

Year	Investment	Net Receipts	Change in Value	Value	Income	Cash Flow	Tax Value	Tax Deprecn
0	1000			1000		-1000	1000	
1	0	0	100	1100	100	0	1000	0
2	0	0	110	1210	110	0	1000	0
3	0	303	-182	1029	121	303	850	-150
4	0	257	-154	874	103	257	723	-128
5	-743	219	-131	743	87	962	614	-108

Tax value declining at 15% (reducing balance depreciation) from year of first net receipts

Tot income 521.3
Foreign tax 104.3

Value increases as the delay before accessing first net receipts in Year 3 decreases

Pre-tax Actual value declining at 15%

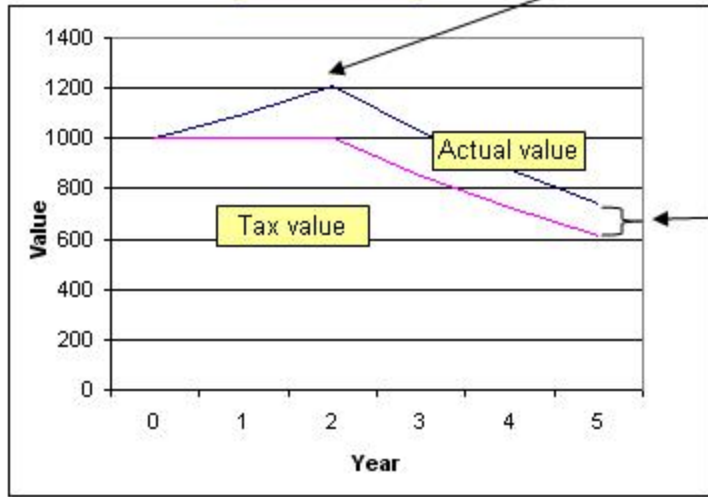
10.00%

Pre-tax return

Year	Benchmark		Tax Treatment	
	Tax	Cash Flow	Tax	Cash Flow
0	0	-1000		-1000
1	20	-20	0	0
2	22	-22	0	0
3	24	278	31	272
4	21	237	26	231
5	17	944	48	914

Post-tax 104 8.00% 104 8.19%

Benchmark: For direct investor, tax at 20% on net receipts plus annual change in value reduces 10% pre-tax return by 20% to 8.0%



Depreciation balancing adjustment on sale

Selected tax treatment: For direct investor, tax at 20% on net receipts plus 15% depreciation (plus balancing adjustment on sale) produces after-tax return of 8.2%. For IntCo, net receipts plus tax depreciation (and balancing adjustment) is added to the company's tax assessment.

DEPRECIATING ASSET HELD BY INTCO