audit fees	47,555	47,555
Depreciation	88,059	56,080
Insurance	15,882	14,435
IT & Network costs	52,284	17,291
Salaries & wages	1,342,555	1,177,584
Repairs and Maintenance	6,319	37,064
Travel & Training Development	41,182	7,706
Impairment of receivables	174	374,248
Motor vehicle costs	33,954	26,211
Corporate Social Responsibility	13,259	43,807
Directors' fees & other costs	101,893	115,295
Bank fees/charges	4,442	6,006
Printing and Stationaries	32,659	32,444
Communication (internet, mob & landline)	141,948	90,165
Recruitments and Advertisements	4,646	50,259
Donations	13,130	9,373
Occupational, health and safety	45,273	44,683
Other Office expenses	39,311	23,861
Exchange gains and losses	5,740	(48,553)
	<u>2,030,265</u>	<u>2,125,514</u>

Total Personnel expenses for the period totalled \$8,784,038 (2022: \$7,203,370), of which included in Vessel Expenses is \$4,998,690 (2022: \$3,766,301) and included in other operating expenses is \$2,442,793 (2022: \$2,259,485).

9. INCOME TAX EXPENSE

The Prima facie income tax payable on pre-tax accounting profit is reconciled to the income tax expense in the income statement as follows

	2023	2022
	\$	\$
Reconciliation of effective tax rate		
Profit / (Loss) before tax	<u>1,318,405</u>	<u>(1,269,761)</u>
Prima facie tax expense thereon at 27%	(355,969)	342,836
Tax Effect of:		
Permanent Differences between tax and accounting profit	<u>49,554</u>	<u>17,642</u>
Income tax (expense)/benefit for the year	<u>(306,415)</u>	<u>360,478</u>

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

9. INCOME TAX cont...

	2023	2022
	\$	\$
Reconciliation of current tax and tax expense;		
Current tax expense	(1,352,252)	381,879
Deferred tax balances movement (tax effect)	1,045,837	(21,401)
Income tax (expense)/benefit for the year	<u>(306,415)</u>	<u>360,478</u>

10. SHARE CAPITAL

	2023	2022
	\$	\$
Authorised capital		
1,000,000 ordinary shares	1,000,000	1,000,000
Additional Capital (Domestic Ports)	-	14,603,340
	<u>1,000,000</u>	<u>15,603,340</u>

Issued and paid up capital

1,000,000 ordinary shares of \$1 each fully paid	<u>1,000,000</u>	<u>1,000,000</u>
--	------------------	------------------

On 03 August 2022, a Cabinet directive FK (22) 28 approved the transfer of Domestic Ports Mulifanua and Salelologa back to Samoa Ports Authority.

The value of these Ports (Wharves) was \$14,603,340 at the time of transfer from Samoa Ports Authority and was recorded as Additional Capital (Equity) in the Balance Sheet of Samoa Shipping Corporation in 2016.

On October, 2022, per FK (22) 28, these Ports (Wharves) which had a net book value of \$15,602,274 were officially transferred back to Samoa Ports Authority. In compensation, Samoa Ports Authority agreed for \$1,000,0000 payment to Samoa Shipping Corporation.

11. CAPITAL RESERVE

	2023	2022
	\$	\$
Government Capital Reserve	1,091,164	1,091,164
Capital Aid Reserve - Japanese Aid	1,053,633	1,053,633
	<u>2,144,797</u>	<u>2,144,797</u>

12. CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
ANZ Bank (Samoa) Ltd	2,250,760	2,145,481
Bank of South Pacific (Samoa) Ltd	1,937,744	1,233,871
Territorial Bank of Am Samoa – TBAS	2,298,599	175,034
BSP (USD) Acct	71,758	70,962
BSP (NZD) Acct	270,076	273,245
BSP Slipway Acct	113,578	112,140
Petty Cash Imprest & Floats	3,700	3,700
Samoa Commercial Bank (SSMA)	128,980	126,282
Cash balance for the purpose of cash flow	<u>7,075,196</u>	<u>4,140,715</u>

Included in the above are the following accounts denominated in foreign currency which were translated at end of financial year bank rates, TBAS account \$855,079 @ 0.3720, BSP USD account \$26,694 @ 0.3720, BSP NZD account \$166,259 @ 0.6156.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

13. INVESTMENT

	2023	2022
	\$	\$
UTOS units Investment	4,375,744	1,634,388

The amount disclosed represents the Fair value of units with UTOS at end of period of 2,458,283 (2022: 933,936) at withdrawal price of \$1.78 (2022: \$1.75).

14. TRADE RECEIVABLES

	2023	2022
	\$	\$
Accounts receivables - trade	920,848	370,217
Allowance for expected credit loss	(33,451)	(33,277)
	<u>887,397</u>	<u>336,940</u>
Movement in impairment provision		
Opening balance	(33,277)	(1,231)
Additional provision	(174)	(32,046)
Closing balance	<u>(33,451)</u>	<u>(33,277)</u>
Analysis of ageing of trade receivables		
Current (within maturity)	367,727	301,964
31-60 days due	316,023	36,362
61-180 days due	225,183	31,891
181 – 365 days due	11,915	-
Over 365 days	-	-
Total Gross	<u>920,848</u>	<u>370,217</u>
Allowance for doubtful debts	(33,451)	(33,277)
Total net	<u>887,397</u>	<u>336,940</u>

At 30 June 2023, trade receivables of \$33,451 (2022: \$33,277) were past due and impaired.

15. OTHER RECEIVABLES & PREPAYMENTS

	2023	2022
	\$	\$
Duty Drawbacks & Fuel Rebates	3,641	66,165
Other receivables & prepayments	472,449	99,843
Receivable from SPA for Domestic Ports Transfer	500,000	-
	<u>976,090</u>	<u>166,008</u>
Accumulated GST credit/refund	2,476,482	2,035,301
Provision for doubtful debts - others	(336,661)	(649,217)
	<u>2,139,820</u>	<u>1,386,084</u>
GST credit/refund for MV SE2	1,677,290	1,677,290
Total GST credit/refunds	<u>3,817,110</u>	<u>3,063,374</u>
	<u>4,793,200</u>	<u>3,229,382</u>

No other significant other receivables are past due or credit impaired other than what is disclosed. The carrying amount is a reasonable approximation of fair value and the maximum exposure to credit risk at the reporting date of each class of receivable mentioned above.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

16. INCOME TAX RECEIVABLE

	2023	2022
	\$	\$
Opening balance	4,375,015	4,368,289
Withholding tax claims (operating bank accounts)	5,396	6,726
Cash payment received from Tax Office – MCR	(1,915,222)	-
Closing balance	<u>2,465,188</u>	<u>4,375,015</u>

The Income Tax credits will be credited directly to the Customs Office to offset payable GST and Duty relating to MV Samoa Express 2 which was \$1.89mn due as at 30 June 2023. MCR confirmed this arrangement.

17. INVENTORIES

	2023	2022
	\$	\$
Stock - Vessels Paints	221,192	173,462
Stock - Spare Parts	1,578,728	1,121,355
Stock - Uniform	28,883	29,974
Stock - Stores	10,174	6,163
Stock - Canteen	7,187	5,911
Stock - Fuel Tank	6,022	909
Stock – Life-raft stock	94,521	54,025
Provision for obsolescence	(715,383)	(82,971)
	<u>1,231,324</u>	<u>1,308,828</u>

The cost of goods sold for Canteen trading stock of \$393,894 (2022: \$266,904) incurred and expensed in the period is included in Vessel operating costs.

Provision for obsolete stocks relates to spare parts for sold/disposed Vessels, Satitoea Slipway and General parts with no or minimal movements over the past 5 years.

18. VESSELS & CAPITALISED DRY-DOCKING

	Lady Naomi	Lady Samoa III	Samoa Express I	Fotu o Samoa II	Pasifika Express	SSC Fasefulu	Samoa Express II	Lady Samoa IV	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2022	13,203,891	43,613,397	4,530,531	4,088,607	147,234	9,879,285	12,057,669	56,337	87,576,951
Additions	-	392,196	-	96,361	-	-	-	38,579,151	39,067,708
Disposals	-	-	(4,530,531)	-	(147,234)	-	-	-	(4,677,765)
Balance at 30 June 2023	<u>13,203,891</u>	<u>44,005,593</u>	<u>-</u>	<u>4,184,968</u>	<u>-</u>	<u>9,879,285</u>	<u>12,057,669</u>	<u>38,635,488</u>	<u>121,966,894</u>
Accumulated Depreciation									
Balance at 30 June 2022	8,612,594	26,168,039	4,338,540	3,456,716	58,789	3,651,985	753,594	-	47,040,257
Depreciation charge	870,610	2,213,397	126,855	492,036	1,840	493,964	602,883	1,287,850	6,089,436
Acc depreciation for disposal	-	-	(4,465,395)	-	(60,629)	-	-	-	(4,526,024)
Balance at 30 June 2023	<u>9,483,204</u>	<u>28,381,436</u>	<u>-</u>	<u>3,948,751</u>	<u>-</u>	<u>4,145,949</u>	<u>1,356,478</u>	<u>1,287,850</u>	<u>48,603,668</u>
Carrying amount									
At 30 June 2022	4,591,297	17,445,358	191,991	631,891	88,445	6,227,300	11,304,075	56,337	40,536,694
Balance at 30 June 2023	<u>3,720,687</u>	<u>15,624,157</u>	<u>-</u>	<u>236,217</u>	<u>-</u>	<u>5,733,336</u>	<u>10,701,191</u>	<u>37,347,638</u>	<u>73,363,225</u>

- (i) The depreciation policy adopted is set out in Note 2 (I).
- (ii) Additions for MV Lady Samoa III and MV Fotu o Samoa II relates to capitalised dry-dockings during the year.

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

19. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment have been included in the accounts on the following bases:

	Land	Buildings	Wharf	Plant & Equipment	Fixtures & Fittings	Motor Vehicles	Capital Works in Progress	Total
Cost	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 30 June 2022	8,504,280	8,124,175	9,012,871	4,875,286	179,757	1,300,426	86,471	32,083,266
Acquisitions	-	-	-	86,210	3,913	185,652	-	275,776
Disposals	(4,979,030)	(5,633,229)	(9,012,871)	(2,432,270)	(87,138)	-	(86,471)	(22,231,009)
Balance at 30 June 2023	3,525,250	2,490,946	-	2,529,227	96,532	1,486,078	-	10,128,033
Accumulated Depreciation								
Balance at 30 June 2022	-	3,642,130	2,209,036	4,574,610	160,159	1,143,724	-	11,729,659
Depreciation charge	-	132,982	112,661	100,289	5,927	71,639	-	423,500
Acc depreciation for disposal	-	(1,701,159)	(2,321,696)	(2,432,270)	(87,138)	-	-	(6,542,263)
Balance at 30 June 2023	-	2,073,953	-	2,242,629	78,949	1,215,363	-	5,610,894
Carrying amount								
At 30 June 2022	8,504,280	4,482,045	6,803,835	300,676	19,598	156,702	86,471	20,353,607
Balance at 30 June 2023	3,525,250	416,993	-	286,598	17,584	270,715	-	4,517,139

(i) The depreciation policy adopted is set out in Note 2 (I).

(ii) Disposals under Land, Buildings, Wharf and Plant and Equipment relates to Domestic Ports Mulifanua and Salelologa transfer back to Samoa Ports Authority.

20. DEFERRED TAXES – BENEFITS / LIABILITY

a) Future Income Tax Benefits / DTA

	2023	2022
	\$	\$
Opening balance	2,823,219	2,482,153
Temporary differences - net movement	(1,138,425)	341,066
Closing balance of future income tax benefit	1,684,794	2,823,219

These are future tax benefits arising from doubtful debts, staff leaves and income tax losses. Income tax losses available to carry forward is \$4,198,413 (2022: \$9,206,754).

b) Deferred Income Tax Liability

	2023	2022
	\$	\$
Opening balance	11,672,428	11,691,111
Movement during year	(832,010)	(18,683)
Closing balance of deferred income tax liability	10,840,418	11,672,428

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

21. OTHER PAYABLES AND ACCRUALS

	2023	2022
	\$	\$
Other Payables	2,658,078	2,505,581
Accruals - Others	1,334,031	434,227
Accruals - Payroll	143,925	-
	<u>4,136,034</u>	<u>2,939,808</u>

Other payables comprise of remaining balance for GST & Duty for MV Samoa Express 2 and other arrears to Tax Office - MCR which will offset against Income tax credits and GST refunds owed to SSC.

22. EMPLOYEE ENTITLEMENTS

	2023	2022
	\$	\$
Current - Due within 12 months		
Annual leave	30,700	102,258
Long Service Leave	161,780	28,616
End of Contract entitlements	47,014	31,408
	<u>239,494</u>	<u>162,282</u>
Non-current		
Long Service Leave	331,171	212,694
	<u>331,171</u>	<u>212,694</u>

23. DIVIDEND PAYABLE

	2023	2022
	\$	\$
Opening balance	-	123,830
Dividends declared during the year	354,196	-
Dividends paid during the year	(13,850)	(123,830)
Closing balance	<u>340,346</u>	<u>-</u>

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

24. DEFERRED INCOME LIABILITY

Deferred income relates to the following vessels donated by donors through the government of Samoa for the Company's use and full ownership. The deferred income liability is amortized to income over life of the assets which are the same rates the assets are depreciated.

	MV Lady Naomi	MV Lady Samoa III	MV Lady Samoa IV	Total
Cost	\$	\$	\$	\$
Balance as at 30 June 2022	12,712,448	43,063,849	-	55,776,297
Additions	-	-	38,635,488	38,635,488
Disposals	-	-	-	-
Balance as at 30 June 2023	12,712,448	43,063,849	38,635,488	94,411,785
Accumulated Amortisation				
Balance as at 30 June 2022	8,474,964	25,838,306	-	34,313,270
Amortised Income - Current	706,247	2,153,192	1,287,850	4,147,289
Amortised Income - Disposal	-	-	-	-
Balance as at 30 June 2023	9,181,211	27,991,498	1,287,850	38,460,559
Un-amortised Amount				
Balance as at 30 June 2022	4,237,484	17,225,543	-	21,463,027
Current	706,247	2,153,192	1,287,850	4,147,289
Non-Current	2,824,990	12,919,159	36,059,789	51,803,938
Balance as at 30 June 2023	3,531,237	15,072,351	37,347,639	55,951,227
Un-amortised amount presented as:		2023	2022	
Current		\$	\$	
Non-current		4,147,289	2,859,439	
		51,803,938	18,603,589	
		55,951,227	21,463,028	

25. RELATED PARTY TRANSACTIONS

a) Directors

The following were directors of the Company at any time during the financial year:

Tagaloa Faa'fouina Su'a (Chairman)
 Papalii Francis Caffarelli (resigned March 03, 2023)
 Alice Niumata Leota (re-appointed May 04, 2023)
 Tapusoa Onogafulu Fuimaono (resigned March 03, 2023)
 Fonoia Lemaota Taifau
 Tuilagi James Bartley (appointed May 04, 2023)
 Stephanie Vagana (appointed May 04, 2023)
 Leiataualetaua Capt. Samuel Decca Phineas (ex officio / General Manager – re-appointed May 24, 2023)

SAMOA SHIPPING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

25. RELATED PARTY TRANSACTIONS (continue)

b) [Key Management Personnel](#)

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year, the following were identified as the key management personnel, with the greatest authority and responsibility for planning, directing and controlling the activities of the Company.

Leiatualetaua Samuel Decca Phineas (General Manager)
 Tauiliili Tessa Tone
 Sala Kalolo Bartley
 Maulupe Kirisimasi Pitovao
 Patea Raymond Taefu
 Seumanu Capt. Iatua Peseta

The following are short term compensation rates for the above key management personnel. Amounts incurred and expensed during the year is reported in the statement of profit or loss and other comprehensive income and is disclosed in Note 9.

	2023	2022
	\$	\$
General Manager	126,607	126,607
Assistant General Manager	<u>90,067</u>	<u>90,067</u>

26. COMMITMENTS AND CONTINGENT LIABILITIES

(a) [Lease rental commitments](#)

The lease for Slipway wharf at Aleipata was cancelled and transferred back to Samoa Port Authority on October 01, 2022. The annual lease fee of WST \$10,000 is recognised as an operating expense in the statement of profit or loss and other comprehensive income.

(b) [Contingent liabilities](#)

The Directors are not aware of any contingent liabilities as at 30 June 2023 other than the \$10,000 security/bond with BSP Bank as a commitment for the customs storage area that the Company utilises on the Matautu International wharf.

(c) [Capital Expenditure Commitments](#)

As at year end, capital commitments amounted to \$NIL (2022: \$142,818). However, Directors had endorsed and subsequently Cabinet had approved the replacement for MV FOS2. This project is currently with MFAT for securing donors however, it is highly likely the UTOS investment intended for vessel replacement will be utilized to assist with financing.

27. EVENTS SUBSEQUENT TO BALANCE DATE

Other than those disclosed in the financial statements, there has not arisen since balance date and date of this report any other transaction or event of a material nature, which in the opinion of the directors of the Company would render any amounts stated in the financial statements misleading.



Samoa Shipping Corporation Ltd,
Shipping House, Matautu-tai
P.O Private Bag, Apia, Samoa.
Tel: (685) 20935 / (685) 20936
email: info@ssc.ws
website: www.ssc.ws