

Cashflow Comparison



1000 Cows: StockCo Lease

PROFIT AND LOSS (abbrev.)	Year 0	Year 1	Year 2	Year 3	Year 4	End of Term	
Sale of cow (1000 cows @ \$1600 Fair Market Value)	\$1,600,000					\$1,600,000	
Repayment of Bank Debt (1000 cows @ \$1525 NAMV Book Value)	-\$1,525,000					-\$1,525,000	
Livestock Income (Including Cull Proceeds)		\$150,400	\$150,400	\$150,400	\$150,400	\$601,600	
Milk Proceeds 470,000 kgms		\$2,988,678	\$2,937,500	\$2,937,500	\$2,937,500	\$11,801,178	
\$/kgms		\$6.36	\$6.25	\$6.25	\$6.25	\$6.28	
Expenses (FWE) @ \$4.15 / kg		-\$1,950,500	-\$1,950,500	-\$1,950,500	-\$1,950,500	-\$7,802,000	
Lease		-\$294,749	-\$294,749	-\$294,749	-\$294,749	-\$1,178,996	
Overdraft interest @ 7.00%		-\$5,387	-\$415			-\$5,802	
Bank Interest (\$9,751,000 less \$1,525,000) @ 4.00%		-\$329,040	-\$329,040	-\$329,040	-\$329,040	-\$1,316,160	
Surplus	Profit on Sale i.e. Market Value vs. NAMV	\$75,000	\$559,409	\$513,202	\$513,617	\$513,617	\$2,174,845
Tax		-\$21,000	-\$164,616	-\$148,768	-\$145,789	-\$142,497	-\$622,670
Net Cash result		\$54,000	\$394,793	\$364,434	\$367,828	\$371,120	\$1,552,175

1000 Cows funded by Bank Loan: Existing Structure

PROFIT AND LOSS (abbrev.)	Year 0	Year 1	Year 2	Year 3	Year 4	End of Term	
Livestock Income		\$150,400	\$150,400	\$150,400	\$150,400	\$601,600	
Milk Proceeds 470,000 kgms		\$2,988,678	\$2,937,500	\$2,937,500	\$2,937,500	\$11,801,178	
\$/kgms		\$6.36	\$6.25	\$6.25	\$6.25		
Expenses (FWE) @ \$4.15 / kg		-\$1,950,500	-\$1,950,500	-\$1,950,500	-\$1,950,500	-\$7,802,000	
Overdraft Interest @7.00%		-\$7,386	-\$1,524			-\$8,909	
Bank Interest \$9,751,000 @ 4.00%		-\$386,238	-\$377,728	-\$368,871	-\$359,653	-\$1,492,490	
Surplus		\$794,954	\$758,149	\$768,529	\$777,747	\$3,099,379	
Tax		-\$222,587	-\$212,282	-\$215,188	-\$217,769	-\$867,826	
Principal Repayment (\$880,000)*		-\$207,003	-\$215,436	-\$224,213	-\$233,348	-\$880,000	
Net Result		\$365,364	\$330,431	\$329,128	\$326,630	\$1,351,553	
Lease Benefit		\$54,000	\$29,428	\$34,004	\$38,701	\$44,490	\$200,623

Total Lease Benefit

* Net of all application fees. Assumes the following: A total herd of 1000 cows sold to StockCo Capital and leased back on a four year term; \$1,525,000 of proceeds used to repay bank debt; Lease has an agreed residual of \$720,000; Both cashflows reduce indebtedness by \$880,000 over the four year term; Cash flow benefits of flexible lease payments reduces overdraft requirements.