

Table IC 4-1. Balance Sheets

	<u>2009E</u>	<u>2008</u>	<u>2007</u>
<i>Assets</i>			
Cash	\$ 85,632	\$ 7,282	\$ 57,600
Accounts receivable	878,000	632,160	351,200
Inventories	<u>1,716,480</u>	<u>1,287,360</u>	<u>715,200</u>
Total current assets	\$2,680,112	\$1,926,802	\$1,124,000
Gross fixed assets	1,197,160	1,202,950	491,000
Less accumulated depreciation	<u>380,120</u>	<u>263,160</u>	<u>146,200</u>
Net fixed assets	<u>\$ 817,040</u>	<u>\$ 939,790</u>	<u>\$ 344,800</u>
Total assets	<u><u>\$3,497,152</u></u>	<u><u>\$2,866,592</u></u>	<u><u>\$1,468,800</u></u>
<i>Liabilities and Equity</i>			
Accounts payable	\$ 436,800	\$ 524,160	\$ 145,600
Notes payable	300,000	636,808	200,000
Accruals	<u>408,000</u>	<u>489,600</u>	<u>136,000</u>
Total current liabilities	\$1,144,800	\$1,650,568	\$ 481,600
Long-term debt	400,000	723,432	323,432
Common stock	1,721,176	460,000	460,000
Retained earnings	<u>231,176</u>	<u>32,592</u>	<u>203,768</u>
Total equity	<u>\$1,952,352</u>	<u>\$ 492,592</u>	<u>\$ 663,768</u>
Total liabilities and equity	<u><u>\$3,497,152</u></u>	<u><u>\$2,866,592</u></u>	<u><u>\$1,468,800</u></u>

Note: "E" indicates estimated. The 2009 data are forecasts.

Table IC 4-2. Income Statements

	<u>2009E</u>	<u>2008</u>	<u>2007</u>
Sales	\$7,035,600	\$6,034,000	\$3,432,000
Cost of goods sold	5,875,992	5,528,000	2,864,000
Other expenses	<u>550,000</u>	<u>519,988</u>	<u>358,672</u>
Total operating costs excluding depreciation	<u>\$6,425,992</u>	<u>\$6,047,988</u>	<u>\$3,222,672</u>
EBITDA	\$ 609,608	(\$ 13,988)	\$ 209,328
Depreciation	<u>116,960</u>	<u>116,960</u>	<u>18,900</u>
EBIT	\$ 492,648	(\$ 130,948)	\$ 190,428
Interest expense	<u>70,008</u>	<u>136,012</u>	<u>43,828</u>
EBT	\$ 422,640	(\$ 266,960)	\$ 146,600
Taxes (40%)	<u>169,056</u>	<u>(106,784)^a</u>	<u>58,640</u>
Net income	<u>\$ 253,584</u>	<u>(\$ 160,176)</u>	<u>\$ 87,960</u>
EPS	\$ 1.014	(\$ 1.602)	\$ 0.880
DPS	\$ 0.220	\$ 0.110	\$ 0.220
Book value per share	\$ 7.809	\$ 4.926	\$ 6.638
Stock price	\$ 12.17	\$ 2.25	\$ 8.50
Shares outstanding	250,000	100,000	100,000
Tax rate	40.00%	40.00%	40.00%
Lease payments	40,000	40,000	40,000
Sinking fund payments	0	0	0

Note: "E" indicates estimated. The 2009 data are forecasts.

^a The firm had sufficient taxable income in 2006 and 2007 to obtain its full tax refund in 2008.

Table IC 4-3. Ratio Analysis

	<u>2009E</u>	<u>2008</u>	<u>2007</u>	<u>Industry Average</u>
Current		1.2x	2.3x	2.7x
Quick		0.4x	0.8x	1.0x
Inventory turnover		4.7x	4.8x	6.1x
Days sales outstanding (DSO) ^a		38.2	37.4	32.0
Fixed assets turnover		6.4x	10.0x	7.0x
Total assets turnover		2.1x	2.3x	2.6x
Debt ratio		82.8%	54.8%	50.0%
TIE		-1.0x	4.3x	6.2x
Operating margin		-2.2%	5.6%	7.3%
Profit margin		-2.7%	2.6%	3.5%
Basic earning power		-4.6%	13.0%	19.1%
ROA		-5.6%	6.0%	9.1%
ROE		-32.5%	13.3%	18.2%
Price/earnings		-1.4x	9.7x	14.2x
Market/book		0.5x	1.3x	2.4x
Book value per share		\$4.93	\$6.64	n.a.

Note: "E indicates estimated. The 2009 data are forecasts.

^a Calculation is based on a 365-day year.