



SAMPLE APPRAISAL REPORT

Appraised for:

Blue Diamond Construction, LTD

1445 Ripton Road

Peabody, South Carolina

SAMPLE

Appraised by:

John A. Josko, GPPA

As of October 2, 2006

Appraisals, LTD
44 Old Ridgebury Road
Danbury, CT

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**Appraisals LTD
44 Old Ridgebury Road
Danbury, CT 06810
(203) 796-5760**

October 3, 2006

Mr. Frank Diamond, President
Blue Diamond Construction, LTD
1445 Ripton Road
Peabody, SC

Dear Mr. Diamond;

In accordance with your request, and per the terms and conditions of our standard written appraisal agreement dated August 15, 2006, Appraisals, LTD has performed an on-site inspection and appraisal on October 2, 2006, of specific crane equipment located at the following facility:

Blue Diamond Construction, LTD
1445 Ripton Road
Peabody, SC

The appraiser has been informed that Blue Diamond Construction owns the subject equipment, and that this appraisal has been commissioned by Blue Diamond Construction to establish FMV-IP. It is the appraiser's understanding that this appraisal report will be used for confidential internal accounting purposes of Blue Diamond Construction.

Based on the data, analyses, methodologies and conclusions which are set forth in the attached detailed appraisal report, and in accordance with the standard Appraisal Definitions and Appraisal Assumptions and Limiting Conditions, it is my opinion that the total **Fair Market Value-In Place** of the appraised equipment at Blue Diamond Construction is **\$ 350,000.00 as of October 2, 2006.**

The analyses, opinions and conclusions were developed, and the formal appraisal report, which follows, has been prepared in conformity with the **Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation.**

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The following definition was used as the basis of the valuation of the equipment.

Fair Market Value-Installed

The value realized from an in-place, retail sale to an end user. This value is a result of a transaction between a willing buyer and willing seller, with no time limitation to sell. This value assumes the equipment is maintained according to the manufacturer's recommendations and performance standards. Since a physical inspection has to be performed, the FMV Installed will reflect the actual condition found.

Unless otherwise stated in the formal appraisal report attached, **the effective date of this appraisal is October 2, 2006.** The appraiser has used his best professional judgment to accurately value the subject machinery and equipment according to the above, specified definition, using a conventional Market (Sales) Approach to Valuation. The Cost Approach to Value using replacement cost depreciated was considered; and when appropriate, new and used equipment dealers, recent liquidations sales results have been consulted for comparable prices; and catalogs, trade publications and comparative results of auctions have been utilized. The Income Approach to Value was not considered applicable. The values reported in the appraisal documents represent the opinion of the appraiser and his associates of value as of the effective date of the appraisal, and for a reasonable period of time thereafter. Such values are subject to significant alteration and will be affected by time, changes in condition, obsolescence, and technological advancements, changes in the market place or in the economy and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time is not advisable.

The reported analyses, opinions and conclusions are limited only by the stated Appraisal Assumptions and Limiting Conditions as contained in the formal appraisal report and are my personal unbiased professional analyses, opinions and conclusions. I certify that I have made personal inspections of the property that is the subject of this appraisal report and any parties having a financial or other interest in this report have not influenced me in any way during the preparation of this appraisal report. The fee for this appraisal report is not contingent upon the value reported or the attainment of any predetermined value or other stipulated result.

Thank you for the opportunity to be of service.

Sincerely,

John A. Josko, GPPA
Appraisals, LTD

I. Overview of Assignment

Under the direction of Mr. Frank Diamond at Blue Diamond Construction, via telephone and also by virtue of a standard appraisal agreement dated August 15, 2006, Appraisals, LTD, was commissioned to inspect, evaluate and appraise, a specific list of equipment which were reported to the writer as owned and located at Blue Diamond Construction in Peabody, SC as of the date of this appraisal.

II. Overview of Assignment

Per Mr. Diamond's request, the value to be established for this equipment was an FMV – Installed Value. The specific definition is included in this appraisal report. Mr. John Josko, an Accredited Senior Appraiser (American Society of Appraisers), Certified Senior Appraiser (Equipment Appraisers Association of North America) and a Graduate Personal Property Appraiser (Auction Marketing Institute), accepted this assignment and visited the Blue Diamond Construction facility on October 2, 2006 for the purposes of inspecting and appraising the specific equipment. Biographical information regarding the appraiser and his qualifications to perform this appraisal assignment are listed in this appraisal report. The appraiser has invoked the "Departure Rule" providing a limited appraisal report in summary format.

III. Purpose and Intended Use of Appraisal

The appraiser has been informed that all of the machinery and equipment which is included in this appraisal report is currently owned by Blue Diamond Construction, and that this report has been commissioned by Blue Diamond Construction to establish the FMV - Installed Value of the equipment. It is the appraiser's understanding that this appraisal report will be used for confidential internal accounting purposes of Blue Diamond Construction

IV. Company History, Condition & Evaluation Considerations

Blue Diamond Construction is a third generation family-run construction business. Established in 1947, the company is well known and highly respected in the industry. Equipment appeared to be well cared for and well maintained.

- Sales of new crane equipment are up approximately 15% from last year and the next quarter looks promising.

V. Scope of Appraisal

This appraisal report consists of a specific list of equipment of Blue Diamond Construction located at their Peabody, SC facility.

Inspection:

The appraiser inspected all assets valued, unless otherwise noted. Inspection dates are noted on the report and are the effective date of the report.

Research:

Original equipment manufacturers, used equipment dealers and vendors were contacted to discuss general industry trends, changes in equipment technology, relationships between new and used prices, and overall levels of marketability.

Development:

The Departure Rule was invoked; Income and Cost Approaches to valuation were considered. Specifically, opinions expressed by various industry experts were considered.

Reporting:

A Limited Appraisal reported in Summary Format. No consideration has been given in this appraisal report to real estate or lease hold improvements to real estate, raw materials, work in process, finished goods, main frame and personal computers or intellectual assets.

VI. Definition of Terms and Conditions

The following definition is used in the valuation of the Blue Diamond Construction owned equipment, which is the subject of this report:

Fair Market Value-Installed

The value realized from an in-place, retail sale to an end user. The value is a result of a transaction between a willing buyer and willing seller, with no time limitation to sell. This value assumes the equipment is maintained according to the manufacturer's recommendations and performance standards. Since a physical inspection has to be performed, the FMV Installed will reflect the actual condition found.

Definitions of Other Terms Used in Appraisal Report:

S/N	=	Serial Number
M/N	=	Model Number
E/W	=	Equipped With
C/W	=	Complete With
UKN	=	Unknown
HP	=	Horsepower
KW	=	Kilowatts
KVA	=	Kilo Volt Amps
PSI	=	Pounds Per Square Inch
RPM	=	Revolutions Per Minute
IPR	=	Inches Per Revolution
IPM	=	Inches Per Minute (Feed Rate)
DC	=	Direct Current
AC	=	Alternating Current
W/O	=	Without
W/	=	With
POL	=	Petroleum, Oil & Lubricants
PTF	=	Power Table Feed
OWD	=	Over The Wheel Dresser

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Definition of Conditions of Equipment

New Condition - The term used to describe equipment which, in the opinion of the appraiser, is judged to be either new or near new; otherwise unused; or in the process of being installed. This equipment is capable of being used to its fully specified utilization for its designed purpose for its entire normal useful life.

Very Good Condition - The term used to describe equipment which, in the opinion of the appraiser, is judged to be in excellent condition and capable of being used to its fully specified utilization for its designed purpose without being modified and without requiring any repairs or abnormal maintenance at the time of inspection or within the foreseeable future.

Good Condition - The term used to describe those items of equipment which, in the opinion of the appraiser, have been modified or repaired and are being used at or near their fully specified utilization.

Fair Condition - The term used to describe those items of equipment which, in the opinion of the appraiser, 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 - The term used to describe those items of equipment that, in the opinion of the appraiser, can be used only 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 the replacement of major elements in the near future.

Scrap Condition - The term used to describe those items of equipment which, in the opinion of the appraiser, 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 obsolete.

Definition of Terms That Effect Equipment Condition & Value

Physical Deterioration - is the loss in value resulting from wear and tear of an asset in operation and exposure to various elements. Deterioration considers all factors, which cause an impairment of condition, including age, wear and tear, disintegration, use in service, maintenance and repairs (or lack thereof) and the actions of the earth's elements.

Technical Obsolescence - is the loss in value within the property as a result of the development of new technology as it relates to the difference between the design and materials of construction of present day machines compared with machine or equipment under appraisal. Size and overall floor space requirements are also factors of technical obsolescence.

Functional Obsolescence - is the loss in value within the property as a result of the development of new technology as it relates to the difference in production rates and other capability characteristics between a new machine and the equipment under appraisal. Direct labor requirements are also a consideration in functional obsolescence.

Economic Obsolescence - is the loss in value resulting from factor's external to the property. These factors can include reduced product demand; increased competition; supplier or customer plant relocation; change in raw material supplies; increased costs of raw materials, labor, or utilities; inflation; interest rates; currency fluctuations; import duties and taxes; legislation; and environmental considerations.

Source: American Society of Appraisers, "Appraising Machinery and Equipment", McGraw-Hill Book Company, New York, 1989, page 68-91.

VII. Effective Date of Appraisal

Unless otherwise stated in the appraisal report, the effective date of the appraisal is the most recent date of inspection, which is **October 2, 2006**. The appraiser has used his best professional judgment to accurately value the subject machinery and equipment according to the above-specified definition, and the values reported in these appraisal documents represent the opinion of the appraiser and his associates of value as of the effective date of the appraisal, and for a reasonable period of time thereafter. Such values are subject to significant alternation and will be affected by time, changes in condition, obsolescence, and technological advancements, changes in the market place or in the economy and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time is inadvisable.

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VIII. Approaches to Value

Market Approach

One of the three recognized approaches used in appraisal analysis, this approach involves the collection of market data pertaining to the subject assets being appraised. This approach is also known as the "Comparison Sales Approach". The primary intent of the market approach is to determine the desirability of the assets and recent sales offerings of similar assets currently on the market in order to arrive at an indication of the most probable selling price for the assets being appraised. If the comparable sales are not exactly similar to the asset being appraised, adjustments must be made to bring them as closely in line as possible with the subject property.

Cost Approach

One of the three recognized approaches used in appraisal analysis, this approach is based on the proposition that the informed purchaser would pay no more for a property, than the cost of producing a substitute property with the same utility as the subject property. It considers that the maximum value of a property to a knowledgeable buyer would be the amount currently required to construct or purchase a new asset of equal utility. When the subject asset is not new, the current cost must be adjusted for all forms of depreciation as of the effective date of the appraisal.

Income Approach

One of the three recognized approaches used in appraisal analysis, this approach considers value in relation to the present worth of future benefits derived from ownership and is usually measured through capitalization of a specific level of income. This approach is the least common approach used in the valuation of machinery and equipment, since it is difficult to isolate income attributable to such assets.

Depreciation

Defined as the actual loss in value or worth of a property from all causes including those resulting from Physical deterioration, functional obsolescence or economic obsolescence.

Physical Deterioration

A form of depreciation where the loss in value or usefulness of an asset is attributable solely to physical causes such as wear and tear and exposure to the elements.

Functional Obsolescence

A form of depreciation where the loss in value is due to factors inherent in the property itself and due to changes in design or process resulting in inadequacy, overcapacity, excess construction, lack of functional utility or excess operation costs.

Economic Obsolescence

A form of depreciation or loss in value caused by unfavorable external conditions. These can include such things as the economics of the industry, availability of financing, loss of material and labor sources, passage of new legislation, and changes in ordinances.

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IX. Appraisal Methodology

The appraiser has been informed that the purpose of this appraisal is to provide valuation information to Blue Diamond Construction, regarding the assets, which are located at Blue Diamond Construction. This valuation information is to consider one scenario.

The scenario considers the likely result should the subject assets be liquidated in-place in an orderly yet expeditious fashion. Accordingly, the appraiser has selected Fair market Value - Installed as an appropriate valuation premise for this purpose.

In determining the Fair Market in-place Value of the subject Blue Diamond owned equipment, the appraiser has used a conventional Market or (Sales) Approach to valuation, and has taken into consideration several factors, including:

1. The actual condition of the equipment as of the date of inspection, including recent repairs, modifications or upgrades which may have been performed on this equipment.
2. The actual age of the equipment; normal anticipated useful life; and, the appraiser's opinion as to the remaining useful life of the equipment appraised. The appraiser has also considered changes in technology, which often have the effect of making some aspects of this equipment obsolete.
3. Present market demand for this type of equipment, both domestically and internationally.
4. Recent comparable sales of similar equipment, both in the used transportation market place and in the liquidation market place, including public auctions.
5. Current new replacement cost today (including foreign currency fluctuations) of the subject equipment.
6. Manufacturers current estimated delivery time for similar new equipment.
7. The originals purchase cost of the subject equipment, where appropriate.

Due to the plentiful amount of actual recent market data, which is available to the appraiser for use as direct sales comparable, a true Market Approach to valuation is appropriate and was used for this appraisal assignment. Other less accurate methods, including the Cost Approach and the Income Approach to valuation were not considered appropriate for evaluating the subject Blue Diamond equipment.

X. Statement of Assumptions and Limiting Conditions

1. All facts and data set forth in this appraisal report are true and accurate to the best of the appraiser's knowledge and belief.
2. The appraiser has made a personal inspection of the property appraised, unless otherwise noted.
3. Neither Appraisals, LTD, nor any of its employees has any financial interest in the property appraised.
4. The fee for this appraisal report is not contingent upon the values reported.
5. In preparation of this appraisal report, no investigation was made as to the actual ownership of the machinery and equipment herein appraised, or as to any liens or encumbrances, which may prevail against the equipment. The assets have been viewed as being fee simple. The owner's claim to the property herein appraised has been assumed to be valid.
6. All opinions as to values stated are those of the appraiser and his associates, and are based upon the facts and data made available to us. The appraiser assumes no liability or responsibility for changes in the market place or in technology, which may in some way, alter or change the stated values.
7. No responsibility is assumed for information furnished by others and the appraiser assumes no responsibility for matters of a legal nature.
8. This appraisal was made for the purpose stated and is not to be used for any other purpose.
9. Possession of this appraisal report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the express written consent of the appraiser.
10. The appraiser, by reason of this appraisal, shall not be required to give testimony as an expert witness in any legal hearing or before any court of law unless advance arrangements have been made with the appraiser at an additional fee.
11. The ownership and management are assumed to be competent and the machinery and equipment appraised is assumed to be in good running condition unless otherwise noted.
12. The values stated in this appraisal report reflect only the potential utility of this equipment and no allowance is made for the potential value of a continuing operating business. Profitability, good will or any other financial analysis has not been considered.

13. No analysis, observation, inspection, testing or study of any kind or character is made and no consideration in any manner has been taken into account with respect to the potential or possible presence of hazardous substances or waste on the property appraised, including but not limited to examination or investigation for the presents of asbestos, polychlorinated biphenyl's, heavy metals, toxic chemicals, or any other substance which is regulated by law or poses a hazard to human health or the environment.
14. Leasehold improvements have not been taken into consideration unless specifically noted in the appraisal report.
15. The appraiser has used his best professional judgment to accurately value the subject machinery and equipment according to the specified definitions, and the values reported in the appraisal documents represent the opinion of the appraiser and his associates of value as of the effective date of the appraisal, and for a reasonable period of time thereafter. Such values are subject to significant alternation and will be affected by time, changes in condition, obsolescence, and technological advancements, changes in the market place or in the economy and many other factors beyond the control of the appraiser. Reliance upon stated values for any purpose, beyond a reasonable period of time is inadvisable.
16. I have no bias with respect to the property that is the subject of this report or to parties involved with the assignment.
17. This appraisal report is deemed a fractional appraisal, in that no consideration has been given for business goodwill, royalties, licensing, or any other type of intangible asset associated with the business wherein the respective designated assets are located unless otherwise mentioned in the report.
18. It should be noted, that any additions or deletions to the total assets could change the psychological and or monetary appeal necessary to obtain the values indicated within this report.

XI. Certification of Appraisal

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The report analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is the writer's personal, unbiased professional analysis, opinions and conclusions.
3. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. There is no present or prospective interest in the assets that are the subject of this report, and there is no personal interest or bias with respect to the parties involved.
5. Our compensation is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
6. The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
7. The writer has personally viewed, unless otherwise stated, the assets that are the subject of this report.
8. No one provided significant professional assistance to the person signing this report unless so stated.
9. No pertinent information was withheld or overlooked, and I, the undersigned, further certify that I have not been influenced in any way during the preparation of this appraisal report by any parties having a financial or other interest in this report.
10. The American Society of Appraisers, Equipment Appraisers Association of North America, and the National Auctioneer's Association Education Institute have a code of professional ethics and a continuing educational program for all of its members. I am in compliance and up to date with all the requirements for those programs.

John A. Josko, GPPA
Appraisals LTD

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XII. Qualifications of Appraiser

Presently:

Vice President – Appraisals, LTD with offices located at 493 East Saddlebrook Lane, Vernon Hills, Illinois 60061, and 44 Old Ridgebury Road, Danbury, CT 06810

Experienced In:

Machine Tools - Manual & CNC	Plastic Machinery
Fabricating Equip. Manual & CNC	Construction Equipment
Woodworking Machinery & Equipment	Trucks & Trailers

Circuit Board Manufacturing	Boats & Barges
Forging/Stamping/Foundries	Office Furnishings
Vocational Schools	Printing Equipment
Food Process Equipment	Restaurant Equipment
Pharmaceutical Mfg. Equipment	Recording Equipment
Scrap Yards	Bakeries
Inventories	Mining Equipment

Business Associations:

Senior Member	American Society of Appraisers Machinery/Technical Valuations Re-certified 1995 and 2000
Past Chapter President - ASA	Connecticut & Chicago Chapters
Auction Marketing Institute	CAI Designation 1981, Re-certified 1994
Certified Senior Appraiser	GPPA Designation 1996 Equipment Appraisers Association Of North America, Re-certified 2004

Uniform Standards of Professional Appraisal Practice – (USPAP)
Re-Certified October 2003

Expert Witness:

US District Court - Bridgeport, Connecticut
US District Court - Davenport, Iowa
US District Court - Chicago, Illinois
US Bankruptcy Court - Eastern District North Carolina
US Department of Justice - Antitrust Division

Education:

Bachelor of Science Degree - Husson College, Bangor Maine
Business Administration Management & Finance Major
Reppert Auction School - Decatur, Indiana
Auction Marketing Institute - Bloomington, Indiana
Instructor - GPPA Appraisal Courses One and Two
Co-authored GPPA Courses One and Two
Chairman - Education Committee - Equipment Appraisers Association of North America

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Project Details

Project Title : Blue Diamond - Peabody Facility
Project Name : Crane Appraisal
Awarded Date : 2006-09-04
Industry : Construction
Facility Type : Multiple Building
Facility Size : 150000 Sq.Ft. :
of Employees : 35 :
Date Submitted to 2006-10-04
Customer :
Appraisal Due Date : 2006-09-21
Effective Date : 2006-10-02
Description :

Appraisal Details and Photographs

Asset Values

Asset Number : AT-030013
 Equipment Type : Construction - Cranes|Lattice Boom
 Manufacturer : Link-Belt
 Model : HC238HII
 Serial number : H951-3785
 Year : 2001
 Condition code : Excellent
 External Notes : 1. Crane is in excellent condition for it's age. Minimal use. Regularly maintained by OEM.

General

Capacity

150

Capacity Unit of Measurement

Ton

Boom Type

Cable

Boom Length

260

Boom Length Unit of Measurement

Feet

Traction Type

Wheel

Drive Type

4WD

Engine Type

Single

Fuel Type

Diesel

Mounting Type

Truck Mounted

Hours

1,250

Appraisal Values

fairMarketValueIP	350000 USD	orderlyLiquidationValueIP	300000 USD
fairLiquidationValue	275000 USD	FLVIP	275000 USD
replacementCostNew	450000 USD	fmv	350000 USD
olv	300000 USD		

Appraisal Asset Images





