

PEPA FAAOPOOPO E:

SOE PERFORMANCE REPORT

**JANUARY - MARCH 2016 YTD
&
APRIL - JUNE 2016 YTD**

BACKGROUND

There are 28 State Owned Enterprises (also referred to as Public Bodies) providing various services for the benefit of the people of Samoa. Of the 28 SOEs, 17 are Public Trading Bodies, 3 are Mutual Bodies and 8 are Public Beneficial Bodies. The Overall Published Report consists of twenty seven (27) Public Bodies submitted their January-March and April- June 2016 Quarterly Reports on time and were fully complied with the reporting requirements issued by MPE. Gambling Control Authority (GCA) failed to submit its quarterly reports for both quarters and is not included in this published report.

SOEs are the backbone of the Government in providing goods and services to its people and contributing to the Government's annual budget therefore the performance of SOEs has a significant impact on the public and the economy in general.

Public Trading Bodies are mandated to earn at least a 7% return on equity (ROE) and are required to pay a 50% NPAT dividend to Government. For Public Beneficial Bodies, they are obligated to provide quality services to the public while at the same time, wisely manage finances to prevent producing deficits.

The purpose of this report as mandated under the Act is to provide an overview of performance of all PBs for the quarters ended 31st March and 30th June 2016 for information of the public.

PUBLIC TRADING BODIES' PERFORMANCE (YTD⁴January - March2016 & January - March 2015)

PUBLIC TRADING BODIES	REVENUES			EXPENSES			NPAT ¹		ROE ²	
	Jan-Mar 2016	Jan-Mar 2015	Var ³	Jan-Mar 2016	Jan-Mar 2015	Var	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
Development Bank of Samoa	7.77	8.00	-3%	8.39	9.50	-11.7%	-0.63	-1.50	-1.2%	-3%
Electric Power Corporation	89.70	102.40	-12%	95.21	92.60	3%	-5.20	9.80	-2.2%	4%
Land Transport Authority	25.48	27.81	-8%	23.97	22.83	5%	1.51	4.98	38.2%	134%
Polynesian Airlines Limited	17.48	14.85	18%	14.00	12.75	10%	3.48	2.10	11.5%	8%
Public Trust Office	0.34	0.45	-26%	0.73	0.70	4%	-0.39	-0.25	-9.8%	-7%
Samoa Airport Authority	11.21	10.27	9%	9.17	9.72	-6%	2.04	0.55	3.5%	1%
Samoa Housing Corporation	4.40	3.87	14%	2.64	2.22	19%	1.76	1.65	6.1%	6%
Samoa International Finance Authority	28.20	0.00	0%	8.57	0.00	0%	19.63	0.00	29.2%	0%
Samoa Land Corporation	5.45	5.04	8%	5.21	3.34	56%	0.17	1.24	0.3%	2%
Samoa Post Limited	1.54	1.62	-4%	1.25	1.25	0.5%	0.23	0.27	9.9%	13%
Samoa Ports Authority	12.04	9.24	30%	8.45	19.43	-57%	3.59	-10.19	1.9%	-6%
Samoa Shipping Corporation	21.96	24.79	-11%	15.67	14.49	8%	4.59	9.48	16.1%	39%
Samoa Shipping Services	1.97	7.73	-74%	1.67	12.67	-87%	0.30	-4.95	4.7%	-83%
Samoa Trust Estate Corporation	1.99	0.29	587%	1.61	1.67	-4%	0.39	-1.30	0.9%	-3%
Samoa Water Authority	15.51	16.38	-5%	17.36	18.26	-5%	-1.85	-1.88	-2.9%	-3%
Unit Trust of Samoa (Management) Ltd	1.36	1.21	12%	0.58	0.51	14%	0.78	0.70	31.4%	36%
Total	246.40	233.94	5%	214.48	221.93	-3%	30.41	10.71	3.5%	1.4%

Key:

¹NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

²ROE – Return on Equity

ROE is calculated as NPAT divided by Equity for each SOE. This represents the return on government funds.

³Var = Variance –This represents the percentage change compared to corresponding quarter of the previous year.

⁴YTD – Year to Date.

PUBLIC TRADING BODIES' PERFORMANCE (YTD⁴April-June 2016 & April-June 2015)

PUBLIC TRADING BODIES	REVENUES			EXPENSES			NPAT ¹		ROE ²	
	Apr-June 2016	Apr-June 2015	Var ³	Apr-June 2016	Apr-June 2015	Var	Apr-June 2016	Apr-June 2015	Apr-June 2016	Apr-June 2015
Development Bank of Samoa	10.65	10.57	1%	11.56	12.44	-7%	-0.61	-1.87	-1.2%	-3.7%
Electric Power Corporation	116.84	132.59	-12%	125.67	129.74	-3%	-8.83	2.84	-3.6%	1.3%
Land Transport Authority	35.45	37.92	-7%	32.80	37.18	-12%	2.65	0.74	52.0%	409.0%
Polynesian Airlines Limited	23.81	20.74	15%	18.64	17.13	9%	5.18	3.61	16.2%	13.2%
Public Trust Office	1.07	1.07	0%	1.01	0.97	5%	0.06	0.10	1.2%	2.4%
Samoa Airport Authority	14.67	13.45	9%	19.69	12.89	53%	-5.03	0.56	-9.9%	1.0%
Samoa Housing Corporation	5.94	5.24	13%	3.73	3.26	14%	2.21	1.99	7.6%	7.1%
Samoa International Finance Authority	30.31	0.00	-	10.78	0.00	-	19.54	0.00	28.0%	-
Samoa Land Corporation	6.92	8.82	-22%	6.79	6.88	-1%	0.10	1.42	0.2%	2.6%
Samoa Post Limited	2.03	2.28	-11%	1.67	1.65	1%	0.28	0.46	12.3%	21.4%
Samoa Ports Authority	16.21	14.14	15%	12.04	26.21	-54%	4.17	-12.07	2.2%	-6.6%
Samoa Shipping Corporation	29.00	24.06	21%	20.81	21.36	-3%	5.98	1.97	23.7%	8.1%
Samoa Shipping Services	2.73	3.52	-23%	2.37	2.85	-17%	0.36	0.68	5.6%	11.4%
Samoa Trust Estate Corporation	2.19	0.39	461%	2.13	2.12	0%	0.11	-1.73	0.3%	-4.1%
Samoa Water Authority	22.67	23.11	-2%	22.86	24.42	-6%	-0.19	-1.31	-0.3%	-2.0%
Unit Trust of Samoa (Management) Ltd	1.79	1.68	6%	0.82	0.68	22%	0.97	1.01	56.8%	65.5%
Total	322.28	299.58	8%	293.37	299.78	-2%	26.93	-1.62	3.1%	-0.2%

Key:

¹NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

²ROE – Return on Equity

ROE is calculated as NPAT divided by Equity for each SOE. This represents the return on government funds.

³Var = Variance –This represents the percentage change compared to corresponding quarter of the previous year.

⁴YTD – Year to Date.

SUMMARY OF ANALYSIS OF PUBLIC TRADING BODIES PERFORMANCES FOR JANUARY-MARCH AND APRIL-JUNE 2016 (YTD)

1. Development Bank of Samoa (DBS)

January-March 2016 Quarter

- Total of 140 loan applications valued at \$1.3million were approved during January-March 2016 quarter. Of the total loans, 69% represents Industry, 14% to Agriculture, 5% each to Social Development and SBEC and the remaining 7% to other sectors.

April-June 2016 Quarter

- A total of 160 applications valued at \$1.7million were approved during the quarter. The grace period on repayments and interest continue for new loan under CBS 7credit line which represents 7% of portfolio at 30 June 2016.

2. Electric Power Corporation (EPC)

January-March 2016 Quarter

- Tree Clearing has been outsourced by releasing six employees to form up their company under a two years contract to provide this service to EPC as recommended in the KVA Consultant report. This will be put out for public tender after two years.
- YTD Adjusted NPAT of \$8.8million reported during the quarter is 153% lower than YTD Adjusted NPAT in January-March 2015 quarter mainly due to the increase in PSEP loan interest and principal.

April-June 2016 Quarter

- Both 1,500 KW of solar by Solar for Samoa and 2,000 KW of solar by Green Power at Tuanaimato race course were commissioned in May, making a total installed capacity of IPP Solar energy of 7,545 KW. Total installed capacity of renewable energy is 19,204 KW.
- EPC's YTD Adjusted NPAT for this quarter is negative compared to the YTD Adjusted Net Profit of \$2,843,977 generated in the same quarter of FY2014-2015. The main reason behind the loss is the increase in debts services from PSEP counterpart funding by 778% compared to the same quarter of FY2014/2015.

3. Land Transport Authority (LTA)

January-March 2016 Quarter

- The Authority has continued implementation of the Road Access Project i.e the Vaitele Street Extension during the quarter which has now reached Saina Village with other routine works in ensuring a quality road network and safety roads for access.

April-June 2016 Quarter

- Additional work has been carried out for the Vaitele Street Extension Project with the remaining materials while the Vaimoso turning lane to Fugalei is under negotiations.

- LTA recorded a YTD NPAT of \$2,645,848 which has increased by 258% compared to YTD NPAT recorded in the same quarter of the previous financial year (2014/2015) as a result of the increase in YTD revenue in the third and fourth quarter of FY2015-2016.

4. Polynesian Airlines(PAL)

January-March 2016 Quarter

- A YTD net profit after tax (NPAT) of \$3,478,032 which has increased by 66% compared to YTD NPAT reported in January-March 2016 quarter.
- General Sales Agents Revenue increased due to the delay in receiving incentive commission payments from Virgin Samoa.

April-June 2016 Quarter

- Flights between Faleolo and Tafuna, Tafuna and Ofu have reflected positively with the increase in revenue during the quarter.
- PAL have achieved the 7% ROE required benchmark in both April-June 2016 and April-June 2015 quarters.

5. Public Trust Office (PTO)

January-March 2016 Quarter

- The Office's new regulation has been endorsed to assist revenue earning capacity from estates administration and trustee services it provides. These new regulations will come into effect in the interim.

April-June 2016 Quarter

- The Office continued to seek assistance in acquiring relevant software packages for their digitization project. This project aims at digitizing records to enhance records management for compensation, estates, trust and loan files.

6. Samoa Airport Authority (SAA)

January-March 2016 Quarter

- SAA continued to monitor the progress of the World Bank and Terminal Projects. The roof construction of the new terminal building (phase 1) is near completion. Phase 1 is expected to be completed in October 2016.

April-June 2016 Quarter

- The installment of the Very Small Aperture Terminal (VSAT) equipment by Airways NZ and Shanghai Construction remedial works to strengthen the upper car park retaining wall have been completed during the quarter.
- The Authority recorded a YTD loss of **\$5,026,793** during the quarter which has decreased compared to the overall profit of \$556,170 generated in the April-June 2015 following the unfavorable increase in depreciation during the quarter.

7. Samoa Housing Corporation (SHC)

January-March 2016 Quarter

- Total new loans of 107 at a value of \$1,477,200 were approved during the quarter. This contributed to a decrease in value of total loans portfolio from \$43,297,521 of previous quarter (October-December 2015) to \$41,385,069 of this quarter.

April-June 2016 Quarter

- The Corporation continues to strengthen its appraisal assessment as well as their monitoring and recovery actions to alleviate negative effects on their financial services.
- A total of 293 loans approved during the quarter which is equivalent to \$6,563,000.
- SHC achieved the 7% ROE required benchmark for both April-June 2016 and April-June 2015 quarters as shown in the above table.

8. Samoa International Finance Authority (SIFA)

January-March 2016 Quarter

- The level of business activity continues to strive during the quarter due to the remaining companies renewing their registration for another renewal year.
- SIFA's approved budget for FY2015/2016 allocated 5% of its Sponsorship funds of about SAT118,482.56 for community service projects.

April-June 2016 Quarter

- The Authority recorded a YTD NPAT of \$19,537,138 during the quarter and achieved the 7% ROE benchmark for all Public Trading Bodies.

9. Samoa Land Corporation (SLC)

January-March 2016 Quarter

- The SLC Finance & Accounting Policy has been regularly reviewed in monthly board meetings to enhance both quality and efficiency of the corporation reporting function.
- Both revenue and expenditure for the corporation increased by 8% and 56% respectively compared to its corresponding quarter last year.
- Although NPAT of \$0.17million incurred, the ROE remains below the 7% benchmark set by Government.

April-June 2016 Quarter

- Overall revenue collected from the three (3) local Markets (Savalalo, Vaitele & Salelologa flea markets) enhanced compared to the previous quarter. Savalalo Flea Market remains to be the major contributor holding 50.1% of income generated from local markets investments this quarter.
- Net Operating Profit decreased by 92% as a result of decrease in revenue recorded this quarter by 22% compared to the Apr-Jun 2015. The drop was mainly contributed by the decline in revenue collection from Real Estates.

10. Samoa Post Limited (SPL)

January-March 2016 Quarter

- The Company Established a new partnership with the FEXCO Western Union and EZY money Transfer this quarter with the expectation to be easily access by public as well as to generate income for the Company. Two of these businesses are renting at Asau and Fagamalo District Postal Office in Savaii.
- SPL recorded profit below profit recorded in Jan-Mar 2015 by 14% as a direct result from the reduction in postal services income this quarter. This is an impact caused by the technology revolution and the trend is forecasted to continue the same in the near future.

April-June 2016 Quarter

- Apr-June 16 revenue is 11% lower than its corresponding quarter last year largely due to the decrease in income generated from Postal Retail Services by 52% compared to Apr-Jun of the previous year. Postal Retail Services includes Post Shop Services, Bill Pay and Philately Services.
- NPAT of \$0.28million is below revenue recorded in Apr-Jun last year by 39%. This lead to a decrease in ROE from 21% to 12.3% this quarter however; it remains adequate and above benchmark of 7% required by Government.

11. Samoa Ports Authority (SPA)

January-March 2016 Quarter

- The Authority published another approved 5% increase for all port charges, effective on 1st May 2016.
- The number of trading vessels for the third quarter increased to 109 compared to 102 in the second quarter of the current financial year.
- Net operating profit of \$3.6million is recorded this quarter following the favorable trend by revenue and expense.

April-June 2016 Quarter

- SPA recorded a positive financial performance this quarter whilst the increase to the overall profit of \$4.2million. NPAT has also improved this quarter compared to the negative performance by Authority in Apr-Jun 15.
- A total of 130 vessels recorded for international trading this quarter which is an increase compared to 109 noted in the prior quarter.

12. Samoa Shipping Corporation (SSC)

January-March 2016 Quarter

- The final stage of the Online Ticketing System has gone live through the Galaxy Web store with the help of Samoa Tourism Authority in Funding ST\$100,000 to complete the project.
- Vessel Income as a major revenue for the corporation continued to increase this quarter and boost the overall income to \$21million. Services between the two domestic ports holds 62% of total income generated this quarter.

April-June 2016 Quarter

- Quarterly revenue is above income generated in Apr-Jun 15 by 21% largely contributed by the Vessels income. Domestic Services uphold 59% of vessel income this quarter and contributed to the overall positive financial performance.
- The number of passenger travel between the two domestic ports declined compared to budget by 0.1% this quarter.

13. Samoa Shipping Services (SSS)

January-March 2016 Quarter

- The total number of seafarers has dropped by 3% in comparison with the previous quarter.
- The company's quarterly revenue and expenses are both under Apr-Jun 15 results by 72% and 92% respectively. However, NPAT recorded this quarter enhanced compared to the negative result in Jan-Mar last year.

April-June 2016 Quarter

- A total of 282 seafarers were recorded this quarter including 8 seafarers from Neptune Shipping line. It has decreased compared to the Jan – March Quarter by 7% due to the increase in number of signed off (45) compared to the number of sign on (27) seafarers. However, \$2.1million tala of remittance for Samoa is from Samoan Seafarers working on abroad vessels during the quarter.
- NPAT of \$355,436 incurred this quarter decreased compared to \$677,984 recorded in Apr-Jun last year following the decline in both revenue and expense compared to corresponding quarter last year by 23% and 17% respectively.

14. Samoa Trust Estate Corporation (STEC)

January-March 2016 Quarter

- STEC holds 6,500 acres of lands for lease whereas 362 acres have signed lease agreements and 400 are allocated for crops developments. A total of 5,738 acres available as at 31st March 2016.
- The corporation recorded a NPAT of 1.2 million this quarter largely driven by the Government Grant of 1.7million approved by government to assist with negative trend from previous quarters.

April-June 2016 Quarter

- Revenue and expenditure for the current quarter were both above April-June 15 results by 461% and 0.3% respectively.
- Overall profitability on the other hand is positive due to Grants approved by Government to assist with business operation.

15. Samoa Water Authority (SWA)

January-March 2016 Quarter

- The drilling of the second borehole at Falelauniu was successfully completed this quarter. This will help provide sufficient supply of water for the new Falelauniu Subdivisions at Nuu Settlements.
- Water quality results for the main treatment plants averaged at 99% this quarter which is above 80% as expected.
- Quarterly revenue and expenditure are both below corresponding quarter last year results by 5% and 5% respectively. Nonetheless, a deficit was recorded this quarter due to the increase in expenditure which cannot cater by revenue collected by the authority.

April-June 2016 Quarter

- Water quality results for the main treatment plants averaged at 98% this quarter exceeding the Authority target of 80%.
- Total revenue is recorded below April-June 15 results by 2% due to the decrease in CSO Government funding and Grants by 32% and 59% respectively. Water sales, wastewater revenue and amortization income we all increased compared to Apr-Jun last year by 7%, 8% and 8% respectively.
- Quarterly expenditure is slightly below Apr-June 15 result by 6% as a result of reduction in Corporate expenses, Operation and Management-Non System Assets and CSO expense by 41%, 40% and 22% respectively compared to April June of the previous year.

16. Unit Trust Of Samoa Ltd (UTOS Management)

January-March 2016 Quarter

- The Management Company continued to record profit and increased compared to April-June last year by 11% whilst the increase in ROE to 31.4% for the current quarter compared to the 7% recommended benchmark required for all Public Trading Bodies.
- A total number of 97 new unit holders were recorded this quarter that contributed to the overall increase in unit sold of 1.1million this quarter.

April-June 2016 Quarter

- 76 new unit holders were noted during the quarter whilst the increase of overall new unit holders number of 339 which is valued at \$28million for the reporting quarter.
- The Company again generated a net profit this quarter which boost the YTD profitability to \$0.97million recorded this quarter. As a result, ROE also increased & above the required benchmark of 7% set by Government for all PTBs.
- The management and board of UTOS management Company also approved the declaration of \$600,000 dividend to government for the current financial year.

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³January - March 2016 & January – March 2015)

Mutual and Beneficial Bodies		REVENUES			EXPENSES			NPAT ¹	
		Jan-Mar 2016	Jan-Mar 2015	Var ²	Jan-Mar 2016	Jan-Mar 2015	Var	Jan-Mar 2016	Jan-Mar 2015
	Mutual Societies								
1	Accident Compensation Corporation	12.92	12.63	2%	3.70	4.04	-8%	9.22	8.59
2	Samoa Life Assurance Corporation	7.93	7.22	10%	7.08	7.02	1%	0.85	0.02
3	Samoa National Provident Fund	31.03	33.87	-8%	7.11	8.46	-16%	23.92	25.41
	TOTAL	51.88	53.72	-3%	17.89	19.52	-8%	33.99	34.02
	PUBLIC BENEFICIAL BODIES								
1	National Health Services of Samoa	34.82	53.16	-34%	36.43	46.07	-21%	-1.61	7.09
2	National Kidney Foundation of Samoa	4.83	4.37	11%	4.81	4.40	9%	0.02	-0.03
3	National University of Samoa	18.41	17.21	7%	16.65	16.20	3%	1.76	1.01
4	Samoa Qualifications Authority	2.17	2.30	-6%	2.07	2.25	-8%	0.10	0.06
5	Scientific Research Organization of Samoa	2.67	2.81	-5%	2.55	2.82	-10%	0.12	-0.01
6	Samoa Sports Facilities Authority	2.97	2.33	27%	4.15	3.05	36%	-1.18	-0.71
7	Samoa Fire and Emergency Service Authority	3.24	3.43	-6%	3.29	3.16	4%	-0.05	0.27
8	Samoa Tourism Authority	7.37	8.12	0%	6.62	7.47	0%	0.75	0.65
	TOTAL	41.65	93.74	-56%	76.57	85.42	-0.10	-0.09	8.32

Key:

¹NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

²Var = Variance – This represents the percentage change in comparison to the similar quarter for the previous year.

³YTD – Year to Date

ANNEX 1: MUTUAL AND BENEFICIAL BODIES PERFORMANCE (YTD³ April – June 2015 & April - June 2016)

Mutual and Beneficial Bodies	REVENUES			EXPENSES			NPAT ¹	
	Apr-Jun 2016	Apr-Jun 2015	Var ²	Apr-Jun 2016	Apr-Jun 2015	Var	Apr-Jun 2016	Apr-Jun 2015
Mutual Societies	-							
Accident Compensation Corporation	17.52	16.88	4%	5.02	5.38	-7%	12.50	11.50
Samoa Life Assurance Corporation	11.30	10.48	8%	9.46	9.35	1%	1.84	0.85
Samoa National Provident Fund	43.34	44.79	-3%	10.88	12.51	-13%	32.46	32.28
TOTAL	72.16	72.16	0%	25.36	27.25	-7%	46.80	44.63
PUBLIC BENEFICIAL BODIES								
National Health Services of Samoa	74.75	74.42	0.4%	72.92	75.86	-4%	1.82	-1.44
National Kidney Foundation of Samoa	6.47	5.99	8%	6.45	6.53	-1%	0.01	-0.54
National University of Samoa	23.53	23.93	-2%	21.36	22.01	-3%	2.17	1.92
Samoa Qualifications Authority	3.37	3.07	10%	3.21	3.02	6%	0.16	0.05
Scientific Research Organization of Samoa	3.90	3.61	8%	3.50	3.48	1%	0.41	0.13
Samoa Sports Facilities Authority	20.67	3.14	558%	20.55	4.21	389%	0.12	-1.07
Samoa Fire and Emergency Service Authority	4.48	4.52	-1%	4.00	4.05	-1%	0.48	0.46
Samoa Tourism Authority	9.57	10.72	0%	9.63	11.12	-13%	-0.05	-0.40
TOTAL	146.73	129.41	13%	141.63	130.28	9%	5.11	-0.88

Key:

¹NPAT – Net Profit after tax

Calculated on Revenue less Expenses less any tax and dividend paid.

²Var = Variance – This represents the percentage change in comparison to the similar quarter for the previous year.

³YTD – Year to Date