



## Special Situation Report

# Global Diversified Industries, Inc. (OTCBB: GDVI)

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## Can GDVI Capitalize On The Booming California Education Construction Market?

### Company's Profile



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Shares Outstanding: 137.5 Million  
Current Price: 0.10  
52-Week Price Range: 0.03 - 0.16



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Everybody knows that the State of California is suffering school budget crisis.

One of the ways that the state addressed this problem is by requiring that at least 20 percent of all new state-funded classrooms be portable classrooms.

**Global Diversified Industries, Inc. (OTC.BB:GDVI)** operates in the modular building construction industry and has strategically targeted the California education market. The Company is tactically located in Central California on 16 acres of land with a 100,000 square foot state-of-the-art manufacturing facility.

There is an undeniable increased demand for portable school buildings for the State of California, and GDVI is seemingly well equipped to meet that demand through its new facility with an impressive \$50 million capacity.

Management has stated that the Company's vision is to secure a significant portion of the education market for sales of the company's larger products and services. The Company's strategic forecast is to foster growth through acquisitions of companies that can complement GDVI's core business, which would open up new avenues for continued growth.

Between the Company's new state of the art facility and the State of California's bond approvals, GDVI could be well positioned to become one of the dominant players in modular manufacturing in the West Coast and possibly across the country.

### Corporate Summary

GDVI is a holding Company that operates two wholly owned subsidiaries: Global Modular, Inc. and MBS Construction, Inc. These two subsidiaries are engaged in the business of modular construction with an emphasis on educational projects. The Company's primary customer base includes educational institutions, child-care and municipality sectors. Its product line consists of portable classroom designs, including single-story and two-story floor plans. GDVI incorporates the latest in construction software and the Company's portable classroom structures are engineered and constructed in accordance with pre-approved building plans, known as "P.C.'s" or "pre-checked" plans, that conform to structural as well as seismic safety specifications that are administered by the California Department of State Architects (DSA).

## Industry Overview and Potential

California legislation requires that at least 20 percent of all new classrooms constructed with State funds be portable classrooms, effective since 1998. This is due to the attractive qualities that modular classrooms have: they are faster to build, are more cost-effective, offers flexibility of use, are easier to finance, and provide financing incentives.

The State Department has also taken measures to address staggering population growth: they have stated that quick and cost-effective classrooms will be needed to supply the demand for over 10,000 classrooms in the next four years.

The State of California is also suffering a budget crisis, adversely affecting the educational sector. Recently teachers, parents and students were outraged due to Gov. Arnold Schwarzenegger's announcement of his 2005-06 state budget legislative proposals. Among his proposals was his announcement to dismantle Proposition 98, which provides minimum funding guarantees for public schools according to Cta.org.

In spite of the great demand for more economical portable classrooms in California schools. Management has stated that the industry trends in larger construction with the California education sectors are changing; schools are distancing themselves from the standard portable classrooms and embracing more permanent methods with their space needs.

GDVI is a Company that is ahead of the game. The Company offers a diversified mix of products and has acquired Aurora Modular Industries to not only be able to compete with more permanent construction companies but to also offer clients an easy transition to these new trends. GDVI is now positioned to offer clients modular construction with an emphasis on permanent construction that other modular manufacturers cannot offer. GDVI possesses virtually every design alternative to satisfy the most simple to the most complex buildings.

Two large California competitors have closed their doors. Management at GDVI has realized that now is the time to capitalize on this opportunity.

## Reasons To Consider This Stock

1. \$50 million manufacturing capacity and prime location in Central California on 16 acres of land with a 100,000 square foot state-of-the-art manufacturing facility.
2. The Company recently acquired proprietary assets of Aurora Modular Industries, broadening GDVI's marketplace and allowing the Company to compete with site-built permanent construction companies and keeping up with changing industry trends. Management has stated that there are more plans for acquisitions in the near future to secure a significant portion of the educational market.
3. The Company is diversifying their offerings as well: recently GDVI announced the implementation of a fourth product line.

4. GDVI has a very seasoned management team, with over 150 years of combined experience with current capabilities of managing over \$50 million per year. As of the end of March 2005, the Company has hired an additional 75 skilled factory laborers to meet current and future demands.

5. The Company definitely has a tailwind in 2005, recently acquiring orders totaling \$5.1 million, according to management. This demonstrates how GDVI's customers have taken advantage and utilized the Company's diversified product mix.

6. GDVI announced that its nine-month revenues are up 99.8 percent and the Company's backlog has increased to \$8 million. Sales projections for the next 12 months are expected to surpass \$20 million, according to management.

## Conclusion

The unique conditions in the State of California and its schools present astounding opportunities for modular manufacturers. GDVI could be the one to watch in this sector. Two large competitors in California have closed their doors, leaving GDVI with a window of opportunity to capitalize on its growing prospects. GDVI is poised for explosive growth in 2005, management believes. It is a Company that has a diversified offering of products that range from simple portable buildings to more complex, permanent structures, which strategically targets the California education sector. Management has stated that the Company has been generating strong revenues and profits and has implemented a scalable, malleable business model capable of serving emerging industry trends.

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