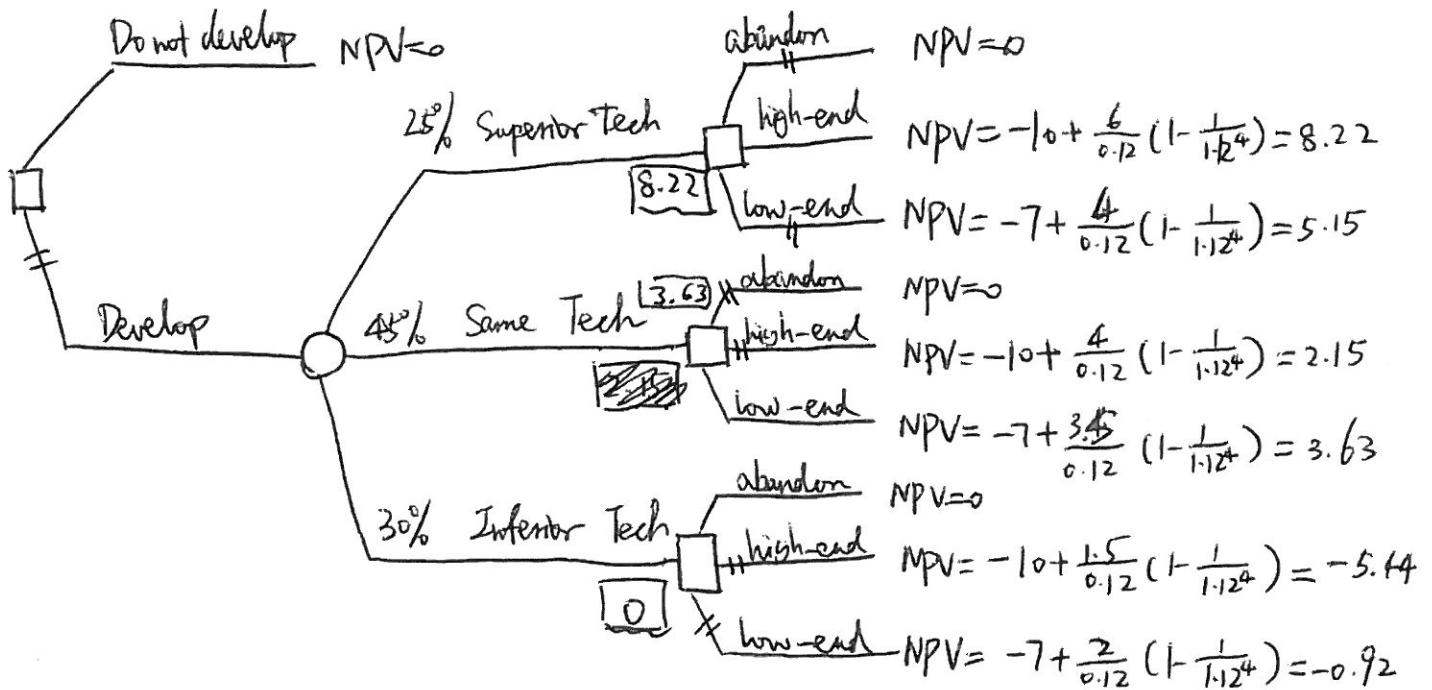


1.1) Solution:

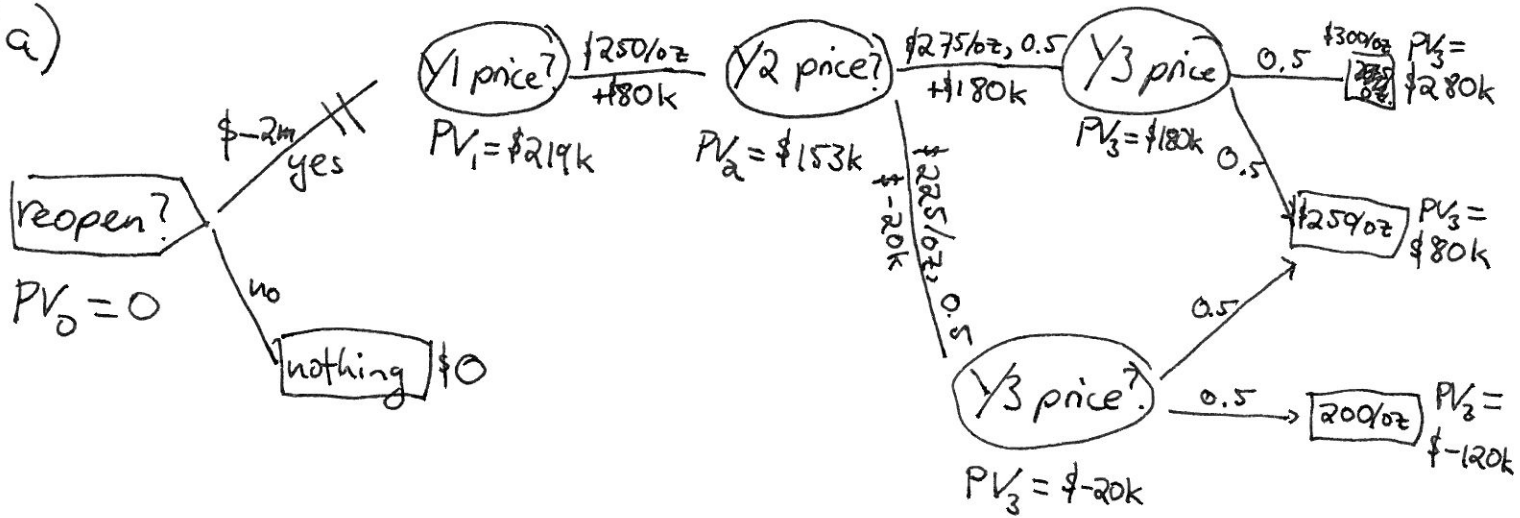


$$ENPV_{\text{develop}} = -2 - \frac{2}{1.12} + (25\% \times 8.22 + 45\% \times 3.63 + 30\% \times 0) / (1.12)^2$$

$$= -0.84 < 0 = -0.85 < 0.$$

So should not develop the new camera.

3a)

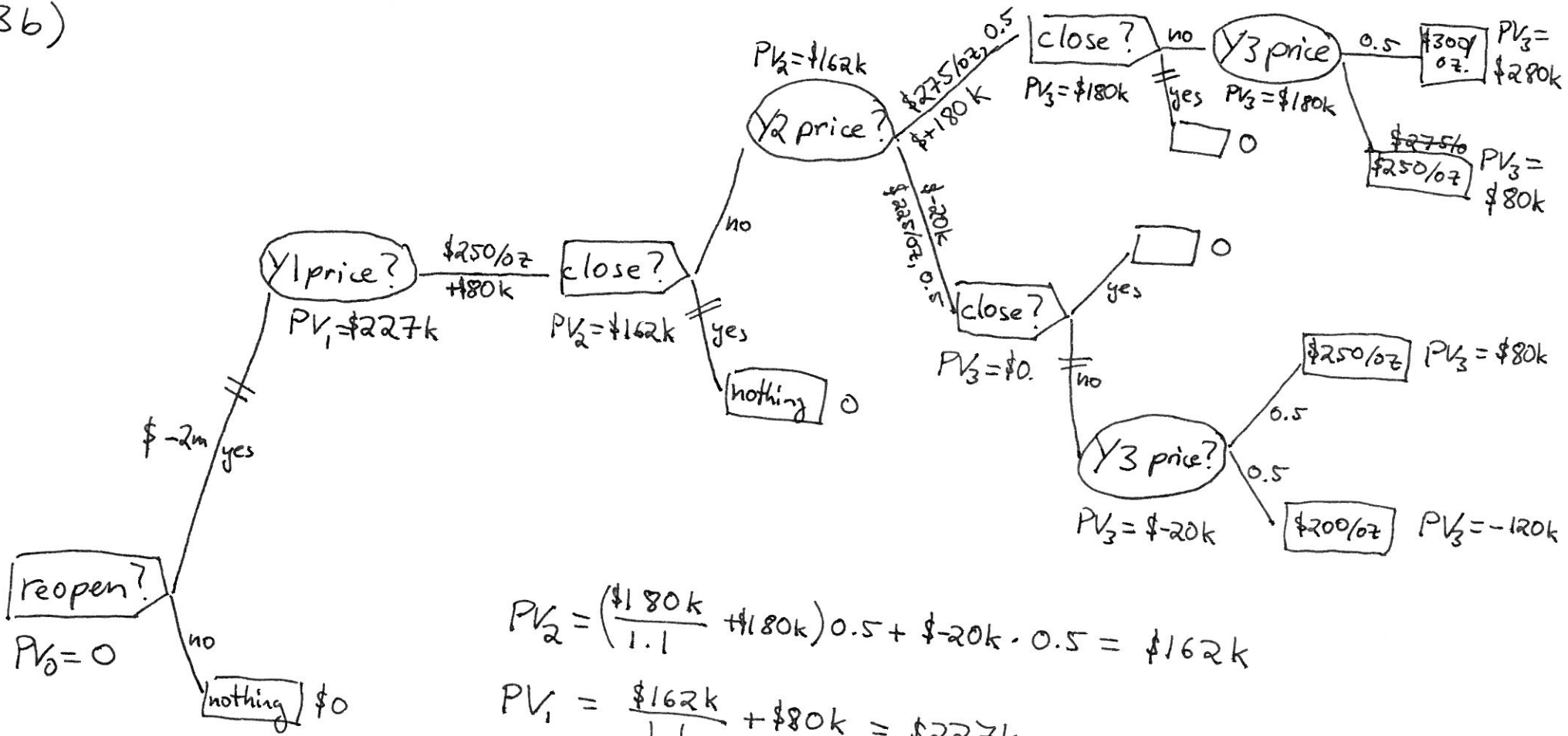


$$PV_2 = \left(\frac{180}{1.1} + 180 \right) 0.5 + \left(\frac{-20}{1.1} - 20 \right) 0.5 = \$153k$$

$$PV_1 = \frac{\$153k}{1.1} + \$80k = \$219k$$

$$PV_0 = \max \left\{ 0, \frac{\$219k}{1.1} - \$2m \right\} = \max \left\{ 0, -\$1.8m \right\} = 0.$$

36)



$$PV_2 = \left(\frac{\$180k}{1.1} + \$180k \right) 0.5 + \$-20k \cdot 0.5 = \$162k$$

$$PV_1 = \frac{\$162k}{1.1} + \$80k = \$227k$$

$$PV_0 = \max \left\{ 0, \frac{\$227k}{1.1} - \$2m \right\} = \max \left\{ 0, \$-1.8m \right\} = 0.$$