# Te Atinimarawa Company Limited

TE ATINIMARAWA

Ara Bike Rerei

# FINAL

## STATEMENT OF INTENT

**CONFIDENTIAL**

For the 3-Year Period FY2026 to FY 2028

## AUTHORISATION

| Title | NAME | SIGNATURE | DATE |
|---|---|---|---|
| TACL | Mr. Tiimi Kaiekieki<br>Chairman | | 13/01/26 |
| Portfolio Minister | Hon. Ribanataake Tiwau<br>Minister for MFMRD | | 02/02/26 |
| Joint Minister | Hon. Dr Teuea Toatu<br>Minister of Finance & Economic Development | | 21/04/26 |

# 1 EXECUTIVE SUMMARY

**Conforming to the requirements of the State-Owned Enterprise Act, 2013 (as amended), Section 19, Te Atinimarawa Company Limited hereby submits its Statement of Intent, for the period FY2026 to FY2028.**

Te Atinimarawa Company Ltd **(TACL)** was established to minimise severe beach erosion caused by the uncontrolled beach mining which has supported the construction industry in the past years. Historically, aggregates for construction, landfill, and other purposes have been supplied through beach mining. Government had acknowledged the negative environmental "impacts" such as beach erosion and destruction of foreshores with knock-on effects on drinking water lens, infrastructures and food trees in the narrow coral strips of land.

In 2008 the Government of Kiribati signed a unique funding agreement with European Union to establish the Environmentally Safe Aggregate for Tarawa (ESAT) Project to assess the feasibility and viability of lagoon dredging of aggregates as an alternative source of gravel and sand in large quantities to replace beach mining. After confirming the environmental safety of the dredging operations, the Government formed TACL in 2012 to commercialise lagoon dredging to provide an alternative source of construction material. Since that time the **TACL** is established as a State-owned Enterprise and is mandated under the State-Owned Enterprises Act, 2013 (as amended).

**TACL** operates in the Service provision sector and this Statement of Intent indicates how the company has reviewed its operating environment and key challenges and derived the following planning period objectives, activities, performance measures and financial forecasts towards achieving its principal objectives.

## 1. THE OBJECTIVES OF TACL

| |
|---|
| **Environmental impact** |
| Key Objective 1 – Ensure minimal environmental impact |
| **Budget deficit** |
| Key Objective 2 – Improve aggregate sales |
| Key Objective 3 – Improve income from existing business activities |
| Key Objective 4 - Engage in other business activities that are related to the core function of the company |
| **Asset, mechanic tools and spare part issues** |
| Key Objective 5 – Ensure recording and safe keeping of asset, mechanic tools, and spare parts |
| **Replacement of old assets – dredging barge** |

| |
|---|
| Key Objective 6 – Planning for the replacement of the existing dredger |

## 2. THE NATURE AND SCOPE OF THE ACTIVITY TO BE UNDERTAKEN

**TACL** is committed to activities and strategic actions as detailed in the following sections and that aim to deliver the stated objectives for the planning period.

**TACL** will continue in the operation of business activities, sales of aggregates, hire and rental of plants and machineries, vessel charter, sales of cement and construction materials towards enhancing earnings and performance and to satisfy the principal objective under section 5, SOE Act, 2013.

## 3. THE PERFORMANCE TARGETS AND OTHER MEASURES BY WHICH THE PERFORMANCE OF THE SOE MAY BE JUDGED IN RELATION TO ITS OBJECTIVES

| | Measure | When |
|---|---|---|
| **Key Objective 1 – Ensure minimal environmental impact** | | |
| Strategic Action 1.1 Cessation of illegal beach mining | i) Number of assistance to NGO/MELAD/etc on public awareness campaign. Minimum of 2 assistance is anticipated depending on the need. | Throughout the financial year |
| | ii) Reporting of illegal mining activity to police and/or ECD. | Throughout the financial year |
| Strategic Action 1.2 Comply with Environment Act and regulations | i)Dredging is not disrupted due to late submission of application | Throughout the financial year |
| | ii) A report is submitted on a timely manner in compliance with the license condition. The reports include (a) Benthic and Fish Survey, and (b) Coastal profile of Betio | Due date provided in the License condition |
| **Key Objective 2 – Improve aggregate sales** | | |
| Strategic Action 2.1 Establish an achievable maximum sales target for each type of aggregate produced. | i) Accomplish 100% of production targets in cubic meter ($m^3$) for each type of aggregates | End of financial year |
| | ii) Accomplish 100% of sales targets for each type of aggregates | End of financial year |

| | | |
|---|---|---|
| Strategic Action 2.2 Implement dredging and crushing plan | i) Weekly working schedule posted on foyer noticeboard in advance | Every week |
| | ii)Weekly review of the plan to ensure adherence | Every week during the SMM |
| Strategic Action 2.3 Inclusion of overseas aggregates in the product | i) order aggregates from overseas. | Throughout 2026 |
| Strategic Action 2.4 Marketing and promotion | i) Continue to promote products through public media | Throughout 2026 |
| | ii) Continue to improve webpage | Throughout 2026 |
| Strategic Action 2.5 Increase the number of TACL outlets on South Tarawa | i)Increase to 3 outlets. Completion of Steward causeway land reclamation. | End of 2nd quarter 2026 |
| **Key Objective 3 – Improve income from existing business activities** | | |
| Strategic Action 3.1 LC Tekimarawa Charter operation | i) Compliance with Marine Department requirement. | Throughout 2026 |
| Strategic Action 3.2 Continue with cement order | i) Timely order to ensure cement is always available | Throughout 2026 |
| Strategic Action 3.3 Increase capacity on delivery | i) Procurement of 1 x 9tons<br>ii) Procurement of a wheel excavator | Second quarter 2026 |
| Strategic Action 3.4 Device maintenance plan for vessel, plants and machines and equipment | i) Maintenance plan is available for daily, weekly and monthly maintenance for all plants, machines, and vessel | Application of the plan throughout 2026 |
| **Key Objective 4 - Engage in other business activities that are related to the core function of the company** | | |
| Strategic Action 4.1 Procurement of a cutter-suction dredger. | i)Await Cabinet decision on the paper that was submitted in October 2025 | 2026 |
| Strategic Action 4.2 Establishment and operation of Branch on Kiritimati Island | i) Source funding. Project proposal has been considered by DCC in 2025. Decision was for MFOR to assist to identify a funding source | 2026 |

| | | |
|---|---|---|
| | ii) Purchase of equipment | When fund is available from donor 2026 |
| | iii) Recruitment of staff | As above |
| | iv) Accomplish 100% of targeted income | When operation starts 2026 |
| Strategic Action 4.3 Wholesaler for construction materials | i) Wholesaling of timbers and roofing | Throughout 2026 |
| | ii) Accomplish 100% of target income | Throughout 2026 |
| **Key Objective 5 – Ensure recording and safe keeping of asset, mechanic tools and spare parts** | | |
| Strategic Action 5.1 Asset recording and spare part requirement | i)Upgrade database | Throughout 2026 |
| | ii)Monitoring of data input and production of weekly data | Throughout 2026 |
| **Key Objective 6 – Planning for the replacement of the existing dredger** | | |
| Strategic Action 6.1 Identification of funding source | i)preparation and submission of project proposal | 2026 |
| | ii)TACL to save portion of revenue on a yearly basis | 2026 and the next 5 years |

## 4. A STATEMENT OF FINANCIAL PERFORMANCE

**Budgeted Statement of Financial Performance 2026 – 2026**

| | Audited | Actual | Forecast | | |
|---|---|---|---|---|---|
| **REVENUE** | **2024** | **Jan to Sept 2025** | **2026** | **2027** | **2028** |
| **Ungraded Mixed Aggregates** | - | - | | | |
| Dredging sales | | | $0.00 | $0.00 | $0.00 |
| Mixed Aggregates sand/mud-unprocess | $447,559.00 | $574,346.90 | $700,000.00 | $735,000.00 | $771,750.00 |
| **Total Ungraded Mixed Aggregates** | **$447,559.00** | **$574,346.90** | **$700,000.00** | **$735,000.00** | **$771,750.00** |
| **Crusher** | | | | | |
| Fine Sand (less than 4.5mm) | $862,138.00 | $896,888.88 | $1,100,000.00 | $1,155,000.00 | $1,212,750.00 |
| Atama (12-22mm) | $329,157.00 | $331,466.77 | $450,000.00 | $472,500.00 | $496,125.00 |
| **Total Crusher** | **$1,191,295.00** | **$1,228,355.65** | **$1,550,000.00** | **$1,627,500.00** | **$1,708,875.00** |
| **Other Income** | | | | | |
| Charter | $86,198.00 | $352,065.27 | $600,000.00 | $630,000.00 | $661,500.00 |
| Vehicle Plant hire/Overtime charged | $113,600.00 | $84,448.00 | $106,000.00 | $111,300.00 | $116,865.00 |
| Machineries repair income | $19,821.00 | $8,038.00 | $50,000.00 | $52,500.00 | $55,125.00 |
| Tetrapods | $5,500.00 | $16,500.00 | $10,000.00 | $10,500.00 | $11,025.00 |
| Interest income | $645.00 | $809.00 | $1,045.00 | $1,097.25 | $1,152.11 |
| Cement | $149,546.00 | $103,242.40 | $140,000.00 | $147,000.00 | $154,350.00 |
| Overseas aggregates | | $0.00 | $50,000.00 | $52,500.00 | $55,125.00 |
| EFTPOS Service | | $53,682.80 | $70,000.00 | $73,500.00 | $77,175.00 |
| Construction material hardware | | | $50,000.00 | $52,500.00 | $55,125.00 |
| **Total Other Income** | **$375,310.00** | **$618,785.47** | **$1,077,045.00** | **$1,130,897.25** | **$1,187,442.11** |
| | | | | | |
| **Total Revenue** | **$2,014,164.00** | **$2,421,488.02** | **$3,327,045.00** | **$3,493,397.25** | **$3,668,067.11** |
| | | | | | |
| **Total cost of sales** | **$237,110.00** | **$292,196.00** | **$262,000.00** | **$269,860.00** | **$277,955.80** |

| | | | | | |
|---|---|---|---|---|---|
| **Gross Profit** | **$1,777,054.00** | **$2,129,292.02** | **$3,065,045.00** | **$3,223,537.25** | **$3,390,111.31** |
| | | | | | |
| **EXPENSES** | | | | | |
| Salaries & Wages & Emoluments | $1,058,038.00 | $646,985.78 | $1,183,448.86 | $1,218,952.33 | $1,255,520.90 |
| KPA, Customs, & Delivery expenses | $83,676.00 | $54,264.71 | $135,800.00 | $139,874.00 | $139,874.00 |
| Advertisement & Promotion | $2,850.00 | $3,000.00 | $6,000.00 | $6,180.00 | $6,180.00 |
| Fuel and Oil | $211,524.00 | $213,688.58 | $370,000.00 | $381,100.00 | $381,100.00 |
| Ration & Water | $1,184.00 | $3,293.60 | $7,200.00 | $7,416.00 | $7,416.00 |
| Vessel Tools, Repair, & Maintenance | $17,648.00 | $72,594.49 | $100,000.00 | $103,000.00 | $103,000.00 |
| Vehicle Repair & Maintenance | $38,210.00 | $74,546.85 | $180,000.00 | $185,400.00 | $185,400.00 |
| Office Maintenance | $8,963.00 | $5,809.60 | $20,000.00 | $20,600.00 | $20,600.00 |
| Depreciation | $788,247.00 | $567,375.39 | $760,250.00 | $783,057.50 | $783,057.50 |
| Office & Administration expenses | $133,098.00 | $101,141.27 | $207,000.00 | $213,210.00 | $213,210.00 |
| **Total Expenses** | **$2,343,438.00** | **$1,742,700.27** | **$2,969,698.86** | **$3,058,789.83** | **$3,095,358.40** |
| | | | | | |
| **Operating Profit before Tax** | **-$566,384.00** | **$386,591.75** | **$95,346.14** | **$164,747.42** | **$294,752.92** |
| Company Tax @ 35% | $0.00 | -$135,307.11 | -$33,371.15 | -$57,661.60 | -$103,163.52 |
| | -$566,384.00 | $251,284.64 | $61,974.99 | $107,085.83 | $191,589.40 |
| Other Income | | | | | |
| Gain on Disposal | | | | | |
| Defer Capital Income released | $588,311.76 | $441,233.14 | $588,311.00 | | |
| **Total Other Income** | **$588,311.76** | **$441,233.14** | **$588,311.00** | **$0.00** | **$0.00** |
| | | | | | |
| Other Expenses | | | | | |
| Capital Expenditures | | | $545,000.00 | $100,000.00 | $100,000.00 |
| **Total Other Expenses** | | | **$545,000.00** | **$100,000.00** | **$100,000.00** |
| | | | | | |
| **Net Profit For the Year** | **$21,927.76** | **$692,517.78** | **$105,285.99** | **$7,085.83** | **$91,589.40** |

## 5. A STATEMENT OF FINANCIAL POSITION

**Budgeted Statement of Financial Position 2026 - 2028**

| | Audited 2024 | Actual Jan-Sept25 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| **CURRENT ASSET** | | | | | |
| Cash & Cash equivalent | $166,348.90 | $710,526.92 | $1,011,812.56 | $1,062,403.19 | $1,115,523.35 |
| Trade & Other receivables | $136,011.00 | $121,561.55 | $0.00 | $0.00 | $0.00 |
| Inventory | $301,119.00 | $72,137.69 | $255,000.00 | $267,750.00 | $281,137.50 |
| **Total Current Assets** | **$603,478.90** | **$904,226.16** | **$1,266,812.56** | **$1,330,153.19** | **$1,396,660.85** |
| | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Provision for Taxation | $0.00 | $135,307.00 | $32,877.65 | $33,535.20 | $34,205.91 |
| Trade & Other Payables | $9,404.00 | $10,395.78 | $2,000.00 | $2,040.00 | $2,080.80 |
| **Total Current Liabilities** | **$9,404.00** | **$145,702.78** | **$34,877.65** | **$35,575.20** | **$36,286.71** |
| **Working Capital** | **$594,074.90** | **$758,523.38** | **$1,231,934.91** | **$1,294,577.99** | **$1,360,374.15** |
| | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, Plant & Equipments | $8,839,913.00 | $9,844,211.40 | $10,399,055.61 | $10,607,036.72 | $10,819,177.46 |
| Prov for Depreciation | -$6,061,015.38 | -$7,268,261.00 | -$8,197,232.00 | -$8,606,662.00 | -$8,792,999.00 |
| **Total Non-Current Assets** | **$2,778,897.62** | **$2,575,950.40** | **$2,201,823.61** | **$2,000,374.72** | **$2,026,178.46** |
| | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred Capital Income | $1,175,445.00 | $734,211.75 | $145,901.00 | $0.00 | $0.00 |
| **Total Deferred Capital Income** | **$1,175,445.00** | **$734,211.75** | **$145,901.00** | **$0.00** | **$0.00** |
| | | | | | |
| **Net Assets** | **$2,197,527.52** | **$2,600,262.03** | **$3,287,857.53** | **$3,294,952.71** | **$3,386,552.60** |
| | | | | | |
| **OWNER'S EQUITY** | | | | | |
| | | | | | |
| Retained Earnings | $2,175,600.00 | $1,909,368.94 | $3,182,078.00 | $3,287,363.99 | $3,294,449.82 |

| | | | | | |
|---|---|---|---|---|---|
| Current Earnings | $21,927.76 | $692,517.78 | $105,285.99 | $7,085.83 | $91,589.40 |
| **Total Shareholder's Equity** | **$2,197,527.76** | **$2,601,886.72** | **$3,287,363.99** | **$3,294,449.82** | **$3,386,039.21** |

## 6. A STATEMENT OF ANTICIPATED BORROWING

TACL intends to procure a cutter-suction dredger in 2026, through a soft loan from the Government. The proposed arrangement is Government to pay for the CSD and TACL pays back the amount in full with interest by Government deducting a certain amount of percentage from the cost of every dredging activity until the cost is fully covered. With this option, the adverse effect on TACL forecasted financial performance and position will be insignificant.

## 7. THE ACCOUNTING POLICIES

In term of account reporting, TACL is using the International Financial Reporting Standard.

## 8. WHETHER TACL ANTICIPATES THAT IT WILL GENERATE A RETURN THAT COVERS THE COST OF CAPITAL, AND IF NOT, WHY NOT

**Return on Equity**

| | Audited 2024 | Actual Jan-Sept25 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| Return on Equity (Without DCIR) | -26% | 10% | 2% | 3% | 6% |
| Return on Equity (With DCIR) | 1% | 29% | 4% | 0% | 3% |
| Working Capital ratio | 64 | 6 | 36 | 37 | 38 |

Note: DCIR - Deferred Capital Income released

The forecast is anticipated to generate a return that will cover the cost of capital for 2026.

## 9. A STATEMENT OF THE PRINCIPLES TO BE ADOPTED IN DETERMINING ANY ANNUAL DIVIDEND

TACL has so far used 2% of the profit as dividend.

## 10. ANY ACTIVITY WHICH TE ATINIMARAWA COMPNAY LIMITED REQUESTS OR HAS AGREED TO BE TREATED AS A CSO

TACL currently has no activity to be treated as a CSO.

## 11. ANY OTHER MATTER AS AGREED BY THE RESPONSIBLE MINISTERS AND THE BOARD

There are no other matters as agreed by the Responsible Ministers and the Board.

# 2. MANDATE AND POLICIES GOVERNING THE DEVELOPMENT OF THE STATEMENT OF INTENT

## 2.1 Ownership Guidelines

As a Government owned company, TACL is obligated under Section 5 of the SOE Act to operate as a successful and sustainable business, that is efficient and effective as a comparable business that is not owned by the Government; and services its debts incurred in the *ordinary* course of business without payments from the Government, except those in respect of CSOs. TACL must also be a good employer that provides a safe working environment, equal opportunity for all staff, an impartial section process for employing qualified employees and opportunities for individual employees to enhance their abilities

TACL is also expected to function and operate within its established objectives. Specifically, under the Article of Associations submitted to the Registrar of Business pursuant to section 13 of the Company's Ordinance 1979, Cap10A, indicated the Objects for which the company is incorporated are unrestricted but initially the company will;

a). Purchase a new 37m dredging ship with crane mounted clamshell dredging system;
b). Carry out environmentally safe dredging operations in the "Vistral Shoal" area of Tarawa lagoon to obtain sand and gravel materials which will be discharged for sorting on shore in the Betio area;
c). Carry out the processing and grading of the lagoon dredged sands and gravels;
d). Establish a pricing policy and controls for the sale of the lagoon dredged aggregates;
e). Make available through a distribution system, a range of construction aggregates, to all the general public, private companies, Government Departments, International Aid Organisations and any other interested party;
f). Carry on any other business connected with or incidental to the foregoing objectives.

## 2.2 Obligations under the Kiribati Development Plan/KV20

- Improving land use for sustainable development, through provision of aggregates for land reclamation and raising lands to address land scarcity and minimise the impact of climate change.
- Improving connectivity and accessibility, through maintaining existing and construction of new boat channels with the new dredger
- Improving employment in Kiribati, by providing employment opportunities.

## 2.3 Mandate

Apart from the SOE Act 2013 (as amended), TACL is also mandated under several Acts;

- Environment Act 2021 (as amended) that regulates the dredging and processing activities;
- Foreshore and Land Reclamation Ordinance of 1969, which regulates extraction of material such as sand, gravel, reef mud and rock;
- Company's Act 2020 which regulates the formulation, function and dissolving of the company;
- Income Tax Act 2009 (as amended) for payment of company's and employee's tax;
- Procurement Act 2019 (as amended) that provide guidance on the procurement procedures;
- Provident Fund Act 2008 (as amended) payment of employee's contributions to the fund;
- Public Finance (Control and Audit) Act for the provision of the company's annual account for auditing; and
- Occupational Health and Safety Act 2015 for the safety of employees.

## 2.4 Purpose of the State-Owned Enterprise

### Vision:

The vision is *"Supplying environmentally safe, good quality, affordable and sustainable aggregates, to support local construction"*. Specifically, TACL will provide a quality service in the businesses it is established for.

### Mission:

The mission is *"to produce aggregates effectively and efficiently to meet the market demand, and providing other services related to the foregoing, that over a long term could diminish and prevent illegal mining activities"*.

### Values:

*"Facilitating efforts to stop illegal mining"*
*"Providing a safe working environment" and*
*"Meeting customer's expectation"*.

## 2.5 CORE business

Dredging to source aggregates, produces and sells sands and different sizes of gravels.

TACL, as a supplier of aggregates, also provides cements and in 2026 other construction materials as complementary products to assure the availability of more construction components.

Rental and hiring of heavy plants (excavators, front loaders, concrete mixers, and tipper trucks) and chartering the dredging vessel to the general public is also part of TACL business activities.

# 3 PLANNING INPUTS

## 3.1 Profile / Overview of the Business & Assessment of Recent Results

### 3.1.1 Assessment of Past performances.

The past performance of the company is summarised in the table below and the figures provided.

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | Jan – Sept 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | | | | | | |
| Total Ungraded Mixed Aggregates | 30,536.00 | 100,449.00 | 1,288,696.86 | 1,206,040.00 | 382,168.94 | 698,728.00 | 272,758.55 | 153,318 | 349,390 | 337,896 | 368,673 | 459,952 | 574,346 |
| Total Crusher | - | - | 1,523.50 | 269,785.70 | 524,289.90 | 1,270,025.00 | 703,072.56 | 769,077 | 833,856 | 662,932 | 1,369,221 | 1,215,385 | 1,224,626 |
| Total Other Income | - | - | 95,997.16 | 511,976.20 | 426,461.95 | 121,189.00 | 333,039.32 | 763,436 | 388,266 | 1,300,983 | 524,290 | 324,664 | 618,965 |
| **Total Revenue** | **30,536.00** | **100,449.00** | **1,386,217.52** | **1,987,801.90** | **1,332,920.79** | **2,089,942.00** | **1,308,870.43** | **1,685,831** | **1,571,512** | **2,301,811** | **2,262,184** | **2,014,563** | **2,417,938** |
| | | | | | | | | | | | | | |
| Total cost of sales | | | - | - | (114,979.87) | (59,852.00) | 36,232.38 | 149,669 | 207,321 | 212,248 | 587,196 | 237,110 | 305,672 |
| | | | | | | | | | | | | | |
| **Gross Profit** | **30,536.00** | **100,449.00** | **1,386,217.52** | **1,987,801.90** | **1,447,900.66** | **2,149,794.00** | **1,272,638.05** | **1,536,162** | **1,364,191** | **2,089,562** | **1,674,988** | **1,777,453** | **2,112,266** |
| | | | | | | | | | | | | | |
| **EXPENSES** | | | | | | | | | | | | | |
| Operating Expenses | 110,134.00 | 349,838.00 | 795,424.98 | 1,222,698.95 | 1,093,008.70 | 1,724,064.72 | 1,325,352.83 | 1,246,690 | 1,129,410 | 1,399,030 | 1,278,063 | 1,551,079 | 1,178,565 |
| Depreciation | 8,206.00 | 30,621.00 | 77,291.32 | 535,683.04 | 693,447.12 | 707,456.00 | 762,489.20 | 823,010 | 777,513 | 666,090 | 736,374 | 788,247 | 567,375 |
| **Total Operating Expenses** | **118,340.00** | **380,459.00** | **872,716.30** | **1,758,381.99** | **1,786,455.82** | **2,431,520.72** | **2,087,842.03** | **2,069,700** | **1,906,923** | **2,065,120** | **2,014,437** | **2,339,326** | **1,745,565** |
| Finance Costs | 275.00 | 782.00 | 2,259.91 | 11,269.04 | 1,559.95 | 1,585.00 | 1,905.30 | 2,787 | 2,277 | 2,277 | 2,902 | 4,163 | 1,332 |
| | | | | | | | | | | | | | |
| **OPERATING PROFIT/(LOSS) before Tax** | **(88,079.00)** | **(280,792.00)** | **511,241.31** | **218,150.87** | **(340,115.11)** | **(283,311.72)** | **(817,109.28)** | **(536,325)** | **(545,009)** | **22,101** | **(342,597)** | **(566,036)** | **366,346** |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Income Tax Expense @ 35% | | | | | | | | | | | | | |
| **NET OPERATING PROFIT/(LOSS) after Tax** | **(88,079.00)** | **(280,792.00)** | **511,241.31** | **218,150.87** | **(340,115.11)** | **(283,311.72)** | **(817,109.28)** | **(536,325)** | **(545,009)** | **22,101** | **(342,597)** | **(566,036)** | **366,346** |
| | | | | | | | | | | | | | |
| **OTHER INCOME** | | | | | | | | | | | | | |
| EU fund released (staff costs) | 160,676.00 | 22,460.00 | - | - | - | - | - | - | | | | | |
| Gain on Disposal | | | | | | | | | | | 5,950 | | |
| Defer Capital Income released | - | - | - | - | 588,316.08 | 588,310.00 | 588,311.76 | 588,312 | 588,313 | 588,312 | 588,312 | 588,312 | 441,233 |
| **Total Other Income** | **160,676.00** | **22,460.00** | | | **588,316.08** | **588,310.00** | **588,311.76** | **588,312** | 588,313 | **588,312** | **594,262** | **588,312** | **441,233** |
| | | | | | | | | | | | | | |
| **NET PROFIT/(LOSS) for year end** | **72,597.00** | **(258,332.00)** | **511,241.31** | **218,150.87** | **248,200.97** | **304,998.28** | **(228,797.52)** | **51,986** | **43,305** | **610,413** | **251,665** | **22,275** | **807,579** |

Table 1. TACL Actual Statement of Financial Performances between 2013 and 2025

The followings were noted from the past operation years;

a. TACL was only making profit when the demand for aggregates is high, such as in the years 2015 and 2016 during the road rehabilitation project. Although there was high demand for aggregate in 2018 during the rehabilitation of the Dai Nippon causeway a financial loss was experienced due to the increase in the operation cost, particularly with the purchased of several heavy machineries and plants.
b. Dry docking also contributed to high expenses in 2019, 2022, and 2024.
c. In 2024, in addition to dry docking the purchase of a loader and tipper trucks and a warehouse has also contributed to the high expenses.
d. The rise in aggregate prices in 2024 is inadequate to compensate for the incurred expenses. The revenue generated from aggregate sales is primarily derived from individuals (non-commercial rate) at 42%, characterized by lower prices, while government projects (commercial rate) associated with the highest prices only contributed 19%.
e. In 2025, the price of aggregate increased once more; however, unlike in 2024, the revenue generated from aggregate sales was predominantly derived from government projects (commercial rate) at 42%, which commanded the highest prices, followed by individual (non-commercial rate) at 39%, and finally, other enterprises at 21% (commercial special rate), with lower prices. This indicates that, similar to the years 2015 and 2016, the substantial demand for aggregates by projects considerably contributed to TACL's income. However, this time, the price has risen, so indicating substantial revenue for the company in 2025.
f. Based on the total volume sold per annum, the demand of individuals was 34% in 2023, 39% in 2024, and 36% in 2025. The followings are noted from that;
    - The demand level is always less than 40% for the three years period
    - There was an increase of 5% from 2023 to 2024, followed by a 3% decline from 2024 to 2025.
    - In 2024 the price of aggregate was increased prompting local businesses to claim individual status which demands a lower price.
    - A 3% decrease from 2024 to 2025 may be alluded to the fluctuation in the demand level, however the data for 2025 is only available up to September. The actual data to December when available may shed a different percentage demand level.

#### 3.1.2 Non-performing business activities

The following activities are still not generating income, (i) overseas aggregates and (ii) Construction material hardware although these were listed and considered in the 2025 budget.

The acquisition of foreign aggregates was postponed in 2024 due to the prioritization of machinery, spare parts, and dry-docking purchases. The demand level for offshore aggregates was also uncertain, rendering the purchase a risky endeavor. In 2025, this was once more incorporated into the budget with the aim of executing the activity, commencing with the identification of two important suppliers as part of the Government's second 100-day effort. This is in progress.

The wholesaling of construction supplies was not executed in 2024 due to the aforementioned prioritization exercise. As of 2025, ordering is still on hold due to the space required for the storage of the ordered materials. However, the staff involved in the initiative has identified materials to be ordered to commence the activity.

### 3.1.3 Business opportunities

Apart from the ongoing business activities that are categorised under "other business activities", TACL believes there are business opportunities in (i) dredging and (ii) establishing TACL branch on Christmas Island that are beneficial to TACL, financially and in building TACL capacity.

Maintenance dredging of existing boat channels and construction of new ones will generate good income to TACL. However, finding donors to finance the procurement of a new dredger seems to be progressing very slow. To fast track the process TACL has submitted a Cabinet paper for the acquisition of a cutter-suction dredger.

Establishment of a branch in Kiritimati has a great potential to generate income given that Kiritimati Island is strategically located in the middle of major shipping and flight lanes, therefore major development works on infrastructure to maximise economic benefit from these are needed. The current development rate on Kiritimati is presumably comparable to Tarawa or even faster. There are several development projects for Kiritimati still in the pipeline in terms of road rehabilitation, construction of wharf and several others. Thus, the need of construction raw materials is substantial.

In 2025, a project proposal was submitted to MFED which included the cash flow in Table 2. However, funding sources have not yet been identified. MFOR will assist to identify the sources.

Table 2. Cashflow for Kiritimati Branch

| | | YR1 | YR2 | YR3 |
|---|---|---|---|---|
| | | *(Projected)* | *(Projected)* | *(Projected)* |
| **INFLOW** | | | | |
| Sand | $ | 20,000 | 131,000 | 135,000 |
| Gravel | $ | 20,000 | 121,000 | 130,000 |
| Plants Hire | $ | 20,000 | 25,000 | 30,000 |
| Support Capital Funds | $ | 672,000 | - | - |
| Support Operation Funds | $ | 356,000 | - | - |
| **(A) TOTAL INFLOW** | **$** | **1,088,000** | **277,000** | **295,000** |
| **OUTFLOW** | | | | |
| ***Staff Salaries & Emoluments*** | | | | |
| Salaries & Wages | $ | 142,129 | 146,393 | 150,785 |
| KPF Exp | $ | 10,660 | 10,979 | 11,309 |
| Leave Grant | $ | 22,500 | 22,500 | 22,500 |
| KHC Exp | $ | - | - | - |
| Working Outfit | $ | - | - | - |
| Overtime exp | $ | 10,000 | 10,300 | 10,609 |

| | | | | |
|---|---|---|---|---|
| **Total Staff Salaries & Emoluments** | **$** | **185,289** | **190,172** | **195,203** |
| ***Selling & Distribution*** | | | | |
| KPA Port Charges | $ | - | - | - |
| Customs & Levy charges | $ | - | - | - |
| Vehicle Hire | $ | - | - | - |
| Survey exp | $ | - | - | - |
| Fuel & Oil | $ | 75,000 | 77,250 | 79,568 |
| Advertisement & Promotion | $ | 1,000 | 1,030 | 1,061 |
| **Total Selling & Distribution** | **$** | **76,000** | **78,280** | **80,628** |
| ***General & Administrative Exp*** | | | | |
| Lease fee | | | | |
| Stationery | $ | 2,000 | 2,060 | 2,122 |
| Cleaning expenses | $ | 1,000 | 1,030 | 1,061 |
| Telephone, Internet & Mobile | $ | 2,500 | 2,575 | 2,652 |
| Electricity | $ | 5,500 | 5,665 | 5,835 |
| Business License | $ | 2,000 | 2,060 | 2,122 |
| Entertainment | $ | 3,000 | 3,090 | 3,183 |
| Board expenses | $ | - | - | - |
| Office Maintenance | $ | 15,000 | 15,450 | 15,914 |
| Plant/Vehicle maintenance | $ | 60,500 | 62,315 | 64,184 |
| **Total General & Administrative Exp** | **$** | **91,500** | **94,245** | **97,072** |
| Total Operating Outflow | **$** | **352,789** | **266,770** | **274,773** |
| ***Capital and Other Outflow*** | | | | |
| Establishments of Kirimati Branch | $ | 672,000 | - | - |
| Income/Provisional Tax payments | $ | - | 6,000 | 7,200 |
| Transportation of plants (2 trips) | $ | 50,000 | - | - |
| Tax Payments | $ | - | 5,000 | 5,000 |
| Total Capital Outflow | **$** | **722,000** | **11,000** | **12,200** |
| ***Finance Outflow*** | | | | |
| Bank Charges/OD charges | $ | 1,000 | 1,030 | 1,061 |
| | $ | - | - | - |
| Total Financial Outflow | **$** | **1,000** | **1,030** | **1,061** |
| **(B) TOTAL OUTFLOW** | **$** | **1,075,789** | **$ 278,800** | **$ 288,034** |
| (C) NET CASH FLOW (A-B) | **$** | **12,211** | (1,800) | 6,966 |
| (D) CASH OPENING BALANCE | $ | - | 12,211 | 10,411 |
| **CASH CLOSING BALANCE (D+C)** | **$** | **12,211** | **10,411** | **17,377** |

## 3.2 Current Situational analysis

### 3.2.1 Legal & Environmental Issues

TACL operation is governed by several laws and regulations which the company has to comply with. Besides the financial laws and regulations, company's Act, and SOE (amended) Act, the Environment (Amended) Act 2021 is one that regulates the dredging and processing activities of raw materials. One of the requirements under the license issued under the Environment Act is to monitor the adverse impacts of dredging by carrying out benthic and fish surveys at the dredging sites once every year and to report the findings to the Environment and Conservation Division. The Fisheries Division has assisted TACL to carry out the surveys however their availability is not always guaranteed due to their other various commitments.

Illegal mining is another environment issue. The activity is considered a major competitor to TACL and has profound negative impacts on the daily revenue of the company. Even with tougher legislation from the Environment and Conservation Division illegal mining is still ongoing.

### 3.2.2 Market and Competitor Issues

TACL has no direct competitors within the aggregates production business, but as mentioned earlier illegal beach mining is still an activity that has profound negative impacts on the daily revenue of the company. Prior the establishment of TACL, several studies were commissioned to ascertain the quantity of sand and aggregates mined by individuals, Government and projects to quantify the viability of establishing a mining company. It was estimated[1] that 83,500 $m^3$ per annum was removed from the beach on South Tarawa to meet the construction, seawall infill and other related demands. 70,000 $m^3$ of that volume was mined by individuals. In comparison, the volume sold by TACL to individuals, private companies, SOEs, Government and projects range between 17,000 to 37,000 $m^3$ per year as shown in Table 3 below, lower from the estimated 83,500$m^3$ mined annually before TACL was established as a company. Thus, the difference of 46,500 $m^3$ to 66,500 $m^3$ could be attributed to illegal mining.

| Year | Total volume sold ($m^3$) |
|---|---|
| 2016 | 29,000 |
| 2017 | 17,200 |
| 2018 | 37,000 |
| 2019 | 18,300 |
| 2020 | 17,000 |
| 2021 | 22,149 |
| 2022 | 18,811 |
| 2023 | 32,267 |
| 2024 | 23,805 |
| 2025 (Jan-Sept) | 16,514 |

[1] Greer Consulting Services, (2007). Kiribati Technical Summary. Report of Economic Analysis of Aggregate Mining on Tarawa. SOPAC SPC, Suva, Fiji.

Table 3. Volume of aggregate sold between 2016 and 2025

Within the heavy equipment rental business, there are others that also rented out heavy machineries, two of which are Governments (PVU and PWD) and one is a private entity (Kings Holding Limited). Although this is not a core business of TACL, the revenue generated from renting out the heavy machinery and the delivery service is significant. The delivery service in particular, represented about 80% of the total income from the rental activity. TACL has few numbers of machineries that can be rented out in comparison to PWD and the private entity, however it has the flexibility to adjust the price of the delivery service to be competitive. However, continual breakdowns due to old age have lowered the revenue generating capacity from these machines.

TACL dredging vessel LC Tekimarawa has a capacity of 180 tons equipped with a crane that has 9 tons loading capacity to operate a crab used for aggregate dredging. The only carne on a landing with that capacity. The vessel can be chartered to transport consignments between islands upon requests. Nonetheless the number of vessels in Kiribati is increasing and therefore the chance for our vessel to be chartered is decreasing. The only opportunity to avoid a budget deficit by not having income from the charter is to run a shipping schedule to deliver cargoes and upload copra. However, the schedule should not compromise TACL dredging activity and hence the availability of the raw material.

With regards to cement wholesaling, there are several private companies that sell cement. Nevertheless, the business seems unaffected by competition as increase in income from this activity continues. Presumably the situation will also apply to other construction materials.

### 3.2.3 Staffing Issues

Currently, the existing number of staff is sufficient. The same number of staff will be utilised in 2026

### 3.2.4 Physical Assets/Equipment Issues

All of TACL plants and machines are getting old and maintenance on faulty and/or worn-out parts is becoming regular. Hence maintenance expense is increasing as spare parts are needed more regularly. This may not be reflected in the amount spend under the maintenance budgets as all expenses are capitalised thus increasing the depreciation value. Purchases of equipment for Kiritimati Branch and new ones for Tarawa will be undertaken within the next three years.

Similarly, LC Tekimarawa is aging. This necessitates strategizing to get or locate the cash required for the acquisition of a replacement, as this is fundamental to TACL operation.

### 3.2.5 Product/Service and Supply issues

Several issues were identified with the product quality and volume; (i) high salt content in the aggregates, (ii) processed aggregate size 12-22mm always mixed or contaminated with fine sand, and (iii) low production rate for the 12-22mm aggregates.

To solve the first two issues, an aggregate washer was purchased in the third quarter of 2025. For the third issue the following activities that were carried out in 2025 will be improved in 2026.

i. LC Tekimarawa to dredge at least or not less than 3,000 cubic meters every month. This is 36,000 cubic meters annually.
ii. To operate the two crushers and screening plant simultaneously to increase the production rate of aggregate within the 12-22 mm size range (size needed for concrete mix).
iii. Inclusion of oversea aggregates (size 12-22mm).

Rain is also another factor that has affected the production rate so far as wet materials can clog the sieve/screen raising other mechanical issues apart from very low production. To solve the problem, TACL has installed a new warehouse in 2025 for storing the raw materials.

The limited number of outlets is also a contributing factor to the low income experienced in previous years.

#### 3.2.6 Pricing

The current aggregate prices used has positive effect on the overall revenue of TACL in 2025. The same price will be used in 2026.

Although the income attained is good in 2025, meeting the replacement costs of needed new machineries and dredging vessel, LC Tekimarawa is difficult.

### 3.3 Summary, Business Risks and SWOT analysis

| # | Business Risks | Mitigation Strategies |
|---|---|---|
| 1 | Environmental impact | -Address enforcement on illegal mining<br>-compliance with Environment Act |
| 2 | Budget deficit | -Improve production volume and quality<br>-Continue to improve existing business activities<br>-maintenance issue<br>-diversification of business activities, that is, to engage in other related |

| | | |
|---|---|---|
| | | business ventures, dredging activities and establishment of Kiritimati branch in particular |
| 3 | Safety in the workplace | Guaranteeing the wellbeing of employees |
| 4 | Tools and spare part issues | Adherence to procedures on releasing and returning tools |
| 5 | Old assets | Planning for the replacement of old assets, in particular the dredging barge |

Table 4. Summary of business risks and mitigation measures.

| **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
|---|---|---|---|
| - Ability to control the price of sand and gravel (public resources)<br>- Vessel with crane that has a capacity of 10 tons – charter to shift heavy equipment<br>- Ability to control delivery of purchased materials | - Increasing the price may trigger more illegal mining<br>- Cost of maintenance on plants and machineries is incredibly high<br>- Cost of asset replacement is also high<br>- Time limitation for dredging – TACL channel and turning basin are shallow | - Dredging of new boat/ship channels, Maintenance dredging, and land reclamation<br>- Importing and selling of overseas aggregates<br>- Establishment of TACL branch on Kiritimati island | - Competition with illegal miners<br>- Presence of foreign suppliers for aggregates |

Table 5. Summary of SWOT

### 3.4 Leading to Specific Challenges and Focus of Planning Period

It was determined that enhancing revenue by optimizing existing company operations (production volume, quality, and pricing adjustments) and incorporating business activities related to the core business are the primary solutions to the revenue deficiency. Additionally, the replacement of the current dredging barge represents a significant challenge that TACL must address in the forthcoming 3 to 6 planning years.

# 4 PLANNING PERIOD OBJECTIVES

### 4.1 Statement to reconcile the key challenges from section 3.4 to identify planning period Objectives

Based on the key challenges identified in Section 3.4, is to ensure the company is efficient to deliver it primary function as main supplier of aggregates for all constructions and other related purposes. By doing so the activities involved should be monitored so they are not detrimental to the environment and if there are adverse impacts, this should be kept to a minimum. As noted, additional business activities are needed to ensure there is enough revenue to sustain the operation of the company. All these activities, works, finances should be managed well so to maintain financial viability and sustainability.

### 4.2 Clear Statement of Objectives to accomplish by the end of the Planning Period

| | Comments |
|---|---|
| **Environmental impact** | |
| Key Objective 1 – Ensure minimal environmental impact | |
| **Budget deficit** | |
| Key Objective 2 – Improve aggregate sales | |
| Key Objective 3 – Improve income from existing business activities | |
| Key Objective 4 - Engage in other business activities that are related to the core function of the company | |
| **Asset, mechanic tools and spare part issues** | |
| Key Objective 5 – Ensure recording and safe keeping of asset, mechanic tools, and spare parts continues | |
| **Replacement of old assets – dredging barge** | |
| **Key Objective 6** – Planning for the replacement of the existing dredger | |

Table 6. Statement of Objectives

# 5 STRATEGIC ACTIONS TO SATISFY OBJECTIVES

### 5.1 Identify 1 – 5 key strategies that aim to meet each Objective and that are specific actions and tasks, clearly stating who is responsible and what resources are allocated to the tasks.

| | Who | Resources |
|---|---|---|
| **Key Objective 1 – Ensure minimal environmental impact** | | |
| Strategic Action 1.1 Cessation of illegal beach mining | Management | vehicles, printing for billboards, |
| Strategic Action 1.2 Comply with Environment Act and regulations | CEO, OEM, YF | Fisheries surveyors, coastal surveyors, |
| **Key Objective 2 – Improve aggregate sales** | | |
| Strategic Action 2.1 Establish an achievable maximum sales target for each type of aggregate produced. At least 5% above the previous year's actual | Management | Well maintained crusher, heavy machineries, and vessel.<br>Well established accounting system |

| | | |
|---|---|---|
| Strategic Action 2.2 Devise dredging and crushing plan | OEM, YF & Capt | Operation staff, computer, printer |
| Strategic Action 2.3 Inclusion of overseas aggregates in the product | CEO | Internet access, |
| Strategic Action 2.4 Marketing and promotion | Management | Printery, Internet access |
| Strategic Action 2.5 Increase the number of outlets on South Tarawa | Management | Delivery trucks |
| **Key Objective 3 – Improve income from existing business activities** | | |
| Strategic Action 3.1 Charter | Management | Staff with background on shipping operation |
| Strategic Action 3.2 Identify other cement suppliers | CEO | Internet access |
| Strategic Action 3.3 Increase capacity on delivery | OEM, MF, YF | Operator, delivery truck |
| Strategic Action 3.4 Device maintenance plan for vessel, plants and machines and equipment | OEM | Computer, printer, internet access, |
| **Key Objective 4 - Engage in other business activities that are related to the core function of the company** | | |
| Strategic Action 4.1 Procurement of a cutter-suction dredger | Management | Trained staff |
| Strategic Action 4.2 Establishment and operation of TACL Kiritimati Branch | Management | Machineries, office, office equipment, operation cost for 1st yr |
| Strategic Action 4.3 Wholesaler for construction materials | Management | Storage warehouse, Casual worker |
| **Key Objective 5 – Ensure recording and safe keeping of asset, mechanic tools and spare parts** | | |
| Strategic Action 5.1 Asset recording and spare part requirement | FM | Computer, internet access, database software |
| **Key Objective 6 – Planning for the replacement of the existing dredger** | | |
| Strategic Action 6.1 Identification of funding source | Management | Linkages with ministries, regional and overseas bodies. |

Table 7. A list of strategic actions for each devised objective.

## 5.2 Support this by a concise statement linking other aspects of the "business as usual" approach identifying the other aspects of the business that contribute to earnings.

The incorporation of other business operations allocated in the budget under "Other Income" to diversify the company business activity significantly enhances TACL's overall revenue, with vessel chartering being the most critical component in generating revenue. In 2026, TACL will expand its product array to include building construction materials alongside cements. Overseas aggregates will also be included. These new activities are complementary to TACL core business.

# 6 PERFORMANCE MEASURES

## 6.1 Identify 1 – 5 SMART KPI's that relate specifically to each strategy

Table 8. Key Performance Indicators for each strategic action.

| | Measure | When |
|---|---|---|
| **Key Objective 1 – Ensure minimal environmental impact** | | |
| Strategic Action 1.1 Cessation of illegal beach mining | i) Number of assistance to NGO/MELAD/etc on public awareness campaign. Minimum of 2 assistance is anticipated depending on the need. | Throughout the financial year |
| | ii) Reporting of illegal mining activity to police and/or ECD. | Throughout the financial year |
| Strategic Action 1.2 Comply with Environment Act and regulations | i)Dredging is not disrupted due to late submission of application | Throughout the financial year |
| | ii) A report is submitted on a timely manner in compliance with the license condition. The reports include (a) Benthic and Fish Survey, and (b) Coastal profile of Betio | Due date provided in the License condition |
| **Key Objective 2 – Improve aggregate sales** | | |
| Strategic Action 2.1 Establish an achievable maximum sales target for each type of aggregate produced. | i) Accomplish 100% of production targets in cubic meter ($m^3$) for each type of aggregates | End of financial year |
| | ii) Accomplish 100% of sales targets for each type of aggregates | End of financial year |
| Strategic Action 2.2 Implement dredging and crushing plan | i) Weekly working schedule posted on foyer noticeboard in advance | Every week |
| | ii)Weekly review of the plan to ensure adherence | Every week during the SMM |

| | | |
|---|---|---|
| Strategic Action 2.3 Inclusion of overseas aggregates in the product | i) order aggregates from overseas. | Throughout 2026 |
| Strategic Action 2.4 Marketing and promotion | i) Continue to promote products through public media | Throughout 2026 |
| | ii) Continue to improve webpage | Throughout 2026 |
| Strategic Action 2.5 Increase the number of TACL outlets on South Tarawa | i)Increase to 3 outlets. Completion of Steward causeway land reclamation. | End of 2nd quarter 2026 |
| **Key Objective 3 – Improve income from existing business activities** | | |
| Strategic Action 3.1 LC Tekimarawa Charter operation | i) Compliance with Marine Department requirement. | Throughout 2026 |
| Strategic Action 3.2 Continue with cement order | i) Timely order to ensure cement is always available | Throughout 2026 |
| Strategic Action 3.3 Increase capacity on delivery | i) Procurement of 1 x 9tons<br>ii) Procurement of a wheel excavator | Second quarter 2026 |
| Strategic Action 3.4 Device maintenance plan for vessel, plants and machines and equipment | i) Maintenance plan is available for daily, weekly and monthly maintenance for all plants, machines, and vessel | Application of the plan throughout 2026 |
| **Key Objective 4 - Engage in other business activities that are related to the core function of the company** | | |
| Strategic Action 4.1 Procurement of a cutter-suction dredger. | i)Await Cabinet decision on the paper that will be submitted in October 2025 | 2025-2026 |
| Strategic Action 4.2 Establishment and operation of Branch on Kiritimati Island | i) Source funding. Project proposal has been considered by DCC in 2025. Decision was for MFOR to assist to identify a funding source | 2026 |
| | ii) Purchase of equipment | When fund is available from donor 2026 |
| | iii) Recruitment of staff | As above |

| | | |
|---|---|---|
| | iv) Accomplish 100% of targeted income | When operation starts 2026 |
| Strategic Action 4.3 Wholesaler for construction materials | i) Wholesaling of timbers and roofing | Throughout 2026 |
| | ii) Accomplish 100% of target income | Throughout 2026 |
| **Key Objective 5 – Ensure recording and safe keeping of asset, mechanic tools and spare parts** | | |
| Strategic Action 5.1 Asset recording and spare part requirement | i)Upgrade database | Throughout 2026 |
| | ii)Monitoring of data input and production of weekly data | Throughout 2026 |
| **Key Objective 6 – Planning for the replacement of the existing dredger** | | |
| Strategic Action 6.1 Identification of funding source | i)preparation and submission of project proposal | 2026 |
| | ii)TACL to save portion of revenue on a yearly basis | 2026 and the next 5 years |

6.2 Some strategies will take multiple years to achieve and therefore identify progress KPI's for the year ahead and each year of the Plan. Ensure KPI's include financial and non-financial measures and are consistent with the overall KPI's developed for the business

The following strategies will take a few years to achieve;

1. The procurement and operation of a cutter suction dredger.
   First the cabinet has to approve the soft loan proposal that was submitted through a Cabinet paper by TACL. If approved, the followings will take place;
   (i) Construction of the dredger – 1 year
   (ii) Training of local operators and engineers – 6 months
   (iii) Operation – 2nd quarter of year 2
   (iv) Loan repayment of AUD$3.3 million (principal and interest) – proposed arrangement is Government pays for the CSD and TACL pays back the amount in full with interest by Government deducting a certain amount of percentage from the cost of every dredging activity until the cost is fully covered.
   (v) If not approve then it is subjected to Cabinet directive

2. Establishment of Kiritimati Branch
   (i) Project proposal has been submitted and considered by DCC – 2025
   (ii) The decision is for MFOR is to identify the funding sources and advised DCC for further actions once fund is secured – in progress
   (iii) Funding required is AUD$1.03 million.
   (iv) Seeks cabinet's approval once funding is secured.

3. Land reclamation at Steward causeway for stockpiling area and TACL outlet
   (i) The land reclamation was approved by Cabinet – July 2024
   (ii) Approved by the Foreshore Management Committee – October 2025
   (iii) EIA is required prior the construction – requires benthic and foreshore baseline data. To be completed in 2025
   (iv) Identification of funding source – project proposal to be submitted in 2025
   (v) Construction begins once funding is secured. The construction cost is AUD$683,000.00 and the material cost which TACL can provide is $645,000.00

4. Replacement of the existing dredger
   (i) Identification of funding source and saving portion of TACL revenue.
   (ii) Cost is estimated at AUD$3.52 million

# 7 SUPPORT FOR GOVERNMENT POLICIES

## 7.1 Statement of compliance with relevant Government Policies

TACL is committed to comply with the responsibilities covered under the different Acts and regulations, in particular with compliance to the tax, audit and procurement requirements.

## 7.2 Statement of Community Services, nature of services and financial claims for CSO support during the planning period.

TACL has so far, no intention to apply for the CSO support. There are currently no activities that will trigger TACL financial claim for the CSO.

## 7.3 Statement of Support from Government and / or Development Partners and details of contracts, obligations and financial impact on business

JICA through JICS has notified the Ministry on the delay in procuring the backhoe dredger. The delivery schedule remains unverified, potentially extending for years, necessitating the acquisition of the cutter-suction dredger and the strategic planning for the replacement of the dredging barge.

## 7.4 Statements of Financial capacity and details of any external borrowings.

TACL currently has no external nor internal loan repayment obligations.

## 7.5 Statements of Financial capacity in regard to dividends, dividend policy and proposed dividends during the planning period

TACL has formulated a financial policy and payment will be in line with it along with the existing governing laws.

## 7.6 Any other matters as agreed with the Responsible Ministers

There are currently no other matters as agreed with the Responsible Ministers.

# 8 FINANCIAL FORECASTS

**Table 9. Budgeted Statement of Financial Performance 2026 – 2026**

| | Audited | Actual | Forecast | | |
|---|---|---|---|---|---|
| **REVENUE** | **2024** | **Jan to Sept 2025** | **2026** | **2027** | **2028** |
| **Ungraded Mixed Aggregates** | - | - | | | |
| Dredging sales | | | $0.00 | $0.00 | $0.00 |
| Mixed Aggregates sand/mud-unprocess | $447,559.00 | $574,346.90 | $700,000.00 | $735,000.00 | $771,750.00 |
| **Total Ungraded Mixed Aggregates** | **$447,559.00** | **$574,346.90** | **$700,000.00** | **$735,000.00** | **$771,750.00** |
| **Crusher** | | | | | |
| Fine Sand (less than 4.5mm) | $862,138.00 | $896,888.88 | $1,100,000.00 | $1,155,000.00 | $1,212,750.00 |
| Atama (12-22mm) | $329,157.00 | $331,466.77 | $450,000.00 | $472,500.00 | $496,125.00 |
| **Total Crusher** | **$1,191,295.00** | **$1,228,355.65** | **$1,550,000.00** | **$1,627,500.00** | **$1,708,875.00** |
| **Other Income** | | | | | |
| Charter | $86,198.00 | $352,065.27 | $600,000.00 | $630,000.00 | $661,500.00 |
| Vehicle Plant hire/Overtime charged | $113,600.00 | $84,448.00 | $106,000.00 | $111,300.00 | $116,865.00 |
| Machineries repair income | $19,821.00 | $8,038.00 | $50,000.00 | $52,500.00 | $55,125.00 |
| Tetrapods | $5,500.00 | $16,500.00 | $10,000.00 | $10,500.00 | $11,025.00 |
| Interest income | $645.00 | $809.00 | $1,045.00 | $1,097.25 | $1,152.11 |
| Cement | $149,546.00 | $103,242.40 | $140,000.00 | $147,000.00 | $154,350.00 |
| Overseas aggregates | | $0.00 | $50,000.00 | $52,500.00 | $55,125.00 |
| EFTPOS Service | | $53,682.80 | $70,000.00 | $73,500.00 | $77,175.00 |
| Construction material hardware | | $0.00 | $50,000.00 | $52,500.00 | $55,125.00 |
| **Total Other Income** | **$375,310.00** | **$618,785.47** | **$1,077,045.00** | **$1,130,897.25** | **$1,187,442.11** |
| | | | | | |
| **Total Revenue** | **$2,014,164.00** | **$2,421,488.02** | **$3,327,045.00** | **$3,493,397.25** | **$3,668,067.11** |
| | | | | | |
| **Total cost of sales** | **$237,110.00** | **$292,196.00** | **$262,000.00** | **$269,860.00** | **$277,955.80** |
| | | | | | |
| **Gross Profit** | **$1,777,054.00** | **$2,129,292.02** | **$3,065,045.00** | **$3,223,537.25** | **$3,390,111.31** |
| | | | | | |
| **EXPENSES** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Salaries & Wages & Emoluments | $1,058,038.00 | $646,985.78 | $1,183,448.86 | $1,218,952.33 | $1,255,520.90 |
| KPA, Customs, & Delivery expenses | $83,676.00 | $54,264.71 | $135,800.00 | $139,874.00 | $139,874.00 |
| Advertisement & Promotion | $2,850.00 | $3,000.00 | $6,000.00 | $6,180.00 | $6,180.00 |
| Fuel and Oil | $211,524.00 | $213,688.58 | $370,000.00 | $381,100.00 | $381,100.00 |
| Ration & Water | $1,184.00 | $3,293.60 | $7,200.00 | $7,416.00 | $7,416.00 |
| Vessel Tools, Repair, & Maintenance | $17,648.00 | $72,594.49 | $100,000.00 | $103,000.00 | $103,000.00 |
| Vehicle Repair & Maintenance | $38,210.00 | $74,546.85 | $180,000.00 | $185,400.00 | $185,400.00 |
| Office Maintenance | $8,963.00 | $5,809.60 | $20,000.00 | $20,600.00 | $20,600.00 |
| Depreciation | $788,247.00 | $567,375.39 | $760,250.00 | $783,057.50 | $783,057.50 |
| Office & Administration expenses | $133,098.00 | $101,141.27 | $207,000.00 | $213,210.00 | $213,210.00 |
| **Total Expenses** | **$2,343,438.00** | **$1,742,700.27** | **$2,969,698.86** | **$3,058,789.83** | **$3,095,358.40** |
| | | | | | |
| **Operating Profit before Tax** | **-$566,384.00** | **$386,591.75** | **$95,346.14** | **$164,747.42** | **$294,752.92** |
| Company Tax @ 35% | $0.00 | -$135,307.11 | -$33,371.15 | -$57,661.60 | -$103,163.52 |
| | -$566,384.00 | $251,284.64 | $61,974.99 | $107,085.83 | $191,589.40 |
| Other Income | | | | | |
| Gain on Disposal | | | | | |
| Defer Capital Income released | $588,311.76 | $441,233.14 | $588,311.00 | | |
| **Total Other Income** | **$588,311.76** | **$441,233.14** | **$588,311.00** | **$0.00** | **$0.00** |
| | | | | | |
| Other Expenses | | | | | |
| Capital Expenditures | | | $545,000.00 | $100,000.00 | $100,000.00 |
| **Total Other Expenses** | | | **$545,000.00** | **$100,000.00** | **$100,000.00** |
| | | | | | |
| **Net Profit For the Year** | **$21,927.76** | **$692,517.78** | **$105,285.99** | **$7,085.83** | **$91,589.40** |

**Table 10. Budgeted Statement of Financial Position 2026 - 2028**

| | Audited 2024 | Actual Jan-Sept25 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| **CURRENT ASSET** | | | | | |
| Cash & Cash equivalent | $166,348.90 | $710,526.92 | $1,011,812.56 | $1,062,403.19 | $1,115,523.35 |
| Trade & Other receivables | $136,011.00 | $121,561.55 | $0.00 | $0.00 | $0.00 |
| Inventory | $301,119.00 | $72,137.69 | $255,000.00 | $267,750.00 | $281,137.50 |
| **Total Current Assets** | **$603,478.90** | **$904,226.16** | **$1,266,812.56** | **$1,330,153.19** | **$1,396,660.85** |
| | | | | | |
| **CURRENT LIABILITIES** | | | | | |
| Provision for Taxation | $0.00 | $135,307.00 | $32,877.65 | $33,535.20 | $34,205.91 |
| Trade & Other Payables | $9,404.00 | $10,395.78 | $2,000.00 | $2,040.00 | $2,080.80 |
| **Total Current Liabilities** | **$9,404.00** | **$145,702.78** | **$34,877.65** | **$35,575.20** | **$36,286.71** |
| **Working Capital** | **$594,074.90** | **$758,523.38** | **$1,231,934.91** | **$1,294,577.99** | **$1,360,374.15** |
| | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| Property, Plant & Equipments | $8,839,913.00 | $9,844,211.40 | $10,399,055.61 | $10,607,036.72 | $10,819,177.46 |
| Prov for Depreciation | -$6,061,015.38 | -$7,268,261.00 | -$8,197,232.00 | -$8,606,662.00 | -$8,792,999.00 |
| **Total Non-Current Assets** | **$2,778,897.62** | **$2,575,950.40** | **$2,201,823.61** | **$2,000,374.72** | **$2,026,178.46** |
| | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | |
| Deferred Capital Income | $1,175,445.00 | $734,211.75 | $145,901.00 | $0.00 | $0.00 |
| **Total Deferred Capital Income** | **$1,175,445.00** | **$734,211.75** | **$145,901.00** | **$0.00** | **$0.00** |
| | | | | | |
| **Net Assets** | **$2,197,527.52** | **$2,600,262.03** | **$3,287,857.53** | **$3,294,952.71** | **$3,386,552.60** |
| | | | | | |
| **OWNER'S EQUITY** | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Retained Earnings | $2,175,600.00 | $1,909,368.94 | $3,182,078.00 | $3,287,363.99 | $3,294,449.82 |
| Current Earnings | $21,927.76 | $692,517.78 | $105,285.99 | $7,085.83 | $91,589.40 |
| **Total Shareholder's Equity** | **$2,197,527.76** | **$2,601,886.72** | **$3,287,363.99** | **$3,294,449.82** | **$3,386,039.21** |

**Table 11. Budgeted Statement of Cash Flow 2026 - 2028**

| | Audited 2024 | Actual Jan-Sept25 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| **Cash Flow from Operations** | | | | | |
| Cash received from customers and donors | $1,966,631.00 | $2,157,078.02 | $3,496,268.00 | $3,601,156.04 | $3,781,213.84 |
| Cash paid to staff and suppliers | -$1,768,120.00 | -$1,236,689.63 | -$2,649,392.10 | -$3,348,506.00 | -$3,625,972.00 |
| Bank Charges | -$4,162.00 | -$1,332.00 | -$2,000.00 | -$2,060.00 | -$2,121.80 |
| **Net Cash Flow from Operations** | **$194,349.00** | **$919,056.39** | **$844,875.90** | **$250,590.04** | **$153,120.04** |
| **Cash Flow from Investment** | | | | | |
| Purchase of Property Plant and Equipment | -$578,759.00 | -$374,877.82 | -$545,000.00 | -$200,000.00 | -$100,000.00 |
| **Cash Flow from Financing** | | | | | |
| Aids | $0.00 | $0.00 | $0.00 | $0.00 | $0.00 |
| **Net Cash Flow** | **-$384,410.00** | **$544,178.57** | **$299,875.90** | **$50,590.04** | **$53,120.04** |
| Opening Cash balance | $550,758.00 | $166,348.00 | $710,527.00 | $1,010,402.90 | $1,060,992.94 |
| Closing Cash Balance | $166,348.00 | $710,526.57 | $1,010,402.90 | $1,060,992.94 | $1,114,112.98 |

## 8.1 Provide generally agreed financial ratio's showing for each year - RoE%, and Working Capital ratio%

| Return on Equity | Audited 2024 | Actual Jan-Sept25 | 2026 | 2027 | 2028 |
|---|---|---|---|---|---|
| Return on Equity (Without DCIR) | -26% | 10% | 2% | 3% | 6 |
| Return on Equity (With DCIR) | 1% | 29% | 4% | 0% | 3 |
| Working Capital ratio | 64 | 6 | 36 | 37 | [illegible] |

Note: DCIR - Deferred Capital Income released

Table 12. Financial ratio for the forecasted years

It should be noted that the establishment of TACL was funded by the EU including the fixed assets provided with a value of $6.27 million. This fund was part of the equity in previous years but was taken off after the Board resolution to amortise it over the years, based on two reasons. First, the company was incurring huge losses due to the amount of depreciation taken to the accounts, and second, the Board does not want to reflect huge losses in the Profit and Loss Statement and that was why the project fund for the assets was amortized over the years. Taking that into account, the RoE recorded for the forecasted years are more than 4% for 2026, 0% for 2027 and 3% for 2028. The working capital ratio is above 30 for the forecasted years.

## 8.2 Provide details of key assumptions that influence the above financial forecasts. Ensure financial forecasts reflect strategies, resource allocations, revenues, costs, assets and liabilities arising from the planned actions and strategies and provide supporting reference notes and statements of explanation.

The financial forecasts depend on the assumption that the revenues from the existing business activities sector are accomplished and that the two extra business activities, wholesaling of construction materials and imported aggregates, are implemented in 2026 in line with the forecasted schedule.

## 8.3 Provide a break-down of the Statement of Financial Performance forecasts to show different types of revenues and expenditures suitable for the business, by department or region, for each year and, if appropriate provide this break-down month-by-month for the next 12-month period

The type of business activities of TACL is limited and all is reflected in the forecasted financial performance table.

## 8.4 Provide a statement of the accounting policies in use.

In terms of reporting, TACL is using the International Financial Reporting Standard and the General Accepted Accounting Practice in Kiribati.