

I. BUSINESS DESCRIPTION

Mr. [REDACTED] and Mr. [REDACTED] propose to start a business that will provide steel fabricators, steel manufacturers, and steel suppliers in Atlantic Provinces, a cost effective method [REDACTED] their materials which includes the transporting service of their materials.

[REDACTED] Ltd. will be located on [REDACTED]. The location site for the business is ideal for transport trucks to bring in and drop off steel that will then be sent off [REDACTED].

[REDACTED] will be conducted in the province of [REDACTED] by the company "[REDACTED]". The partners have contacted [REDACTED] several times and met in the summer of 2011 to discuss their proposal of providing them with steel to be [REDACTED] from the Atlantic Provinces. [REDACTED] responded to their proposal very positively, and is looking forward to working with [REDACTED] in the upcoming year.

[REDACTED] is a [REDACTED] company that has been in operation since 1965, with their head office located in [REDACTED], and a [REDACTED] located in [REDACTED]. In May 2010, [REDACTED] announced the construction of a new [REDACTED], to be opened in early 2012. This new [REDACTED] will be the [REDACTED] in [REDACTED] and the most advanced [REDACTED] in North America. This new plant is capable [REDACTED] 3 times the amount of steel compared to [REDACTED] other plants

II. MANAGEMENT

a. Employee Profile

Co-Owner: [REDACTED]

Mr. [REDACTED] has been in management related business for the past 25 years. In the last 15 years, [REDACTED] has worked for a [REDACTED] hardwood mill company called [REDACTED] to manage their [REDACTED] based pallet manufacturing plant called [REDACTED] LTD. This plant, operating with approximately 8 – 10 employees, had sales totaling \$1.5 – \$2.5 million per year.

The 15 years with [REDACTED] has allowed [REDACTED] to become very knowledgeable in the transporting side of the business.

Co-Owner: [REDACTED]

Mr. [REDACTED] has been self-employed for the past 7 years, operating a flatbed trucking company called [REDACTED]. Mr. [REDACTED] is very knowledgeable in the transporting business.

b. Projected Employment Levels

The following table is a projection of future employment needs of the business

	<u>Opening</u>	<u>Feb. 28th, 2013</u>	<u>Feb. 28th, 2014</u>
Full Time	1	1	1
Part Time	1	1	2

II. MANAGEMENT *(continued)*

c. Structure

Partnership Agreement: A partnership agreement **will be** drafted by their accountant and **will be** signed by both partners. The following are some highlights of what the agreement will contain:

- The ownership is shared equally 50/50
- If one partner decides to leave the business, he will give the other owner 6 months' notice.
 - ↳ He will also offer for sale his half of the business to the other founding partner first, where the partner being offered will have 60 days to act upon the information
- In the event of separation, all assets and debts shall be divided in half

III. MARKETING PLAN

a. Product and Services

The business will provide steel fabricators, steel manufacturers, and steel suppliers in Atlantic Provinces, a cost effective method to hot-dip [REDACTED] their materials which includes the transporting service of their materials. This will include the scheduling of transport, pick-ups and drop-offs, [REDACTED], and return delivery to the clients. Hours of operation will be Monday to Friday, 7:00 am – 5:00 pm.

b. Market Potential

The partners have information pertaining to the amount of steel needed to be [REDACTED] by small steel fabricators and manufacturers each year; this exceeds 2 million pounds of steel in the province of [REDACTED] alone. ([REDACTED].) The smaller companies that need steel [REDACTED] have to pay a premium due to smaller volumes. [REDACTED] offers preferred pricing to customers who consistently bring large volumes of steel to [REDACTED]. The strategy of [REDACTED] [REDACTED] [REDACTED] Ltd. is to collect steel from several smaller companies and amalgamate it to consistently deliver a greater volume of steel to [REDACTED] to be [REDACTED] at the preferred pricing rate.

c. Target Market

[REDACTED] [REDACTED] [REDACTED] LTD will target the following:

- **Steel Fabricators:** (Welding shops, Machine shops, etc.)
- **Steel Suppliers:** (Reinforced mesh, Rebar, Anchors, etc.)
- **Manufacturers:** (Trailers, Guard rail, Plows, etc.)

This service will be offered in [REDACTED].

d. Advertising

Advertising for [REDACTED] [REDACTED] [REDACTED] will consist of several means. The key advertising methods will be to directly contact potential clients through phone calls, emails, and personal visits. The business also plans to create brochures, comparative price lists, and business cards. Shortly after the business has begun, [REDACTED] [REDACTED] [REDACTED] plans on developing a website that will include details of the company, comparative price lists, and contact information.

e. Competition

The only competition that this business can find is between [REDACTED] [REDACTED] in [REDACTED], and [REDACTED] [REDACTED] in Nova Scotia. Presently, there is no similar company in the Atlantic region offering services similar to [REDACTED] [REDACTED] [REDACTED] Ltd.

III. MARKETING PLAN (continued)

f. Price

The average mark-up on the [REDACTED] process will be approximately \$0.12/lbs. and the average mark-up on transportation will be 12% of total transportation cost the first year, and 57%[†] of total cost after acquiring company truck*.

† Notes: In the first year of operations, the company will hire outside the company for most transporting services. Due to the large hiring costs of external transport, the company will charge a 12% mark-up on the company's operating transport costs, to keep the client's cost of transport at a fair rate. After the company obtains a truck to operate, (instead of hiring externally) transport costs significantly drops, and a 57% mark-up on the new transport cost was calculated to keep the client's cost of transportation the same as first year operations.

* Notes: Because steel will be accumulated from several companies to make up a load to be transported, 12% plus cost (and 57% + cost after company truck is acquired) will be charged and divided amongst the clients accordingly by weight.

IV. OPERATIONS

a. Location

[REDACTED] [REDACTED] [REDACTED] will be located on [REDACTED]. The location is ideal for transports arriving or departing from NS, PEI, and NB.

b. Facilities

[REDACTED] [REDACTED] [REDACTED] will be operating from a 500 sq. ft. office that will be situated on approximately 1 acre lot. Leasehold improvements will be performed in the early stages of the business and will consist of building a compound including a fence and secured entrance. Security cameras will also be installed on the premises in the near future.

c. Set-up

The owners are targeting March 1st, 2012 as their opening day. Their goal is to get all the start-up tasks (business name registration, permits, financing, etc.) completed before February 28th, 2012. Preparations in the business forecasts have been made to allow for any unfinished tasks to be completed for the month of March, and full operations will start no later than mid-March.

Notes to Pro Forma Financial Statements

Other Data and Information