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Certified Machinery & Equipment Appraiser * Certified Sr. Business Analyst * Certified Real Estate Appraiser

SUMMARY APPRAISAL REPORT OF MACHINERY AND EQUIPMENT

Located at:

Jupiter, Florida 33478

Desktop Appraisal

Effective Date of Evaluation: June 15, 2010

PREPARED BY:

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Certified Machinery/Equipment Appraiser

Member, NEBB Institute



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Certified Machinery & Equipment Appraiser * Certified Sr. Business Analyst * Certified Real Estate Appraiser

June 15, 2010

Jupiter, FL 33478

Dear Mr. Hawthorne:

Per your request, we respectfully provide a summary appraisal report for certain machinery and equipment items located at XXXXXXXXXXXXXXXXXXXXXXXX, Jupiter, FL 33478. You have requested what is commonly referred to as a “desktop” appraisal, which is a hypothetical determination of value based solely upon information provided by the client and conducted without benefit of a physical inspection. Desktop appraisals are common due to time, travel, and cost considerations.

This report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice. Fee Simple Interest has been reported on the machinery and equipment. We are reporting Fair Market Value in Continued Use as of the effective date of June 15, 2010. If the subject items should sell under any other scenario, such as in an Orderly Liquidation fashion or a Forced Liquidation fashion (quick sale), then different values, no doubt lesser values would be realized. Use of this report signifies your acceptance of Limiting Conditions contained in the report and the limitations outlined in the Engagement Agreement. A summary of all information collected indicates that as of this date the estimated Fair Market Value in Continued Use of all assets contained in this report would be \$613,800.00

Respectfully submitted,

Anytime Appraisals, Inc.
Rene Rodriguez Sr., CMEA, CSBA
RR/rr



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General Information

An appraisal is a type of investigation into the law of probabilities with respect to valuation. Through the appraiser's experience, training, and integrity, we are able to project the activities of buyers and sellers in the marketplace into an estimation of value. In reaching a conclusion, comparison of assets usually involves adjustments due to the individuality and uniqueness of each asset. Transactions are often influenced by sentiment, bias, specific needs, politics, familiarity, lack of understanding, and other conditions not considered by the impartial appraiser. The appraiser cannot lend credence to these possible factors lest he misrepresent the very reason for his profession.

An appraisal cannot be guaranteed, nor can it always be proven. The opinion of value can, however, be substantiated and final opinion is the result of a thorough professional analysis of a vast quantity of data. An appraisal must not be considered absolute but should be used as a basis of negotiations between concerned parties, whatever their interests.

The valuation process, as followed in the preparation of this report, is an orderly procedure for arriving at an estimate of value. By following this procedure the appraiser begins with a preliminary study of the problem involved and defines the basis from which the appraisal is to be made. A program is then initiated for the accumulation, analysis, and observation of data. The data called for in the preliminary study is then gathered, classified, and analyzed.

In assignments to estimate **Fair Market Value in Continued Use**, the ultimate goal of the valuation process is a supported conclusion that reflects the appraiser's study of all influences on the value of the assets being appraised. Therefore, the appraiser studies the assets from various applicable viewpoints.

Various approaches are interrelated, and each involves the gathering and analysis of sales, activity, and value data in relation to the assets being appraised. From the analysis, the appraiser derives separate indications of value for the assets being appraised. One or more approaches may be used, depending on their applicability to the particular appraisal assignment.

To complete the valuation process, the appraiser integrates the information drawn from the market research and analysis of data and from the application of appraisal techniques to form a conclusion. This conclusion may be an estimate of value or a range in which the value may fall. An effective integration depends on an appraiser's skill, experience, and judgment.

With the preceding in mind, the reader's attention is invited to the appraisal report and various exhibits which point out the facts and reasoning leading to the final estimate of value.

Summary of Salient Facts

Identity of Client	XXXXXXXXXXXXXXXXXXXXXXXXXXXXX.
Intended User	XXXXXXXXXXXXXXXXXXXXXXXXXXXXX.
Intended Use	Fair Market Value and Continue Use and to be used for no other purpose
Property Interest Appraised	Fee Simple
Sales History of Appraised Item(s)	The appraiser is not aware of the history of the subject equipment or prior sales thereof
Class of Property	Construction Equipment
Current Use of Property	Construction Equipment
Use of Property When Appraised	Construction Equipment
Effective Date of Appraisal	June 15, 2010
Type of Value	Fair Market Value in Continued Use
Final Estimate of Value	\$613,800

Scope of Work

The appraiser has been asked to provide a “desktop” appraisal effective June 15, 2010 of certain machinery/equipment items located at xxxxxxxxxxxxxxxxxxxxxxxxx, Jupiter, FL 33478. A desktop appraisal is a hypothetical determination of value based solely upon information provided by the client and conducted without benefit of physical inspection. Desktop appraisals are common due to time, travel, and cost considerations.

It has been requested that fee simple interest be reported as an estimation of the Fair Market Value in Continued Use. It should be noted that if these items should sell under any other scenario, such as in an Orderly Liquidation fashion or a Forced Liquidation fashion (quick sale), then different values, no doubt lesser values would be realized. This report is identified as a Summary Report that is intended to comply with the reporting requirements as defined under Standards Rule 8-2 (b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning, and analyses that are used in the processes to develop the Appraiser’s Opinion of Value. Supporting documentation that is not provided with the report concerning data, reasoning and analyses is retained in the appraiser’s file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within this report. Not all specific requirements are applicable to every assignment. Due to the large number of subject properties oftentimes appraised in a machinery/equipment appraisal, the summary report is the most commonly used report form. Summary reports are accepted on a daily basis by the courts, taxing authorities, lenders, business owners, accountants, and other users of appraisal services.

The Income Approach would be purely hypothetical in this assignment. The Cost Approach and the Market Data Approach have been utilized for the final value estimate of each item or category with heavy emphasis on the Market Data Approach when possible. The appraiser, when implementing the market data approach, has endeavored to find “sold comparables.” That is to say, they are similar items that have actually transferred in ownership. These comparable sales provide the best and most reliable information. However, if actual historical sales information is not available, the appraiser will oftentimes look to the current market of similar items currently for sale. This information can be useful in estimating value. In this report, a search has been made for “sold” items and items currently “for sale.”

The appraiser has gathered data on the subject items from as many sources as practical, including but not limited to the original equipment manufacturer (if possible), dealers and brokers of like equipment, published catalogs, and guides of similar equipment as well as the Internet. Upon gathering data regarding new and similar models with characteristics of the subject equipment, the writer has then analyzed the data in an effort to estimate value.

After conversations with various industry professionals, including the above-mentioned sources, the appraiser endeavored to arrive at a value estimate for the subject equipment. After a value was established, this written report was then formulated to set forth the findings and conclusions of the appraiser. An extreme effort was made to comply with the Uniform Standards of Professional Appraisal Practice in providing the final written report.

This is a report estimating value based on reported conditions. If it is the client's desire to verify the physical condition and/or needed repairs of the machinery/equipment, which is the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of the appraiser's expertise and the scope of this assignment.

This assignment has called for only the larger, more expensive items owned by the client to be appraised. It is understood that oftentimes there also exist smaller, less expensive ancillary/support items that "support" the larger items. These items, too, obviously have value but do not in and of themselves merit the time and expense of an individual valuation. Therefore, it is agreed by the client's use of this report, that if these types of items are mentioned in this report, they will be added under a separate section(s) as opposed to the larger capital items and the appraiser will only apply the Cost Approach (less depreciation) to value. The Market Data Approach will not be applied to the smaller, less significant items, due to time and cost factors required in researching smaller items. These items typically include smaller hand tools, furniture, fixtures, shelving, electronic items, i.e., computers, calculators, copiers, telephone systems, etc., and other less expensive items which are considered to "support" the items, which are the focus of this report. Industry depreciation standards have been applied with little, if any, individual description. Lot pricing is employed with these types of items.

Further, the request to the writer as to the type of report needed was implemented. That is to say, the equipment may be valued in place, in use, and as part of a going concern entity; in place, not in use; in place to be removed; not in place, etc. Many types of equipment items are labor intensive in their millwright, installation, or removal.

This evaluation sets forth the findings and conclusions of the writer, and is based upon an investigation of conditions affecting value, and is subject to the Statement of Limiting Conditions and Definitions. Without reading the Statement of Limiting Conditions and Definitions, the report cannot be fully understood.

The scope of this assignment as explained above has been requested and/or agreed to by the client along with the conditions as stated in the Engagement Agreement.

Degree to Which the Property is Inspected or Identified

In this particular assignment, the appraiser has been requested to provide a desktop appraisal. That is to say, the appraiser has not actually inspected the equipment or identified it. Testimony from others as to condition and identity has been relied upon.

Extent of Research into Physical or Economic Factors That Could Affect Property

The appraiser has had a number of conversations with manufacturers and suppliers of the subject items. The appraiser has not had access to the profit and loss statements or tax returns of XXXXXXXXXXXXXXXX. It is assumed the business is profitable and the machinery/equipment, which is the subject of this report, will remain in place and in use well into the future. While the national and global economies are recovering from a recession according to many as of this writing, it is nevertheless the assumption of the writer that the business will continue in a profitable way.

The purpose of this report is not to comment on profit or loss of the subject business, and if there is concern in those areas, the reader or user of this report should conduct further studies.

Extent of Data Research

The appraiser, in conversations with all listed sources, described to the best of his ability the characteristics of the subject equipment. It is understood equipment items may be purchased/sold with a variety of peripheral attachments, support items, and other amenities, which could affect value. It is not always possible to know of such factors that may or may not exist. Therefore, it is assumed the subject equipment does in fact have basic qualities needed for operation and would have an expected amount of peripheral amenities associated with the subject item.

All information provided the appraiser is believed to be accurate but not warranted or guaranteed.

Type and Extent of Analysis Applied in Arriving at Opinions or Conclusions

Conversations were held with manufacturers and dealers providing similar machinery and equipment items. After conversations with manufacturers, dealers, and industry professionals, the appraiser formulated an opinion as to values and market conditions.

Depth of Onsite Inspection

As mentioned above, the appraiser has not personally inspected the subject equipment but has relied on the testimony of others as to its existence and condition.

Appropriate Market or Market Level

The most appropriate market or market level would be for this equipment to be utilized as part of a going concern business operation. Obviously, all machinery and equipment items are best utilized with their income producing capabilities functioning.

Intended User(s)

The intended user of this report is XXXXXXXXXXXXXXXXXXXXXXXXXX, Jupiter, FL 33478.

Confidentiality and Privacy

The appraiser will maintain the conformity and privacy of customer information obtained in the course of this assignment in compliance with USPAP and Regulation Practices, Title V of Gramm, Leach, Bliley Financial Modernization Act.

We do not sell information about our client to others. We protect the security and confidential information about the client. We share information outside of our company only when necessary to administer products or services we provide when we have your permission, or when required or permitted by law.

Overall Condition of Equipment

It is understood the subject equipment is in good operating condition except as noted and used on a daily basis. Appearance is good unless otherwise noted.

Intended Use

It is understood this report is to be used for market value and continue use and to be used for no other purpose.

Property Interest Appraised

It is understood that the property interest appraised is in Fee Simple Interest.

Statement of Limiting Conditions - Tangible Assets

1. All facts and data set forth in this report are true and correct to the best of the appraiser's knowledge.
2. The fee for this report is not contingent upon the values reported. There have been no guarantees associated with this fee and no liability can be intimated or assumed in any manner.
3. Since this report has been purchased by the addressee, it is assumed by the appraiser that it is to be used by the addressee in determination of value at that point in time. Use of this report by others should be done so with the understanding that no risk or guarantees have been purchased by the owner of the report nor through the fee paid to the appraiser. The appraiser reserves the right to recall all copies of this report to correct any omission or error.
4. Physical condition in most instances has been determined by observation or indication by others. Any unknown conditions existing at the time of inspection could alter the value. No responsibility is assumed for latent defects of any nature whatsoever which may not affect value, nor for any expertise required to disclose such conditions.
5. No consideration has been given to liens or encumbrances, which may be against the property.
6. No investigation of legal fee or title to the property has been made and the claim to the property has been assumed to be valid.
7. Neither the appraiser nor any officer or employee of the appraiser's company has any financial interest in the property appraised, unless specifically noted.
8. No additional values or appraisals have been made in regard to such intangibles as patents, rights to manufacture, trademarks, goodwill, going concern value, etc.
9. This report has been prepared in conformity with the Principles of Good Practice and Code of Ethics of NEBB Institute.
10. Other limitations, if any, are clearly defined and individually set out at that point related to the subject.
11. Neither all nor any part of the contents of this report, or copy thereof, shall be reproduced for any purpose other than stated in the report, nor shall it be made available to the media, another appraiser or anyone else without the written consent of the appraiser.
12. For all appraisals subject to satisfactory completion, repairs, or alterations, this report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

13. Information, estimates and opinions furnished the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct; however, no responsibility for the accuracy of such items furnished to the appraiser can be assumed by the appraiser. No liability or responsibility is expressed for results from actions taken by anyone as a result of this report. Further, there is no accountability, obligation, or liability to any third party.
14. Matters of legal nature or tax consequences have not necessarily been considered in this report. The reader should consult a competent attorney or CPA for information and opinions in those areas.
15. In many instances, the appraiser is given information regarding machinery and equipment concerning repairs, accessories, condition, etc., which may or may not be verifiable by the appraiser for a variety of reasons. In such cases, the appraiser must rely on information provided him in searching for comparative data. The appraiser disclaims any responsibility if given erroneous information by any party.
16. Machinery and equipment appraisers are called on for price evaluation and verification for equipment from many different fields of business. It is impossible for any appraiser to be an authority in every field of machinery/equipment. Therefore, the appraiser has endeavored to use basic sound, accepted methodologies in any assignment (i.e., Cost New Less Depreciation and Market Data Approaches). Conversations with those dealing daily in a specific field were conducted, and all final evaluations are founded on prudence and best effort on the part of the appraiser. "Conclusion of opinion of value" is arrived at from years of experience in the sale and appraisal of machinery, equipment, businesses, and commercial properties. The final form of this report is made possible by omitting many details used in estimating, yet not considered essential to the report.
17. The appraiser has endeavored to use due diligence in all market comparisons. If possible, three comparisons of similar items sold usually provide substance for final value determination. However, at times it is not possible to find any direct sales comparisons that have actually sold. In these cases, the appraiser has relied heavily on comments and testimony from sources considered reliable (dealers, auctioneers, manufacturers, wholesaler, etc.) in arriving at the final value estimate.
18. The writer has based his opinion on certain assumptions that have been presented to him. If these basic assumptions should change for any reason, the final valuation could quite likely change. The appraiser reserves the right to make any adjustments considered necessary as additional or more reliable data becomes available.
19. If the request has been for the writer to accept values given by the principals, i.e., hard assets, fixtures, equipment, inventory, etc., and then the assignment becomes hypothetical in nature unless the writer has specifically certified the values of such assets in the report.
20. Nomenclature and identification of tangible assets are assumed by the writer to be accurate, but no guarantee is made in this regard.

21. An appraisal is an estimate of value. When the amount is considered a reasonable and proper value under the concept of a definition, then it is applied. For this reason, the value is, in many cases, a rounded number. As stated in *Engineering Valuation and Depreciation*, a textbook published by Iowa State University Press of Ames, Iowa, "All values are of the nature of forecast of events and are subject to the uncertainties of all prophecies."
22. In most cases, equipment is itemized, although certain areas require a group estimate, in which case the listings are shown in the quantity column as "lot." This is usually applied in nominal value areas that require general descriptions for applications elsewhere, or in areas where difficulty of access for total description would have required additional time not justified by the items being valued.
23. It is assumed that all equipment has standard features commensurate with its normal operation. For instance, machine tools would include but not be limited to: belt guards, foot pedals, magnetic or standard starters, switch-gear, safety equipment, wiring, piping and controls, electrical, pneumatic or hydraulic systems, or other peripheral items considered standard for operating the indicated model or type of equipment. This type of detailed listing is not described for each machine due to repetition, time, cost, and description length within the listing. An attempt is made, however, to indicate any non-standard features at an appropriate point within the study.
24. The valuation concept used in this report is one chosen by the client and should not be considered a recommendation by the appraiser as to what might result in any later application of the concept. Concept probability and/or feasibility are beyond the scope of the appraisal. The user of the report is to determine the probability of occurrence. The appraisal is purchased in order to allow an opinion of value under any assumed set of circumstances, as requested and mutually agreed upon by the client and the appraiser.
25. Description of items made a part of this report is believed correct. Any errors or omissions were unintentional and should not affect the value assignment. Description is made with the attempt of allowing reasonable identification although it may not allow specific item identification in all cases unless company number tagging is utilized. Examples of this would be in such areas as cabinets, shelving, file cabinets, various hand tools, and unsterilized equipment or equipment without justification for serial number search due to associated value and/or time consideration. In some cases, identification numbers cannot be found.
26. In some cases, an appraiser may indicate that certain equipment was observed in operation. This qualification is applicable only to specific pieces of equipment and should not be construed that other equipment was not operable or under operation at the time of inspection. This note could become extremely important in the future but is considered more of note "in passing" at the time of the on-site evaluation.
27. The subject equipment may or may not conform to OSHA standards (Occupational Safety & Health Administration). The sole responsibility for conforming rests with the

owner of the subject equipment and may not necessarily affect the final estimate of value reported herein.

28. Any controversy arising out of or relating to this report shall be settled by arbitration in accordance with the rules, then in effect, of the American Arbitration Association in Fort Lauderdale, Florida. In the unlikely event that differences concerning our services or fees should arise, that are not resolved by mutual agreement, our liability for this engagement will be limited to a return of the fees we have received for this engagement.
29. Since the conclusions by the appraiser are based upon judgments, isolation of any single element as the sole basis of comparison to the whole appraisal may be inaccurate.
30. As stated, this is a report estimating value based on "reported" condition. If it is the client's desire to verify physical condition and/or needed repair of the items, which are the subject of this report, the client should consult a qualified mechanic/technician. To determine actual mechanical condition is outside of the appraiser's expertise and the scope of this assignment. If the condition of the equipment is other than as reported to the appraiser, the estimated value could be unreliable. The appraiser reserves the right to change the value estimate if additional information comes forward as to condition or other factors, which could affect value.
31. This is a Summary Appraisal Report. Additional information may be necessary and will be provided to qualified requests by the writer.
32. It should be noted that the term "certified," or "certified appraisal" as used in this report refers to certification from various recognized appraisal and consulting societies, organizations, or institutes.
33. This report is not to be used for insurance purposes unless specifically stated to do so.

Definitions of Condition

Very Good (VG)

This term describes an item of equipment in excellent condition capable of being used to its fully specified utilization for its designated purpose without being modified and not requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

Good Condition (GC)

This term describes those items of equipment which have been modified or repaired and are being used at or near their fully specified utilization but the effects of age and/or utilization indicate that some minor repairs may have to be made or that the item may have to be used to some slightly lesser degree than its fully specified utilization in the foreseeable future.

Fair Condition (FC)

This term describes those items of equipment which are being used at some point below their fully specified utilization because of the effects of age and/or application and which require general repairs and some replacement of minor elements in the foreseeable future to raise their level of utilization to or near their original specifications.

Poor Condition (PC)

This term is used to describe those items of equipment, which can only be used at some point well below their fully specified utilization, and it is not possible to realize full capability in their current condition without extensive repairs and/or replacement of major elements in the very near future.

Scrap Condition (X)

This term is used to describe those items of equipment which are no longer serviceable and which cannot be utilized to any practical degree regardless of the extent of the repairs or modifications to which they may be subjected. This condition applies to items of equipment which have been used for 100% of their useful life or which are 100% technologically or functionally obsolescent.

Definitions of Value Used

Fair Market Value in Continued Use

Fair market value in continued use is the estimated amount, expressed in terms of money, that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date and assuming that the business earnings support the value reported. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs to make the property fully operational.

Machinery and Equipment Definitions

The following values are defined in the publication *Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery & Technical Assets*, Second Edition, by the American Society of Appraisers.

1. **Fair Market Value** is the estimated amount, expressed in terms of money that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, as of a specific date.
2. **Fair Market Value – Removal** is the estimated amount, expressed in terms of money, that may reasonably be expected for an item of property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell and both fully aware of all relevant facts, considering removal of the property to another location, as of a specific date.
3. **Fair Market value in Continued Use** is the estimated amount, expressed in terms of money, that may reasonably be expected for a property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date and assuming that the business earnings support the value reported. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs to make the property fully operational.
4. **Fair Market Value – Installed** is the estimated amount, expressed in terms of money that may reasonably be expected for an installed property in an exchange between a willing buyer and a willing seller, with equity to both, neither under any compulsion to buy or sell, and both fully aware of all relevant facts, including installation, as of a specific date. This amount includes all normal direct and indirect costs, such as installation and other assemblage costs, necessary to make the property fully operational.
5. **Orderly Liquidation Value** is the estimated gross amount, expressed in terms of money, that could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser (or purchasers), with the seller being compelled to sell on an “as is,” “where is” basis, as of a specific date.
6. **Forced Liquidation Value** is the estimated gross amount, expressed in terms of money, that could typically be realized from a properly advertised and conducted public auction, with the seller being compelled to sell with a sense of immediacy on an as-is , where-is basis, as of a specific date.
7. **Liquidation Value in Place** is the estimated gross amount, expressed in terms of money that could typically be realized from a failed facility assuming that the entire facility would be sold intact with a limited time to complete the sale, as of a specific date.

8. **Salvage Value** is the estimated amount, expressed in terms of money that may be expected for the whole property or a component of the whole property that is retired from service for possible use elsewhere, as of a specific date.
9. **Scrap Value** is the estimated amount, expressed in terms of money that could be realized for the property if it were sold for its material content, not for a productive use, as of a specific date.
10. **Insurance Cost New** is the replacement or reproduction cost new as defined in the insurance policy less the cost new of the items specifically excluded in the policy, as of a specific date.
11. **Insurable Value Depreciated** is the insurance replacement or reproduction cost new less accrued depreciation considered for insurance purposes, as defined in the insurance policy or other agreements, as of a specific date.

Methods of Valuation

Appraisal methods employed in arriving at the final conclusion as to value on all of the equipment in this section include the Cost Approach Analysis and the Market Data Approach Analysis. At times, the Income Approach Analysis is used. However, on equipment of this type, it would be deemed unadvisable, as it is the result of a purely hypothetical value.

Cost Approach Analysis

The Cost Approach Analysis is defined as a "method in which the value of a property is derived by estimating the replacement cost of the improvements and deducting there from the estimated depreciation." In determining depreciation, the appraiser has used his judgment and prudence in determining the depreciation factor. Experience with this type of equipment has proven the use of a formula, which is as follows:

$$\text{Fair Market Value} = \frac{\text{Remaining Life}}{\text{Normal Life}} \times \text{Cost New}$$

This formula, again, has proven to be effective on numerous occasions.

The Market Data Approach

This approach is "an appraisal technique in which the market value estimate is predicated upon prices being paid in actual market transactions and current listings, the former fixing the lower limit of value in a static or advancing market and fixing the higher limit of value in a declining market; and the latter fixing the higher limit in any market. It is a process of correlation and analysis of similar recently sold properties. The reliability of this technique is dependent upon:

1. The degree of comparability of each property with the property under appraisal;
2. The time of the sale;
3. The verification of the sale data;
4. The absence of unusual conditions affecting the sale.

The Income Approach

The Income Approach to value is used only when solid data involving income and expenses for a particular item can be established. It is considered hypothetical in most situations involving machinery and equipment, and though while considered, has not been applied in the final value estimate.

Summary

In an effort to provide Cost Less Depreciation Analysis, the appraiser has used, when possible, the actual manufacturer (or dealers) of the subject equipment. At times, new replacement models are offered when the subject model is no longer being made. When this condition exists, the appraiser endeavors to correlate and adjust for various factors involved. If the actual manufacturer of the equipment is not available or cannot be reached for any reason, then dealers or distributors are contacted when possible for verification of similar items with similar utility. Sometimes the manufacturer, distributors, and dealers can provide information for the Market Data Approach as well, since they are oftentimes aware of equipment on the used market, even selling similar equipment at times. A search is also made of similar items in the general market place that have sold and are presently offered for sale. Unless specifically stated, the Income Approach has not been applied in this assignment for reasons mentioned above.

Sources Contacted

The following sources were contacted in this assignment:

- IBIS World
- Caterpillar.
- Haulmark Trailer
- Komatsu
- Dynapac
- New Holland
- NEBB Institute Data Base
- The Book Pricing Guide
- The Internet
- Ingersol Rand
- Mac Truck
- Belshe

Additional Considerations

Title of Appraised Equipment

It is understood the items listed in this report are owned and belong to XXXXXXXXXXXXXXXX, Jupiter, FL 333478. The writer makes no guarantee, however, concerning ownership or clear title.

Measurable Marketplace

There are distinct levels of trade and each may have its own market value. The writer is under the opinion that other companies similar to XXXXXXXXXXXXXXXX., and who provide similar products and services would be the most appropriate market.

Market Conditions

March 2010 National Economic Report

Note: in a new format for the Key Value Data National Economic Report, full reports will be provided for the first month of each quarter. For the remaining months, an abbreviated summary report will be supplied that valuers can drop directly into their business valuation report—in whole or in part.

The economic recession that had plagued the U.S. economy for the last two years finally ended last year. On October 20, 2009, the U.S. Commerce Department announced that the U.S. economy had grown during the third quarter of 2009, rising for the first time in more than a year. Confirming the conclusion of the worst U.S. recession in 70 years, the Commerce Department reported that the U.S. gross domestic product (GDP) grew at an annual rate of 3.5% (later revised downward to 2.2%) during the July-to-September time period, ending a string of four down quarters and registering the fastest rate of economic growth since the third quarter of 2007. This growth continued strong into the fourth quarter of 2009, with GDP rising by 5.7% (later revised downward to 5.6%) and representing the steepest growth rate in six years.

Positive as this news was, most economists believe that such a high rate of growth is unsustainable, and will drop to below 3% for the rest of the year. This sluggish growth rate would keep unemployment at or close to 10% for the balance of 2010. As evidence of this possibility, the U.S. unemployment rate, which had peaked at 10.2% last October, fell only slightly to 10.0% in November and December and to 9.7% for January through March. For most of this time, the slight decrease in the unemployment rate does not reflect an increase in jobs, but an exodus from the labor force. All told, the national “underemployment rate” stands at approximately 17.3%. Economists warn, in fact, that as these “discouraged workers” return to the labor force on the promise of finding jobs, the national unemployment rate may even bounce back up again in coming months.

Even With Downward Revision, U.S. Economy Grew Strongly in Fourth Quarter

The economic recession that had plagued the U.S. economy for the last two years finally ended last year, official government reports revealed. On October 20, 2009, the U.S. Commerce Department announced that the U.S. economy had grown during the third quarter of 2009, rising for the first time in more than a year. Confirming the conclusion of the worst U.S. recession in 70 years, the Commerce Department reported that the U.S. gross domestic product (GDP) expanded at an annual rate of 3.5% (revised downward later to 2.2%) during the July-to-September time period, ending a string of four down quarters and registering the fastest economic growth rate since the third quarter of 2007.

This good news continued into the fourth quarter of 2009. During that quarter, the U.S. Commerce Department reported on January 29, 2010, the U.S. economy grew even faster—by a strong 5.7%, a mark that represents the second straight quarter of growth and the fastest economic growth rate in six years. Subsequently, on March 26, the Commerce Department released its final estimates for Q4 economic growth, based on more complete data than initially available, and these estimates showed a small downtick for the fourth quarter to a rate of 5.6%. The continuing strength in economic growth, the Department said, was due primarily to an increase in inventory investment, a firming up of nonresidential fixed investment, and acceleration in net exports.

Nine Months into Recovery, Worries about Future Economic Growth Remain

Even as this undeniably good news was being reported, however, it was just as quickly being discounted—at least to a degree. This dispatch from Yahoo! Finance following the February jobs announcement was typical: “Analysts warn [that the first-quarter growth rate] is unsustainable. Consumer spending, chilled by double-digit unemployment and scant wage gains, remains weak. And the benefits of government aid and higher company output to feed stockpiles will dwindle.” In fact, the report goes on to note that, in order “to drive down the jobless rate by just one percentage point this year, the economy would have to grow by 5% for the whole year. No one thinks that will happen.”

The March jobs report, discussed below, also failed to produce much relief. As CNBC.com noted, even with the unemployment rate holding steady and the number of layoffs less than expected, “economists and investment analysts said it’s still too early to discount the economy’s chances of revisiting recession. ‘[Nine] months into the much-touted recovery, the economy should be adding jobs, not just losing jobs at a slower pace,’ University of Maryland economist Peter Morici wrote...” Former Federal Reserve chairman Alan Greenspan concurred, declaring that the ongoing economic recovery was “extremely unbalanced,” primarily because of “small businesses who are doing badly...” And on April 6, the Federal Reserve made public its worries that, despite some recent good news, “the economic recovery may lose steam going forward.” In fact, several small but negative signs are starting to emerge. According to the commercial property research firm Reis, U.S. office vacancy rates, rising to 17.2% for Q1 2010, were at a 16-year high. And commercial bankruptcy filings rose by 50% last year, according to an April 1, 2010, report from credit-rater Equifax. The recession’s effects apparently linger.

Federal Budget Deficit Soars; Projected to Consume 90% of Nation's GDP

Federal budget deficits continue to grow beyond most people's comprehension. Overall, the Federal budget deficit for FY 2009 totaled a record \$1.42 trillion—more than triple the record of \$459 billion set just last year—according to the U.S. Congressional Budget Office (CBO). And Peter Orszag, President Obama's budget director, has predicted that the fiscal 2010 deficit will be no lower. In fact, because of an end-of-the-year spending burst, the Federal government is now on pace for another record-shattering budget deficit of nearly \$1.8 trillion. As a result of these growing debt levels and steep spending increases, Congress was forced to raise the U.S. debt limit late last year by \$290 billion, to an historical high of \$12.4 trillion, in order to keep the government from defaulting on its obligations. Then, on January 28, the Democratic-controlled Senate had to raise the U.S. debt ceiling still further, by \$1.9 trillion, to another historical high of \$14.3 trillion.

More fuel was added to the spending and deficit fire on February 1, 2010, when the Obama Administration released its FY 2011 budget. That budget, which covers the period from October 2010 through September 2011, envisions total Federal spending of \$3.8 trillion—another new record. The Federal government—by the Administration's own accounting—would have to borrow one out of every three dollars that it spends, once again the greatest deficit load in the history of the country. More recently, on March 27, the CBO reported that the President's fiscal 2011 budget will generate nearly \$10 trillion in cumulative budget deficits over the next 10 years—some \$1.2 trillion more than the White House has projected—and would raise the Federal debt load to a stunning 90% of the nation's economic output by 2020.

Federal Stimulus Program's Effect Is Unclear; Seen Mostly As Political Move

One of the main reasons for the growing Federal deficits is the government's \$787 billion stimulus package, approved on February 17, 2009. The stimulus measures were supposed to vault the economy back to health but, one year later, the measures' impact is still being debated. The White House claims success. According to CNNMoney.com, "the White House is mounting an all-out campaign... to tout the benefits" of the stimulus package, saying that it "has largely lived up to its promises of stemming job losses and boosting economic growth." President Obama led the charge, declaring: "Our work is far from over, but we have rescued the economy from the worst of this crisis."

Republicans—only three of whom voted for the measure in the U.S. Senate and none of whom did so in the U.S. House—take a sharply divergent stance. House Minority Leader John Boehner asserted that the Democrats' "self-congratulatory 'stimulus' spin... is hopelessly out of touch with reality and has about as much credibility as prio claims that unemployment wouldn't exceed eight percent..." U.S. House Republican Whip Rep. Eric Cantor of Virginia points out that states have lost a total of 2.9 million jobs between the bill's enactment last February through December, even though the administration projected that the stimulus package would "create or save" 3.5 million jobs.

Whoever is right remains to be seen? But what is clear is that the public is extremely dubious. In a January CNN/Opinion Research Poll, only 25% of the public thought that the stimulus package had benefited the middle class, with 54% saying that it primarily had helped bankers and investors. Additionally, 63% of respondents thought that projects were included in the stimulus package for political reasons rather than because of their potential economic benefit, with fully 21% of people believing that nearly all of the stimulus money has been wasted. More than 56% now say they oppose the measure. An analysis by the web site BigGovernment.com seems to support this view, revealing that Democratic congressional districts were receiving 1.8 times as many stimulus funds as Republican ones, and that dispersals bore no relationship to local unemployment.

The skepticism notwithstanding, the price tag is rising. The Congressional Budget Office recently estimated that, as expensive as it was, last year's stimulus package actually would cost some \$75 billion more than originally projected. And, according to a February 1, 2010, report from CNNMoney.com, "they're not calling it Stimulus 2, but the Obama Administration wants to extend the life of several [stimulus] provisions by building them into the Federal budget" permanently, according to the new White House budget plans.

Despite Federal Rescue Efforts, Bank Failures Continue to Mount

The number of troubled U.S. banks has surged in recent months. According to a February 23, 2010, report from the U.S. Federal Deposit Insurance Corporation (FDIC), the number of troubled U.S. banks has climbed to 702, up from 552 at the end of the third quarter of 2009, 416 at the end of the second quarter, and 305 at the end of the first quarter. The new total represents one of 11 banks in the U.S., and is at its highest level since June 1993. In addition, throughout 2009, 140 banks around the country failed; compared with just 25 failures in 2008—the most bank failures in a single year since 1992. And the numbers continue to grow. On March 19, 2010, Federal regulators shut down seven banks, bringing to 37 the number of bank failures so far in 2010. President Obama's financial rescue program, enacted early in 2009, was supposed to forestall problems like these and to open up credit to small businesses, but it hardly appears to be working. Indeed, Fannie Mae, a key subject of the Federal rescue, announced that it will seek an additional \$15.3 billion after its tenth straight quarterly financial loss.

Stocks Finished Strong in 2009, and Resume Surge after Start-Of-Year Selloffs

Stocks finished strong in 2009, with the Dow ending the year at levels 19% higher than a year earlier. Unfortunately, this strength has not persisted into the New Year. By the beginning of February 2010, massive selloffs had forced the Dow down below 10,000 for the first time since November, although the index subsequently had recovered and had climbed to more than 10,500 by early March and was approaching 11,000 in early April.

Industrial Output Continues to Grow, Although Manufacturing Output Is Mixed

These disturbing signs notwithstanding, the U.S. industrial sector has continued to show unexpected resilience. According to a March 15, 2010, report from the U.S. Federal Reserve, output from the United States' factories, mines, and utilities edged up by 0.1% in February—the eighth straight monthly improvement—following a gain of 0.9% in January, Manufacturing

production, however, declined by 0.2% in February after a 1.0% jump in January, while capacity utilization was up by 0.2 percentage points. This data was largely consistent with that from the Tempe, Ariz., based Institute for Supply Management (ISM), which also tracks U.S. manufacturing performance. In its March 2010 “Report on Business,” released on April 1, 2010, the ISM noted that economic activity in the manufacturing sector expanded in March for the eighth consecutive month. The rate of growth was the fastest since July 2004, with both new orders and production climbing sharply, representing “significant momentum going forward,” the report said.

Additionally, the most recent quarterly findings from the U.S. Bureau of Labor Statistics showed a sharp jump in U.S. labor productivity. As reported in USA Today, “businesses are squeezing more out of their downsized workforces and inching closer to the day they start hiring.” Overall, U.S. labor productivity climbed at a 6.2% annual rate in the fourth quarter of 2009, while labor costs fell by 4.4%. Over the past four quarters, productivity has grown by 5.1%, the fastest pace in eight years.

U.S. Auto Industry Continues to Stabilize, With Gains by All Major Automakers

After two years of turmoil—including Federal bailouts and the boost from the short-term “Cash for Clunkers” program—U.S. auto markets finally appear to be stabilizing. In January, Ford Motor Co. announced that the company was profitable in 2009 for the first time since 2005, and said that it expected to be profitable in 2010 as well, while General Motors also posted double-digit sales increases. Then, on March 3, 2010, Ford reported that its February sales were up by a stunning 43%, allowing the Dearborn, Mich., based automaker to surpass GM for the first time in more than a decade. GM’s February sales, meanwhile, were up by 12% year-over-year, while Chrysler’s sales were up as well, but by only 0.5%. Even Toyota, which suffering from massive recalls and a public backlash due to the firm’s brake-pedal-defect fiasco, saw incentive-fueled sales jump by 35.3% in March after having tumbled by 8.7% in February and by 12.0% in January.

Consumer Confidence Rebounds Following Sharp Downturn in February

These job figures notwithstanding, The Conference Board’s Consumer Confidence Index had continued for some time to edge up. The Index rose slightly in both November and December, and continued to climb in the new year, increasing from 53.6 in December to a revised 56.5 in January (1985 = 100). However, these numbers reversed themselves in February. The Consumer Confidence Index plunged sharply that month, falling from 56.5 in January to 46.0—one of the steepest monthly drops on record. The downturn, as it happened, was short-lived: the Consumer Confidence Index jumped back to 52.5 in March from a revised 46.4 in February, while the Expectations Index shot up from 62.9 to 70.2. In a related positive sign, retail sales in February unexpectedly rose by 0.3%.

Consumer Prices Unchanged, While Producer Prices Fall

Consumer prices for all items were unchanged in February after edging up by a seasonally adjusted 0.2% in January. The Consumer Price Index (CPI) had climbed by 0.2% in December following gains in the 0.2% to 0.4% range for the previous four months before that. For 2009 as

a whole, consumer prices were up by 2.7%. When the volatile food and energy price changes were excluded from the calculations, consumer prices rose by 0.1% in February after falling by 0.1% in January and rising by only 1.8% for all of 2009.

The Producer Price Index (PPI) for finished goods—often, a harbinger of future consumer price increases—fell by 0.6% in January after jumping by a sharp, seasonally adjusted 1.4% in January and rising by 0.4% in December. For all of 2009, producer prices were up by 4.7%. However, with food and energy prices excluded, the Producer Price Index was up by only 0.1% in February after rising by 0.3% in January. For all of 2009, producer prices rose by only 0.9%—the smallest increase since 2003.

On the energy front, retail gasoline prices have risen by about \$1 per gallon since January 2009 and are now closing in on a \$3-per-gallon average nationally, with crude oil prices having climbed by early April into the high \$80's-per-barrel range.

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Estimated Marketing Time

The appraiser believes that if properly exposed to the open market the subject equipment should sell in approximately 180 days.

Extraordinary Assumptions and/or Hypothetical Conditions

1. It is assumed there are no hidden defects which are not reported to the appraiser and which could affect value.
2. If any information from any source comes forward indicating that a change in estimated value for any particular item(s) is warranted, the appraiser reserves the right to change the value estimate in this report.
3. Issues resulting from either of the above conditions could affect the assignment results.

Comments Regarding Capital Equipment

The appraiser has attempted to analyze all subject sales comparisons, offers, options, and listings in accordance with USPAP Standards Rule 7-5. Data found was limited and in some cases unobtainable. The appraiser has had conversations with dealers, manufacturers, brokers, and others. The Internet has also been used, all in an effort to determine detail and characteristics of the appraised item(s). Data that was found has been weighted in the final value estimate or otherwise considered irrelevant.

Capital Equipment

Item #	Type	Manufacturer	Model/Description	Serial/VIN No. / Hours	Year/ Age	Condition	Remaining Useful Life *	Comments	Estimated FMV In Continued Use
1	Excavator	Komatsu	PC 150 LC-6	K 4080 9,000	1997	Good	10 Years	Machine Runs With Electronic Problems	\$22,000
2	Dozer	Komatsu	D 58 E-1	82652 2,971	2002	Good	10 Years	N/A	\$38,000
3	Cat Wheel Loader	Caterpillar	Cat 938	4YS01002 8,396.9	N/A	Good	10 Years	N/A	\$45,000
4	Roller	Dynapac	CA 250 D	658205535	2006	Good	10 Years		\$65,000
5	Roller	Ingersoll Rand	SD 70 D	164347 1,532	2000	Good	10 Years		\$35,000
6	Wheel Loader	Komatsu	WA 250-3 MC	A 71521 8,067	2002	Good	10 Years		\$49,000
7	Excavator	Komatsu	PC 300 LC-6 E	A 84078 4,248	2000	Good	10 Years		\$69,000
8	Wheel Loader	Komatsu	WE 250-3 MC	A 71494 5,610	2002	Good	10 Years	Quick connect, Rake, Forks, Boom Included. No Windows	\$52,000
9	Wheel Loader	Komatsu	WA 320-3 MC	A 31528 10,000	2000	Good	10 Years	Engine Needs R B	\$52,000
10	Truck	Mack	RD 6905	16,330	1990	Good	10 Years		\$20,000
11	Truck	Mack	RD 6905	5,432	1993	Above Average	10 Years	No Brakes	\$24,000
12	Truck	Ford Super Duty	F-350	141,948	2005	Good	10 Years	Long Bed 4 Doors, 2 WD 6.0 Turbo	\$8,000
13	Truck	Ford Super Duty	N/A	91,639	1997	Good		Power Stoke 7.3 Dually	\$10,000
14	Tractor	New Holland	3930	2450	N/A	Good	10 Years	Bushog and box blade, Rake	\$8,000
15	Trailer	Belshe	N/A	N/A	N/A	Good	10 Years	4 Wheel Trailer, 12,000 Lbs	\$2,800

16	Trailer	Haulmark	N/A	N/A	N/A	Good	10 Years	4 Wheel 12' Long	\$1,800
17	8" Pump	Holland	H-40-D-305	6,631	N/A	Good	10 Years	5 X Glands	\$4,500
18	6" Pump	Holland	H-21-D-323	2,002	N/A	Good	10 Years	6 X Glands	\$6,800
19	Tractor	Sweeper	N/A	N/A	N/A	Good	10 Years		\$2,000 - \$3,000
20	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	41" X 97"	Scrap No Value
21	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	41" X 81"	Scrap No Value
22	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	45" X 146"	Scrap No Value
23	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	42" X 92"	Scrap No Value
24	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	41" X 66"	Scrap No Value
25	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	40" X 61"	Scrap No Value
26	Fuel Tank	N/A	N/A	N/A	N/A	Good	10 Years	47" X 73"	Scrap No Value
27	Wielder	Delarc 250	LC 348193	N/A	N/A	Good	10 Years		\$400
28	Excavator Crawler	Volvo	EC 160 B LC	1881	2006	Good	10 Years		\$95,000
Total Estimated F.M.V.									\$613,800

* This estimate assumes all items receive periodic maintenance according to instructions of original manufacturing companies (or their successors) and by use of replacement components (new, used, remanufactured, or reverse-engineered) available either from those companies or from alternative suppliers in the aftermarket.

Final Value Summary and Reconciliation

Based on the information supplied to the appraiser, using due diligence and discussions with individuals who sell new and used similar equipment, the appraiser has used a combination of the Cost Less Depreciation Approach and the Market Data Approach for each capital equipment item with a primary emphasis on the Market Data Approach when possible. If good, reliable, market data did not exist or was unclear, the Cost Approach was implemented. All data used has been retained in the appraiser's work file as required in a summary report.

For item numbers: 1 thru 16, 28

Cost Less Depreciation Approach was considered. However, the Market Data Approach was weighted as being more appropriate in establishing value as significant comparable data was available

For item numbers: 17, 18, 19, and 27

Market Data Approach was considered. However, the Cost Less Depreciation Approach was weighted as being more appropriate in establishing value as significant data was unavailable or unverifiable.

For item numbers: N/A

Cost Less Depreciation and the Market Data Approaches were considered. However, the Income Approach was weighted as being more appropriate in establishing value as income and expense records could be studied.

The total estimated Fair Market Value in Continued Use of the subject items is as follows:

Capital Equipment Items	\$613,800
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Total:	\$613,800
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Appraiser's Certificate

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting pre-determined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have not made a personal inspection of the property that is the subject of this report.
9. Mr. Rodger Oden, President, of List My Equipment provided significant personal property appraisal assistance to the person signing this certification. He conducted the field inspection and provided this appraiser with a spread sheet listing the description, condition, and model numbers, for all equipment being appraised in order to complete this desk top summary appraisal report.
10. Because of my training as an appraiser and my experience in numerous business transactions, I am qualified to perform this assignment.
11. The appraiser certifies that he has not appraised or otherwise had involvement with the property hereby being appraised in the last three years.

Non-Discrimination

In arriving at the estimated reasonable value, the writer has not been improperly influenced in any manner by the race, religion, or national origin of any person.

Certification and Re-Certification

Rene Rodriguez Sr., CMEA, CSBA, is in compliance with the NEBB Institute certification or re-certification program.

Rene Rodriguez Sr., CMEA, CSBA

Date

Appraiser's Qualifications

Rene Rodriguez Sr., CMEA, CSBA

Professional designations and work experience for Rene Rodriguez Sr., CMEA, CSBA, include: Rene' Rodriguez Sr., CMEA, CSBA, has been awarded the CMEA designation (Certified Machinery/ Equipment Appraiser) and CSBA, (Certified Senior Business Analysis), by the NEBB Institute.

Professional designations and work experience for Rene Rodriguez Sr., CMEA,CSBA, include:

Ten years as a Certified Appraiser experience, with over 4,000 appraisals performed, providing appraisal service through-out the state of Florida and United States.

His appraisal practice covers many areas in machinery, equipment and business valuations, residential, and divorce litigation, vacant land, custom spec homes and commercial properties.

Rene' earned a Bachelor of Science Degree in Criminal Justice from the University of The State Of New York, and is an Associate Member of the Appraisal Institute, since 2005.

He served honorably for twenty years as a Criminal Investigator Department (CID), for the U.S. Army, were he retired as a Chief Warrant Officer. His last three years was protecting the Honorable Casper Weinberger, Secretary of The United States where he received special recognition for service.

Rene' owns and operates Anytime Appraisals, Inc, performing Machinery, Furniture, Fixtures & Equipment (FF&E), Business Valuations, Residential and Commercial Appraisals.

CMEA's are located throughout the United States and several foreign countries, and are used by banks, other lending institutions, CPAs, attorneys, business buyers/sellers and others to provide needed financial information for a variety of reasons.

Certifications:

CMEA - Certified Machinery & Equipment Appraiser, NEBBI Certification# 090508RER

SBA- Certified Senior Business Analyst, NEBBI

FEMA Approved Disaster Housing Inspector

State Certified Registered Appraiser, RD5091

Affiliations:

Associate Member of the Florida Association Realtors

Associate Member Appraisal Institute

Associated Member NEBB Institute

Associated Member of Society of Business Valuations

Criminal Investigation Division Agents Association



Partial List of Businesses Appraised - The following is a partial list of the types of businesses that have been appraised by CMEAs:

- Accounting Practices
- Architectural & Engineering Services
- Advertising Agencies
- Aerial Spraying Services
- Airports
- Appliance Sales & Repair
- Art & Craft Supply Stores
- Asphalt Plants/Sand Pits
- Attorney's Practices
- Auto Body Shops
- Auto Dealerships
- Auto Parts Stores
- Auto Repair Garages
- Bakeries
- Banks
- Beauty Shops
- Bridal Shops
- Building Product Supplies
- Candy Shops
- Catalog & Mail Order Houses
- Chemical Manufacturers
- Chemical Distributors
- Clinics
- Clubs/Taverns
- Collection Agencies
- Construction Companies
- Convenience Stores
- Cosmetic Stores
- Country Clubs
- Dairy Farms
- Dental Practices
- Distribution Companies
- Dog Kennels
- Donut Shops
- Dry Cleaners
- Electrical Contracting Services
- Exercise Gyms
- Fabric Stores
- Fast Food Restaurants
- Farms
- Flower Shops
- Food Processing Plants
- Furniture Stores
- Gasoline Stations
- Gift Shops
- Golf Courses
- Grocery Stores
- Hardware Stores
- Hobby Shops
- Hospitals
- High Tech Manufacturing Companies
- Historical Buildings
- Hotels
- Ice Cream Stores
- Interior Decorating Shops
- Insurance Agencies
- Janitorial Companies
- Ladies Retail Clothing
- Liquor Stores
- Lumber Yards
- Machine Shops
- Maid Service Franchises
- Mall Specialty Shops
- Manufacturing Companies
- Medical Clinics
- Millwork Shops
- Motels
- Moving and Storage Companies
- National Franchises
- Newspapers
- Oil and Gas Refineries
- One Hour Photo Stores
- Photography Studios
- Physicians Practices
- Plumbing Contracting Services
- Printing Companies
- Radio/TV Repair Companies
- Real Estate Sales Agencies
- Recreational Vehicle Dealerships
- Refuse Hauling Companies
- Restaurants
- Rock Quarries
- Rodeo Stadiums
- Sandwich Shops
- Schools
- Supper Clubs
- Swimming Pool Builders
- Travel Agencies
- Trucking Companies
- Veterinary Clinics
- Video Rental & Sales Shops
- Wallpaper Stores
- Welding Shops
- Well Drilling Companies
- Well Servicing Companies
- Wholesale Businesses
- Woodworking Shops
- Wrecker/Towing Services

ADDENDA

Additional Definitions and Terms from USPAP

Various terms are used throughout the appraisal report. The following are definitions of the terms:

1. **ADVOCACY** – Representing the cause or interest of another, even if that cause or interest does not necessarily coincide with one’s own beliefs, opinions, conclusions, or recommendations.
2. **APPRAISAL** – (noun). The act or process of developing an opinion of value; an opinion of value. (Adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.
3. **APPRAISAL CONSULTING** –The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.
4. **APPRAISAL FOUNDATION** – The Appraisal Foundation incorporated as an Illinois not for Profit Corporation on November 30, 1987.
5. **APPRAISAL PRACTICE** – Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.
6. **APPRAISER** – One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.
7. **APPRAISER PEERS** – Other appraisers who have expertise and competency in the same or a similar type of assignment.
8. **APPRECIATION** - Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.
9. **ASSIGNMENT** – A valuation service provided as a consequence of an agreement between an appraiser and a client.
10. **ASSIGNMENT RESULTS** – An appraiser’s opinions and conclusions developed specific to an assignment.
11. **ASSUMPTION** – that which is taken to be true.
12. **BIAS** - A preference or inclination that precluded an appraiser’s impartiality, independence, or objectivity in an assignment.

13. BUSINESS ENTERPRISE – An entity pursuing an economic activity.
14. CLIENT – The party or parties who engage an appraiser (by employment or contract) in a specific assignment.
15. CONFIDENTIAL INFORMATION – Information that is either: Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
 - Classified as confidential or private by applicable law or regulation.
16. COST – The amount required to create, produce, or obtain a property
17. DEPRECIATION - A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.
18. ECONOMIC OBSOLESCENCE - Impairment of desirability of useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Location or Environmental Obsolescence.
19. EXTRAORDINARY ASSUMPTION – an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinion or conclusions.
20. FEASIBILITY ANALYSIS – A study of the cost-benefit relationship of an economic endeavor.
21. FUNCTIONAL OBSOLESCENCE - Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art that affect the property item itself or its relation with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.
22. HIGHEST AND BEST USE - That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.
23. HYPOTHETICAL CONDITION – That which is contrary to what exists but is supposed for the purpose of analysis.
24. INTANGIBLE PROPERTY (INTANGIBLE ASSETS) – Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.

25. **INTENDED USE** – The use or uses of an appraiser’s reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.
26. **INTENDED USER** – The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.
27. **JURISDICTIONAL EXCEPTION** – An assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.
28. **MARKET PRICE** - The amount actually paid, or to be paid, for a property in a particular transaction differs from market value in that it is an accomplished or historic fact, whereas market value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, absence of undue stimulus, or any other condition basic to the market value concept.
29. **MARKET VALUE** – A type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.
30. **PERSONAL PROPERTY** – Identifiable tangible objects that are considered by the general public as being “personal” – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.
31. **PRESENT VALUE** - The current monetary value. It is the today’s cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.
32. **PRICE** – The amount asked, offered, or paid for property.
33. **REPORT** – Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.
34. **SCOPE OF WORK** – The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:
 - The degree to which the property is inspected or identified;
 - The extent of research into physical or economic factors that could affect the property;
 - The extent of data research; and

- The type and extent of analysis applied to arrive at opinions or conclusions.
35. **SIGNATURE** – Personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and conclusions in the report.
 36. **SUPPLEMENTAL STANDARDS** – Requirements issued by government agencies, government sponsored enterprises, or other entities that establish public policy which add to the purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results.
 37. **VALUE** – The monetary relationship between properties and those who buy, sell, or use those properties.
 38. **VALUATION PROCESS** – Services pertaining to aspects of property value.
 39. **WORK FILE** – Documentation necessary to support an appraiser’s analysis, opinions, and conclusions.

ENGAGEMENT AGREEMENT

This letter is to confirm my understanding of your request to appraise the following property by way of a:

Summary Report (Desktop)

Type of Property Machinery & Equipment

Name XXXXXXXXXXXX

Address XXXXXXXXXX

s

City, State, Zip Code Jupiter, FL 33478

The following parameters of this engagement are also based upon our previous communication. Appraiser is to use the approaches to value he/she feels is applicable, or a blending thereof, in determining value.

Date of Value June 9th, 2010

Intended Use Tax Purpose

Intended Users XXXXXXXXXXXXXXXXXX

Type of Value Fair Market Value and Continue Use

You have requested that I prepare a *Summary Appraisal Assignment* as defined by the Uniform Standards of Professional Appraisal Practice:

1. *The appraisal report will not be given to any other party without the appraiser's approval.*
2. *The appraiser will report the type of value requested by the client by researching the market and industry, apply the appropriate approaches to value, and provide a written report of his findings.*
3. *The appraiser is indemnified against any and all problems that may arise from the use of this report. You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subject in connection with this engagement. You will not be liable for our negligence.*
4. *You agree that, in the event we are judicially determined to have acted negligently in the execution of this engagement damages shall be limited to an amount not to exceed the fee received by us for this engagement.*
5. *Our liability for injury or loss, if any, arising from the services we provide to you shall not exceed \$5,000 or our fee, whichever is greater. There shall be no punitive damages. Increased liability limits may be negotiated upon your written request, prior to commencement of our services, and your agreement to pay an additional fee.*
6. *Your obligation for indemnification and reimbursement shall extend to any controlling person of C & L Hawthorne and Son's Inc .including any director, officer, employee, subcontractor, affiliate or agent.*
7. *If in the future the appraiser is called on to testify in court or at deposition regarding the written report, the appraiser will be paid the going hourly rate charged by the appraiser to cover professional time, the gathering of materials, reviewing the case and preparing for testimony along with other expenses incurred. The Appraiser(s) will also be paid the going fee per hour along with reimbursements for testimony if subpoenaed as a witness in a subsequent litigation by any party and such testimony involves the work we performed pursuant to this agreement. If we are ordered by a state or federal judge to permit the subsequent inspection and/or reproduction of files, records, and other documents relating to work performed by us pursuant to this agreement, it is agreed that we may comply with these orders without prior notice to the client.*
8. *If called on to defend this report to any other party, the appraiser's expenses and hourly rate will be billed on a monthly basis or as incurred.*
9. *The client will shoulder the responsibility of legal costs incurred by the appraiser when defending this appraisal.*
10. *Client agrees that the Limiting Conditions, as stated in the report, will be acceptable with the level of work and detail of work to be performed as outlined in the "Scope" section of the report. A sample of the Scope Section has been provided and received by the client.*
11. *Only the larger items of machinery/equipment will be appraised using the whole range of appraisal methodology. The balance of smaller support items will be valued by way of industry depreciation standards and historical metrics. These smaller items will be valued and reported in bulk.*
12. *In the unlikely event of a dispute, the parties under the terms of this agreement shall be subject to arbitration. Arbitration shall be conducted in the state of residence of the appraiser.*
13. *The appraiser certifies that he has not appraised or otherwise had involvement with the property hereby being appraised in the last three years.*

As a result of our previous communication, and at your request, I will report this *Summary Appraisal Assignment* according to one of the report formats outlined in Standard Rule Eight of the Uniform Standards of Professional Appraisal Practice. Specifically, you have requested that the assignment be reported as a *Summary Desktop Report Format*. I have determined that the chosen report format is consistent with the nature of the assignment and the intended use of the report.

As previously agreed, the fee for this assignment will be \$xxxxxx. The estimated delivery date for the report will be June 26th 2010.

Thank you for the opportunity to be of service. Please sign and date this engagement letter and return the original to our office.

June 9th 2010 On File
Date

On File
Client

Appraiser

Client

PHOTOGRAPHS

Item No. 1



Item No. 2



Item No. 3



Item No. 4



Item No. 5



Item No. 6



Item No. 7



Item No. 8



Item No. 9



Item No. 10



Item No. 11



Item No. 12



Item No. 13



Item No. 14



Item No. 15



Item No. 16



Item No. 17



Item No. 18





Item 19



Item 20

Industry Executive Summary

Excavation Contractors in the US
Mar-19-2010, NAICS 23593

Definition

This industry comprises establishments primarily engaged in land for building construction. Activities performed by these establishments are drilling shafts, foundation digging, foundation drilling, and grading. The excavation work performed includes new work, additions, alterations, and repairs.

STATISTICS

2010

KEY FACTS

Revenue	\$26,000 Million
Number of Enterprises	19,000
Forecast Revenue Growth to 2016	5.6%
Forecast GDP Growth to 2016	3.0%
Recent Employment Growth	-2.5%
Average Wages per Employee	\$52,818
Average Profit Margin	18.0%
Average Revenue of Enterprise	\$1,368,421
Imports Share of Domestic Demand	N/A%
Exports Share of Revenue	N/A%

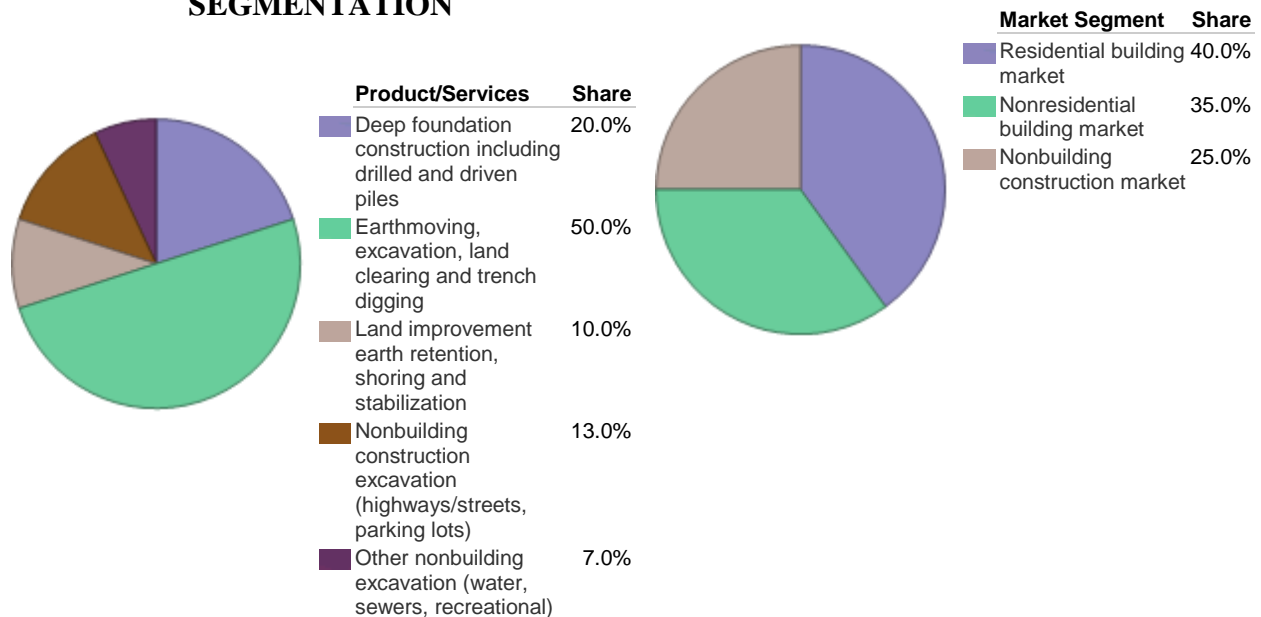
Competition in this industry is **medium**
Volatility **low** (revenue fluctuations less than 3 points.)
The life cycle stage is **mature**
There are no major players in this industry.

Industry Summary

PRODUCTS AND SERVICE

MAJOR MARKET SEGMENTS

SEGMENTATION



MARKET SIZE

The activities of the Excavation Contractors industry do not account for the total value of excavation work undertaken in the United States as the total market also includes: site preparation activities by general construction firms (i.e. contracted to construct a building or

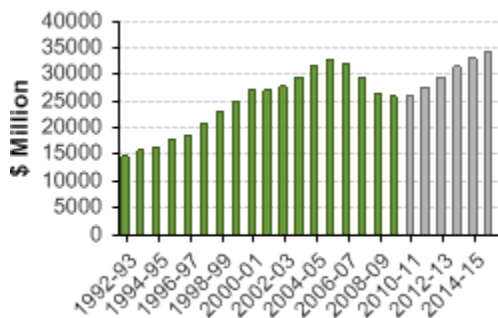
structure on cleared land); highway and street construction activities by engineering contractors; land reclamation activities undertaken by specialist contracting firms; and earthmoving for dam construction and mining activities.

The industry derives about three-quarters of its revenue from subcontracting services to private sector clients, notably land development companies, municipal authorities and infrastructure contractors. Approximately 40% of industry revenue is derived from the provision of services to the residential building market (mainly on land subdivisions); approximately 35% of revenue is derived from excavation work in the non-residential building market (i.e. land preparation for retail buildings, factories and office developments); and approximately one-quarter of industry revenue is derived from excavation of land for the construction of non-building structures (e.g. sporting fields, road works and water supply facilities).

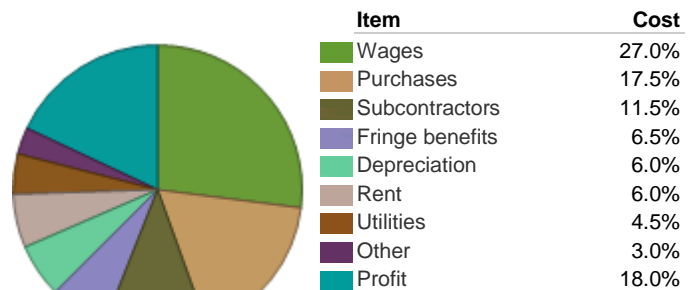
Industry revenue currently totals approximately \$26.00 billion, with value-added of \$14.95 billion, or 0.15% of US GDP in 2010. Revenue has displayed a sharp decline during the late 2000's, falling by an average 4% per annum over the five years to 2010 while the US economy maintained subdued cyclical growth (GDP growth of 0.9% per annum). The deep cyclical contraction in the industry's performance corresponds with the sharp decline in demand for excavation services in the depressed housing market, and more recently the recession-induced downturn of investment into the non-residential building market. Some earthmoving contractors have benefited from the current boost in federal funding for road and bridge construction, but the extent of the slump in the downstream building markets has hit most contractors very hard. Industry employment totals approximately 165,000 people in 20,000 establishments in 2010, below the level recorded in the 2002 Economic Census (166,969 people), and considerably below the record peak employment of 190,000 people in 2006. This industry has a fragmented structure, comprising many small geographically dispersed contractors. The industry has a low concentration of ownership with the four largest forms accounting for less than 10% of annual industry revenue, including: Keller Co., Barrel & Co. Contractors Inc., Malcolm Drilling Co. Inc. and Independence Excavating Inc. The largest player is Keller Co. (a subsidiary of a UK company) which operates many excavation and drilling operations in the United States through subsidiaries including: Hayward Baker Inc., Case Foundation Co., Remedial Construction Services, McKinney Drilling Co. and Beaver Excavating Co.

INDUSTRY REVENUE &

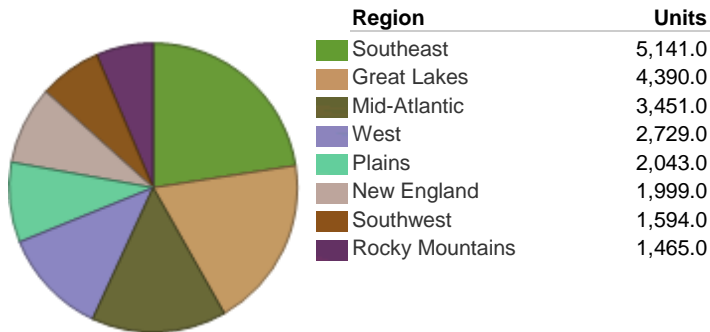
FORECASTS



COST STRUCTURE



Geographic Spread ESTABLISHMENTS



Recent Industry Performance

IBIS World estimates industry revenue will contract at an average rate of 4% over the five years to 2010. Industry revenue declined in 2009 and is expected to fall further in 2010. Demand for excavation services has remained buoyant in the institutional building market associated with committed public sector investment into health care and educational facility construction, and in the boost to highways and bridge construction activity provided by the Obama Administration's fiscal stimulus package. However, demand conditions have tapered off in the water and sewage construction markets in recent years associated with the slump in downstream housing connections and constraints in state public sector investment.

The onset of recessionary economic conditions and the drying up of global investment funds has combined to drive housing and commercial building construction down sharply in recent years, impacting severely on demand for excavation services and resulting in contractors cutting margins to maintain revenue flow, reducing employment levels and forcing smaller contractors to exit the industry. Demand for excavation services remained buoyant throughout the mid-2000 despite the minor cyclical decline in the housing construction market in 2006, which negatively impacted the demand for excavation services for new housing subdivisions.

	Revenue \$ Million	Growth %
2005	31,850.0	N/A
2006	32,800.0	3.0
2007	32,000.0	-2.4
2008	29,550.0	-7.7
2009	26,600.0	-10.0

Industry Outlook

The Excavation Contractor industry is forecast to record a period of strong expansion over the next five years to 2015, although growth will be coming from a deep cyclical trough. IBIS World estimates industry revenue will grow at an average annual rate of 5% over the five years to 2015. The industry's strong performance will come from the return to synchronized cyclical growth in the key downstream construction markets towards the middle of the period, and particularly the upswing in demand for work on new housing subdivisions. Revenue growth will be underpinned by an upswing in housing investment from its current deep trough, and also supported by the buoyant demand conditions across the non-building infrastructure markets.

The industry's profit performance is forecast to strengthen considerably in line with the improved demand conditions in the housing market and the return of residential land values. Industry gross operating surplus (i.e., operating profit) is forecast to grow over the period to 2015, although compared with the pre-crash conditions of the mid-2000's the profit margins will remain relatively tight in the housing market. The profitability is expected to deteriorate in the non-residential building markets over the short term before stabilizing late in the period.

	Revenue \$ Million	Growth %
2010	26,000.0	-2.3
2011	26,250.0	1.0
2012	27,750.0	5.7
2013	29,650.0	6.8
2014	31,700.0	6.9
2015	33,250.0	4.9

Factors Influencing the Industry

External Drivers of Change

the key sensitivities affecting the performance of the Excavation Contractors industry include:

Downstream Demand - Highway, Street, Bridge, Tunnel and Other Heavy Construction.

The industry is dependent on non-building construction. Non-building construction accounts for around a quarter of industry revenue.

Downstream Demand - Nonresidential Building Construction in the US. The nonresidential building market represents an important market for excavation contracting services and hence the industry is very sensitive to cyclical fluctuations in investment into the commercial, institutional and industrial property markets.

Private investment in non-residential structures. The engineering construction market generates substantial demand for excavation contracting services and hence cyclical fluctuations in investment into electricity, rail transport, water and sewer infrastructure, recreation and highways will impact on industry demand. Investment into new infrastructure projects directly contributes to demand for excavation services for land clearance, detoxification and demolition.

Private residential investment. The residential building market represents a principal source of demand for excavation contracting services and hence the industry is very sensitive to cyclical fluctuations in housing investment.

Yield on 10-year Treasury bills. Prevailing long term interest rates have substantial influence on investment trends in the downstream construction markets. Upward movements in rates narrow the yield and can alter the viability of a project.

Key Success factors for operators in the industry

- **Use of specialist equipment or facilities.** Access to capital resources or excavation equipment is an important determinant of success in this industry as firms with in-house excavation capacity are best placed to win contracts during periods of high demand.
- **Superior financial management and debt management.** Competency in the financial administration of a business is essential in an industry involving substantial capital costs and subject to wide cyclical fluctuations in demand.
- **Having a good technical knowledge of the product.** Extensive technical knowledge in managing an excavation project is the hallmark of most successful contractors in this industry.
- **Ability to compete on tender.** Successful contractors display a capacity to compete on tender for contracts while maintaining adequate cash flow and profit margins.
- **Ensuring pricing policy is appropriate.** Successful contractors have the ability of correctly price contracting projects which often involve vagaries associated with delays (enforced by weather conditions or planning) and unknown soil composition.
- **Having a good reputation.** Successful contractors have typically achieved a reputation within the market for quality of workmanship and timeliness.

Market Characteristics and Industry Conditions

Market Characteristics	Level	Trend
Competition	medium	
Industry Exports	low	steady
Industry Imports	low	steady
Life Cycle Stage	mature	
Industry Conditions	Level	Trend
Barriers to Entry	medium	steady
Level of Assistance	none	steady
Volatility of Industry	low	

THREATS - Downstream demand - non-residential building construction in the US

The non-residential building market represents an important market for excavation contracting services and hence the industry is very sensitive to cyclical fluctuations in investment into the commercial, institutional and industrial property markets. The total value of non-residential building construction declined over 2009 and is expected to deteriorate further during 2010.

OPPORTUNITIES - Interest rates - 10-year bond rate

Prevailing long term interest rates have substantial influence on investment trends in the downstream construction markets. Upward movements in rates narrow the yield and can alter the viability of a project. Over the five years to 2015, IBIS World expects that the nominal interest rates on 10-year constant maturity Treasury securities will rise to 7.7%.

EXTERNAL IMPACTS

Issue: His residential building market represents a principal source of demand for excavation contracting services and hence the industry is very sensitive to cyclical fluctuations in housing investment.

Question: **How is the demand for industry services driven by trends in the new residential building markets? What portion of revenue is generated by the residential building market? Do you track cyclical fluctuations in housing investment?**

Issue: The industry is dependent on non-building construction. Non-building construction accounts for around a quarter of industry revenue.

Question: **What proportion of revenue does your company generate from non-building construction? How dependent are you on the revenue derived from non-building construction account? What actions can you take to minimize risks in relying too much on revenue from one account?**

Issue: The engineering construction market generates substantial demand for excavation contracting services and hence cyclical fluctuations in investment into electricity, rail transport, water and sewer infrastructure, recreation and highways will impact on industry demand. Investment into new infrastructure projects directly contributes to demand for excavation services for land clearance, detoxification and demolition.

Question: **How is the demand for industry services driven by trends in the engineering construction market? How can this company keep up demand in times of low cyclical fluctuations in electricity, rail transport, and water and sewer infrastructure? What portion of revenue is generated by the engineering construction market?**

INTERNAL MANAGEMENT ISSUES

Issue: Competency in the financial administration of a business is essential in an industry involving substantial capital costs and subject to wide cyclical fluctuations in demand.

Question: **Does this company employ a person/s to deal with the financial aspects of the business? What qualifications and competencies are required to work in this capacity? Does this business maintain appropriate margins (fixed vs. variable costs) relative to the rest of the industry?**

Issue: Extensive technical knowledge in managing an excavation project is the hallmark of most successful contractors in this industry.

Question: **Does this company have extensive technical knowledge in managing an excavation project? If not, how does it intend to obtain this knowledge? What are the costs of employing someone with a deep knowledge of excavations?**

Issue: Access to capital resources or excavation equipment is an important determinant of success in this industry as firms with in-house excavation capacity are best placed to win contracts during periods of high demand.

Question: **Does this company have access to capital resources or excavation equipment in-house? If not, is it possible for the company to attain them? If so, does your company find that it is more capable of winning contracts during times of high demand?**

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