

Operating Cash Flow Yearly
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 29, 2009
 Investit Decisions
 Replace Example with Revenue & Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
CASH FLOW BEFORE TAX									
Revenue	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Expenses	3,686,000	3,870,950	4,065,187	4,269,176	4,483,409	4,708,401	4,944,690	5,192,847	5,453,467
Net Income	1,814,000	1,904,050	1,998,563	2,097,762	2,201,875	2,311,149	2,425,836	2,546,205	2,672,539
Less: Principle Payments	644,572	705,037	771,174	843,516	922,644	1,009,194	1,103,863	-	-
Interest payments	513,842	453,377	387,239	314,898	235,770	149,220	54,550	-	-
Working Capital Additions	90,000	-	-	-	-	-	-	-	(90,000)
CASH FLOW BEFORE TAX	565,586	745,636	840,149	939,348	1,043,461	1,152,735	1,267,422	2,546,205	2,762,539
Less: Income Tax at 35.00%	(122,445)	(474,014)	(123,262)	142,945	351,396	520,957	664,947	775,670	854,537
CASH FLOW AFTER TAX	688,031	1,219,651	963,411	796,403	692,065	631,778	602,475	1,770,535	1,908,001
INCOME TAX CALCULATIONS									
Net Income	1,814,000	1,904,050	1,998,563	2,097,762	2,201,875	2,311,149	2,425,836	2,546,205	2,672,539
Less: Interest Payments	513,842	453,377	387,239	314,898	235,770	149,220	54,550	-	-
Depreciation & Amortization	1,650,000	2,805,000	1,963,500	1,374,450	962,115	673,481	471,436	330,005	231,004
Taxable Income	(349,842)	(1,354,327)	(352,176)	408,414	1,003,990	1,488,448	1,899,850	2,216,200	2,441,535
Income Tax at 35.00%	(122,445)	(474,014)	(123,262)	142,945	351,396	520,957	664,947	775,670	854,537

Working Capital Yearly
 Plastic Bottle Manufacturing Division
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 Replace Example with Revenue & Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Working Capital									
Balance. Beginning of Year	-	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Additions to Working Capital	90,000	-	-	-	-	-	-	-	(90,000)
Balance. End of Year	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	-
Working Capital Summary									
Balance. Beginning of Year	-	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Additions to Working Capital	90,000	-	-	-	-	-	-	-	(90,000)
Balance. End of Year	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	-

Net Cash Flow (Before Tax)
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

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Year	Investment	Working Capital		Financing		Operating Cash Flow (Before Tax)	Sale Proceeds (Before Tax)	Net Cash Flow (Before Tax)
		Additions	Reductions	Borrow	Paid Back			
Year 1 Jan-Year 1 Dec	\$ (11,578,479)	\$ (90,000)	-	\$ 6,000,000	-	\$ 565,586	-	\$ (5,102,893)
Year 2 Jan-Year 2 Dec	-	-	-	-	-	745,636	-	745,636
Year 3 Jan-Year 3 Dec	-	-	-	-	-	840,149	-	840,149
Year 4 Jan-Year 4 Dec	-	-	-	-	-	939,348	-	939,348
Year 5 Jan-Year 5 Dec	-	-	-	-	-	1,043,461	-	1,043,461
Year 6 Jan-Year 6 Dec	-	-	-	-	-	1,152,735	-	1,152,735
Year 7 Jan-Year 7 Dec	-	-	-	-	-	1,267,422	-	1,267,422
Year 8 Jan-Year 8 Dec	-	-	-	-	-	2,546,205	-	2,546,205
Year 9 Jan-Year 9 Dec	-	-	90,000	-	-	2,762,539	1,000,000	3,852,539
							Total	\$ 7,284,604

Note

The first year investment has been reduced by the Salvage Value of \$ 800,000 before tax and increased by the \$ 1,378,479 Loan Repayment.

Financial Returns (Before Tax)

Internal Rate of Return (IRR)	14.62%
Net Present Value (NPV) at 13.00%	\$ 473,360
Modified Internal Rate of Return (MIRR)	10.39%
Short Term Financing Rate (Before Tax)	8.000%
Short Term Reinvestment Rate (Before Tax)	2.500%
Annual Equivalency at 13.00%	\$ 92,243
Benefit to Cost Ratio at 13.00%	0.97
Payback Period	6.30 years.
Discounted Payback Period at 13.00%	8.63 years.

Net Cash Flow (After Tax)
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 29, 2009
 Investit Decisions
 Replace Example with Revenue & Expenses

Year	Investment	Working Capital		Financing		Operating Cash Flow (After Tax)	Sale Proceeds (After Tax)	Net Cash Flow (After Tax)
		Additions	Reductions	Borrow	Paid Back			
Year 1 Jan-Year 1 Dec	\$ (11,638,479)	\$ (90,000)	-	\$ 6,000,000	-	\$ 688,031	-	\$ (5,040,448)
Year 2 Jan-Year 2 Dec	-	-	-	-	-	1,219,651	-	1,219,651
Year 3 Jan-Year 3 Dec	-	-	-	-	-	963,411	-	963,411
Year 4 Jan-Year 4 Dec	-	-	-	-	-	796,403	-	796,403
Year 5 Jan-Year 5 Dec	-	-	-	-	-	692,065	-	692,065
Year 6 Jan-Year 6 Dec	-	-	-	-	-	631,778	-	631,778
Year 7 Jan-Year 7 Dec	-	-	-	-	-	602,475	-	602,475
Year 8 Jan-Year 8 Dec	-	-	-	-	-	1,770,535	-	1,770,535
Year 9 Jan-Year 9 Dec	-	-	90,000	-	-	1,908,001	838,653	2,836,655
							Total	\$ 4,472,525

Note

The first year investment has been reduced by the Salvage Value of \$ 740,000 after tax and increased by the \$ 1,378,479 Loan Repayment.

Financial Returns (After Tax)

Internal Rate of Return (IRR)	11.10%
Net Present Value (NPV) at 8.45%	\$ 757,237
Modified Internal Rate of Return (MIRR)	7.22%
Short Term Financing Rate (After Tax)	5.200%
Short Term Reinvestment Rate (After Tax)	1.625%
Annual Equivalency at 8.45%	\$ 123,496
Payback Period	7.08 years.
Discounted Payback Period at 8.45%	8.45 years.

Cash Flow on Disposition
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 29, 2009
 Investit Decisions

Replace Example with Revenue & Expenses

Cash Flow on Disposition (Before Tax)

Salvage Value		\$	1,000,000
Less: Selling Expenses			-
Legal Fees			-
Removal Costs			-
Cash Flow on Disposition (Before Tax)			1,000,000

Cash Flow on Disposition (After Tax)

Net Salvage Value			1,000,000
Less: Capital Gains Tax			
Net Salvage Value	1,000,000		
Less Cost Basis	11,000,000		
Capital Gains	-	x 35.00% x 50.00%	-
Less: Recaptured Depreciation Tax			
Tax Value of Investments on Sale	1,000,000		
Less Undepreciated Balance	539,009		
Recaptured Depreciation	460,991	x 35.00%	161,347
Cash Flow on Disposition (After Tax)			838,653

Revenue Calculations. Yearly
Plastic Bottle Manufacturing Division
Replace Equipment Analysis

September 29, 2009
Investit Decisions
Replace Example with Revenue & Expenses

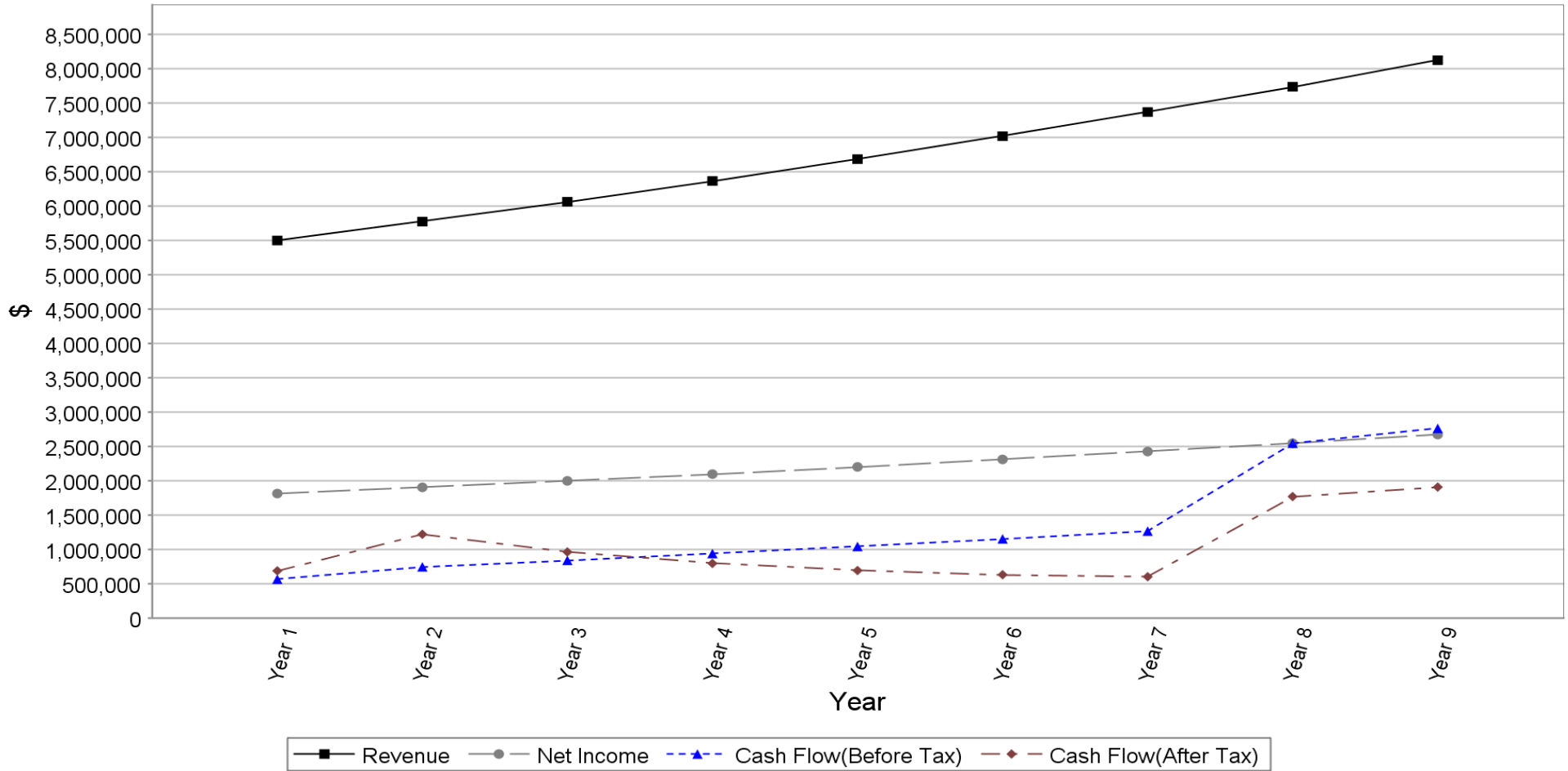
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
REVENUE									
Sales	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Total	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005

Expense Calculations Yearly
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

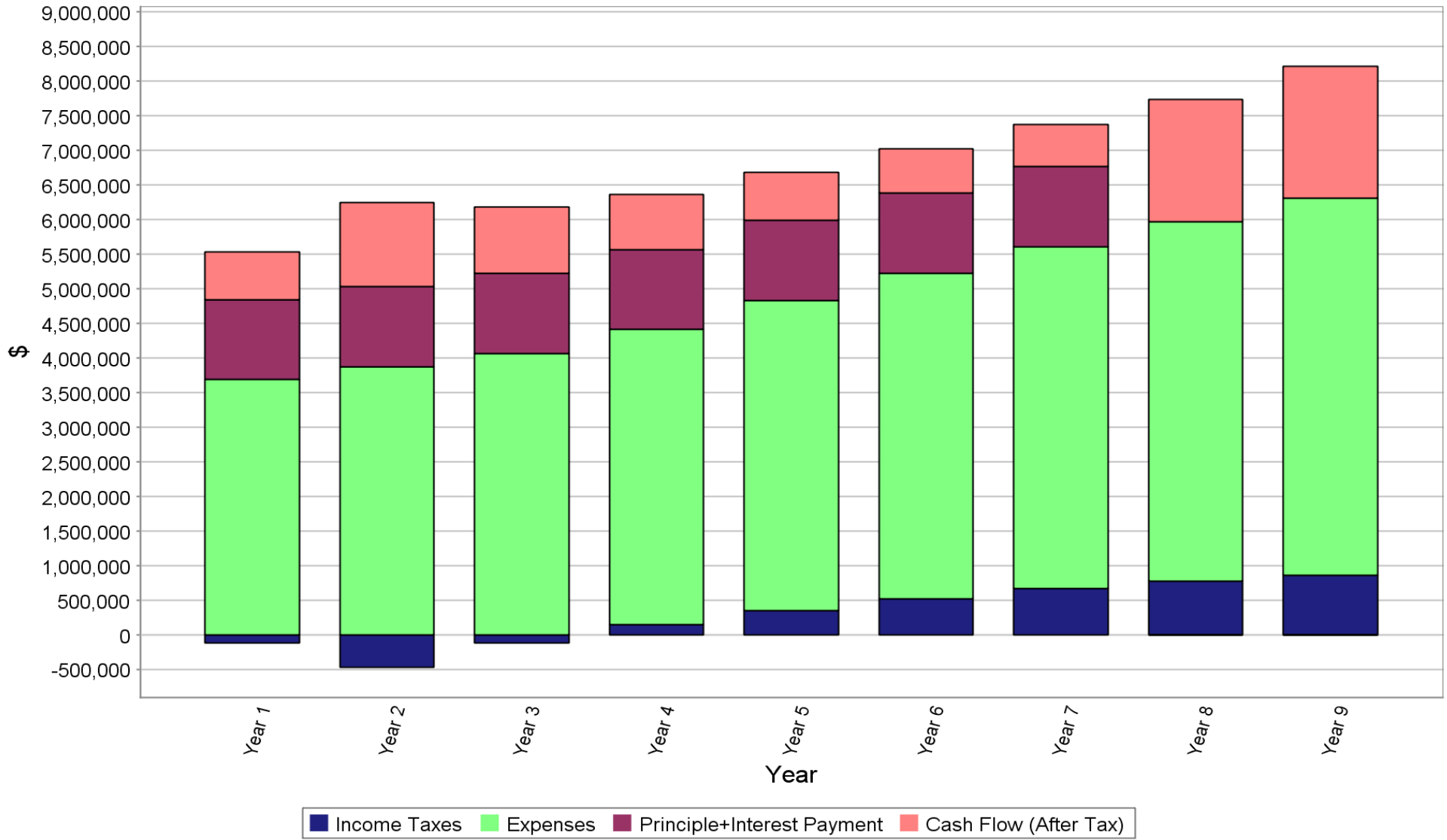
September 29, 2009
 Investit Decisions
 Replace Example with Revenue & Expenses

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
Labor									
Sales	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Total	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Percentage	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Labor	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057	1,403,910	1,474,105	1,547,810	1,625,201
Materials									
Sales	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Total	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Percentage	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Materials	1,100,000	1,155,000	1,212,750	1,273,388	1,337,057	1,403,910	1,474,105	1,547,810	1,625,201
Repairs & Maintenance	536,000	562,800	590,940	620,487	651,511	684,087	718,291	754,206	791,916
Utilities	335,000	351,750	369,338	387,804	407,195	427,554	448,932	471,379	494,948
Insurance	65,000	68,900	73,034	77,416	82,061	86,985	92,204	97,736	103,600
Sales									
Sales	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Total	5,500,000	5,775,000	6,063,750	6,366,938	6,685,284	7,019,549	7,370,526	7,739,052	8,126,005
Percentage	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Sales	550,000	577,500	606,375	636,694	668,528	701,955	737,053	773,905	812,601
Total	3,686,000	3,870,950	4,065,187	4,269,176	4,483,409	4,708,401	4,944,690	5,192,847	5,453,467

Operating Cash Flow Incl. Working Capital



Revenue Distribution



Graph. Present Value & Desired Return (Before Tax)

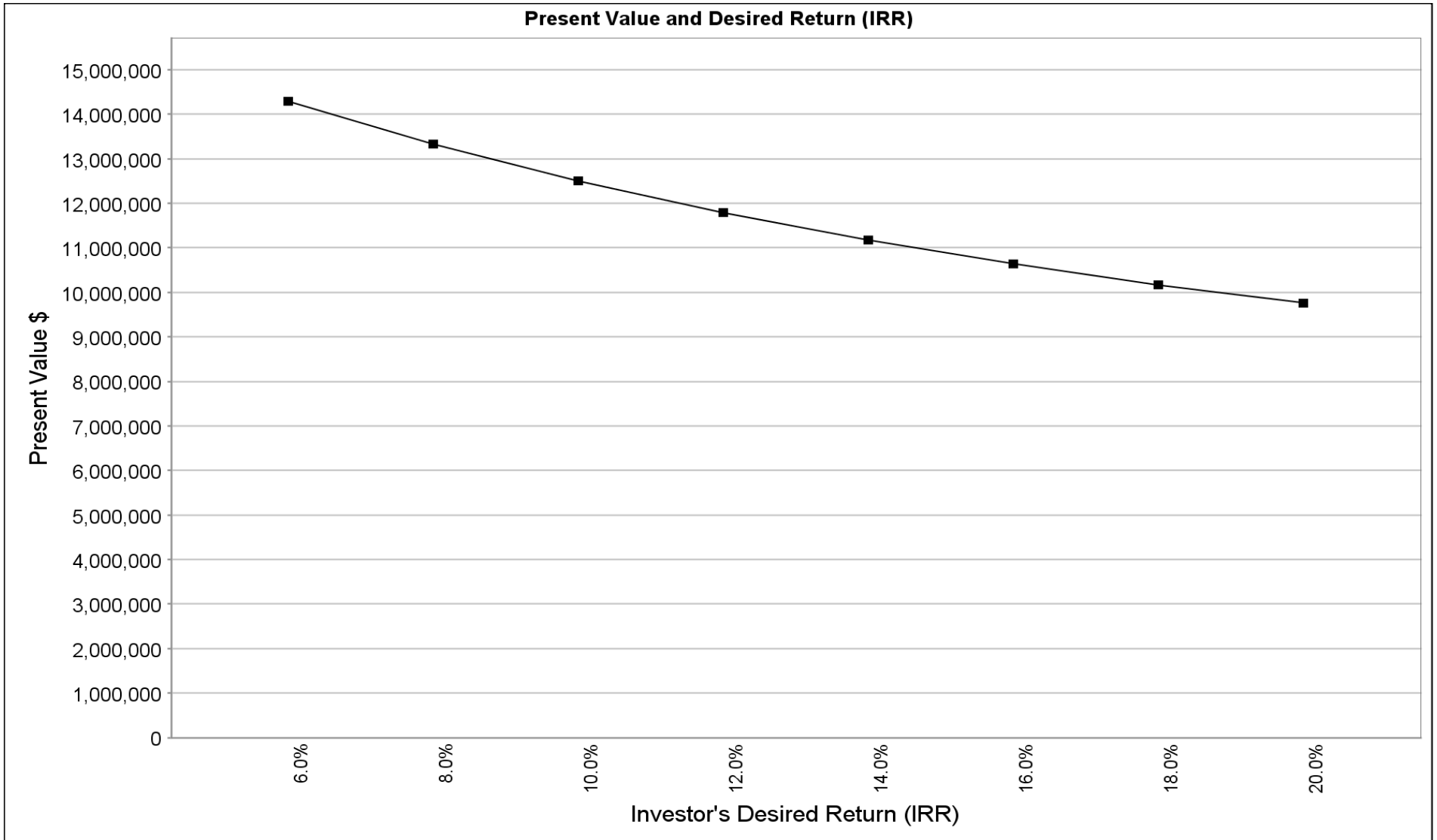
Plastic Bottle Manufacturing Division

Replace Equipment Analysis

September 29, 2009

Investit Decisions

Replace Example with Revenue & Expenses



Input Data Summary
Plastic Bottle Manufacturing Division
Replace Equipment Analysis

September 29, 2009
Investit Decisions
Replace Example with Revenue & Expenses

Decision Replace

Note: For information on Revenue, Expenses and Working Capital inputs and projections see the Revenue, Expense and projections description reports and the Working Capital report.

Project Information

Analysis Period	9 years
Starting date	January Year 1

Investor Information

Marginal Tax Rate	35.00%
Capital Gain	50.00% added to income

Desired Return on Investment (Discount Rate)

Before Tax:	13.00%
After Tax:	8.45%

Short Term Reinvestment Rates

Before Tax:	2.500%
After Tax:	1.625%

Short Term Financing Rates

Before Tax:	8.000%
After Tax:	5.200%

Input Data Summary
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

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 Replace Example with Revenue & Expenses

Investment information

Salvage Value (Before Tax) \$ 800,000
 Salvage Value (After Tax) \$ 740,000
 Financing Repaid \$ 1,378,479

Total Invested in Year 1 is \$ 11,000,000

	CCA Class	Date	Amount	CCA Rate	First Year	Claim CCA in Last Year
New Equipment	Equipment/Machinery	Jan, Year 1	\$ 11,000,000	30.00%	50.00%	Yes

Financing

Equipment Loan

Starts: January Year 1
 Type: Standard Mortgage
 Amount: \$ 6,000,000
 Interest Rate: Fixed
 Payment Frequency: Monthly
 Compounding Frequency: Monthly
 Addit. Payments/Borrowing: No
 Rounding Up to Nearest Cent
 No of Terms: 1

Term	Time Period	Nominal Annual Interest Rate	Amortization
1	7 yrs & 0 mos	9.000%	7 yrs & 0 mos

Input Data Summary
Plastic Bottle Manufacturing Division
Replace Equipment Analysis

September 29, 2009
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Replace Example with Revenue & Expenses

SALVAGE VALUE

Disposition Costs	
Selling Expenses	0% of the Salvage Value
Legal Fees	0% of the Salvage Value
Removal Costs	-

	Capital Investment	Salvage Value	% of Capital Investment
New Equipment	\$ 11,000,000	\$ 1,000,000	9.09%

Projection Descriptions
Plastic Bottle Manufacturing Division
Replace Equipment Analysis

September 29, 2009
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Replace Example with Revenue & Expenses

EXPENSES PROJECTIONS

Labor

Entry Choice: % of Revenue(s)

Sales

Year 1 20.00% of Revenue(s)
 Constant per year for next 8 years

Materials

Entry Choice: % of Revenue(s)

Sales

Year 1 20.00% of Revenue(s)
 Constant per year for next 8 years

Repairs & Maintenance

Entry Choice: \$ per Year

Year 1 \$536,000 per Year
 Compounding at 5.00% per year for next 8 years

Utilities

Entry Choice: \$ per Year

Year 1 \$335,000 per Year
 Compounding at 5.00% per year for next 8 years

Insurance

Entry Choice: \$ per Year

Year 1 \$65,000 per Year
 Compounding at 6.00% per year for next 8 years

Sales

Entry Choice: % of Revenue(s)

Sales

Year 1 10.00% of Revenue(s)
 Constant per year for next 8 years

REVENUE PROJECTIONS

Sales

Entry Choice: \$ per Year

Year 1 \$5,500,000 per Year
 Compounding at 5.00% per year for next 8 years

Capital Cost Allowance Schedules

Plastic Bottle Manufacturing Division

Replace Equipment Analysis Replace Example with Revenue & Expenses

September 29, 2009

Investit Decisions

New Equipment

Starting Date: Year 1 January
Amount: \$ 11,000,000
CCA Claim: Full CCA Claim
CCA Method: Equipment/Machinery
CCA Rate: 30.0%
First Year Rate: 50.0%
Claim CCA in last Year: Yes

<u>Comencing</u>	<u>Value of Improvements</u>	<u>CCA Avaliable</u>	<u>CCA Claimed</u>	<u>Undepreciated Balance</u>
Yr. 1 Jan-Yr. 1 Dec	\$ 11,000,000	\$ 1,650,000	\$ 1,650,000	\$ 9,350,000
Yr. 2 Jan-Yr. 2 Dec		2,805,000	2,805,000	6,545,000
Yr. 3 Jan-Yr. 3 Dec		1,963,500	1,963,500	4,581,500
Yr. 4 Jan-Yr. 4 Dec		1,374,450	1,374,450	3,207,050
Yr. 5 Jan-Yr. 5 Dec		962,115	962,115	2,244,935
Yr. 6 Jan-Yr. 6 Dec		673,481	673,481	1,571,454
Yr. 7 Jan-Yr. 7 Dec		471,436	471,436	1,100,018
Yr. 8 Jan-Yr. 8 Dec		330,005	330,005	770,013
Yr. 9 Jan-Yr. 9 Dec		231,004	231,004	539,009
Total	\$ 11,000,000		\$ 10,460,991	

Mortgage Schedule
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 29, 2009
 Investit Decisions
 Replace Example with Revenue & Expenses

Equipment Loan

Amount: \$ 6,000,000
 Type: Standard Mortgage
 Analysis Start Date: January Year 1
 Mortgage Commences: January Year 1
 Payment Frequency: Monthly
 Payment Rounded: Up to Nearest Cent
 Compounding Frequency: Monthly
 Interest Rate: Fixed
 Additional Payment or Borrowing: No

Term	Start Date of (Balloon) Term	Time Period		Nominal Annual Interest Rate	Amortization	
		Years	Months		Years	Months
1	Year 1 Jan	7	0	9.000 %	7	0

	Outstanding Balance	End of Year Accrued Interest	Mortgage Payout
Payout at end of Analysis Period: Dec Year 9	-	-	-
Payout at end of last Term: Dec Year 7	-	-	-

Time Period	Payment	Interest Payment	Principal Payment	Additional Payment or (Borrowing)	Outstanding Balance
Year 1 Jan-Year 1 Dec	1,158,413.64	513,841.81	644,571.83	-	5,355,428.17
Year 2 Jan-Year 2 Dec	1,158,413.64	453,376.53	705,037.11	-	4,650,391.06
Year 3 Jan-Year 3 Dec	1,158,413.64	387,239.17	771,174.47	-	3,879,216.59
Year 4 Jan-Year 4 Dec	1,158,413.64	314,897.70	843,515.94	-	3,035,700.65
Year 5 Jan-Year 5 Dec	1,158,413.64	235,770.07	922,643.57	-	2,113,057.08
Year 6 Jan-Year 6 Dec	1,158,413.64	149,219.73	1,009,193.91	-	1,103,863.17
Year 7 Jan-Year 7 Dec	1,158,413.58	54,550.41	1,103,863.17	-	-
	8,108,895.42	2,108,895.42	6,000,000.00	-	