



## Tarnell Resume

**TARNELL**  
TRANSACTION WITH AN EDGE.

### XYZ Plastics, Inc.

(C1234-F123400)

October 30, 2007

1000 Main Street  
Providence, RI 02903  
Tel: 401-555-1212  
[www.xyzplastics.com](http://www.xyzplastics.com)

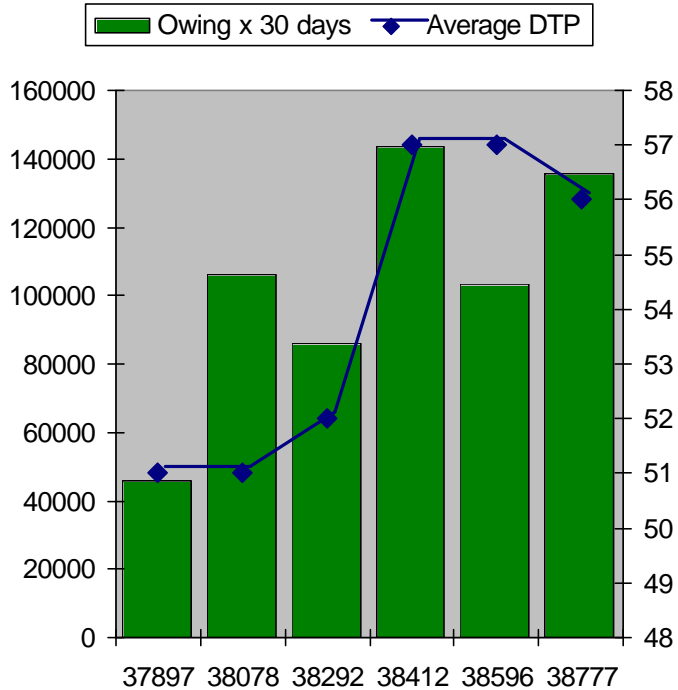
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Providence, RI 02903  
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#### Business Standing

**9/2006 Insight PPR:** 12 experiences. Average days to pay were 56. Weighted average days to pay were 55. Billing terms vary. High credit \$487,596.

The company's average days to pay for reporting cycles dating back to 6/2003 averaged 53 days. The weighted average days to pay for the same period averaged 52 days. Since 7/2003, high credit increased from \$367,290 to \$487,596. Average days to pay increased from 51 to 56; weighted average days to pay increased from 52 to 55 and number of experiences increased from 9 to 12. Total owing increased from \$541,663 in 7/2003, peaking at \$1,156,195 in 11/2004 before falling to \$500,000 range on last 2 PPRs.

Of the current amount owed, 70% is owed to Producers and 30% is owed to distributors



#### Finances

Fiscal year ends 9/30. Credit Manager James Doe reported a net profit of \$483,000 on sales of \$31,000,000 for FYE 9/2005, representing improvements compared to a net profit of \$247,000 on sales of \$30,421,000 for FYE 9/2004. Gross profit for FYE 9/2005, FYE 9/2004 and FYE 9/2003 was \$6,800,000, \$7,602,000 and \$8,425,000, respectively, yielding margins of 22%, 25% and 26.8%, respectively.

Cash flow from operations is positive.

Subject has access to a \$3.5 million line of credit held by its parent company, Sample Corp. In addition, the company maintains a \$250,000 credit line which has never been advanced on.

Retained earnings at 9/30/2005, 9/30/2004 and 9/30/2003 were \$10,504,000, \$10,021,000 and \$9,774,000, respectively. Net worth at 9/30/2005 was \$12,632,000 compared to \$12,149,000 at 9/30/2004. Ratio of accounts receivable to accounts payable at 9/30/2005 was 1.3:1. Subject is presently operating at 70% of its total available production capacity.

In a 1/2006 communiqué with RI state public records, 21 UCC liens were found active, dated 6/21/1994 through 7/28/2003. The collateral included equipment and proceeds.

**The company's customers include ABC Products and CDF Systems, Inc.**

Operational information and the following balance sheet information were provided by Mr. Doe.

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**Financial Statement:**

	<u>9/30/2005</u>	<u>9/30/2004</u>	<u>9/30/2003</u>
Cash	\$26,000	\$8,000	\$38,000
Accounts Receivables	\$3,124,000	\$2,838,000	\$3,208,000
Inventory	\$4,165,000	\$4,128,000	\$4,423,000
Total Current Assets	\$17,157,000	\$6,974,000	\$7,669,000
Accounts Payable	\$2,367,000	\$1,237,000	\$2,005,000
Total Current Debt	\$5,915,000	\$4,479,000	\$5,427,000
Working Capital	\$11,242,000	\$2,495,000	\$2,242,000
Fixed Assets	\$5,391,000	\$6,495,000	\$7,038,000
Other Assets	\$82,000	\$8,670,000	\$8,307,000
Other Debt	\$4,083,000	\$5,511,000	\$5,685,000
Total Assets	\$22,630,000	\$22,139,000	\$23,014,000
Total Debt	\$9,998,000	\$9,900,000	\$11,112,000
Net Worth	\$12,632,000	\$12,149,000	\$11,902,000
Sales	\$31,000,000	\$30,421,000	\$31,428,000
Profit / (Loss)	\$483,000	\$247,000	\$506,000

**Financial Performance:**

Current Ratio	2.90	1.56	1.41
Quick Ratio	2.2	0.6	0.6
Debt / Equity	79.0%	82.0%	93.0%
Current Debt / NW	46.8%	36.9%	45.6%
Fixed Assets / NW	42.7%	53.5%	59.1%
Debt / Assets	44.0%	45.0%	48.0%
LTD / Total Debt	41.0%	55.0%	51.0%
A/R Turns	36 Days	34 Days	37 Days
Return on Sales	2.0%	1.0%	2.0%
Return on Equity	4.0%	2.1%	1.6%
Return on Assets	2.2%	1.1%	2.2%

**Notes to Financial Statements:**

For FYE 9/2004: Other assets consisted of \$7,635,000 other receivables, \$452,000 prepaid expenses and unidentified other current assets \$494,000 molds under construction and \$90,000 net goodwill. Other liabilities consisted of \$5,511,000 notes and mortgages payable.

For FYE 9/2005, Other current assets, included but not listed separately, included: Other receivables \$9,402,000 and Prepaid expenses \$440,000. Other assets included Goodwill \$82,000. Other debt consisted of Notes and Mortgages payable \$4,083,000.

Continued receipt of financial statements is required for an accurate analysis of condition and trend.

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**Corporate Tree:**

Sample Corp.	Dover, DE	Not Covered
<b>XYZ Plastics, Inc.</b>	<b>Providence, RI</b>	<b>#123400</b>
- Sample Systems	Dover, DE	Not Covered
- Sample Products, Inc.	Dover, DE	Not Covered
- Jones Products, Inc.	Maywood, NJ	Not Covered
- Brown Systems, Inc.	Warwick, MD	Not Covered

Subject is wholly owned by SAMPLE CORP., DOVER, DE, privately owned holding company operating via subject and the above listed subsidiaries. Inter-company relations were not defined.

**Management and Ownership:**

Al Jones, Bd. Chmn./Secy. .  
Cindy Allen, Pres. Oversees equipment purchasing  
John Tarnell, VPRES. Oversees finances and operations.  
Directors- The officers and Helen Werner.

11/27/1987 RI corporation, charter# R12345145. Subject is a successor company to a 1939 RI corporation.

Operates as a wholly-owned subsidiary of Sample Corp. In 9/1979, XYZ Plastics, Inc. merged with Your Plastics, Inc., a new FL corporation, and their combined operations consolidated at caption location.

JONES is also Bd. Chmn. of parent and primarily active in the management of that firm. WERNER is President of parent company.

TARNELL has been with subject since 1976. He is subject's Chief Operating Officer and represents an extensive plastics background.

JOHN WATKINS is VPRES. of Finance and Operations.

JAMES DOE is Credit Manager

BARBARA MARSHALL is Engineering Manager.

RICHARD WOOD has charge of materials purchasing.

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### Resin and Material Converting Assets:

47 Active Horizontal Injection Molding Machines 75 ton - 600 ton; 3 - 120 oz.

Operates 109 pieces of Auxilliary and Secondry equipment , including Resin Handling, Blending / Compounding, Robotics, Regrinding, packaging, hot stamping, sonic welding.

200,000 ft Company Owned Facility

Rail Siding

4 Silos with 310,000 lbs capacity

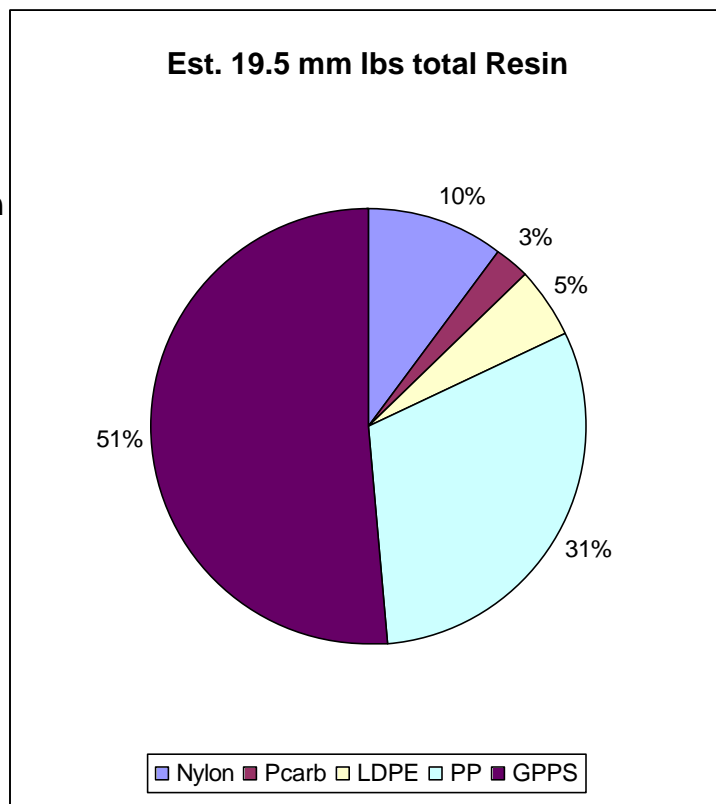
### Resin Purchasing and Consumption Data

Utilizes approx. 20 million lbs. annually of prime grade LDPE, PP, GPPS, nylon, PC and colorants.

Purchases over 5 million lbs. of PP annually

Buys in bag, gaylord, truckload and railcar quantities.

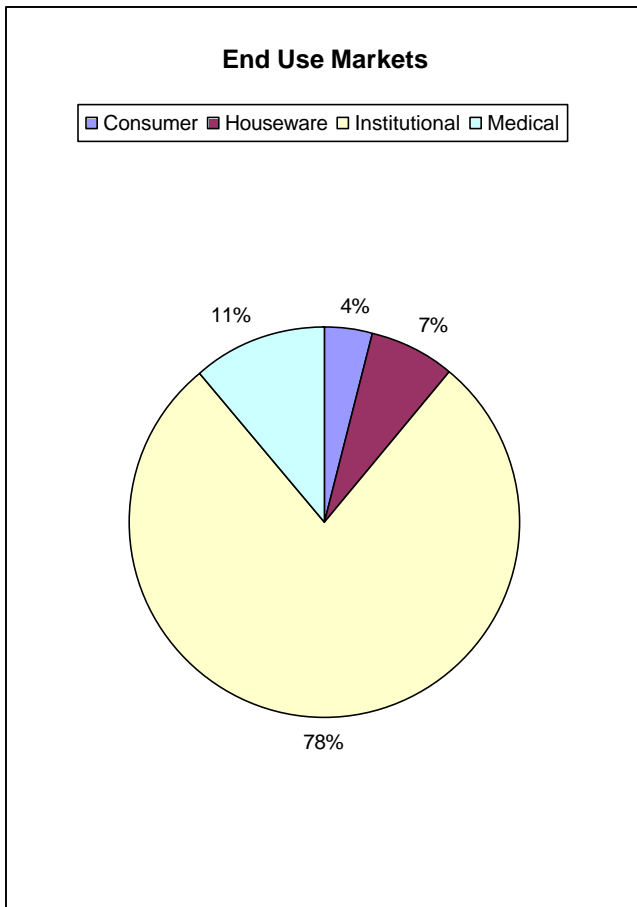
Grinds and reuses scrap except PP scrap which is sold.



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**Key Customers:**

ABC Products; CDF Systems

**Manufactured Items:**

20 % Custom Molded Products; 80% proprietary disposables

- Dental Instrument Parts
- Medical Components - Cages
- Housewares - Cutlery
- Baskets
- Disposable Bowls and Trays

**Distribution:**

Sells to approximately 400 manufacturers and retailers serving the housewares, medical research, pharmaceutical and food packaging industries. Marketing area is national but concentrated in the eastern half of the country. Domestic terms are N30 day. Has minimal export to Canada and France. Spring is heaviest season.

**Banking Relations:**

Referenced bank deferred release of account information to customer authorization. Authorization was not obtained from the company

**Suits, Liens, Filings**

In a 1/2006 communiqué with RI state public records, 21 UCC liens were found active, dated 6/21/1994 through 7/28/2003. The collateral included equipment and proceeds.

**Financial References**

Public Accountant- Holmes & Jones, CPAs, Smithfield, RI  
Bank- Citizens Bank, Providence, RI  
UCC secured parties include: ABC Leasing, LLC, Newark, NJ  
Citizens Bank, Providence, RI