



As we can see from the table with calculation, the NPV of the project is 483,040 dollars, so the project will be profitable and the company will get money back in 10 years. But 10 years is not enough to get such high profits as with the old technology.

Before		Cash	Discounted Cash	After	
Year	Quantity	Flows	Flows	Cash	Discounted Cash Flows
0				-200000	-200000,00
1	1120	56000	51376,15	72800	66788,99
2	1254	56000	47134,08	72800	61274,30
3	1405	62700	48415,90	81510	62940,68
4	1574	70250	49766,87	91325	64696,93
5	1762	78700	51149,60	102310	66494,48
6	1974	88100	52531,15	114530	68290,50
7	2211	98700	53992,28	128310	70189,96
8	2476	110550	55481,32	143715	72125,71
9	2773	123800	57000,96	160940	74101,25
10	3106	138650	58567,26	180245	76137,44

Unit profit 1 = \$50
 Unit profit 2 = \$65

NPV 1 = 525415,57	NPV 2 = 483040,24
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