

Full Service, Full Product Line, Leading Value-Added Distributor of Cable and Equipment For The Mining Industry

In addition to distribution of new products, the company also is a value-added distributor and high margin in house production refurbisher of cable and mining equipment.

Est. 2004 Sales: \$10,000,000

Est. 2004 EBIT: \$2,075,000

- **Value Added Distributor:** The Company not only distributes but provides value added functions and fabrication for end users resulting in higher margin and greater customer retention.
- **Brand-name products:** The Company carries cable products such as “Anaconda” from *General Cable* which is a preferred brand in the marketplace
- **Broad Product Line:** The Company’s product line includes high margin in house refurbished cable to meet or exceed manufacturer standards, high margin in house refurbished mining equipment, and new cable.
- **Large facilities, with available capacity to accommodate growth:** The Company’s facilities are considered adequate to handle up to approximately \$15 million in annual revenue.
- **Outstanding name and reputation:** The Company has a long-standing (16 years) reputation for quality cable products and delivery service.

For further information regarding Client # 382922 please contact:

eMerge M&A

*eMerge M&A, Inc.
295 Madison Avenue, 12th Floor
New York, NY 10017
212.804.8282
www.eMerge-MA.com*

Business Description

Our Client Company distributes and provides value added fabrication for new cable and reconditioned electrical cable (85% of estimated 2004 revenue) and reconditioned mining equipment (15%) for the coal mining industry. The Company serves approximately 150 coal mining companies in Southern West Virginia, Virginia, East Kentucky (98%) and the rest of the United States (2%). The model is scalable and could be duplicated around the US.

The Company's value added services include installing couplers, testing and custom cutting to prescribed end user length of cable from master reels. This in house value added function increases margin and provides the Company with a competitive advantage. In addition, the ability for rapid response provides for greater customer retention.

The Company also reconditions cable in house for resale. This high margin capability offers customers a lower cost product option. In house capabilities include full refurbishment, coupler installation and testing in excess of original manufacturer specification.

As a full service distributor with in house refurbishment capabilities, the Company also offers reconditioned "like new" mining equipment. The ability to cross sell equipment into the existing account based has resulted in a 15% increase in this business in 2 years.

The Company differentiates itself by its wide and reliable inventory levels, same day delivery service and excellent knowledge of products. Satisfied customers account for 99% rate of repeat business.

Adjusted Historical and Five-Year Projected Statement of Income^(a) For the Fiscal Years Ended September 30 (\$000)

	Historical			Est.		Projected			
	2001	2002	2003	2004	2005	2006	2007	2008	2009
Sales (a)	11,587	8,125	8,218	10,000	11,000	12,100	13,310	14,461	16,105
Gross Profit	2,993	2,228	2,702	3,500	3,850	4,235	4,658	5,124	5,637
% of Sales	25.8%	27.4%	32.9%	35%	35%	35%	35%	35%	35%
EBIT ^(b)	1,352	952	1,408	2,075	2,302	2,556	2,908	3,222	3,576
% of Sales	11.7%	11.7%	17.1%	20.8%	20.9%	21.1%	21.8%	22%	22.2%

(a) 2001 partially combined reports due to change in accounting year.

(b) Earnings before Interest and Taxes

(c) See Schedule 3 in the Financial Analysis section for more detail

Adjusted Balance Sheet^(c) As of September 30, 2003 (\$000)

Current Assets	2,038	Current Liabilities	22
Net Fixed Assets	213	Non Current Liabilities	0
Other Assets	127	Equity	2,356
Total Assets	2,378	Total Liability & Equity	2,378

For further information regarding Client # 382922 please contact:

eMerge M&A

eMerge M&A, Inc.
295 Madison Avenue, 12th Floor
New York, NY 10017
212.804.8282
www.eMerge-MA.com