

Financials for MCRI

Table 5 : Cash Flow Analysis for 5 year Period

Operating Year	1	2	3	4	5	
	Pilot	Full scale			expand	expand
Revenue from plants sold		0.00	3,000,000.00	10,000,000.00		
Number of plants sold		0	3	10		
Total Revenue		\$ -	\$ 3,000,000.00	\$ 10,000,000.00		
Engineering		\$ 780,000.00				
Direct costs	5,000.00	\$ 20,000.00	\$ 20,000.00	\$ 30,000.00		
Procurement cost			\$ 1,800,000.00	\$ 6,000,000.00		
Royalty © 4%			\$ 120,000.00	\$ 400,000.00		
Indirect: Payroll, sales/admin	195,000.00	\$ 200,000.00	\$ 200,000.00	\$ 400,000.00		
Yearly Expenses¹	200,000.00	\$ 1,000,000.00	\$ 2,140,000.00	\$ 6,830,000.00		
Investment in pilot plant	800,000.00					
Profits before taxes	\$ (1,000,000.00)	\$ (1,000,000.00)	\$ 860,000.00	\$ 3,170,000.00		
Taxes state AL 6.5%						
Taxes federal rate 35%						
Cumulative NCF	\$ (1,000,000.00)	\$ (2,000,000.00)	\$ (1,140,000.00)	\$ 2,030,000.00		
Net Present Value³	\$ 1,327,833.66					
Internal Rate of Return	35.66%					
Payback Period (yrs)						
Auburn University Revenue 4% sales	0.00	0.00	120,000.00	400,000.00		
4% of profits		0.00				
Total revenue for AU	0.00	0.00		526,800.00		

Break even
1.24 units

NOTE: Cash flow from sale of nylon pellets purchased from customers not included. It could increase the cash flow.

(a) rates pertain to Auburn, AL
(b) turn-key plants made by subcontractors
© Royalty to Auburn University 4% until patent runs out in 2017
³ Cost of Capital assumed = 8%

Thaoms Walter Center

Confidential

Phone: (334) 844-4333

Fax: (334) 844-1678