

Cash Flow on Disposition
 Hamilton \$11M Plant Expansion
 Increased production for Product's A & B

November 23, 2009
 Investit Decisions
 Hamilton \$11M Expansion

Cash Flow on Disposition (Before Tax)

| | | |
|--|--|----------------|
| Salvage Value | | \$ 300,000 |
| Less: Selling Expenses | | <u>30,000</u> |
| Cash Flow on Disposition (Before Tax) | | 270,000 |

Cash Flow on Disposition (After Tax)

| | | |
|---|-------------------|-------------------|
| Net Salvage Value | | 270,000 |
| Less: Capital Gains Tax | | |
| Net Salvage Value | 270,000 | |
| Less Cost Basis | <u>11,000,000</u> | |
| Capital Gains | - | x 33.00% x 50.00% |
| | | - |
| Less: Recaptured Depreciation Tax | | |
| Tax Value of Investments on Sale | 300,000 | |
| Less Undepreciated Balance | <u>377,306</u> | |
| Recaptured Depreciation | (77,306) | x 33.00% |
| | | <u>(25,511)</u> |
| Cash Flow on Disposition (After Tax) | | 295,511 |