

FAVA Enterprises, LLC

***A Business Platform
Designed for High Yield Investment Opportunities***

***\$21.6M Senior Secured TIGRcub notes
January 2013***

Confidential

Table of Contents

- ▶ **Transaction Overview**
 - Sources & Uses of Funds [Slide 5](#)
 - Summary of Proposed Terms [Slide 6](#)
 - FAVA Organizational Structure [Slide 7](#)
 - Investment Highlights [Slide 8](#)

- ▶ **Business Overview**
 - **Fava Enterprises Overview** [Slide 9](#)
 - Fava Business Model [Slide 11](#)
 - Fava Management Personnel [Slide 12](#)
 - TDR Group, Inc. [Slide 13](#)
 - Tire Disposal & Recycling, Inc. [Slide 14](#)
 - Waste Recovery West, Inc. [Slide 15](#)
 - Krider Construction, Inc. [Slide 16](#)

- ▶ **Business Strategy**
 - Krider Group Company Acquisitions [Slide 17](#)
 - Krider & Hope Companies [Slide 19](#)
 - Krider Group Highlights [Slide 20](#)

Table of Contents (cont.)

▶ **Tire Market Summary Information**

- Tire Market & Industry Overview [Slide 23](#)
- National Tire Market Summary [Slide 24](#)
- Scrap Tire Market Summary [Slide 25](#)
- Scrap Tire Market Trends [Slide 26](#)
- Ground Rubber Market Distribution [Slide 27](#)
- Tire Material Usage Summary [Slide 28](#)
- Tire Components and Materials [Slide 29](#)

▶ **Financial Overview**

- Debt Service Coverage [Slide 31](#)
- Financial Income Statement [Slide 32](#)
- Krider Group Actual Historical IBITDA [Slide 33](#)
- Krider Group Results of Operations [Slide 34](#)
- FAVA EBITDA BRIDGE [Slide 35](#)

▶ **Fava Development Strategy**

- Fava Strategic Development Plan [Slide 36](#)

▶ **Fava Exit Strategy**

[Slide 37](#)

[Slide 38](#)

Transaction Overview

Transaction Overview

- ▶ FAVA has issued and received a signed and binding “Letter of Intent” to acquire the Krider Group of Companies, TDR Group, Inc., known as TDR Group, Tire Disposal and Recycling, Inc. known as (TDR) and Waste Recovery, Inc. known as (WRI) and Krider Construction, Inc., known as (KCI).
- ▶ The Krider Group of companies have operations in five (5) states and three (3) Processing Plants in two (2) states. The locations are Portland, Oregon, Prineville, Oregon and Stockton, California.
- ▶ FAVA Enterprises is 100% owned by Fred and Bernie Conte. FAVA will acquire 100.0% of the Krider Group of Companies. The purchase includes equipment sufficient to operate its tire remediation businesses, numerous parcels of commercial and industrial properties, and environmental and business permits associated with the properties and operations. The operations of TDR, WRW and KCI are fully permitted at the state and federal levels.
- ▶ FAVA intends to acquire the Krider Group of Companies for approximately \$18M, and has engaged a placement agent to raise \$21.6M of Senior Secured Top-Line Income Generation Rights Certificates (the “Notes”), known as TIGRcub® securities . Fava is investing \$4.5 million cash into the acquisition of the Krider Group..
- ▶ FAVA believes with the current new contracts, new equipment, expanding into new markets such as Lowes, Home Depot and Menards over the next 3 to 5 years, that it will be able to increase revenues from \$11M to \$20M annually over a period of 5 years.

[Back to TOC](#)

Source & Use of Funds Table

► Sources & Uses Table

FAVA Group
Sources and Uses (\$)

Sources	Amt	Uses	Amt
Senior Secured Notes	\$21,600,000	Acquisition of Krider Group:	\$18,000,000
Cash Common Equity	\$4,500,000	Working Capital	
		Equipment	\$2,500,000
		Engineering	\$1,230,000
		Marketing	\$450,000
		Other	\$2,546,000
		Total Working Capital	\$6,726,000
		Fees and Expenses	
		Entrex	\$324,000
		Placement Agents	\$550,000
		Legal and Consulting	\$500,000
		Total Fees and Expenses	\$1,374,000
Total Sources of Funds	<u>\$26,100,000</u>	Total Use of Funds	<u>\$26,100,000</u>

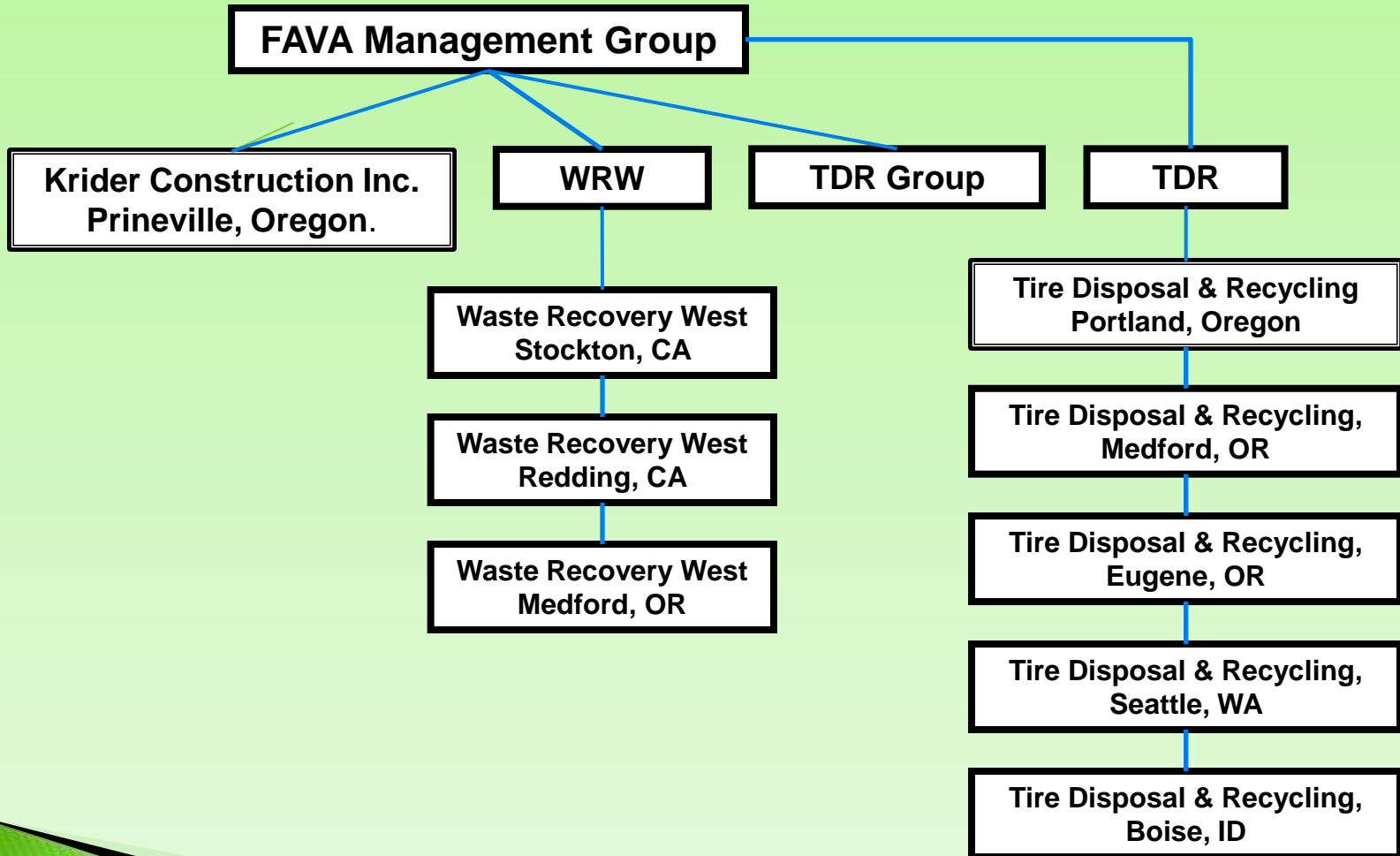
[Back to TOC](#)

Summary of Proposed Terms

- ▶ FAVA has engaged a placement agent to raise \$21.6M of Senior Secured Top-Line Income Generation Rights Certificates (the “Notes”), known as TIGRcub[®] securities, to be issued by FAVA.
- ▶ The Company is offering the TIGRcub[®] securities with a revenue participation percentage of 7% of FAVA’s GAAP defined gross revenues. Based on this revenue participation percentage, the investor in the TIGRcub[®] securities would realize a 12% internal rate of return if held through maturity based on FAVA’s base case revenue projection. The Notes will have a term of 5 years and will be secured by a first lien on all assets of Fava Enterprises, LLC and the acquired Krider and Hope Group.
- ▶ The proceeds will be used to purchase the Krider and Hope Group of Companies, for working capital, and for transaction related fees and expenses. FAVA Enterprises, LLC., will guarantee the minimum monthly payments, as well as payment in full at final maturity of the TIGRcub[®] Certificates.

[Back to TOC](#)

FAVA Organizational Structure



[Back to TOC](#)

Investment Highlights

Companies with over 30 Years of Operations

TDR has been in operation since 1989, WRW since 1982 and KCI since 1993. That is 72 years of combined operations.

Solid Revenue Streams from over 3000 Customers

The combined Krider Group has over 3000 Retail and Government Customers with a combined revenue of over \$9M Annually with expected increases of 5% annually.

New Contracts in 2012 with over \$1.2M Annually

TDR & WRW have both succeeded in obtaining new international contracts as well as a recent contract with the State of Washington increasing annual revenue by \$1.2M combined.

Compelling Market Summary

Looking at the most recent Tire Market Sales 2012 has an overall increase of 64% in consumer tires and 74% in commercial tires. *This directly increases the scrap tire inventory.*

Management Experience

The two existing Managers Don Krider and Mark Hope have a combined experience of over 60 years in the Tire Recycling Business and with Fred Conte's 30 years Business Management Experience.

TIGRcub Structure

Notes provide monthly debt service payment equal to 7% percent of gross revenue of FAVA Group. Investors' participation in revenue allows for de-risking through amortization and attractive return with a 12% IRR.

[Back to TOC](#)

Company Overview

FAVA Enterprises, LLC Overview

- **A Management Company that provides a solid foundation for strong returns in sound Investments**
- **An Investment Opportunity for Short & Long Term Growth**
- **Acquisitions in Green Technologies & Cutting Edge Industries**
- **Current Business with Profitable Operational History**
- **Acquisitions with Demonstrated Dynamic Growth**
- **Current Acquisition: The Krider & Hope Group**

FAVA Business Model

▶ **Business**

- Receiving & Recycling Used Car, Light Truck, SUV and Industrial Equipment Tires, Steel Rims, Tire Pieces, Rubber Products

▶ **Products Created from Recycled Tires**

- Used Tires Sales, Retread Tires, Boat & Dock Bumpers, Safety Cone Rings, Tire Shreds, Crumb Rubber, Recycled Steel and Recycled Fiber, Crude Oil, Electricity

▶ **Creating new Rubber Products Industry Wide**

- Schools, Playgrounds, Gyms, Sports Arenas, Horse Stalls & Arenas, Agricultural Farming, Road Paving, Road Fill & Support, Automotive Industry, Adhesives & Sealants, Manufacturing and Industrial

▶ **Channel Distribution**

- Tire Derived Fuel Markets (TDF)
- Ground Rubber Markets
- Civil Engineering Markets
- Rubber Product Manufacturers
- State and Local Municipalities
- Retail Outlets

[Ref CIM Pgs 15, 16, 24](#)

[Back to TOC](#)

FAVA Management Personnel

FAVA Enterprise, LLC

Fred Conte, COB & CEO

David Simpkins, Board Member

Carol A. Chludzinski, Board Member

Gary Tadych, Board Member

Krider & Hope Retained Executive Management (2 yr contract)

Don Krider, Chairman, Secretary/Treasurer

Mark Hope, Existing President

Krider & Hope Business Management

R. Soto, General Mgr.

S. Singh, Plant Mgr., Livermore

A. Grass, Sales Mgr.

N. Osen, Operations Mgr. Redding

[Ref CIM Pg 9,10,11](#)

[Back to TOC](#)

TDR Group, Inc.

▶ TDR Group

- ▶ TDR Group is a Real Estate Holding Company which holds the Real Estate Assets of Tire Disposal & Recycling, Inc., and Waste Recovery West, Inc. and some of the equipment items under D&M Resources which were acquired through cash assets.

▶ Properties:

- ▶ Tire Disposal & Recycling (TDR) – has a 5.11 acre property located in Portland, OR. The current Market Value is approximately **\$3,419,140**.
- ▶ Waste Recovery West, Inc. (WRW) has a 7.4 acre property located in Stockton, CA. The current Market Value is approximately **\$2,132,000**.
- ▶ Krider Construction, Inc. (KCI) has a 718.4 acre property located in Prineville, OR. The current Market Value is approximately, **\$3,590,000**.
- ▶ Total Real Estate Value is approximately **\$9,141,140**.

[Ref CIM Pg 27](#)

[Back to TOC](#)

Tire Disposal & Recycling, Inc.

- ▶ **Tire Disposal and Recycling, Inc.** opened a Clackamas, Oregon process site in 1998 to serve its' newly acquired collection activities. In 2004, TDR moved to a permanent location in North Portland called the Rivergate District.
- ▶ Together, the old operations and the now TDR operations have recycled and/or properly disposed of over 136 million scrap tires since January of 1983. This amount is an equivalent of nearly 75% of the Northwest's regional scrap tire generation for the last 20 years, and the equivalent of more than 38 years total generation for the state of Oregon.

Products

- Resale Used Tires
- Whole Tires & Tire Shreds for Fuel
- Tire Derived Aggregate (TDA) for Civil Engineering Apps.
- Tire Shreds for Crumb Rubber Demand

[Ref CIM Pg 19](#)

[Back to TOC](#)

Waste Recovery West

Waste Recovery West, Inc. 1998 Purchase:

California & Southern Oregon

- In continuous business operations since 1982
- 24 yrs. Mgmt Exp. in Collection – Processing – Market Dev.
- 1 Northern CA. Waste Tire Facility
Processing Plant: Stockton, CA
Transportation Hub for Collection: Sacramento

Products

- Resale Used Tires
- Whole Tires & Tire Shreds for Fuel
- Tire Derived Aggregate (TDA) for Civil Engineering Apps.
- Tire Shreds for Crumb Rubber Demand

[Ref CIM Pg 20](#)

[Back to TOC](#)

Krider Construction, Inc.

- ▶ **Krider Construction, Inc.**, was formed in 1993 in Prineville, Oregon. It has been in operation since that time with a fully operational Tire Processing Plant.

- ▶ Located within 4 miles of the Les Schwab Warehouse and Collection site for Les Schwab Tire Stores throughout all of Oregon.

- ▶ **Products**
 - Resale Used Tires
 - Whole Tires & Tire Shreds for Fuel
 - Tire Derived Aggregate (TDA) for Civil Engineering Apps.
 - Truck Tires cut for Boat & Dock Bumpers
 - Steel Rims recycled for scrap metal
 - Tire Rims used for rings as Weight & Foundation on Safety Cones

[Back to TOC](#)

Business Strategy

Krider Group Company Acquisitions

The Krider & Hope Company Acquisitions: 2012 Operational Revenue: \$9.4M

- TDR Group
- Tire Disposal and Recycling, Inc.
- Waste Recovery West, Inc.
- Krider Construction, Inc.

FAVA 5 Year Development Plan:

- Increase Tire Collections and Resultant Inventory into:
Used Tire Market - Tire Shreds – Crumb Rubber – Steel – Oil
- Increase Overall Revenues to Approx. \$11M to \$20M per yr. in 5 years.
- Facilitate Revenue Increases by:
 - Expanding the Market Reach through Fuel Cost Reductions
 - Increasing Market Share through new outreach programs from increased Advertising
 - New Product Development & Implementation
 - Accessing New Distribution Channels
 - Further Acquisitions for National Reach

[Ref CIM Pg 19](#)

[Back to TOC](#)

Krider & Hope Companies

- **1983-2012 Disposed of +136M Scrap Tires**
- **Focus: NW Collection/Processing Scrap Tires from Generators**
- **Transportation Hubs Provide Service to Customer Base**
- **Ongoing Sales to Rubber Manufacturers: Crumb/Rubber byproducts**
- **4.5M Tires per yr. Converted to Recyclable Products**

[Ref CIM Pg 19](#)

[Back to TOC](#)

Krider Group Highlights

Krider and Hope Group:

TDR Group, Inc., Tire Disposal & Recycling (TDR), Waste Recovery West, Inc. (WRW), and Krider Construction, Inc. (KCI). An average of 8,850,000 Tires are collected each year. That is 309,750,000 pounds or 154,875 tons of Tires per Year.

Tire Revenue:

Tire revenue is on a current average of .75 to \$2.25 per tire depending on size. With the current market increase of tire sales and upward economic movement it is expected that the rates will appreciate approximately 5% to 7% over the next year.

Current Products from Recycled Tires:

Used Tires Sales, Retread Tires, Boat & Dock Bumpers, Safety Cone Rings, Tire Shreds, Crumb Rubber, Recycled Steel and Recycled Fiber, Crude Oil, Electricity

Applications:

Automotive Industry, Adhesives & Sealants, Construction, Geotechnical Asphalt Applications, Highway Asphalt, Rubber Powder, Plastic Products, Rubber Products, Safety Products, Shock Absorption, and Sports Surfaces.

[Ref CIM Pg s 18,19, 20](#)

[Back to TOC](#)

Tire Market Overview

Tire Market & Industry Overview

According to Global & United States Tires Market Forecast & Opportunities, 2017;

The United States tire market will grow at a CAGR of 6.3% for next five years, in terms of value.

- 2-3 Billion Stockpiled Scrap Tires in the U.S.
- 275 Million Used Tires are Added Each Year
- European Industry Expected to Register Strong Growth
- U.S. & Japan Leaders in Recycling Rates & Market Size
- Stockpiles Cause Major Health & Environmental Risks
- Government Regulation for Environmental Concerns
- Incentives for End Product Markets

[Ref CIM Pg 8](#)

[Back to TOC](#)

National Tire Market Summary

National Replacement Tire Market Summary from 2006 to 2011

Overall Average Increase of 15.82%



[Back to TOC](#)

Scrap Tire Market Summary

2011 U.S. Scrap Tire Market Summary

Market or Disposition	2009	2010	2011
Tire Derived Fuel	2084.75	2123.3	2331.1
Ground Rubber	1354.17	1242.7	1323.2
Land Disposed	653.38	453.5	432.3
Used Tires	371.25	291.9	335.7
Civil Engineering	284.92	245.86	223.1
Reclamation Projects	130	114	80
Exported	102.1	126.8	139.43
Baled Tires/Market	27.76	15.2	24.2
Electric Arc Furnace	27.1	30.3	36.1
Baled/no market	15.57	7.5	4.6
Agricultural	7.1	4.3	3.5
Punched/ Stamped	1.9	0.94	3.3
Total to Market	4391.05	4146	4512.5
Generated	5170.5	4833.5	5726.1
% to Market/Utilized	84.90%	82.30%	87.30%
% Managed (including baled and Landfilled tires)	97.90%	95.30%	96.20%

RMA began tracking tires culled from scrap tire collection entering domestic used passenger and light truck tire markets in 2009

RMA changed the basis for reporting scrap tire generated annually from state-provided data in 2005-2011 to a calculation of replacement market tires sold and vehicles scrapped in 2009, 2010, and 2011.

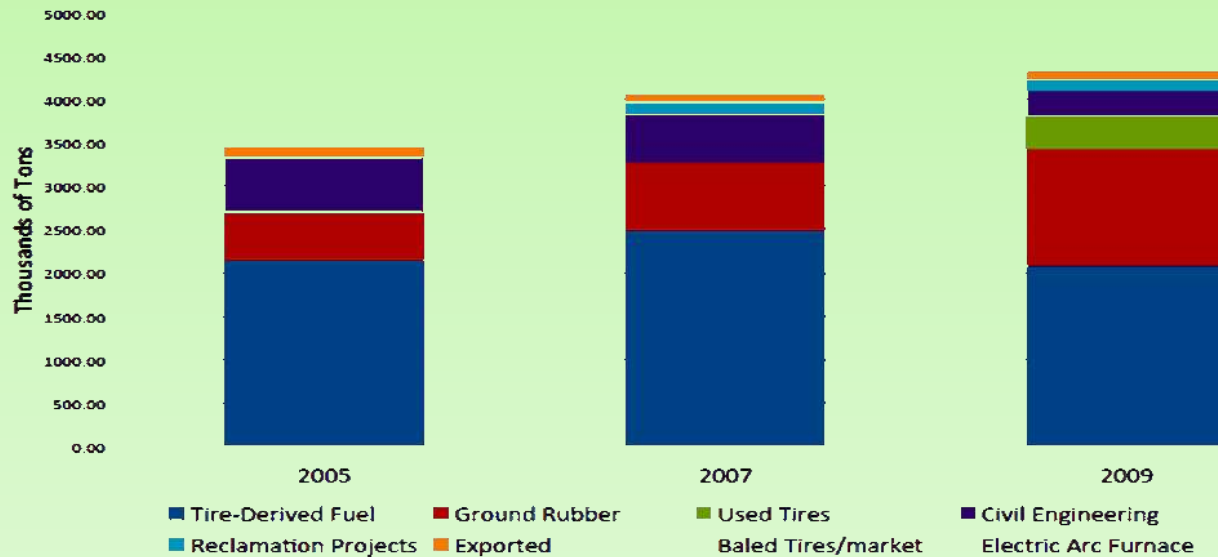
Rubber Manufacturers Association, Inc. May be reprinted with proper attribution.

Data Sourced from individual states annual reports and Government EPA sources, Tire Review and Recycling Today.

[Back to TOC](#)

Scrap Tire Market Trends

U.S. Scrap Tire Market Trends 2005 - 2009

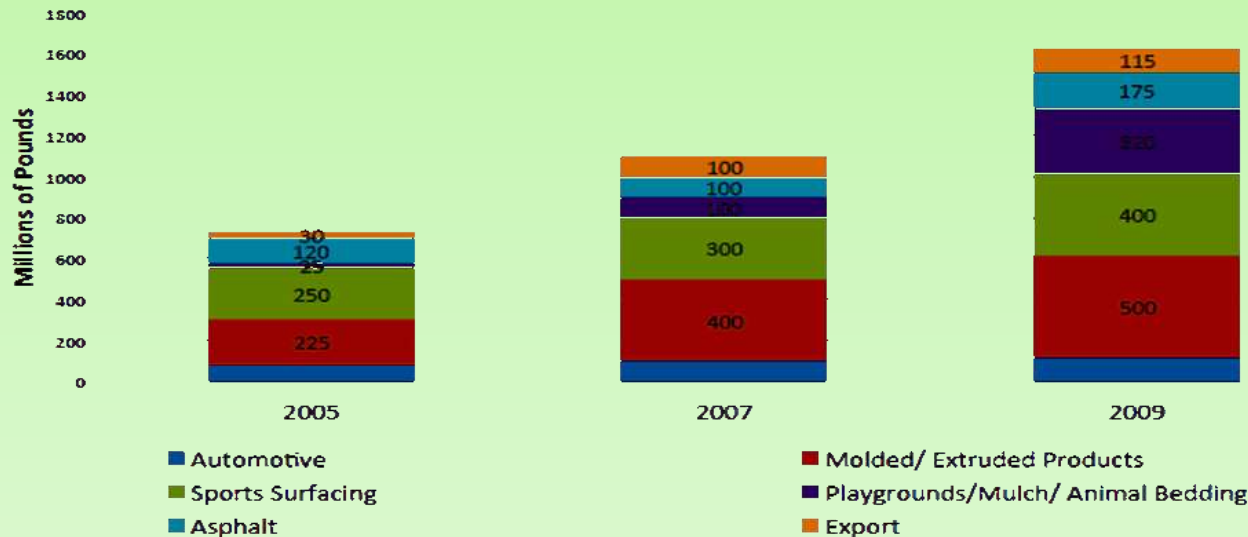


© 2011 Rubber Manufacturers Association, Inc. May be reprinted with proper attribution.

[Back to TOC](#)

Ground Rubber Market Distribution

U.S. Ground Rubber Market Distribution 2005 - 2009¹



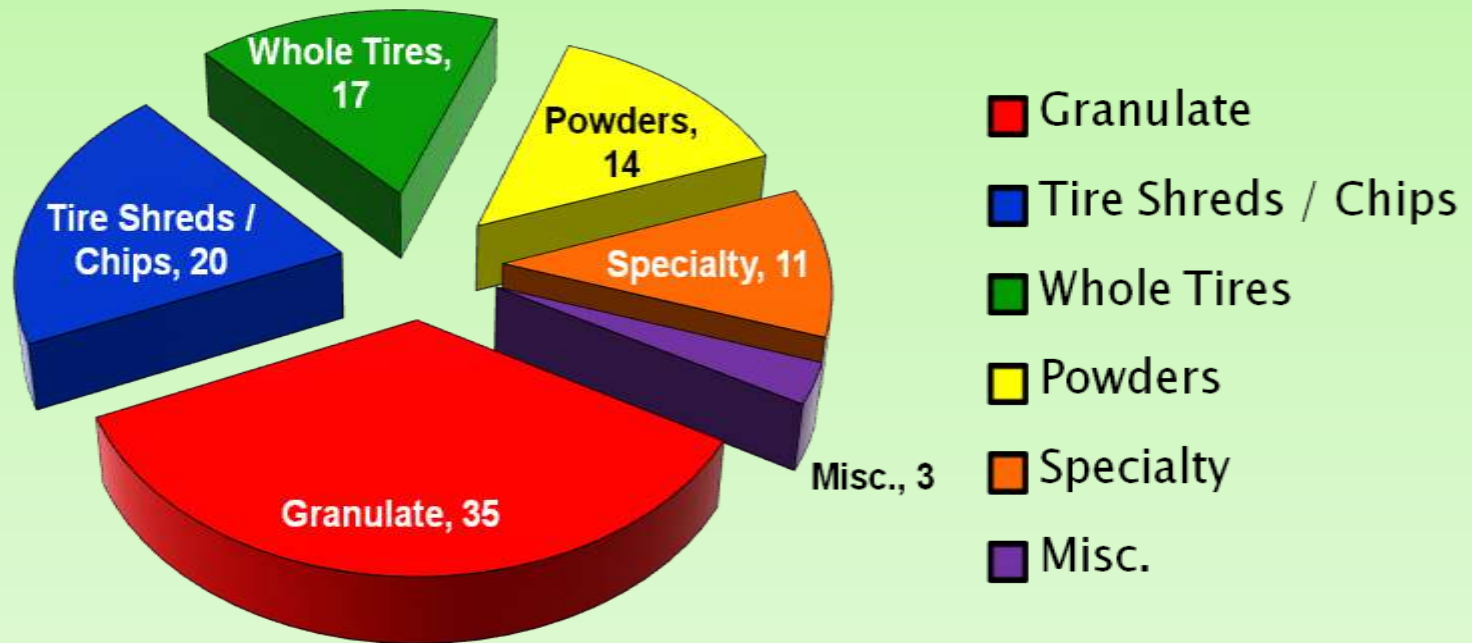
¹Ground rubber market distribution data are based on ground rubber consumed in end use markets, not whole tires entering these market streams. The data represented in slides 2, 4 and 5 because those slides refer to whole tires diverted to these markets, whereas this slide refers to processed ground rubber, with wire, fluff and agglomerated rubber removed.

© 2011 Rubber Manufacturers Association, Inc. May be reprinted with proper attribution.

[Back to TOC](#)

Tire Material Usage Summary

Post Consumer Tire Material Usage



[Back to TOC](#)

Tire Components & Materials



The entire Tire is Recyclable

Rubber compounds - throughout the tire : treads, sidewalls, etc.

Plies and belts : Brass coated steel embedded in rubber

Bead wire : Cords of high tensile steel that give form to the tire

Casing : Made of metal, rayon, nylon. Polyester cords

[Back to TOC](#)

Financial Overview

Financial Overview

- ▶ FAVA has engaged a placement agent to raise \$21.6M of Senior Secured Top-Line Income Generation Rights Certificates (the “Notes”), known as TIGRcub[®] securities, to be issued by FAVA.
- ▶ FAVA is offering a Gross Revenue Participation of 7% with a 12% IRR.
- ▶ FAVA will guarantee the minimum monthly payments, as well as payment in full at final maturity of the TIGRcub[®] Certificates.

Debt Service Coverage

FAVA Group

FAVA Proposed Debt Schedule (\$)

	2012	2013	2014	2015	2016	2017	2018	2019
Revenue								
Krider	\$1,932,438	\$2,114,700	\$2,431,905	\$2,796,691	\$3,216,194	\$3,698,624	\$4,253,417	\$4,891,430
TDR	\$4,773,652	\$5,418,144	\$6,230,866	\$7,165,495	\$8,240,320	\$9,476,368	\$10,897,823	\$12,532,496
WRW	\$2,763,804	\$3,578,304	\$4,115,050	\$4,732,307	\$5,442,153	\$6,258,476	\$7,197,247	\$8,276,835
Bulk Tire Shreds	\$0	\$4,500,000	\$4,875,000	\$5,250,000	\$5,625,000	\$6,000,000	\$6,375,000	\$4,500,000
Total Revenue	\$9,469,894	\$15,611,148	\$17,652,820	\$19,944,493	\$22,523,667	\$25,433,467	\$28,723,487	\$30,200,760
Cost of Goods Sold	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$9,469,894	\$15,611,148	\$17,652,820	\$19,944,493	\$22,523,667	\$25,433,467	\$28,723,487	\$30,200,760
% of Revenue	100%	100%	100%	100%	100%	100%	100%	100%
Operating Expenses								
Operations	\$4,118,420	\$4,260,633	\$4,345,845	\$4,432,762	\$4,521,418	\$4,611,846	\$4,704,083	\$4,798,164
% of Revenue	43%	27%	25%	22%	20%	18%	16%	16%
Other	\$2,073,896	\$2,154,338	\$2,436,089	\$2,752,340	\$3,108,266	\$3,509,818	\$3,963,841	\$4,167,705
% of Revenue	22%	14%	14%	14%	14%	14%	14%	14%
Administration	\$860,596	\$510,600	\$520,812	\$531,228	\$541,853	\$552,690	\$563,744	\$575,019
% of Revenue	9%	3%	3%	3%	2%	2%	2%	2%
Total Operating Expenses	\$7,052,912	\$6,925,571	\$7,302,747	\$7,716,331	\$8,171,536	\$8,674,354	\$9,231,668	\$9,540,888
% of Revenue	74%	44%	41%	39%	36%	34%	32%	32%
Income Before Int & Taxes	\$2,416,982	\$8,685,577	\$10,350,074	\$12,228,163	\$14,352,131	\$16,759,113	\$19,491,820	\$20,659,873
% of Revenue	26%	56%	59%	61%	64%	66%	68%	68%
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Before Taxes	\$2,416,982	\$8,685,577	\$10,350,074	\$12,228,163	\$14,352,131	\$16,759,113	\$19,491,820	\$20,659,873
Tax Exp	\$0	\$3,039,952	\$3,622,526	\$4,279,857	\$5,023,246	\$5,865,690	\$6,822,137	\$7,230,955
Adjusted Net Income	\$2,416,982	\$5,645,625	\$6,727,548	\$7,948,306	\$9,328,885	\$10,893,424	\$12,669,683	\$13,428,917
% of Revenue	26%	36%	38%	40%	41%	43%	44%	44%

[Back to TOC](#)

Financial Income Statement

FAVA Group

Income Statement (\$)

	2013	2014	2015	2016	2017	2018	2019
Revenue							
Krider	\$2,114,700	\$2,431,905	\$2,796,691	\$3,216,194	\$3,698,624	\$4,253,417	\$4,891,430
TDR	\$5,418,144	\$6,230,866	\$7,165,495	\$8,240,320	\$9,476,368	\$10,897,823	\$12,532,496
WRW	\$3,578,304	\$4,115,050	\$4,732,307	\$5,442,153	\$6,258,476	\$7,197,247	\$8,276,835
Bulk Tire Shreds	\$4,500,000	\$4,875,000	\$5,250,000	\$5,625,000	\$6,000,000	\$6,375,000	\$4,500,000
Total Revenue	\$15,611,148	\$17,652,820	\$19,944,493	\$22,523,667	\$25,433,467	\$28,723,487	\$30,200,760
Cost of Goods Sold	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$15,611,148	\$17,652,820	\$19,944,493	\$22,523,667	\$25,433,467	\$28,723,487	\$30,200,760
% of Revenue	100%	100%	100%	100%	100%	100%	100%
Operating Expenses							
Operations	\$4,260,633	\$4,345,845	\$4,432,762	\$4,521,418	\$4,611,846	\$4,704,083	\$4,798,164
% of Revenue	27%	25%	22%	20%	18%	16%	16%
Other	\$2,154,338	\$2,436,089	\$2,752,340	\$3,108,266	\$3,509,818	\$3,963,841	\$4,167,705
% of Revenue	14%	14%	14%	14%	14%	14%	14%
Administration	\$510,600	\$520,812	\$531,228	\$541,853	\$552,690	\$563,744	\$575,019
% of Revenue	3%	3%	3%	2%	2%	2%	2%
Total Operating Expenses	\$6,925,571	\$7,302,747	\$7,716,331	\$8,171,536	\$8,674,354	\$9,231,668	\$9,540,888
% of Revenue	44%	41%	39%	36%	34%	32%	32%
Income Before Int & Taxes	\$8,685,577	\$10,350,074	\$12,228,163	\$14,352,131	\$16,759,113	\$19,491,820	\$20,659,873
% of Revenue	56%	59%	61%	64%	66%	68%	68%
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Income Before Taxes	\$8,685,577	\$10,350,074	\$12,228,163	\$14,352,131	\$16,759,113	\$19,491,820	\$20,659,873
Tax Exp	\$3,039,952	\$3,622,526	\$4,279,857	\$5,023,246	\$5,865,690	\$6,822,137	\$7,230,955
Net Income	\$5,645,625	\$6,727,548	\$7,948,306	\$9,328,885	\$10,893,424	\$12,669,683	\$13,428,917
% of Revenue	36%	38%	40%	41%	43%	44%	44%

[Back to TOC](#)

Krider Group Historical Actual EBIDTA

Krider Group Historical Adjusted Income Statement - EBITDA (\$)

	Actual 2009	Actual 2010	Actual 2011	Actual/Est. 2012
Revenue				
Krider	\$1,527,937	\$1,708,849	\$1,866,939	\$1,932,438
TDR	\$6,481,024	\$5,541,486	\$4,656,912	\$4,773,652
WRW	\$3,113,843	\$2,816,831	\$2,772,711	\$2,763,804
Total Revenue	\$11,122,804	\$10,067,166	\$9,296,562	\$9,469,894
Cost of Goods Sold	\$0	\$0	\$0	\$0
Gross Margin	\$11,122,804	\$10,067,166	\$9,296,562	\$9,469,894
% of Revenue	100%	100%	100%	100%
Operating Expenses				
Operations	\$6,768,045	\$6,562,376	\$5,758,399	\$5,364,410
% of Revenue	61%	65%	62%	57%
Other	\$2,616,544	\$2,537,032	\$2,226,213	\$2,073,896
% of Revenue	24%	25%	24%	22%
Administration	\$1,085,777	\$1,052,782	\$923,803	\$860,596
% of Revenue	10%	10%	10%	9%
Total Operating Expenses	\$10,470,366	\$10,152,190	\$8,908,414	\$8,298,902
% of Revenue	94%	101%	96%	88%
Total Net Income	\$652,438	(\$85,024)	\$388,148	\$1,170,992
% of Revenue	6%	-1%	4%	12%
EBITDA Eliminations	\$546,170	\$831,477	\$970,056	\$271,379
EBITDA Adjusted Net Income	\$1,198,608	\$746,453	\$1,358,204	\$1,442,371
FAVA Management Adjustments	\$636,276	\$800,151	\$916,502	\$974,611
Adjusted Net Income	\$1,834,884	\$1,546,604	\$2,274,706	\$2,416,982
% of Revenue	16%	15%	24%	26%

[Back to TOC](#)

Krider Group Results of Operations

KRIDER GROUP HISTORICAL

Income Statement (\$)

	FY \$2,009 FS Basis Combined		FY \$2,010 FS Basis Combined		FY \$2,011 FS Basis Combined		FY 2009-2011 FS Basis Cumulative		FY 2012 Est. Note 1 Combined	
		%		%		%		%		%
Income Sources										
Gain or Loss on Sales	-\$149,325	-1.34%	-\$168,856	-1.68%	\$4,000	0.04%	-314,181	-1.03%	-\$97,593	-1.03%
Employee Reimbursements	\$1,920	0.02%	\$288	0.00%	\$0	0.00%	2,208	0.01%	\$686	0.01%
Les Schwab	\$989,041	8.89%	\$1,091,196	10.84%	\$1,076,464	11.58%	3,156,701	10.35%	\$980,552	10.35%
Salvage	\$2,077,651	18.68%	\$2,006,534	19.93%	\$1,833,318	19.72%	5,917,503	19.41%	\$1,838,127	19.41%
Tire Pieces	\$79,590	0.72%	\$81,526	0.81%	\$97,558	1.05%	258,674	0.85%	\$80,351	0.85%
Disposal Fees	\$7,309,587	65.72%	\$6,455,242	64.12%	\$5,719,545	61.52%	19,484,374	63.91%	\$6,052,342	63.91%
Transportation Fees	\$98,069	0.88%	\$56,922	0.57%	\$73,099	0.79%	228,090	0.75%	\$70,851	0.75%
Truck Lease	\$19,238	0.17%	\$27,238	0.27%	\$46,238	0.50%	92,714	0.30%	\$28,799	0.30%
Rental Income	\$266,920	2.40%	\$207,158	2.06%	\$327,680	3.52%	801,758	2.63%	\$249,046	2.63%
Labor Transfer	\$189,879	1.71%	\$99,957	0.99%	\$0	0.00%	289,836	0.95%	\$90,030	0.95%
Other Income	\$0	0.00%	\$92,694	0.92%	\$3,933	0.04%	96,627	0.32%	\$30,015	0.32%
Fuel Surcharge	\$21,532	0.19%	\$18,826	0.19%	\$35,408	0.38%	75,766	0.25%	\$23,535	0.25%
Interest Income	\$1,120	0.01%	\$344	0.00%	\$0	0.00%	1,464	0.00%	\$455	0.00%
Finance Charge	\$8,308	0.07%	\$7,519	0.07%	\$1,006	0.01%	16,833	0.06%	\$5,229	0.06%
Misc.	\$209,274	1.88%	\$90,580	0.90%	\$78,316	0.84%	378,170	1.24%	\$117,469	1.24%
Total Income	\$11,122,804	100.00%	\$10,067,168	100.00%	\$9,296,565	100.00%	30,486,537	100.00%	\$9,469,894	100.00%
Expense Recap										
Operating Expenses - Administrative	\$4,309,646	41.16%	\$4,304,841	42.40%	\$3,636,257	40.82%	12,250,744	41.48%	\$3,442,750	41.48%
Operating Expenses - Transportation	\$993,625	9.49%	\$1,107,836	10.91%	\$1,185,352	13.31%	3,286,813	11.13%	\$923,672	11.13%
Labor Expenses - Direct and Related	\$5,182,019	49.49%	\$4,739,830	46.69%	\$4,051,511	45.48%	13,973,360	47.32%	\$3,926,845	47.32%
Misc. Expenses	-\$14,925	-0.14%	-\$318	0.00%	\$35,293	0.40%	20,050	0.07%	\$5,635	0.07%
Total Expenses	\$10,470,365	100.00%	\$10,152,189	100.00%	\$8,908,413	100.00%	29,530,967	100.00%	\$8,298,902	100.00%
Net Income	\$652,439	5.87%	-\$85,021	-0.84%	\$388,152	4.18%	955,570	3.13%	\$1,170,992	12.37%

Note 1: FY 2012 (9 Month Actual and 3 Month Estimates).

[Back to TOC](#)

FAVA EBITDA BRIDGE

FAVA EBITDA Bridge (\$)

Actual/Est. 2012	Estimated 2013	Change	Delta Detail
\$9,469,894	\$14,159,148	\$4,689,254	
\$7,052,912	\$6,932,195	(\$120,717)	
	\$500,000	\$500,000	New contract with company in Japan to provide tire chips in 2 inch format, Charge is \$37.50 per ton basis with a current request of 1,200 tons per month
	\$125,000	\$125,000	New contract with company in South Korea to provide premium tire Shreds at 1,000 tons/mo. Charge will be based on current demand rate of \$11 to \$22 per ton.
	\$250,000	\$250,000	New contract with the State of Washington for 2013 with 2 year extension to 2015 with further extensions available.
	\$427,000	\$427,000	New contract with Lehigh Northwest Limited as a charge to Lehigh for disposal of tires. Modification of current contract from an expense to dispose of tires as Tire Derived Fuel to increase revenue and volumn from cost of \$400/27 tons at 8,500 tons per month to \$16 to \$22/ton for apporx. 2,900 tons/mo for 7 months/year.
	\$324,000	\$324,000	
	\$754,000	\$754,000	Increased revenue pursuant to the reduction in disposal expenses.
	\$201,606	\$201,606	Increase in revenue due to increase in fuel recovery charges to customers.
	\$2,107,648	\$2,107,648	Sale of Tire Shreds.
	\$4,689,254	\$4,689,254	
	(\$120,717)	(\$120,717)	Fuel efficient equipment on all the fleet trucks reducing fuel consumption and related costs.
	(\$120,717)	(\$120,717)	

[Back to TOC](#)

FAVA Development Strategy

Achieve Business Objectives by Matching Activity with Opportunities & Risk in the Existing Operational Environment

FAVA plans to expand operations, increase market share through new contracts and affiliations and add new product lines to increase revenues on an annual basis.

Become the Dominant Leader/Company in this Industry

[Back to TOC](#)

FAVA Development Strategy

▶ Strategic Development Plan

- Perform additional Acquisitions which will broaden the current operational capability into new markets and nationwide reach.
- Seek new opportunities / alliances for increased product sales & revenue stream
 - Create new alliances and contracts for product sales to enter Mainstream Hardware Store Markets, Lowes, Home Depot, Menards, Ace Hardware
 - Enter into Business Partnerships to increase revenues and minimize risk
- Enhancing current operations
 - Integrate current operations for a strategic capability
 - Standardize equipment across all companies
 - Add Crumb Rubber capability at sites for new products
 - Add tire shred baling capability for international markets

FAVA Exit Strategy

- ▶ **Exit Strategy**

- ▶ Perform a Reverse Merger or an IPO into the Public Market to further minimize investors risk and increase ROI
 - Reverse Merger would minimize costs and time to a Public Market
 - IPO would provide a Higher Valuation as well as Increased Liquidity
 - Both provide the ability to offer Secondary Registered Offerings

- ▶ Sale of Business for Profit to another group of investors or Larger Entity