

B & W Manufacturing, LLC Dba Lift Equipment, Inc.



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B&W Manufacturing

1.0 Executive Summary

B&W Manufacturing LLC (B&W) was created 2007 to purchase Lift Equipment Company located in Desert Hot Springs, California. The purchase included tangible assets, patents, brands, intellectual property, and goodwill of the Lift Equipment, Inc. Company.

A very important item is the patent of the conveyor system. The patent serial number is 09059870, and patent number is 6053305. The title is LIFT CONVEYOR WITH SINGLE BELT HAVING CRISS-CROSS RETURN SEGMENTS. Filing dates of 4/14/1998 and 4/25/2000. The patent was assigned to B & W Manufacturing on 3/11/2008.

The current business owners, Joseph D. Brutto and Hugh Wolff both have long and successful careers in businesses over the past 20 plus years. They both have come to a place in their long careers where they desire to pursue other interests.

After the purchase of the Lift Equipment Company, there was a focused effort to upgrade business operations to an efficient manufacturing facility producing a high quality product at a very competitive cost.

B&W management has in less than two years turned around the business operations into a viable, efficient, and growth orientated company.

Lift Equipment Company is an excellent "Turn-Key" opportunity that may operate as a stand along business or the company could be a good fit into a multi-division corporation.

The web site of the company is www.liftconveyor.com

1.1 Company Summary

The Lift Equipment Inc. Company (Lift Equipment) has a long and successful history spanning the last 25 years. The company was started by Swedish Engineer Lars Helmerson who developed the product line to be easy to use, lightweight, and with flexible applications.

The company had some growth over the years but it was limited by a number of poorly executed business efforts such as lack of financial systems, inventory control, cost control systems, and limited marketing efforts. With the sudden death in 2007 of Mr. Helmerson who was the principal driver of the entire business the business almost stopped functioning. Mr. Helmerson wife attempted to keep the company and maintain its operations and growth. However, with the loss of the prime business driver, Mr. Helmerson, and the inexperience of Mrs. Helmerson and lack of desire, the company reached a point of needing to be sold. During the period of Mr. Helmerson's death and the attempt to keep the business going many historical financial records could not be found.

Based on historical manual records company sales were in 2004 were approximately \$700,000, 2005 (est.) \$500,000, and 2006 sales were just over \$400,000. In 2007, sales plunged to below \$200,000 because of the sudden death of Mr. Helmerson.

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In 2007, Joseph Brutto and Hugh Wolff were introduced to Mrs. Helmersen and they spent time to research the Life Equipment Company. A number of positive items were uncovered:

- The equipment was known for its on-the-job performance and reliability.
- The company had a reputation for quick response to potential new customer calls.
- Response to service and replacement parts was quick and efficient.
- The patented conveyor system is a leader in its two-way design.
- The conveyor system may be easily extended or retracted to meet on-the-spot needs.
- Drawings, design and parts specs, and maintenance manuals supported the products.

Based on the researched information and limited competition, along with previous annual sales, the B&W Manufacturing, LLC was created in late 2007 in order to purchase the Lift Equipment Inc..

Once the purchase of Lift Equipment became finalized the new owners took extensive steps were to upgrade the company.

- Liability and Product Safety issues were addressed.
- Computer based inventory and cost controls were implemented.
- Additional experienced assembly and service personnel were added to improve the assembly process and improve equipment service.
- Vendor sourcing and assessment activities were started.
- A cost analysis was performed on each product and the business operations.
- Launch "New Company Owner Announcement Program".
- Start near-term market assessment of the Construction and Roofing industries.
- After product cost analysis, announce product cost increases.
- Participate in several construction and roofing trade shows.
- Purchase and outfit a new flat bed truck with a truck mounted, 35' conveyor for demonstrations for customers and prospects.
- Across the board product line increases in January 2008 of 8% and in January 2009 an increase of 6%.

In 2008 one of the more significant activities started is the development of new market opportunities:

- Solar system installations - moving solar panels and equipment to roofs.
- Fast food delivery unloading and loading - moving food products from trucks to storage areas and from storage areas to food preparation areas.
- Document storage and destruction - moving cartons and boxes
- Swimming pool renovations - moving construction debris from pool during demo
- Landscaping contractors - moving materials
- Livestock (beef, pigs, chickens, etc.) - moving feed, hay and related materials to livestock
- Agriculture - moving material from/to truck, pre-silo storage.

2.0 Products and Services

Lift Equipment has several different conveyor systems and services to meet the needs of a wide range of material moving needs. Before each conveyor product is described, it must be stated that the replacements and service activities are an additional product.

Factory parts and service

Due to a lack of historical records, the actual number of conveyor systems sold during the past 25 years is unclear. However, from the information that can be pieced together for the past 10 years it is estimated that during the past 10 years more than 1,000 conveyor systems have been sold. Because of the conveyor designs each component of a conveyor system may be replaced... that design creates a spare/replacement parts need that represents as much as 25% of the total revenue.

Lift Equipment Portable Conveyor

The Lift Equipment Portable Conveyor to the work site and load at your own schedule. The Lift transports from (on) any pick-up or flat bed truck. It takes less than 10 minutes to set up and it loads a wide range of materials...everything from roofing tiles to solar panels. Available in 26', 35' and 42' lengths. The 35' conveyor collapses for easy transport at 17'. Telescopes in seconds to full length, Weighs only 180, 225, or 285 lbs depending on length.

Maintenance-free aluminum with durable polyester drive belts with plastic rollers for long life.

Features:

- Comes in 26', 35' or 42' lengths.
- Light-weight aluminum structure.
- Telescopes to full length in just seconds.
- Ideal for tight areas, lawns, walkways, and roof tear-offs and re-roofing projects.
- Reverses for off-loading.
- 110 A.C. power or portable generator.

Ultra-Lite Motor Ladder

If you need a low cost, limited reach shingle loader... this is it! The Ultra Light Motor Ladder sets up in less than 60 seconds by one man and is ideal for shingle, plywood and other building materials.

Features:

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- Operates at 15/21 feet, 18/24 feet, and 26/35 feet.
- Ultra light. Ladder is only 58 lbs.
- Power pack is only 38 lbs.
- Continuous running belt delivers to the roof every 6 seconds.
- Runs from 110 volt A.C. power or (optional) 12 volt D.C. power from your truck battery 30' cable is included.
- Optional Slide Panels for lifting bags, firewood, boxes, etc.
- Single Person Set-Up and Operation Makes Loading a Breeze.

Truck Mounted Lift Conveyor

The Lift conveyor Truck Attachment is a totally self-contained 2-pc. unit that can be installed on any flatbed 10' or longer. To transfer a truck attachment from one truck bed to another normally takes about 15 minutes. This unit features full 360° rotation (indexed every 30°), 3-ton hydraulic boom jack with spring loaded valve and operates at inclines up to 65°.

Features:

- Mounts to any truck bed in minutes. Totally self-contained.
- Easily transferred between different trucks. 360° rotation with spring loaded safety brake.
- Leveling device and spring loaded valve levers for safe operation.
- Cost of installation usually less than \$100.
- Head board transport bracket included.
- Loading height a convenient 3 feet off ground or truck bed.

Bulk Conveyor

The Bulk Hauler is ideal for tight areas where there is no access for large equipment such as tractors and Bob Cats. It weighs around 200 lbs. depending on length and transports easily on a pickup truck.

Hauls Demolition Clean Up & Construction Debris, Gravel, Dirt, Swimming Pool Plaster, and More.

Features:

- Super lightweight and super strong.
- Available in 15, 20, and up to 35 feet lengths.
- Modular design so sections may be added.
- 110 volt single-phase motor on gearbox.
- Easy to maneuver with transport wheels.
- Durable construction for long life.

3.0 Market Analysis Summary

Lift Equipment Company is part of the Conveyor and Conveying Equipment Manufacturing Industry (The North American Industry Classification System (NAICS 333922)) with 2008 domestic revenue of \$7.4 billion with an estimated gross profit of 25.8%. In addition, the industry exported \$1.0 billion to 144 countries. It should be noted that the NAICS classification system replaced the Standard Industrial Classification system in 1997. The SIC industry equivalent is 3525 – Conveyors and Conveying Equipment.

Additional industry information is available through a number of sources... there is a recent published report from Market Research, Inc., that covers competitive landscape and trends.

4.0 Strategy and Implementation Summary

See sub-topics 4.1, 4.2, and 4.3

4.1 Competitive Edge

Our competitive edge is our high-technology design and manufacturing process. With new generation materials and high-quality assemblies, Lift Equipment products themselves are higher quality, more easily produced, and more customizable than those of our competitors. Although there are many conveyor manufacturers, none has brought technology and design together as we have.

The Lift Equipment competitive edge is

- Lightweight fully assembled conveyors that may be set-up and used by 1-2 workers.
- Ability to extend or retract the overall length of the conveyors in the field.
- Reversible motors and conveyor belts that can move material to and from a single loading point without changing the conveyor.

4.2 Marketing Strategy

One of the more significant activities started is the development of new market opportunities

- Solar system installations
- Fast food delivery - load and unloading of products and materials
- Document storage and destruction - moving cartons and boxes
- Swimming pool renovations - moving construction debris from pool
- Landscaping contractors - moving materials
- Livestock (beef, pigs, chickens, etc.- moving feed, hay and related materials to livestock
- Agriculture - moving material from/to truck, pre-silo storage.

4.3 Sales Strategy

Our strategy focuses first on maintaining the identity with the buyer who appreciates the best available quality.

For the 2009 year and beyond, we will continue to focus on increasing our presence on the Internet and at appropriate trade shows. A key component of our sales strategy is cultivate long-term relationships with commercial buyers such as fast food supply houses, merchandise distributors, general construction and roofing companies. These buyers make major, million dollar decisions for their stores every day, and will not buy products from people they don't trust. As the Lift Equipment product line has been around for many years that will go a long way in establishing our credibility during initial contacts. Moreover, the design of the conveyors almost sells itself - their advantages in price, turn-around time, and quality will compare favorably with any other conveyor on the market.

A new innovation program is the companies "Rent-To-Own-Program". This new program allows (removes barrier) cash strapped customers (wholesale and retail) to own the equipment with 12-14 months of purchase.

The latest company Internet site has generated numerous phone calls. The company plans to expand its Internet exposure with improved website navigation with Google, AOL, MSN and Yahoo.

As funds allow Lift Equipment plans to have a booth at Trade Shows and Expo's at a regional level (hold down travel costs) and then national shows. Target markets are Rental Equipment, Food Distribution (fast food and groceries) and Solar Energy (installation and replacement).

4.4 Sales Projections

Sales growth is based on a number of business expectations:

- 1 - The general economy will improve during the next eighteen months.
- 2 - Construction and housing markets will lag general economy growth, but the two markets will improve. The home improvement market may improve at a faster pace as existing housing and businesses are re-occupied or renovated to improve their operations.
- 3 - The newly created "Rent-To-Own Program" will remove a financial barrier to new sales.
- 4 - The updated web site has generated 8-9 daily quote inquiries.
- 5 - The company was recently approved by the federal government GSA program that has generated inquiry calls from disaster relief agencies and contractors in the disaster areas.

5.0 Management Summary

The current partners will continue to operate the company until funds allow a qualified general manager to be hired. As business and funding improves at the appropriate, a General Manager would be recruited to handle daily operations.

A skilled technician handles the current assemble of products and handles spare/replacement parts services. The company retains a part-time front office clerk to handle administrative functions.

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6.0 Financial Plan

As mentioned before the housing industry is one of the hardest hit markets in the recent recession. Housing starts will lag an upturn in the national economy. The foreclosure and sales of older homes is showing some signs of stabilizing... this in turn may cause the construction, roofing and pool industries to come to life again.

Over the past 25 years, the company has focused on the construction and roofing industries. We believe that there are many, many other industries that would benefit from the use of our lightweight conveyor products. In addition, as another industry is penetrated the company becomes more stable through customer diversification.

Table: Financials

<i>Financials</i>	2008	2009
Plus Money Received		
Sales	\$233,923	\$125,854
Subtotal Money Received	\$233,923	\$125,854
Less Money Spent		
Direct Costs		
Direct Cost of Sales	\$124,994	\$21,451
Normal Operating Expenses		
Payroll and Payroll Taxes, Benefits, Etc.	\$122,453	\$33,720
Rent and Utilities	\$32,221	\$25,714
Sales and Marketing Expenses	\$53,840	\$8,914
Other Operating Expenses	\$97,876	\$57,593
Subtotal Money Spent	\$431,384	\$147,392
Ending Balance		
Ending Balance Cash and Checking	(\$197,461)	(\$218,999)
Profit Before Interest and Taxes		
Sales	\$233,923	\$125,854
Less Cost of Sales	(\$124,994)	(\$21,451)
Gross Margin	\$108,929	\$104,403
Less Operating Expenses	(\$306,390)	(\$125,941)
Profit Before Interest and Taxes	(\$197,461)	(\$21,538)
Net Cash Flow	(\$197,461)	(\$21,538)

2009 Income
through
August 2009



6.1 Cost Cutting Measures

The cost cutting items listed below reflect actions taken to improve the financial condition of the business. Both the cost cutting measures along with product line increases described earlier in this document have re-positioned the company into a more viable and profitable operation.

	2008	2009	Exp.	% of	% of
		YTD-August	Reduction	Sales	Sales
				2008	YTD -
					2009
Advertising	\$ 39,391	\$ 1,622	\$ 37,769	17%	1%
1-time labor	\$ 28,704	\$ -	\$ 28,704	12%	0%
Insurance	\$ 25,958	\$ 7,366	\$ 18,592	11%	6%
Payroll	\$ 96,496	\$ 26,355	\$ 70,141	41%	21%
Postage	\$ 9,791	\$ 2,637	\$ 7,153	4%	2%
Professional Fees	\$ 7,297	\$ 1,150	\$ 6,147	3%	1%
Total \$\$ >>	\$207,637	\$ 39,131	\$ 168,506	89%	31%

Significant improvements have been made in reducing product COGS that now run about 30-35 percent. When the company was purchased in 2007 there were few cost records. It was known that the previous owners bought only materials as needed to fill existing orders, so they purchased one motor or one belt at a time, which is the most expensive way to purchase materials.

The new owners have worked with all of the supply vendors to reach purchase price break points that contribute to reducing the COGS on each product.

Chart: Sales by Year

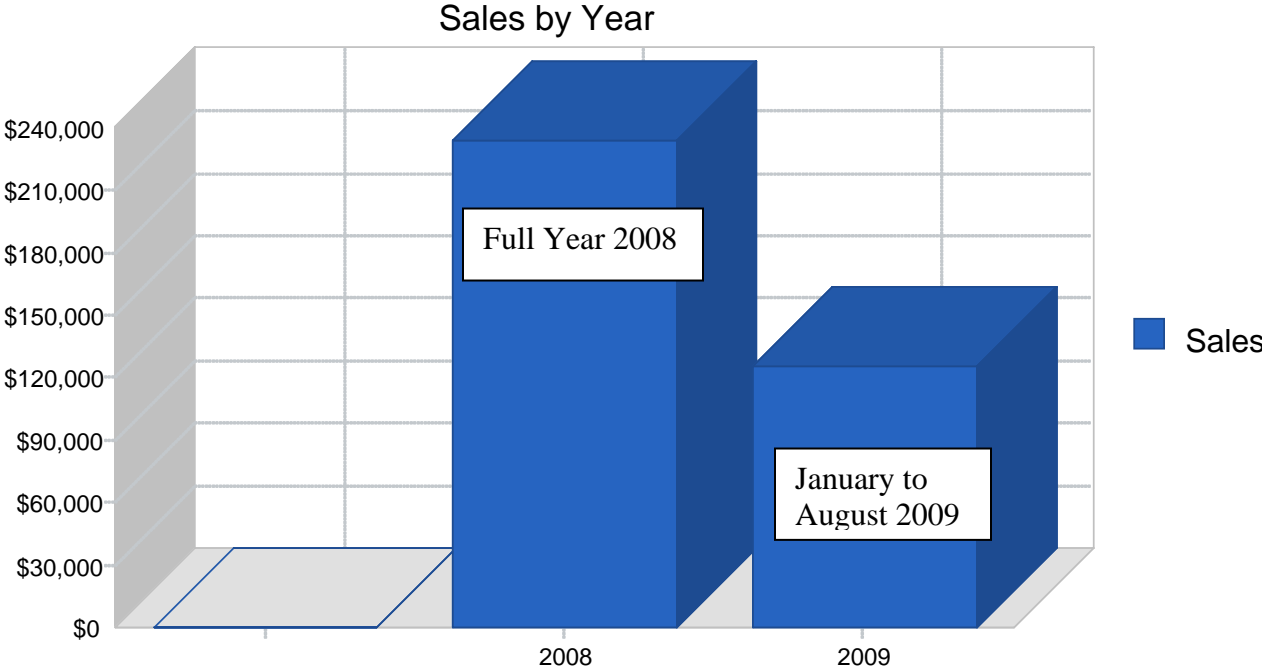


Chart: Highlights

