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**ADDENDUM to NIWA report  
AKL2005-55: Assessment of kingfish  
farming opportunities in Northland**

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**NIWA Client Report: AKL2005-117  
November 2005**

**NIWA Project: ENN05101**

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**ADDENDUM to:  
Assessment of kingfish farming  
opportunities in Northland**

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*Prepared for*

Enterprise Northland

NIWA Client Report: AKL2005- 117  
November 2005

NIWA Project: ENN05101

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*Reviewed by:*

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*Formatting checked*

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## 1. Economic modelling – REVISED for 10 year projections

### 1.1 Background

In October 2005, Enterprise Northland requested that NIWA extend the economic model of a theoretical kingfish farm, detailed in NIWA report AKL2005-55, to a 10 year time frame. The model was modified to produce these data, and the data from the extended model are presented below. On this basis, this report is to be considered as addendum to the original report, and should be read in conjunction with NIWA report AKL2005-55.

The kingfish farm model has been developed by NIWA to show the projected financial viability of ongrowing kingfish in sea cages. The hypothetical farm operates on a 10 ha. lease, buying in fingerlings at 5 g from a third party supplier (hatchery). Standard operating costs in relation to the necessary infrastructure (cages, nets, vessels) and operating costs (feed, stock, wages, licensing) are all included. Costs to establish a licensed marine farm in what is presently potential AMAs are not included. These costs would need to cover relevant Resource Consents as described in the Act to establish a marine farming area. Present estimates of costs to complete this process in Northland are up to \$ 1 million (NZD).

The data presented in the model are intended as indicative figures only, and are based on the assumptions outlined below. The data are presented as theoretical economic predictions, however NIWA makes no claims as to their veracity.

### 1.2 Assumptions

The underlying financial assumptions of this model include,

**WACC:** The weighted average cost of capital is 10%.

**Tax Rate:** The tax rate is applied at 33% on the accumulated profit of the project

**Depreciation:** Majority of capital expenditure is expensed over a 5 year period with the exclusion of the sea cages which are expensed over a 10 year period.

**Inflation:** Base case inflation is set at 2%

**Salaries:** Budgeted to increase at 3% per annum

**Key Financial Drivers:** The key financial drivers are detailed on the sensitivity analysis summary page

### **1.3 Scenarios**

Two scenarios are outlined: Scenario 1, a strategy where a target harvest weight of 3.0 kg is attained 18 months after stocking and Scenario 2, where a target harvest weight of 5.0 kg is attained 24 months after stocking. Growth data indicate that either target weight should be achievable under “typical” Northland environmental conditions. In both instances, sales commence in the 12-month period after target weight is attained

Both scenarios achieve a positive cash flow in the fourth year, and a positive net present value by Year 7. The model proposes generation of up to 13 FTE by Year 10 for seacage production but there is likely to be a significant multiplier effect in both capital expenditure and job generation in supporting industries.

**SCENARIO 1 ANALYSIS**

<b>SCENARIO 1 INPUTS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Revenue</b>										
Sale price - NZ	8	8	8	8	8	8	8	8	8	8
Sale price - Aust	8	8	8	8	8	8	8	8	8	8
Sale price - Asia	8	8	8	8	8	8	8	8	8	8
<b>Expenses</b>										
Inflation index	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
<b>Production</b>										
Fingerlings purchased	50,000	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000
% purchased first half year	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost per Fingerling	2.00	2.00	1.80	1.80	1.50	1.50	1.50	1.50	1.50	1.50
Mortality rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Food conversion rate	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Food cost per kg	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Medication cost per kg of biomass	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Biomass (Kg/M <sup>3</sup> )	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Growth rate (Kg)	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

<b>SCENARIO 1 OUTPUTS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Financial Results (\$000)</b>										
Revenue	-	714	1,734	2,754	3,060	3,774	4,080	4,080	4,080	4,080
EBIT	(579)	(433)	(69)	464	657	988	1,333	1,294	1,330	1,335
Accumulated Surplus/(Loss)	(579)	(1,012)	(1,081)	(617)	27	662	893	867	891	894
Total Assets	405	590	730	830	618	1,036	934	971	738	517
Equity	(579)	(1,012)	(1,081)	(617)	27	689	1,582	2,449	3,340	4,235
<b>Cash Results (\$000)</b>										
Net Cash Flow	(1,289)	(618)	(215)	676	1,021	1,161	1,356	1,136	1,124	1,122
NPV	(1,242)	(1,795)	(2,002)	(1,573)	(957)	(324)	358	871	1,332	1,750
<b>Production Results</b>										
Number of Fingerlings purchased	50,000	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000
Estimated Farm Area in hectares	0.4	2.0	3.7	5.3	5.3	7.0	7.0	7.0	7.0	7.0
Growth rate period (months)	18	18	18	18	18	18	18	18	18	18
FTE	4	4	8	11	11	12	12	12	12	12

## Scenario 1

### Net Present Value

Discount Rate: 10.0%

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Capital investment</b>	(478,675)	(305,000)	(305,000)	(311,600)	-	165,613	230,113	232,613	-	-	-
Net surplus after tax		(578,990)	(432,960)	(68,843)	464,236	643,724	662,128	892,812	867,151	891,137	894,353
add back: Depreciation		73,613	119,613	165,613	211,613	211,613	268,413	230,113	268,413	232,613	227,813
<b>Net Cash flow</b>	<b>(478,675)</b>	<b>(810,377)</b>	<b>(618,347)</b>	<b>(214,830)</b>	<b>675,848</b>	<b>1,020,949</b>	<b>1,160,654</b>	<b>1,355,538</b>	<b>1,135,564</b>	<b>1,123,750</b>	<b>1,122,166</b>
 Accumulated Cash Balance	 (478,675)	 (1,289,052)	 (1,907,399)	 (2,122,229)	 (1,446,380)	 (425,431)	 735,223	 2,090,761	 3,226,325	 4,350,075	 5,472,241
 Discount factor	 	 0.9	 0.8	 0.8	 0.7	 0.6	 0.6	 0.5	 0.5	 0.4	 0.4
<b>Discounted cash flow</b>	<b>(478,675)</b>	<b>(763,155)</b>	<b>(553,367)</b>	<b>(206,603)</b>	<b>428,627</b>	<b>616,417</b>	<b>632,279</b>	<b>682,533</b>	<b>512,568</b>	<b>460,961</b>	<b>418,445</b>
 <b>Net Present Value</b>	 <b>(478,675)</b>	 <b>(1,241,830)</b>	 <b>(1,795,198)</b>	 <b>(2,001,801)</b>	 <b>(1,573,174)</b>	 <b>(956,757)</b>	 <b>(324,478)</b>	 <b>358,055</b>	 <b>870,623</b>	 <b>1,331,584</b>	 <b>1,750,029</b>

Scenario 1

**Statement of Financial Position (\$000s)**

	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Bank Balances & Deposits	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>										
Plant, Property and Equipment	405,062	590,449	729,837	829,824	618,211	1,035,873	934,360	970,948	738,335	517,122
<b>TOTAL</b>	<b>405,062</b>	<b>590,449</b>	<b>729,837</b>	<b>829,824</b>	<b>618,211</b>	<b>1,035,873</b>	<b>934,360</b>	<b>970,948</b>	<b>738,335</b>	<b>517,122</b>
<b>TOTAL ASSETS</b>	<b>405,062</b>	<b>590,449</b>	<b>729,837</b>	<b>829,824</b>	<b>618,211</b>	<b>1,035,873</b>	<b>934,360</b>	<b>970,948</b>	<b>738,335</b>	<b>517,122</b>
<b>LIABILITIES</b>										
<b>CURRENT LIABILITIES</b>										
Bank Overdraft	984,052	1,602,399	1,810,629	1,446,380	591,044	346,578	-	-	-	-
<b>TOTAL</b>	<b>984,052</b>	<b>1,602,399</b>	<b>1,810,629</b>	<b>1,446,380</b>	<b>591,044</b>	<b>346,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT LIABILITIES</b>										
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>984,052</b>	<b>1,602,399</b>	<b>1,810,629</b>	<b>1,446,380</b>	<b>591,044</b>	<b>346,578</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET ASSETS</b>	<b>(578,990)</b>	<b>(1,011,950)</b>	<b>(1,080,792)</b>	<b>(616,556)</b>	<b>27,167</b>	<b>689,295</b>	<b>934,360</b>	<b>970,948</b>	<b>738,335</b>	<b>517,122</b>
<b>EQUITY</b>										
Retained Earnings	(578,990)	(1,011,950)	(1,080,792)	(616,556)	27,167	689,295	1,582,108	2,449,259	3,340,396	4,234,749
<b>TOTAL EQUITY</b>	<b>(578,990)</b>	<b>(1,011,950)</b>	<b>(1,080,792)</b>	<b>(616,556)</b>	<b>27,167</b>	<b>689,295</b>	<b>1,582,108</b>	<b>2,449,259</b>	<b>3,340,396</b>	<b>4,234,749</b>

Scenario 1

**Statement of Movements in Equity (\$000s)**

	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>TOTAL EQUITY AT BEGINNING OF YEAR</b>	-	(578,990)	(1,011,950)	(1,080,792)	(616,556)	27,167	689,295	1,582,108	2,449,259	3,340,396
<b>RECOGNISED REVENUES AND EXPENSES</b>										
Net surplus for the year:										
Parent	(578,990)	(432,960)	(68,843)	464,236	643,724	662,128	892,812	867,151	891,137	894,353
<b>TOTAL</b>	<b>(578,990)</b>	<b>(432,960)</b>	<b>(68,843)</b>	<b>464,236</b>	<b>643,724</b>	<b>662,128</b>	<b>892,812</b>	<b>867,151</b>	<b>891,137</b>	<b>894,353</b>
<b>DISTRIBUTIONS TO OWNERS</b>										
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY AT END OF YEAR</b>	<b>(578,990)</b>	<b>(1,011,950)</b>	<b>(1,080,792)</b>	<b>(616,556)</b>	<b>27,167</b>	<b>689,295</b>	<b>1,582,108</b>	<b>2,449,259</b>	<b>3,340,396</b>	<b>4,234,749</b>

Scenario 1

**Statement of Cash Flows (\$000s)**

	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>OPERATING ACTIVITIES</b>										
Received from Customers	-	714,011	1,734,027	2,754,042	3,060,047	3,774,058	4,080,062	4,080,062	4,080,062	4,080,062
Interest Received	-	-	-	-	-	-	-	-	-	-
Disbursed to Suppliers and Staff	(505,377)	(1,027,358)	(1,637,256)	(2,078,194)	(2,191,329)	(2,517,394)	(2,517,394)	(2,517,394)	(2,517,394)	(2,517,394)
Interest Paid	-	-	-	-	-	-	-	-	-	-
Tax Paid	-	-	-	-	(13,381)	(326,123)	(439,743)	(427,104)	(438,918)	(440,502)
Other Operating	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Operating Activities</b>	<b>(505,377)</b>	<b>(313,347)</b>	<b>96,770</b>	<b>675,848</b>	<b>855,337</b>	<b>930,541</b>	<b>1,122,925</b>	<b>1,135,564</b>	<b>1,123,750</b>	<b>1,122,166</b>
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>INVESTING ACTIVITIES</b>										
Sale of Plant, Property and Equip.	-	-	-	-	-	-	-	-	-	-
Purchase of Plant, Property and Equip.	(478,675)	(305,000)	(305,000)	(311,600)	-	(686,075)	(128,600)	(305,000)	-	(6,600)
<b>Net Cash Flows from Investing Activities</b>	<b>(478,675)</b>	<b>(305,000)</b>	<b>(305,000)</b>	<b>(311,600)</b>	<b>-</b>	<b>(686,075)</b>	<b>(128,600)</b>	<b>(305,000)</b>	<b>-</b>	<b>(6,600)</b>
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>FINANCING ACTIVITIES</b>										
Subsidiary Loan Proceeds/(Repayment)	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>(984,052)</b>	<b>(618,347)</b>	<b>(208,230)</b>	<b>364,248</b>	<b>855,337</b>	<b>244,466</b>	<b>994,325</b>	<b>830,564</b>	<b>1,123,750</b>	<b>1,115,566</b>
Opening Bank Balances and Deposits	-	(984,052)	(1,602,399)	(1,810,629)	(1,446,380)	(591,044)	(346,578)	-	-	-
<b>CLOSING BANK BALANCES AND DEPOSITS</b>	<b>(984,052)</b>	<b>(1,602,399)</b>	<b>(1,810,629)</b>	<b>(1,446,380)</b>	<b>(591,044)</b>	<b>(346,578)</b>	<b>647,747</b>	<b>830,564</b>	<b>1,123,750</b>	<b>1,115,566</b>

Scenario 1

**Plant, Property and Equipment Purchases and Disposals (\$000s)**

	<b>Total Year 1</b>	<b>Total Year 2</b>	<b>Total Year 3</b>	<b>Total Year 4</b>	<b>Total Year 5</b>	<b>Total Year 6</b>	<b>Total Year 7</b>	<b>Total Year 8</b>	<b>Total Year 9</b>	<b>Total Year 10</b>
<b>PURCHASES</b>										
Plant, Equipment, Furniture & Vehicles	478,675	305,000	305,000	311,600	-	686,075	128,600	305,000	-	6,600
<b>TOTAL</b>	<b>478,675</b>	<b>305,000</b>	<b>305,000</b>	<b>311,600</b>	<b>-</b>	<b>686,075</b>	<b>128,600</b>	<b>305,000</b>	<b>-</b>	<b>6,600</b>
<b>DISPOSALS</b>										
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SCENARIO 2 ANALYSIS**

<b>SCENARIO 2 INPUTS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Revenue</b>										
Sale price - NZ	8	8	8	8	8	8	8	8	8	8
Sale price - Aust	8	8	8	8	8	8	8	8	8	8
Sale price - Asia	8	8	8	8	8	8	8	8	8	8
<b>Expenses</b>										
Inflation index	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
<b>Production</b>										
Fingerlings purchased	50,000	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000
% purchased first half year	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost per Fingerling	2.00	2.00	1.80	1.80	1.50	1.50	1.50	1.50	1.50	1.50
Mortality rate	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Food conversion rate	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Food cost per kg	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Medication cost per kg of biomass	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Biomass (Kg/M <sup>3</sup> )	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Growth rate (Kg)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

<b>SCENARIO 2 OUTPUTS</b>	<b>YEAR 1</b>	<b>YEAR 2</b>	<b>YEAR 3</b>	<b>YEAR 4</b>	<b>YEAR 5</b>	<b>YEAR 6</b>	<b>YEAR 7</b>	<b>YEAR 8</b>	<b>YEAR 9</b>	<b>YEAR 10</b>
<b>Financial Results (\$000)</b>										
Revenue	-	-	1,700	3,400	5,100	5,100	5,100	6,800	6,800	6,800
EBIT	(552)	(1,459)	(637)	276	1,878	1,912	1,263	2,968	3,020	2,978
Accumulated Surplus/(Loss)	(552)	(1,459)	(637)	276	1,878	1,444	846	1,989	2,023	1,996
Total Assets	405	798	1,107	1,289	1,028	1,108	806	505	377	582
Equity	(552)	(2,011)	(2,647)	(2,371)	(493)	951	1,797	3,786	5,809	7,804
<b>Cash Results (\$000)</b>										
Net Cash Flow	(1,027)	(1,852)	(892)	528	2,440	2,054	1,405	2,289	2,272	2,286
NPV	(1,450)	(3,024)	(3,698)	(3,292)	(1,693)	(455)	333	1,483	2,522	3,471
<b>Production Results</b>										
Number of Fingerlings purchased	50,000	100,000	150,000	150,000	200,000	200,000	200,000	200,000	200,000	200,000
Estimated Farm Area in hectares	0.4	3.3	6.3	9.0	9.3	9.3	5.3	11.9	11.9	11.9
Growth rate period (months)	18	18	18	18	18	18	18	18	18	18
FTE	4	6	8	11	11	12	13	13	13	13

## Scenario 2

### Net Present Value

Discount Rate: 10.0%

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Capital investment</b>	(478,675)	(549,000)	(549,000)	(494,600)	(61,000)	239,213	309,513	249,313	-	-	-
Net surplus after tax		(551,751)	(1,459,114)	(636,533)	276,357	1,878,452	1,443,522	845,967	1,988,671	2,023,176	1,995,572
add back: Depreciation		73,613	156,413	239,213	312,813	322,013	300,813	309,513	300,813	249,313	290,513
Net Cash flow	<u>(478,675)</u>	<u>(1,027,138)</u>	<u>(1,851,702)</u>	<u>(891,921)</u>	<u>528,169</u>	<u>2,439,677</u>	<u>2,053,847</u>	<u>1,404,793</u>	<u>2,289,483</u>	<u>2,272,488</u>	<u>2,286,084</u>
Accumulated Cash Balance	(478,675)	(1,505,813)	(3,357,515)	(4,249,435)	(3,721,266)	(1,281,588)	772,259	2,177,052	4,466,536	6,739,024	9,025,109
Discount factor		0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4
Discounted cash flow	<u>(478,675)</u>	<u>(970,932)</u>	<u>(1,573,905)</u>	<u>(674,162)</u>	<u>405,554</u>	<u>1,598,911</u>	<u>1,238,233</u>	<u>787,883</u>	<u>1,150,319</u>	<u>1,038,537</u>	<u>949,366</u>
<b>Net Present Value</b>	<b><u>(478,675)</u></b>	<b><u>(1,449,607)</u></b>	<b><u>(3,023,512)</u></b>	<b><u>(3,697,674)</u></b>	<b><u>(3,292,120)</u></b>	<b><u>(1,693,210)</u></b>	<b><u>(454,977)</u></b>	<b><u>332,906</u></b>	<b><u>1,483,225</u></b>	<b><u>2,521,761</u></b>	<b><u>3,471,127</u></b>

Scenario 2

**Statement of Financial Position (\$000s)**

	Opening	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>ASSETS</b>											
<b>CURRENT ASSETS</b>											
Bank Balances & Deposits	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NON-CURRENT ASSETS</b>											
Plant, Property and Equipment		405,062	797,649	1,107,437	1,289,224	1,028,211	1,108,473	805,560	504,748	377,435	581,522
<b>TOTAL</b>	<b>-</b>	<b>405,062</b>	<b>797,649</b>	<b>1,107,437</b>	<b>1,289,224</b>	<b>1,028,211</b>	<b>1,108,473</b>	<b>805,560</b>	<b>504,748</b>	<b>377,435</b>	<b>581,522</b>
<b>TOTAL ASSETS</b>	<b>-</b>	<b>405,062</b>	<b>797,649</b>	<b>1,107,437</b>	<b>1,289,224</b>	<b>1,028,211</b>	<b>1,108,473</b>	<b>805,560</b>	<b>504,748</b>	<b>377,435</b>	<b>581,522</b>
<b>LIABILITIES</b>											
<b>CURRENT LIABILITIES</b>											
Bank Overdraft		956,813	2,808,515	3,754,835	3,660,266	1,520,801	809,514	1,270,293	1,323,113	1,340,108	1,326,512
<b>TOTAL</b>	<b>-</b>	<b>956,813</b>	<b>2,808,515</b>	<b>3,754,835</b>	<b>3,660,266</b>	<b>1,520,801</b>	<b>809,514</b>	<b>1,270,293</b>	<b>1,323,113</b>	<b>1,340,108</b>	<b>1,326,512</b>
<b>NON-CURRENT LIABILITIES</b>											
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>956,813</b>	<b>2,808,515</b>	<b>3,754,835</b>	<b>3,660,266</b>	<b>1,520,801</b>	<b>809,514</b>	<b>1,270,293</b>	<b>1,323,113</b>	<b>1,340,108</b>	<b>1,326,512</b>
<b>NET ASSETS</b>	<b>-</b>	<b>(551,751)</b>	<b>(2,010,865)</b>	<b>(2,647,399)</b>	<b>(2,371,042)</b>	<b>(492,590)</b>	<b>298,959</b>	<b>(464,733)</b>	<b>(818,365)</b>	<b>(962,673)</b>	<b>(744,990)</b>
<b>EQUITY</b>											
Retained Earnings		(551,751)	(2,010,865)	(2,647,399)	(2,371,042)	(492,590)	950,932	1,796,899	3,785,570	5,808,746	7,804,317
<b>TOTAL EQUITY</b>	<b>-</b>	<b>(551,751)</b>	<b>(2,010,865)</b>	<b>(2,647,399)</b>	<b>(2,371,042)</b>	<b>(492,590)</b>	<b>950,932</b>	<b>1,796,899</b>	<b>3,785,570</b>	<b>5,808,746</b>	<b>7,804,317</b>

Scenario 2

**Statement of Movements in Equity (\$000s)**

	Opening	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>TOTAL EQUITY AT BEGINNING OF YEAR</b>	-	(551,751)	(2,010,865)	(2,647,399)	(2,371,042)	(492,590)	950,932	1,796,899	3,785,570	5,808,746	
<b>RECOGNISED REVENUES AND EXPENSES</b>											
Net surplus for the year:											
Parent		(551,751)	(1,459,114)	(636,533)	276,357	1,878,452	1,443,522	845,967	1,988,671	2,023,176	1,995,572
<b>TOTAL</b>	-	(551,751)	(1,459,114)	(636,533)	276,357	1,878,452	1,443,522	845,967	1,988,671	2,023,176	1,995,572
<b>CONTRIBUTIONS FROM OWNERS</b>											
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-	-
<b>DISTRIBUTIONS TO OWNERS</b>											
<b>TOTAL</b>	-	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EQUITY AT END OF YEAR</b>	-	(551,751)	(2,010,865)	(2,647,399)	(2,371,042)	(492,590)	950,932	1,796,899	3,785,570	5,808,746	7,804,317

Scenario 2

**Statement of Cash Flows (\$000s)**

	Total Year 1	Total Year 2	Total Year 3	Total Year 4	Total Year 5	Total Year 6	Total Year 7	Total Year 8	Total Year 9	Total Year 10
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>OPERATING ACTIVITIES</b>										
Received from Customers	-	-	1,700,015	3,400,029	5,100,313	5,100,044	5,100,044	6,800,059	6,800,059	6,800,059
Interest Received	-	-	-	-	-	-	-	-	-	-
Disbursed to Suppliers and Staff	(478,138)	(1,302,702)	(2,097,335)	(2,810,860)	(2,899,849)	(2,887,340)	(3,527,893)	(3,531,081)	(3,531,081)	(3,531,081)
Interest Paid	-	-	-	-	-	-	-	-	-	-
Tax Paid	-	-	-	-	-	(468,369)	(416,671)	(979,495)	(996,490)	(982,894)
Other Operating	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Operating Activities</b>	<b>(478,138)</b>	<b>(1,302,702)</b>	<b>(397,321)</b>	<b>589,169</b>	<b>2,200,464</b>	<b>1,744,335</b>	<b>1,155,480</b>	<b>2,289,483</b>	<b>2,272,488</b>	<b>2,286,084</b>
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>INVESTING ACTIVITIES</b>										
Sale of Plant, Property and Equip.	-	-	-	-	-	-	-	-	-	-
Purchase of Plant, Property and Equip.	(478,675)	(549,000)	(549,000)	(494,600)	(61,000)	(381,075)	(6,600)	-	(122,000)	(494,600)
<b>Net Cash Flows from Investing Activities</b>	<b>(478,675)</b>	<b>(549,000)</b>	<b>(549,000)</b>	<b>(494,600)</b>	<b>(61,000)</b>	<b>(381,075)</b>	<b>(6,600)</b>	<b>-</b>	<b>(122,000)</b>	<b>(494,600)</b>
<b>CASH FLOWS FROM/(USED IN)</b>										
<b>FINANCING ACTIVITIES</b>										
Subsidiary Loan Proceeds/(Repayment)	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flows from Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOW</b>	<b>(956,813)</b>	<b>(1,851,702)</b>	<b>(946,321)</b>	<b>94,569</b>	<b>2,139,464</b>	<b>1,363,260</b>	<b>1,148,880</b>	<b>2,289,483</b>	<b>2,150,488</b>	<b>1,791,484</b>
Opening Bank Balances and Deposits	-	(956,813)	(2,808,515)	(3,754,835)	(3,660,266)	(1,520,801)	(809,514)	(1,270,293)	(1,323,113)	(1,340,108)
<b>CLOSING BANK BALANCES AND DEPOSITS</b>	<b>(956,813)</b>	<b>(2,808,515)</b>	<b>(3,754,835)</b>	<b>(3,660,266)</b>	<b>(1,520,801)</b>	<b>(157,541)</b>	<b>339,366</b>	<b>1,019,190</b>	<b>827,376</b>	<b>451,377</b>

Scenario 2

**Plant, Property and Equipment Purchases and Disposals (\$000s)**

	<b>Total Year 1</b>	<b>Total Year 2</b>	<b>Total Year 3</b>	<b>Total Year 4</b>	<b>Total Year 5</b>	<b>Total Year 6</b>	<b>Total Year 7</b>	<b>Total Year 8</b>	<b>Total Year 9</b>	<b>Total Year 10</b>
<b>PURCHASES</b>										
Plant, Equipment, Furniture & Vehicles	478,675	549,000	549,000	494,600	61,000	381,075	6,600	-	122,000	494,600
<b>TOTAL</b>	<b>478,675</b>	<b>549,000</b>	<b>549,000</b>	<b>494,600</b>	<b>61,000</b>	<b>381,075</b>	<b>6,600</b>	<b>-</b>	<b>122,000</b>	<b>494,600</b>
<b>DISPOSALS</b>										
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>