



Income & Expense Statement 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 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 | | | | | | | | | | |
| 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 | 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 | 550,000 | 577,500 | 606,375 | 636,694 | 668,528 | 701,955 | 737,053 | 773,905 | 812,601 | |
| Total 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 | |



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REVENUE

Sales

Total Revenue

EXPENSES

Labor

Materials

Repairs & Maintenance

Utilities

Insurance

Sales

Total Expenses

Net Income



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% | (94,945) | (435,121) | (109,506) | 142,953 | 344,530 | 413,068 | 486,343 | 719,368 | 935,388 |
| CASH FLOW AFTER TAX | 660,531 | 1,180,758 | 949,655 | 796,395 | 698,932 | 739,667 | 781,079 | 1,826,837 | 1,827,150 |
| 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 | 1,571,429 | 2,693,877 | 1,924,198 | 1,374,427 | 981,734 | 981,734 | 981,734 | 490,867 | - |
| Taxable Income | (271,271) | (1,243,204) | (312,874) | 408,437 | 984,371 | 1,180,195 | 1,389,552 | 2,055,338 | 2,672,539 |
| Income Tax at 35.00% | (94,945) | (435,121) | (109,506) | 142,953 | 344,530 | 413,068 | 486,343 | 719,368 | 935,388 |



Working Capital 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 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 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

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

| 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 | - | \$ 660,531 | - | \$ (5,067,948) |
| Year 2 Jan-Year 2 Dec | - | - | - | - | - | 1,180,758 | - | 1,180,758 |
| Year 3 Jan-Year 3 Dec | - | - | - | - | - | 949,655 | - | 949,655 |
| Year 4 Jan-Year 4 Dec | - | - | - | - | - | 796,395 | - | 796,395 |
| Year 5 Jan-Year 5 Dec | - | - | - | - | - | 698,932 | - | 698,932 |
| Year 6 Jan-Year 6 Dec | - | - | - | - | - | 739,667 | - | 739,667 |
| Year 7 Jan-Year 7 Dec | - | - | - | - | - | 781,079 | - | 781,079 |
| Year 8 Jan-Year 8 Dec | - | - | - | - | - | 1,826,837 | - | 1,826,837 |
| Year 9 Jan-Year 9 Dec | - | - | 90,000 | - | - | 1,827,150 | 650,000 | 2,567,150 |
| | | | | | | | 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% | \$ 759,691 |
| Modified Internal Rate of Return (MIRR) | 7.23% |
| Short Term Financing Rate (After Tax) | 5.200% |
| Short Term Reinvestment Rate (After Tax) | 1.625% |
| Annual Equivalency at 8.45% | \$ 123,897 |
| Payback Period | 6.90 years. |
| Discounted Payback Period at 8.45% | 8.39 years. |



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 | <u>11,000,000</u> | | |
| Capital Gains | - | x 35.00% | - |
| Less: Recaptured Depreciation Tax | | | |
| Tax Value of Investments on Sale | 1,000,000 | | |
| Less Adjusted Basis | <u>-</u> | | |
| Recaptured Depreciation | 1,000,000 | x 35.00% | <u>350,000</u> |
| Cash Flow on Disposition (After Tax) | | | 650,000 |



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 |



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 Tax Rate 35.00%
Recaptured Deprec. Tax Rate 35.00%

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

September 29, 2009
 Investit Decisions
 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

| | Investment Type | Date | Amount | Recovery Period Years |
|---------------|--|-------------|---------------|-----------------------|
| New Equipment | Personal Property. 200% Declining Bal. | Jan, Year 1 | \$ 11,000,000 | 7.00 |

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
Investit Decisions
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
Investit Decisions
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



Depreciation Schedules
 Plastic Bottle Manufacturing Division
 Replace Equipment Analysis

September 29, 2009
 Investit Decisions

Replace Example with Revenue & Expenses

New Equipment

Starting Date: Year 1 January
 Depreciation Method: Personal Property. 200% Declining Bal.
 Recovery Period: 7.0 Year(s)
 First Year Convention: Half-Year 50.0%
 Last Year Convention: 50.0%
 Amount \$ 11,000,000

| Period | Cost Basis | Adjusted Cost Basis | Depreciation | Undepreciated Balance |
|---------------------|----------------------|---------------------|----------------------|-----------------------|
| Yr. 1 Jan-Yr. 1 Dec | \$ 11,000,000 | \$ 11,000,000 | \$ 1,571,429 | \$ 9,428,571 |
| Yr. 2 Jan-Yr. 2 Dec | | 9,428,571 | 2,693,877 | 6,734,694 |
| Yr. 3 Jan-Yr. 3 Dec | | 6,734,694 | 1,924,198 | 4,810,496 |
| Yr. 4 Jan-Yr. 4 Dec | | 4,810,496 | 1,374,427 | 3,436,069 |
| Yr. 5 Jan-Yr. 5 Dec | | 3,436,069 | 981,734 | 2,454,335 |
| Yr. 6 Jan-Yr. 6 Dec | | 2,454,335 | 981,734 | 1,472,601 |
| Yr. 7 Jan-Yr. 7 Dec | | 1,472,601 | 981,734 | 490,867 |
| Yr. 8 Jan-Yr. 8 Dec | | 490,867 | 490,867 | - |
| Total | \$ 11,000,000 | | \$ 11,000,000 | |



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 | - | |