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2013

Syler Brothers Ltd, Wolverhampton

Author: Greg Malpass; 30th September 2013
Business Development and Mergers & Acquisitions Advisor to:

Pell Frischmann
Consulting Engineers

Including

“Project Jack”

BUSINESS REVIEW

(SEPTEMBER 2013)

&

COMPANY VALUATION

Contents

DISCLAIMER

This Presentation and Financial Valuation(s) herein provided are confidential and have been prepared by Greg Malpass, Syler Brothers Ltd, under the duties of his/its contract with Pell Frischmann Ltd as a Retained Consultant/ Advisor to the Chairman.

The Financial Analysis has been prepared to assist the Chairman and Main Board Directors/ Major Shareholders of Pell Frischmann Group to evaluate any Offers to Acquire the business made by any interested third parties. The basis of Valuation is confidential. No representation or warranty is made by Syler Brothers as to the accuracy or completeness of the information reviewed, nor makes any representation or warranty as to the completeness or fairness of interpretation, financial or otherwise, of the information provided and conclusions/ statements made and contained in this Presentation.

The information used in the preparation of the Valuation has been sourced from the Internet; Competitors' Accounts; the Company's Group Statutory Accounts; Management Accounts and Q&A with the Group's Finance Director John Fowler. The information and Financial Modelling Summary on Aqua Dynamics has been sourced from Dr WW Frischmann.

SUMMARY & CONCLUSION

SUMMARY

Pell Frischmann

Demonstrates a remarkable legacy stretching back to 1926, and particularly since the formation of Pell Frischmann itself in 1972; including an era of growth by acquisitions from 1980-200 (including sections of Department of Transport, Infrastructure Directorate, EPD, De Leuw Rothwell).

Can boast some notable landmark projects and awards over the years (eg. Centre Point, Sheldon Square, Nat West Tower, Home Office, Paddington Central).

Dr Wilem Frischmann

A "leading engineer of his generation" and entrepreneur/ business builder, coming from a humble beginning as a refugee.

Also a remarkable partnership with Sudhu Prabhu, as a life-long co-business colleague in Pell Frischmann.

Company Structure & Key People

Strong Regional and Sector leadership, but key succession issues facing central management of the company, currently being managed by Dr Frischmann and an interim part-time management team including Keith Clarke and Charles McBreath

History & Success Stories

Too many to list in an Executive Summary, but notable successes in the wake of the sale of Building & Management Services business ("The Big Deal") include- the development of a strongly profitable portfolio of PFI investments and frameworks, most particularly with South West Water.

GJM Business Review Oct 2012

Recognition that there has been declining Cash Flow from core consulting operations since 2008, and increased competition in a difficult market. Market consolidation leading to domination by some (US owned) multi-national interdisciplinary Groups.

Three pronged strategy encouraged- Development of Strategic Design & Build relationships for large UK major frameworks; review of selected new overseas markets (eg South America); and full review of M&A options to invest in companies/ markets to achieve growth, or seek merger partners/ strategic alliances to achieve competitive advantage.

Use of GJM's senior network of contacts to help achieve the above, in parallel with usual business development function.

Business Development Review Jan 2013

Some D&B initiatives being pursued with Kier & Costain & Murphy's, while more strategic tie-ups (including M&A options) being explored with Carillion/TPS, SNC Lavalin, and Waterman Group. Overseas project opportunities being pursued with Eco Petrol in Colombia and AATA in Peru.

Group Accounts March 2013

Group Profit before Tax (and FRS 17 contribution) £3.5m, Net Assets at £47.6m; but Operating Cash Flow slightly negative.

Order Book

Stable, but dominated by Water Sector. Some frameworks reaching completion, and one crucial major project in Iraq.

GJM Financial Analysis & Valuation

19 year Cash Flow analysis reveals average cash flow from core consulting operations at less than £1m pa; overshadowed by increasing returns and value of PFI investments, and worrying trend in increased Pension Liabilities.

Demonstrable ability and track record in managing the company well to minimise tax exposure (aided by Richard Frischmann expertise)

Range of Valuations, but maximised by assessment of Net Present Value of enhanced future earnings through combination with Capita.

Project Jack

Potential Acquisition Appraisal, GJM August 2013.

Appendices

- Company Valuation prepared at the time of expression of interest by Carillion, SNC Lavalin, Waterman (to include the 20 % shareholding in Aqua Dynamics)
- Copy of Capita Group's Acquisition criteria (15% Post Tax Profit return on Acquisition Consideration, within 12 months)

Copy of GJM Retained Consultancy Agreement.

CONCLUSION

Brief

GJM was retained to complement incumbent Business Development led by Tushar Prabhu, by acting at a Strategic Level, using Industry contacts, reporting to the Chairman Dr Frischmann on following initiatives:

- Seek out Strategic tie-ups with Major Contractors and Industry Players, particularly in Design & Build.
- Review Overseas Market opportunities in new Regions like South America
- Find opportunities in Mergers & Acquisitions to grow through Investment or possibly divest through Sale,

With no interest from Dr Frischmann's children to get involved in the long term management of the Consulting Business, interim management was introduced.

Progress

There has been demonstrable interest in strategic tie-ups, particularly from:

- Carillion as a potential acquirer of Pell Frischmann, and/or investment in Aqua Dynamics. Cooperation with TPS Consult, or Sale of TPS to Pell Frischmann. Also Major Project/Framework D&B cooperation (eg. United Utilities AMP 6, Manchester Airport, etc.). Carillion await progress from Aqua Dynamics to initially progress an Alliance for Canada.
- Ongoing dialogue with Kier and Murphy's, but a rejection from CEO of Costain for a strategic approach to cooperation.
- Opportunity for Produced Water Treatment in Colombia still being pursued with Eco Petrol. Tender for AATA Traffic Safety Study in Lima rejected by Dr Frischmann based on Price and T&Cs.
- Specific M&A dialogue initiated with Carillion; TPS; SNC Lavalin; Arcadis; SKM; Capita; Waterman and others. Capita interest ongoing.

Conclusion

Pell Frischmann's Consulting Business is below critical mass in a consolidated industry and either has to grow or be sold / divested for long term survival, in the writer's opinion. It either has to invest to do so, or be invested in by others. The writer was incentivised to seek opportunities to achieve this and the prospective acquisition by Capita is the best timely opportunity to do so.

GJM is available to support the Acquisition discussions through to a successful outcome, following the introduction and appraisal already made.

Caveat for a win-win outcome

Price expectations on both sides converging to an agreed level to achieve financial close.

Worst scenario

Not selling 100% now could lead to a massive and increasing erosion of the cash balance in the company since the staff are extremely fragile and if they hear, as they undoubtedly will, of a fail sale, this could result in a massive turnover in key people with a market that now is good enough that they can leave. That, combined with the Middle East, could easily eat far more cash than even the expected outflow which is a reasonable case but by no means the worst.

If this scenario is more than a slightly possible outcome, it makes it that more important to urgently indicate to the shareholders that the maximum achievable value is now and that just continuing to manage a non-growth scenario is not a viable option unless the company's shareholders are prepared to entertain the possibility that there will be an increasing cash outflow to support a Consulting business which is below critical mass, and quickly falling behind its peers.

G J Malpass

Pell Frischmann
Consulting Engineers

A) Information in the Public Domain

- Companies House Information 2011
- Pell Frischmann Wikipedia
- Pell Frischmann Website News
- Dr Wilem Frischmann Wikipedia

Pell Frischmann
Consulting Engineers

THE QUEEN'S AWARDS FOR ENTERPRISE

Companies House Information 2011

Accounts March 2011

Annual turnover: £41,948,000.00

Annual profit: £3,621,000.00

Turnover per employee: £52,964.65

Profit per employee: £4,571

Subsidiaries

Companies often split into several entities for legal or financial reasons, and so there can be many companies as part of the same family. These entities are listed as subsidiaries of this company.

- ENGINEERING & POWER DEVELOPMENT CONSULTANTS LIMITED
- P.F. PROJECT CO-ORDINATORS LIMITED
- HAWK DEVELOPMENT MANAGEMENT PLC
- PELL FRISCHMANN CIVIL & STRUCTURAL LIMITED
- PELL FRISCHMANN GROUP LTD

Shareholders

- RICHARD FRISCHMANN
- SUDHAKAR S PRABHU
- JUSTINE E FRISCHMANN, JEFFREY GOODWIN & OTHERS
- NORMAN W CARMICHAEL & SUDHAKAR S PRABHU
- JUSTINE E FRISCHMANN

Net worth for Pell Frischmann Holdings Limited- Net Worth £45,867,000to 31 Mar 2011

Sources: WorkSmart.org.uk*; : Companies House, Bureau Van Dijk and*: http://bizzy.co.uk/

Pell Frischmann - Wikipedia

Pell Frischmann	
Pell Frischmann	
Type	Private Limited
Industry	Engineering Consulting
Founded	1926
Founder(s)	Cecil Pell
Headquarters	London, United Kingdom
Number of locations	Offices in 6 countries
Key people	Dr Wilem Frischmann (CBE) (Chairman) Sudhakar S. Prabhu (Deputy Chairman) Keith Clarke[1] (Deputy Chairman)
Products	Engineering Consultancy Services
Services	Consultancy services
Revenue	£ 23.7 million (2012)
Employees	1000+
Website	www.pellfrischmann.com

Pell Frischmann (PF) is a multi-disciplinary engineering consultancy based in London that provides structural and civil engineering, planning, design, and consulting services. Pell Frischmann employs over 1000 staff worldwide with 8 offices across the UK and international offices in India, the Middle East, Turkey and Romania.

The original company was founded by Cecil Pell in the 1920s who entered partnership with Wilem W Frischmann in the early 70s forming Pell Frischmann and Partners. In 2003 the umbrella company became Pell Frischmann Consulting Engineers. Major subsidiaries of the company include Frischmann Prabhu operating in the Asia-Pacific region and Conseco operating in the Middle East.

Key areas of business include buildings, building Services, land development and regeneration, traffic and transportation, highways and bridges, railways, environment and process technology, water and wastewater, power, fire engineering and IT and telecommunications.

History

The original Company was founded in 1926 by Cecil Pell who subsequently formed Pell Frischmann and Partners with Wilem Frischmann in 1972. The Group became a limited company in 1984. Until the late 1960s the Group's activities centered on Structural Engineering and Mechanical and Electrical Building Services.

Pell Frischmann Group has acquired a number of companies, including the Department for Transport's West Yorkshire Road Construction Sub-Unit (1981), 70 staff from the Infrastructure Directorate of the Milton Keynes Development Corporation joined the Group to form Pell Frischmann Milton Keynes Ltd (1988), Pell Frischmann Water Ltd was formed in 1990 as a joint venture between the Pell Frischmann Group and South West Water plc. EPD Consultants was acquired from Balfour Beatty (1998) and De Leuw Rothwell Ltd (2000) was a new company set up safeguarding the jobs of a number of staff following the collapse and subsequent liquidation of the former De Leuw Rothwell.

In 2002 the various offices were consolidated under one umbrella company and in September 2003 the company was restructured and changed its trading company name to Pell Frischmann Consulting Engineers (PFCE).

Major subsidiaries include Frischmann Prabhu founded by Sudhakar Prabhu and based in Mumbai providing expertise in the Asia-Pacific region and Conseco International which focuses on projects in the Middle East and was awarded the Queen's Award for Enterprise in 2006 for work in the reconstruction of Iraq.

Notable projects

Centre Point, London

Centre Point's facade

The 385 ft Centre Point tower was constructed between 1963 to 1966. It is a 32-storey office building above Tottenham Court Road tube station with 292,563ft² of floor space. Pell Frischmann provided structural engineering design and construction supervision services. The external columns, load-bearing facade and floors are prefabricated off-site from concrete which was highly polished to give it the appearance of marble or granite. Centre Point achieved a record building time in the 1960's where a complete floor cycle was achieved in 7 days without the use of exterior scaffolding.

United Kingdom

Sheldon Square, Paddington Central

- Tower 42 (formerly National Westminster Tower), London;[5] The 52 storey tall former NatWest Tower office building has a gross floor area of approximately 750,000ft² and rises to 200 metres above ground level.

- Liverpool One, Liverpool

- shortlisted in the 2013 ACE awards 'Building Structures Large' category for its work on the groundscraper.

- Home Office Head Quarters (2 Marsham Street), London

- New Street Square, London

- 7-10 Old Bailey, London

- University of Oxford, Oxford; Pell Frischmann has worked and is or was recently working on a number of projects in the university including the following:
    - New Bodleian Library *(ongoing 2013)*; Providing structural engineering services for the new structure.[8]
    - Earth Sciences Building *(completed)*; A new teaching and research facility for the Earth Sciences Department designed by Wilkinson Eyre and partnered with Hoare Lea.[9] Pell Frischmann won the ACE Engineering Excellence award for Building Structures in 2011 for its work on the department.[10]
    - Blavatnik School of Government *(ongoing 2013)*; Pell Frischmann is providing civil and structural engineering services for the new build structure. The building includes a 200 person capacity lecture theatre, teaching spaces, and seminar rooms.[11]
    - St Cross College *(ongoing 2013)*, extensions to workspaces and accommodation. Pell Frischmann is providing structural engineering services while Hoare Lea are providing mechanical and electrical engineering.[12]

- Hunts House, King's College London

- Cornwall House, Kings College London

- Paddington Central, London; Paddington Central Development (Phase 1) is some 12 storeys high and comprises more than 400,000 ft² of prime office accommodation, together with retail and leisure space of a further 75,000 ft² and over 200 residential units.

- The Point, Paddington, London

Middle East

- Al Zeina Beach Development, Abu Dhabi; provides 1,200 beach-front apartments.

Pell Frischmann - Website News

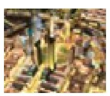
Forth Rail Bridge wins at the Historic Bridge and Infrastructure Awards
Mon 25th Mar 2013 - 10:21

Pell Frischmann's innovative restoration works on the iconic Forth Rail Bridge were recognised at the Historic Bridge and Infrastructure Awards

Dr Wilem Frischmann awarded 'Outstanding Personal Contribution' award at the 2013 British Expertise International Awards
Mon 11th Mar 2013 - 11:07

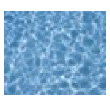
Our Chairman, Dr Wilem Frischmann, has been awarded the 'Outstanding Personal Contribution' award at the 2013 British Expertise International Awards. The awards, which recognise and celebrate outstanding international accomplishments in the UK professional services sector, recognised Dr Frischmann for his 50 years of prestigious British engineering ambassadorship and achievement.

Pell Frischmann project is Highly Commended at the 2013 British Expertise Awards
Mon 11th Mar 2013 - 10:54



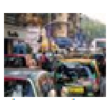
The Konza Technology City, a Pell Frischmann project, has been Highly Commended in the 'Outstanding International Design Project' category at the 2013 British Expertise International Awards.

Water Supply Sector Loan Project in Mid-Western Iraq
Wed 7th Nov 2012 - 16:12



Pell Frischmann have been appointed following an international competition by The Ministry of Municipalities and Public Works in Iraq, to provide design services for the rehabilitation and reconstruction of the water supply in the Mid-Western region of Iraq.

Pell Frischmann Wins at the ACE Engineering Excellence Awards 2012
Mon 11th Jun 2012 - 11:50



The recently completed Forth Bridge restoration project in Scotland was Highly Commended in the Infrastructure category and the Mumbai Area Traffic Control project won been Research Studies & Consulting project of the year.

Water & Wastewater
Highways
Bridges
Land Development & Regeneration
Power
Railways
Environmental & Process Technology
Traffic & Transport
IT & Telecoms
Fire
Buildings
Sustainability

Dr Wilem Frischmann – Wikipedia

“The Man behind Pell Frischmann”

Dr Wilem William Frischmann	
Nationality	Anglo-Hungarian
Engineering career	
Engineering discipline	Structural engineer
Institution memberships	Institution of Structural Engineers Institution of Civil Engineers
Practice name	Pell Frischmann
Significant projects	Centre Point Tower 42 Drapers Gardens

Dr Wilem William Frischmann, CBE, FICE, FIStructE is a leading engineer, the chairman of the internationally recognised firm of consulting engineers, Pell Frischmann and generally considered to be one of the foremost engineers of his generation due to his reputation gained on technically ground-breaking developments including Centre Point, Tower 42 (formerly National Westminster Tower) and Drapers Gardens.[1]

Early life and education

Wilem Frischmann was born in Ungvar (now Uzhhorod, Ukraine), then in Czechoslovakia in 1931. He survived the Holocaust and came to England as a refugee at the age of 15. He attended the Hammersmith College of Art & Building and the Imperial College – University of London.[1]

Pell Frischmann
Consulting Engineers

Working life

He joined C. J. Pell & Partners in 1958, becoming a partner in 1961, and the Chairman in 1968.

Notable projects

Centre Point, London

Centre Point is one of the best known landmarks in London. He championed an innovative use of high-quality pre-cast concrete in its design. The external columns have specifically designed joints to provide continuity in the structure to prevent progressive collapse and it was constructed without any external scaffolding. As well as being the tallest building built with prefabricated elements, Centre Point was the first building using large diameter piles in London Clay. He carried out extensive testing of the distribution of loads by friction and bearing to estimate the settlement of the building. The resulting paper[2] earned the IStructE Research Diploma. In 2009 it won First Prize in the Mature Structures category at the Concrete Society Awards.[3]

Tower 42 (formerly Nat West Tower), London

Main article: Tower 42

Frischmann was responsible for the design of this 52-storey landmark structure in London, the tallest building in London at the time of its construction. The firm carried out natural frequency tests and modelled the potential for progressive collapse. After the IRA bomb attack, PF carried out the same tests and found that the structure hadn't been significantly damaged. The project won the European Award for Steels Structures from CECM Prix European De La Construction Metallique and the paper detailing the towers design[4] won an ICE award.

Drapers Gardens, London

During the construction of this twenty-eight storey building, PF tested and proved that the solid steel mullions provided adequate fire resistance without any need for fire protection. A paper on the development[5] won the Oscar Faber Bronze Medal awarded by the IStructE.

Aldersgate Street, London

He has helped bring the world of innovation which surrounds engineering to the public. PF were appointed to design the Aldersgate Street development in the centre of London, which

Contribution to the Engineering Profession

Ronan Point Collapse

Before the Ronan Point Collapse in 1968, Frischmann had already expressed his concern in the structural characteristics of non-continuous prefabricated buildings. After the event, he was appointed by the Treasury to write a report.[8] He also appeared on David Frost's television show, to demonstrate why Ronan Point had collapsed.[9]

Collaborative Working

Before "collaborative working" became and industry buzzword, Frischmann was championing the benefits of cohesive teams and early contractor involvement, in his paper "Features in the design and construction of Drapers Gardens Development" he said:

"What is, in our opinion, worth noting is the fact that this building is the result of close cooperation of all parties under the leadership of the architect."

A number of well recognized names in engineering and construction backed his opinion in a later discussion paper.[10]

The Cross Channel Bridge

Frischmann has been a well publicised ambassador of engineering, not just in trade press but also the national press. He was vociferous in advocating the link across the channel and promoted a bridge solution rather than a tunnel, with the creation of a deep sea port for container vessels by extending the existing islands of Varne and Le Colbert. He appeared in the Observer Magazine[11] and on the cover of the Sunday Telegraph Magazine[12] in support of the link; as well as mentions in Construction News and The Times.

The Future of Tall Buildings

Frischmann is best known for his Tall Buildings, and wrote an important paper on the future of high-rise developments for vertical cities.[13] The paper caught the public's imagination and it was on the Tomorrows World program and covered twice in The Times[14] +.[15]

References

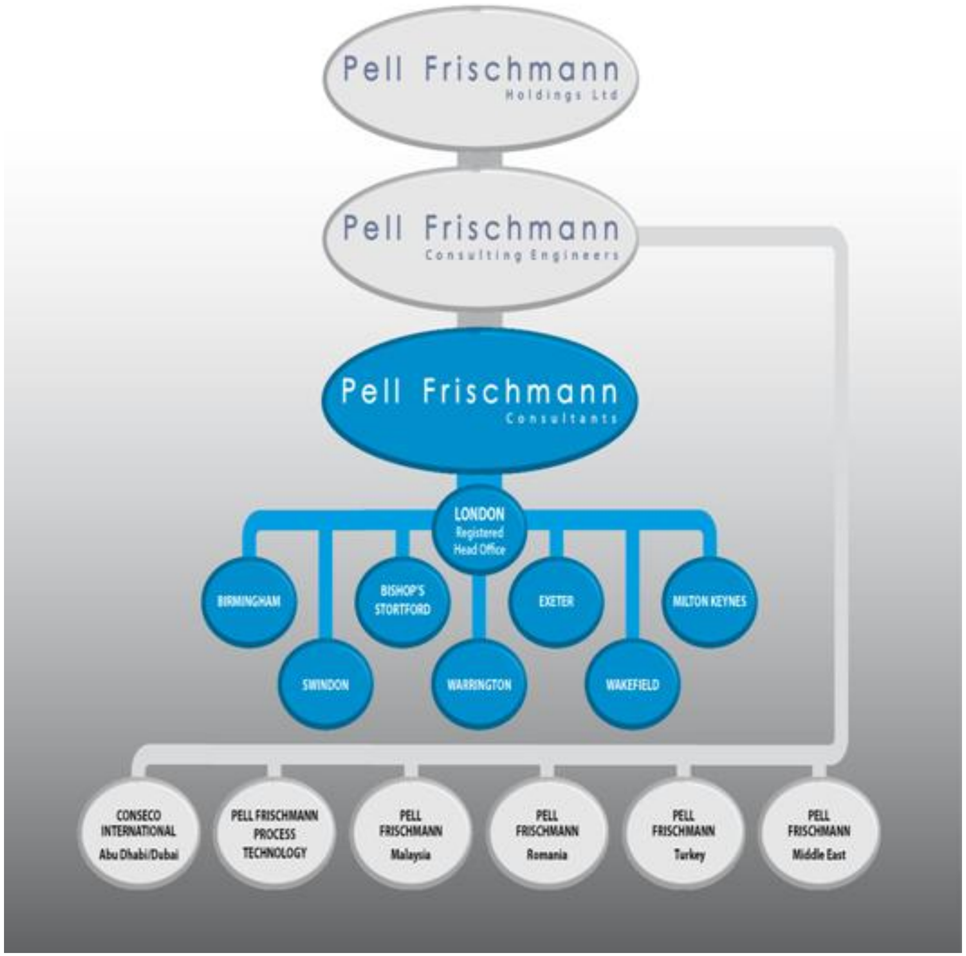
1. ^ ***a b*** New Civil Engineer Magazine, "Frischmann's Next Move", 3 October 1996
2. ^ The use and behaviour of large diameter piles in London Clay, The Structural Engineer, (Frischmann & Flemming, 1962)
3. ^ [1] Concrete Society Awards 2009
4. ^ National Westminster Tower: design (Frischmann, Lippard & Steger 1983)
5. ^ Features in the design and construction of Drapers Gardens Development (Frischmann, Brown & Prabhu, 1967)
6. ^ Top down construction of deep basements, (Frischmann & Wilson, 1984)
7. ^ "Innovation: Piles of parking in deep space - the ways builders are meeting the challenge of huge underground car parks taking shape in London" - The Sunday Times, February 21, 1988
8. ^ "High Flats Defended" - The Times, January 31, 1969

B) Company Structure & Key People

- Company Structure
- Key Personnel
- Interim Management

Company Structure

Pell Frischmann
Consulting Engineers



Key Personnel

Pell Frischmann
Consulting Engineers

Chairman - Dr. W W Frischmann CBE

HonDSc, PhD, DIC, FCGI, FREng, FICE, FIStructE, MASCE, FConsES.

Dr Wilem W Frischmann joined the firm in 1958, then known as C J Pell & Partners. He was made a Partner in 1961 and then in 1968 he became Chairman and the company became Pell Frischmann & Partners.

Educated at the Hammersmith College of Art & Building and later the Imperial College and City University in London, Dr Frischmann is renowned as a specialist in the design and construction of tall buildings (such as Tower 42 in the City of London), long-span bridges and large-scale developments.

He has been responsible for the design and project management of a wide variety of bridges, buildings and civil engineering structures. Notable examples include Centre Point and Nat West Bank Headquarters (formerly the tallest in Europe) in the City of London.

Retiring

Chief Executive - Sudhu S Prabhu

BEng, DIC, CEng, FIStructE, MASCE, FConsE

Mr. Prabhu's illustrious career as an engineer began at VJTI, Mumbai, after which he went on to study at the Imperial College, London. Upon graduation, he joined the London based structural design firm - C J Pell & Partners in 1960 and was quickly made a Partner at 32. In 1975, he was named Chief Executive. Along with Dr. Frischmann, Mr. Prabhu, has been responsible for diversifying the firm into a multi-sector company with a global presence.

Mr. Prabhu has helped create landmark structures in London and around the world. Notable examples include Centre Point and Nat West Bank Headquarters (formerly the tallest in Europe) in the City of London. He was awarded the Oscar Faber Bronze Medal for a paper presented to the Institution of Structural Engineers in 1967 on the Drapers Gardens Development. Most recently, he was awarded the Lloyds TSB Jewel Award for Lifetime Achievement.

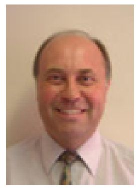
Tushar Prabhu - Director

MA (Cantab) MCRP (Harvard) FICE FRGS

Tushar is a Main Board Member of Pell Frischmann and co-founded Frischmann Prabhu India in 1997, which now employs 350 people across 7 offices in India.

Prior to joining Pell Frischmann, Mr Prabhu worked as International Director for the Electric Power Research Institute (EPRI) in California, which is the world's largest independent science and technology organisation dedicated to the global energy and energy services industry.

Mr. Prabhu has presented a number of papers at seminars and conferences, including "Advanced Industrial Technologies for Cleaner Production" at an industrial technology conference sponsored by the Confederation of Indian Industry (CII) and "Sustainable Technologies for Urban Development", at the "Development of Cities in the 21st Century" conference in Santiago sponsored by USAID.



Les Goddard - Director

MEng BSc FIHT FICE CIT IME

Les is based in our Wakefield office and is Director of the Traffic and Transportation sector of the company. Originally an employee of West Riding County Council, South Yorkshire County Council and Humberside County Council, he moved to Pell Frischmann in 1989 as a Project Director leading our transportation schemes in the Northern Region. He has over 35 years experience in highways, traffic and transportation engineering more than ten years of which have been in senior management positions leading project and multi disciplinary teams. Les is also the company's Health and Safety Director

Carl Powell - Director

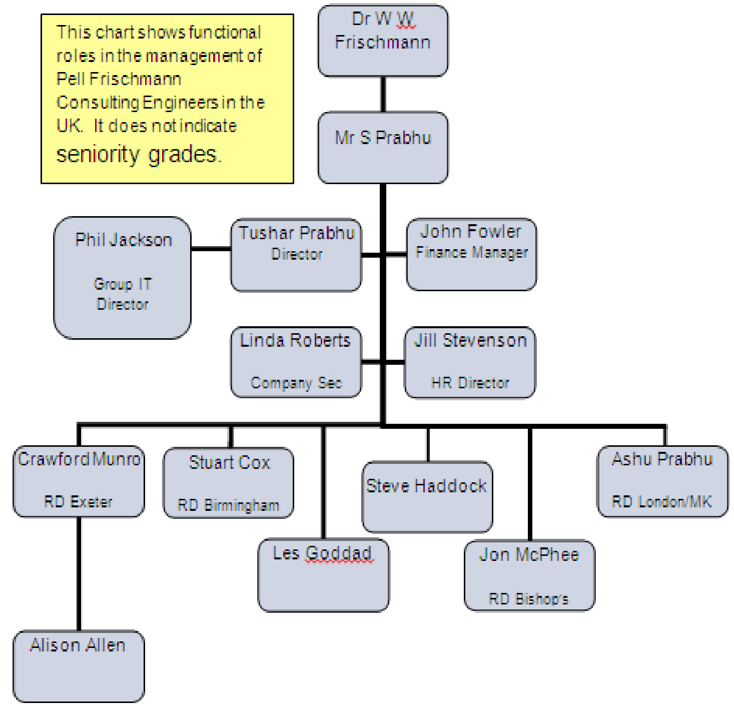
ONC HNC FRICS ISVA

Carl has 35 years of expertise in physical and social infrastructure development for both public and private sector. Based in Abu Dhabi he is running the company's Middle East operations.

He has experience working in the public sector at East Sussex County Council as well as acting as the Chief Executive Office for Rotch Group, a financial service company. In 1999 Carl became the Director of Planning for Licensing and Transportation at Westminster City Council, the largest and most complex planning department in the UK. Since joining Pell Frischmann he has managed some the company's most prestigious projects within the UK, Jordan, and Iraq. He is well experienced in both post-conflict and infrastructure development, and played a vital role in the complex reconstruction projects we undertook in Iraq. In 2007 he successfully led the delivery of the City of Kirkuk masterplan in Iraq, and has since been instrumental in the expansion of the company's profile in the Middle East.

Linda Roberts - Company Secretary

John Fowler - Finance Director



Dr W W Frischmann CBE and S Prabhu are the constituent partners in Pell Frischmann & Partners. Both are past retirement age, but have taken an active role in the day-to-day activities of the company. The two families are the major shareholders in the company (60% Majority Shareholding held by the former). C V Powell and C T Munro are Regionally & Sector bases Operational Directors (Iraq/ME and Exeter/SWW Water respectively), and T S Prabhu heads the Group's Business Development function, and takes a lead role in Work Winning & Development of the business.

Four Board Directors have resigned since 2006 and there are Succession Planning issues facing the Board. Tushar Prabhu (son of S Prabhu) has assumed a senior and pivotal role in the running of the front end of business, but two new Part Time Senior Executives have been recruited from leading competitors in the industry to steer the transformation and operations of the business- Keith Clarke (Non Exec Deputy Chairman, and Charles McBeath Operations Director

Interim Management

Pell Frischmann
Consulting Engineers

Keith Clarke –
Part-time Deputy Chairman

Charles McBeath -
Part-time Operations

I am delighted to make the following announcements regarding the continuing evolution of the leadership team at Pell Frischmann.

Sudhu Prabhu

Mr Prabhu will be promoted to Deputy Chairman of Pell Frischmann. He will relinquish his role as Chief Executive at the end of this month but will remain a board member of both Pell Frischmann Consulting Engineers and Frischmann Prabhu India. In his role as Deputy Chairman (non executive), he will act in an ambassadorial capability, marketing and developing business for Pell Frischmann with existing and prospective clients.

Sudhu has been at the helm of Pell Frischmann with me for over 40 years and I take this opportunity to acknowledge my debt of gratitude for his immense contribution during that time in helping us to take the firm from strength to strength.

Keith Clarke CBE

Keith is joining the business as part-time Deputy Chairman, to assist with the development of the business both in the UK and overseas, particularly its continuing evolution in response to the changing demands of the marketplace.

Prior to joining Pell Frischmann, Keith was Chief Executive at Atkins.

Charles McBeath

Charles is joining the business as Operations Director. In this role, he will be responsible for the performance of the UK business in terms of day-to-day activities, including contractual and commercial issues and delivery of projects.

Prior to joining Pell Frischmann, Charles was Chief Executive at Ramboll UK.

Dr Wilem W Frischmann
Chairman

27th March 2013

Pell Frischmann
Consulting Engineers

C) HISTORY & SUCCESS STORIES

- The Big Deal
- 1996- 2013 Chronological Milestones
- PFI Portfolio
- Frameworks

The Big Deal 1996

Source: Internet

Pell Frischmann
Consulting Engineers

Fat cats take pounds 70m from the taxpayer

Property company privatised three years ago is resold at huge profit

JOHN RENTOUL Political Correspondent

Tuesday 03 September 1996

A property company sold by the Government for pounds 11.4m only three years ago has been re-sold for a profit of more than pounds 70m. Half the profit will be shared by three people, in a deal which revives Labour accusations that "fat cats" are making a killing at the expense of the taxpayer.

The company, which has traded profitably since it was bought by a consortium in 1993, has been re-sold for pounds 84.6m.

Dr Wilem Frischmann and Sudhu Prabhu, whose consulting company led the consortium, have made pounds 18m and pounds 12m respectively. Another pounds 7m goes to Trevor Osborne, a property developer who helped to broker the deal. The rest of the profit goes to Amec, the building company which was their consortium partner.

Derek Foster, Labour's civil service spokesman, condemned the re-sale of a part of the Property Services Agency (PSA) as evidence that the taxpayer had been "ripped off". The Independent yesterday revealed that the Government's net worth has declined from pounds 20bn in the black to pounds 152bn in the red under the Conservatives.

This deal follows news of the profit of pounds 40m realised a month ago by three directors of Porterbrook rail leasing company, seven months after it was privatised, when the company was bought by Stagecoach.

Dr Frischmann was born in Hungary and trained as a structural engineer to pursue a life-long interest in tall buildings. As a young man he worked on Centre Point and the NatWest Tower, and, more recently, on Canary Wharf. He, his son, Richard, and Mr Prabhu own the civil engineering consultants Pell Frischmann, which led the consortium that bought two divisions of the PSA.

"At first glance, it seems we have become fat cats," he told The Independent. "But we took risks. The Government had good value. We have ensured permanency of employment for about 1,800 civil servants."

The Government guaranteed the cost of the first 1,000 redundancies, but the consortium still faced a potential pounds 50m bill for lay-offs which was not underwritten by the Government. None of this was needed, and restructuring costs were met out of profits. The consortium had not even paid the whole purchase price - it was given terms over four years.

Dr Frischmann said that he would reinvest the profit in Private Finance Initiative projects: "I'm not going to buy a yacht or something."

The PSA, which ran Whitehall buildings and managed government building projects, was sold in 1993 by John Redwood, a leading advocate of privatisation and then a junior environment minister. The agency had been dogged by allegations of fraud, and a breakdown in financial systems.

The PSA divisions bought by Pell Frischmann included the part which managed Buckingham Palace, the Houses of Parliament and the Government's Whitehall buildings. The National Audit Office criticised the sale earlier this year, because the Government made an "unusual" pounds 14m unsecured loan to cover cash-flow problems in loss-making parts of the business.

The company, now Building and Property Management Services (BPMS), manages buildings mostly for the Ministry of Defence, having been guaranteed pounds 400m worth of government work over five years. A few months ago, it cleaned the face of Big Ben

A week ago, BPMS was bought by CVC Capital Partners, a venture capital fund, on behalf of its own management.

Both Pell Frischmann and BPMS are now bidding for an even bigger prize: the contract to manage all the Department of Social Security's property. And Pell Frischmann's partner Mr Osborne, the boss of Speyhawk property group which crashed with debts of pounds 300m three years ago, has long been interested in bidding for armed forces homes, worth pounds 2bn.

For Labour, Mr Foster said: "With the sale of the DSS estate and MoD homes on the agenda, the Tories clearly cannot be trusted. This is asset stripping on a grand scale."

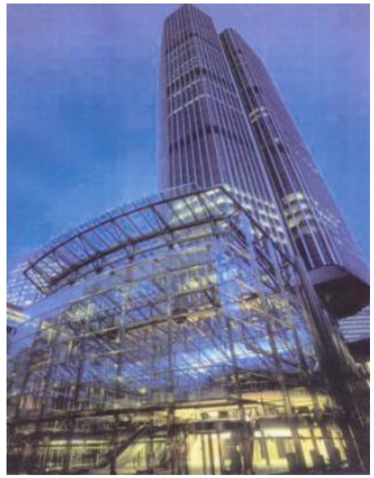
1996- 2013 Chronological Milestones

1996

- Purchase of partner’s 50% of Pell Frischmann Water from SWW & signature of Partnering Agreement
- Completion of A69 construction, first shadow toll PFI Motorway
- Purchase of George McGovern in Scotland

1997

- Completion of Nat West Tower



1998

- Acquired EPD (Power sector)

1999

- Inspection of 40 Road/Rail bridges for Railtrack

2000

- New subsidiary PFPT and acquired BG Tech
- Signed PFI for Staffordshire Schools
- Development of Transcalm
- Acquisition of De Leuw Rothwell (Bishop Stortford)

2002

- New Rail commissions with Parsons & Marconi
- Master Planning in Nigeria
- Award of Sandwell Schools PFI
- Integration of Consulting Engineering businesses

2003

- Award of KMI AMP water project for UU K3
- £15m Network Rail structure assessment contract awarded
- Participated with Serco for NRTS £800m PFI bid
- PFPT involved in DTI funded project for Offshore Oil & Gas

2004

- New offices opened in B’ham, York, Swindon, & Cardiff
- JV agreed with Burns & Roe of US for Nuclear decommissioning market
- Design/supervision contract for first ever PFI motorway in Jamaica with Bouygues

2005

- Middle East business wins Queen’s Award for Enterprise
- Master Planning award with HOK in Bucarest

2006

- Extension of Partnering Framework with Plymouth City Council
- Appointed to Airport Authority in India for 5 non-metro airports
- Pilot Plant provided for MOD tests of BGAO process
- Further major awards for Conseco in Middle East

2007

- ACE & NCE Award for Outstanding Achievement
- Awarded Design & Supervision for Al Zeina $650m development in Al Raha in Abu Dhabi
- Vinci joined Stafford & Sandwell Schools PFIs as equity partner

2008

- Framework clients include SWW, Thames Water, Homes & Communities Agency, Network Rail, Highways Agency
- Provision of BREEAM, LEED Sustainable capabilities

2009

- World Bank funded 6 counties municipal services project in Romania completed
- Appointed sole framework consultant to London Overground Rail Operations for Station engineering
- Signed 25 year PFI contract to provide street lights and traffic signals to Blackpool Council

2010

- Appointed by Iraq Government as lead consultant on $800m Mid-Western Iraq Water Supply Project financed by JICA
- Undertook urban infrastructure regeneration projects sponsored by World Bank in Congo & Kenya
- Patent application for SRCF process

2011

- Commissioned to design Skylark Heights, tallest building in Mumbai
- Secured water framework contracts with 4 of 9 UK water utility companies for AMP 5
- Undertook Carbon Capture and Storage project for the Saskatchewan Power Corporation
- 25 year PFI contract signed to provide street lights to Oldham and Rochdale Councils

2012

- Consultancy contract for Shell in Qater to identify technologies for natural gas and produced water treatment
- Sale of BGAO and SRCF processes to AcquaDynamics SA for £4m plus 20% share of IPR company

PFI Investments

Pell Frischmann
Consulting Engineers

Summary of PFI Projects Value		
	Discount Rate	Valuation
PFI Project	31/03/13	31/03/2013
Sandwell Schools	7.10%	1,839,179
Stafford Schools	6.54%	1,357,254
Road Link A69	6.04%	7,540,686
Blackpool Street Lighting	8.61%	2,944,073
Oldham Street Lighting	8.61%	1,858,698
Rochdale Street Lighting	8.61%	1,869,912
		17,409,802

Pell Frischmann Group

Total Equity invested in all projects: £7,043,000

PFI Projects

	Roadlink A69	Stafford Schools	Edinburgh University Completed 2009	Sandwell Schools	Blackpool Street Lighting	Oldham Street Lighting	Rochdale Street Lighting
% Share	18.8%	50%	100%	50%	50%	50%	50%
Initial Equity/Subdebt	421,000	650,000	Nil	905,000	2,052,000	1,505,000	1,510,000
Project Sponsors	PF, Henry Boot, Christiani Neilsen, Morrisons,	PF & Vinci	PF	PF & Vinci	PF and Trillium	PF and Trillium	PF and Trillium
Current Shareholders	Henry Boot, PF & SINA	PF & Foresight	PF	PF & Foresight	PF & Equitix	PF & Equitix	PF & Equitix
Contractors	Henry Boot, Christiani Neilsen, Morrisons,	Vinci	Cable & Wireless	Vinci	EON	EON	EON
Commencement Date	01/04/2006	05/05/2000	11/09/2001	29/09/2003	18/12/2010	20/04/2011	20/04/2011
Duration years	30	25	9	25	25	25	25
CAPEX	16,983,000	13,681,000	2,100,000	19,593,000	27,968,000	24,457,000	24,657,000
Revenue Total	313,532,000	50,098,000	8,100,000	70,502,000	98,879,000	84,099,000	81,556,000
OPEX & CAPEX Total	149,713,000	33,340,000	3,700,000	46,990,000	58,776,000	52,390,000	50,607,000
OPEX Total excl Depn	132,730,000	20,023,000	1,600,000	25,186,000	30,808,000	27,933,000	25,950,000
OPEX Ave p.a	4,424,333	800,920	177,778	1,007,440	1,232,320	1,117,320	1,038,000
Statistics and Information	Halwhistle Bypass (2 miles) & Viaduct Ongoing Maintenance A69 Newcastle Carlisle (52 miles)	Sir Graham Balfour Secondary School (1200 pupils) & Cooper Perry Junior School (400 pupils)	Provision of telephc & internet to 4,500 student rooms	Galton Valley Junior Infants School (ex Albion & Brasshouse) Blackheath Junior Warley Infants Great Bridge Primary (2,000 pupils in total)	26,129 Street Lights etc incluing 8,000 traffic signals	22,971 Street Lights etc No traffic signals	23,242 Street Lights etc No traffic signals

List of Frameworks to which PF are currently appointed

Pell Frischmann
Consulting Engineers

List of Frameworks Pell Frischmann to which Pell Frischmann are Currently Appointed	Start	End	Length	Quantum	Title
National					
HCA (formerly English Partnerships) – Multi-Disciplinary Panel	18/08/2010	17/08/2014	4 years		Panel Appointment of Consultant - Relating to Multidisciplinary Panel
Royal Mail Group (Civil, Structural)	01/09/2012	31/08/2016	4 years		Construction Professional Services Framework
Network Rail Partnership Framework					
Regional					
CIVILS & STRUCTURAL					
Poplar HARCA (Civil Only) (Housing Association)	26/02/2010	25/02/2014	4 years		Framework Agreement for Civil Engineering Services
CHA Ventures (Housing Association)	16/07/2010	15/07/2014	4 years		Development Framework Agreement
Notting Hill Housing Trust Framework	01/02/2013	31/01/2017	4 years	£2.3m	Framework Agreement for Various Consultancy Services
Welsh Assembly Government Framework for Engineering Services	12/04/2010	11/04/2013	3 years		Consultancy Framework Agreement
Royal Bank of Scotland (Project Harlequin) (East and West Region) (3 years,	19/06/2012	18/06/2015	3 years		
Buildings					
Kingsgate House	01/09/2010	01/04/2015	5 years	£2.56m	Design Consultancy Agreement
TRANSPORTATION / RAIL					
Transport for London (9001/PSERV Framework Holders)	01/12/2009	30/11/2013	4 years		Framework Agreement for the Provision of Engineering and Project Management Services
London Overground Rail Operators Ltd	06/11/2008				Independent Design Checking Consultancy Services
Amey	01/04/2009	31/03/2014	5 Years		Network Rail CEFA (Civil Examination Framework Agreement)
Network Rail	09/07/2012	24/12/2013		813,628	Construction and Engineering Services - Level 0 - Phase 2
WATER					
South West Water	01/04/2010	31/03/2016	6 years		AMP 5 Framework
Ministry of Municipalities and Public Works, Iraq	15/02/2012	14/01/2015	35 months	11,404,146	Water Supply Sector Loan Project in Mid Western Iraq
Ministry of Municipalities and Public Works, Iraq	15/05/2014	15/04/2020	71 months	17,055,073	Water Supply Sector Loan Project in Mid Western Iraq
Local Authority					
YORConsult (aka East Riding of Yorkshire)	30/04/2012	30/04/2016	48 months		South and West Areas Framework Agreement
North Lincs. County Council Highways Alliance	01/06/2004	01/06/2013	9 years		Design Consultant for Civil/Engineering Services
Hertfordshire CC Property Services Framework	04/04/2011	03/04/2015	4 years		Framework for Property Estates and Specialist Consultancy Services
Thurrock Council	01/08/2013				Framework Agreement
Other					
University of Oxford (Civil, Structural, M&E, Transport)					
Brunel University (Civil, Structural) Lot 1	01/04/2012	31/03/2015	3 years		Framework Agreement - Structural and Civil - Lot 1
Brunel University (Civil, Structural) Lot 2	01/04/2012	31/03/2015	3 years		Framework Agreement - Structural and Civil - Lot 2
City University (Civil, Structural)	25/06/2012	24/06/2015	3 years		Framework Agreement Relating to Structural Engineering and Structural Engineering Monitoring Consultancy Services
Kings College London Health Partners (Civil, Structural)	01/03/2011	28/02/2015	4 years		Framework Agreement for the Appointment of a Civil and Structural Engineer
Morrisons Supermarkets (Highways + Transport)	02/04/2012	01/02/2014	2 years		Framework Agreement relating engineer services for various store developments
University of Southampton (Structural)	2013	2017	4 years		Provision of Structural Engineering Services
PFI Asset Management					
Stafford Schools PFI Facility Management	31/03/2000	31/03/2025	25 Years		Provision of Facility Management Services
Stafford Schools PFI General Management	01/07/2007	31/03/2025	18 years		General Manager Services
Sandwell Schools PFI Facility Management	29/09/2003	28/09/2028	25 Years		Provision of Facility Management Services
Sandwell Schools PFI General Management	01/07/2007	28/09/2028	21 Years		General Manager Services
Blackpool Street Lighting General Management	03/01/2010	02/01/2035	25 Years		General Manager Services
Oldham Street Lighting General Management	03/07/2011	02/07/2036	25 Years		General Manager Services
Rochdale Street Lighting General Management	03/07/2011	02/07/2036	25 Years		General Manager Services

Pell Frischmann
Consulting Engineers

D) Business Review Oct 2012 (G J Malpass)

- Business Review October 2012
- Summary
- Industry Structure/ Trends and Competitors
- Strategy & SWOT Analysis
- Contacts Round-up For Dr WWF Oct 30th 2012

Business Review October 2012 (extracts)

Summary

The Group needs to secure new profitable work in 2012/13 to underpin a declining Operating Cash Flow or there will be further pressures to cut Staff numbers and need to cut costs.

The UK Business Development Function is fully engaged in the day to day pursuit of Prospects and response to Enquiries / ITTs. It has achieved some notable successes but it is restrained by market conditions and trends in some of its traditional markets. The Review shows:

- The rail sector is one business sector in the UK that has not suffered as a result of the economic downturn. Pell Frischmann has developed a successful model of working with contractors in this sector on fixed price delivery contracts, albeit at increased risk.

- In the water sector framework contracts were secured with 4 of the 9 water utility companies in England for the AMP 5 period 2010-2015; but The UK water sector was highly competitive during the AMP5 bidding process and some Frameworks were won at significantly lower rates than prevailed during the previous 5 year period (AMP4).

- The Highways & Transportation Sector has had a difficult time due to the significant down turn in the Major Highways work load following the Comprehensive Spending Review (CRS) which drastically reduced the budget of one key client, the Highways Agency (HA).

- In Land Development and Regeneration Infrastructure Sector the company's strategy is to focus on assisting clients to make best use of funding streams, such as the Regional Growth Fund.

- In the Structure's Sector progress was tarred against a continuing backdrop of tight budgets for construction work in general, especially in the public sector as a result of the various spending reviews undertaken during this period. This has led to a fiercely competitive environment for winning any new work.

Average contract awards are £300,000 to £500,000 with the largest award for the Iraqi Water 3 year Project at over $30m. The cost of work-winning for small projects in the UK is probably disproportionate. Coupled with current competiveness, this makes pursuing 'more of the same' in the UK unattractive. In addition Main Contractors' often require conceptual design work done at risk for the preparation of their D&B tenders. The Group need to focus on 'Big Ticket' projects and overseas expansion.

In terms of Industry Structure, there is a noticeable trend Internationally, in the US, and in the UK, for large Design Firms to offer a full Engineering & Construction (EC) Capability. Nearly half of the Top 25 International Design firms now do so. As projects become larger and more complex, many clients rely on one point-of-contact for providing FEED/EPCM/EPC services, requiring scale and less risk aversion. Pell Frischmann, despite a robust Balance Sheet, is small and does not aspire to become a contractor, nor assume contracting risk.

UK Major Contractors are increasingly becoming the clients for consultants under Design-Build arrangements with Developers. UK Top Contractors/Facilities Management companies are also becoming direct competitors as well as clients, by increasing offering "Integrated Services" including design, build, and maintenance/ facilities management. This is being achieved through horizontal integration via internal development, strategic alliances and/or acquisitions

The outlook for the Group for 2012 was considered stable at March 2011 reflecting a core level of order book in the UK and overseas in 2011 reported as £59m. 2012/13 seems a less certain period. However, in spite of the downturn in worldwide economic growth, Pell Frischmann currently remains cash positive, has a strong cash position/ liquidity; and has commenced to re-orient itself towards D&B relationships in the UK, and overseas markets. It should seek to make D&B partnerships strategic in both the UK and abroad and focus on strategic partnerships in the growing markets of Africa, India , Middle East, and South America.

The Board

Several Board Directors have resigned since 2006, without replacement, and there seem to be Succession Planning issues facing the Board. The two constituent family shareholders and directors (Dr Frischmann and S Prabhu) are both past normal retirement age. Tushar Prabhu (son of S Prabhu) has assumed a senior and pivotal role in the running of the business. The children of Dr Frishmann have shareholder interests in the business, but no apparent operational involvement. C Munro has assumed a role as consultant to take up responsibilities within South West Water; C Powell is focused on delivering the important Iraqi Water project and develop the Middle East Region.

Business Development Strategy

The company's Unique Selling Points are stated to be- Upstream Consulting; Technology Applications; Fixed Price Delivery; and Framework Delivery. These will cease to be unique or sustainable in the long term due to large company competition. Pell Frischmann will need to decide whether it wishes to be a niche player in the market or expand and diversify. The current trend for clients is to outsource more and more risk to its EPCM/EPC providers. If this trend continues it will marginalise companies like Pell Frischmann in its current form, capitalisation, and ownership structure. The options and possible strategies for survival moving forward are a combination of the following:

- Batten down the hatches and do more of the same, more efficiently, cutting back further on costs
- Turn to new Growth Markets overseas like India, Africa, and South America, and resource them
- Align strategically with Major Contractor(s) to seek captive work
- Seek M&A opportunities to acquire, merge or sell Businesses
- Restructure and diversify into new Technology Businesses (via M&A or other)
:

The business is organized regionally with sector competences available in all regional offices. There are 6 principal sectors namely, Water, Highway & Transportation, Rail, Land Development & Regeneration Infrastructure, Environment & Sustainability, and Structures.

Highlights

Overseas the company secured the Iraq Mid-Western Water Project, work for the World Bank in Kenya and the Democratic Republic of the Congo, and a commission to design Skylark Heights, the tallest building in Mumbai.

In London, the Buckingham Gate project was won with Land Securities. Following the Comprehensive Spending Review the company was successful with Highways Agency Lot 2 Contract

The rail sector is one business sector in the UK that has not suffered as a result of the economic downturn. Pell Frischmann has developed a successful model of working with contractors in this sector on fixed price delivery contracts.

In the water sector framework contracts were secured with 4 of the 9 water utility companies in England for the AMP 5 period 2010-2015.

Water Sector

The company has maintained its ranking in the top 20 UK consultants operating in the water sector. In (AMP5) framework contracts were secured with 4 of the 9 water utility companies in England namely South West Water, Severn Trent Water, Wessex Water and United Utilities.

The Framework may be extended by South West Water until 2020 subject to satisfactory performance . The company is approved consultant to Thames Water and has on-going contracts with Southern Water.

The UK water sector was highly competitive during the AMP5 bidding process and some Frameworks were won at significantly lower rates than prevailed during the previous 5 year period (AMP4). The company's strategy was to tender at competitive but realistic rates for AMP5 and seeks new workload in the international arena.

Recent and prospective workload is continuing to develop on the international front with recent and current projects in: Eire; Italy; Norway; Romania; Albania; Greece; Iraq, Nigeria, Kenya, Congo, Saudi Arabia, UAE and India. Master planning work was submitted on various proposed sites in Nigeria, Kenya and Congo. In addition the company submitted a tender for the design of modular sewage treatment plants in Saudi Arabia. Pell Frischmann expects to further develop its workload in the Middle East and wider international arena in future.

Highways & Transportation Sector

The Sector had a difficult year due to the significant down turn in the Major Highways work load following the Comprehensive Spending Review (CRS) which drastically reduced the budget of one key client, the Highways Agency (HA). Progress has been made in concentrating expertise in three UK Regional centres, Wakefield, Birmingham and London.

The position on Local Authority schemes has been much more positive with work continuing to support two Department for Transport (DfT) Development Pool schemes:

Rail Sector

Opportunities through ongoing frameworks with Network Rail and TfL have continued to develop and closer links have been developed with major contractors to secure Design & Build schemes on depots, stations, bridges and associated rail infrastructure throughout the country.

The Network Rail CEFA framework with Amey has resulted in an expanded role undertaking examinations in London Northwest Territory in addition to ongoing assessment work covering the Western and Southern Territories.

Pell Frischmann continues to deliver as a sole framework consultant to London Overground Rail Operations LTD for station building and civil engineering works to undertake all independent checking of designs at all of their stations and to undertake the Assurance role on behalf of Network Rail.

Other new work includes those arising from positions as framework consultant for two of Network Rail's Operational Property Framework Contractors – May Gurney in LNE Territory and Murphy in LNW Territory.

An on-going relationship with Amco as their sole designer for the Network Rail Minor Works Frameworks in the LNE and LNW Territories has resulted in numerous and ongoing design packages which will continue into the coming years.

In addition, more work has been awarded in relation to design, assessment and feasibility studies for major rail contractors including Amco, Galliford Try, Sisk, J Murphy & Son, CCS Group, Cairn Cross and May Gurney.

Land Development and Regeneration Infrastructure Sector

In the Public Sector, the company won further work with the Olympic Delivery Authority, the Homes and Communities Agency and Local Authorities including Telford, East Riding and Kent.

In the coming years, the private sector will be very important to the development of this sector as government policy and stimulus aims to drive growth. The company's strategy is to focus on assisting clients to make best use of funding streams, such as the Regional Growth Fund.

Overseas work was undertaken on urban infrastructure regeneration projects, sponsored by the World Bank, in the Democratic Republic of Congo and by way of extended commissions in Kenya.

Structures Sector

Progress through 2010-11 was against a continuing backdrop of tight budgets for construction work in general, especially in the public sector as a result of the various spending reviews undertaken during this period. This has led to a fiercely competitive environment for winning any new work. Notwithstanding this,the Education market was important for Pell Frischmann, with awards on the Oxford University framework allowing for maintaining a degree of certainty regarding the forward order book over the medium term.

On the international front, there are signs of a turnaround in the construction sector in India and there has been an upturn in the level of enquiries received.

Environment & Sustainability Sector

The Environment and Sustainability Sector has continued to maintain its market position. Core services currently include: geotechnical, environmental impact assessment, ecological, noise and acoustic, air quality, materials management plans and waste acceptance criteria, flood risk, contaminated land, sustainability assessment, energy efficiency and BREEAM assessment.

In the South, the company continued to work with South West Water Plc on a number of their operational sites and provided vital geotechnical, planning and environmental assessment services for Persimmon Homes at their Bishop’s Hull development in Taunton and their new strategic development sites in Larkbeare Exeter and Mile End, Newton Abbot.

In the SE Pell Frischmann has been appointed on a number of feasibility studies associated with low carbon decentralized energy including a major review of the Greenwich Peninsula.

With its international expansion strategy the company made extensive efforts to capitalise on a number of international consulting opportunities and has been appointed to several schemes including World Bank funded master plan opportunities in Kenya, Nigeria and India.

Private Finance Initiative

In the PFI roads sector, capital maintenance and improvement schemes were developed for Road Link (A69) Ltd, the owner/operator of the 84km A69 between Carlisle and Newcastle. Also appointed as design consultants for the 25-year PFI highway rehabilitation contract in Portsmouth comprising 70km of Principal Road, 378km of Non-Principal Road, some 19,000 street lighting and signposts and 80 structures.

Pell Frischmann were the designer and are the facilities manager for 2 schools in Staffordshire procured through PFI and awarded to Total School Solutions, a consortium of PF Schools Ltd and Semperian. Total Schools Solutions has a 25 year PFI concession with Staffordshire County Council for the provision and maintenance of the two schools the operational phase for which commenced in April 2001.

The company continues to provide both Consulting Engineering, Facilities Management, and Technical & Financial Manger services to this project. In 2003, the company signed, in consortium, a PFI Contract to provide and maintain 5 primary schools for Sandwell Metropolitan Borough Council in the West Midlands.

Pell Frischmann provides the design services and are now the facilities manager for all 5 schools for the duration of the 25 year concession which commenced in October 2004. The company remains confident that PFI projects and, externalisation of central government and local government services, will continue, and that that makes it well prepared to take advantage of favourable opportunities.

Industry Structure/ Trends and Competitors

International

The International Market is becoming increasingly dominated by Multi-National, Multi-Discipline, Multi-Million Dollar Turnover companies.

Source: ENR's Top 150 Design Firms 2011 RANK 2011	2010	FIRM NAME & LOCATION	Firm Type	Total $ MIL.
1	1	AECOM Technology Corp., Los Angeles, Calif., U.S.A.	EA	5,919.8
2	2	URS Corp., San Francisco, Calif., U.S.A.†	EAC	5,038.8
3	3	Jacobs, Pasadena, Calif., U.S.A.	EAC	4,748.4
4	6	WorleyParsons, North Sydney, NSW, Australia†	EC	3,650.5
5	5	CH2M HILL, Englewood, Colo., U.S.A.†	EA	3,602.7
6	7	AMEC plc, London, U.K.†	E	3,399.0
7	4	Fluor Corp., Irving, Texas, U.S.A.†	EC	3,127.5
8	8	Fugro NV, Leidschendam, The Netherlands†	GE	3,001.0
9	9	SNC-Lavalin International Inc., Montreal, Quebec, Canada†	EC	2,848.5
10	10	ARCADIS NV, Amsterdam, The Netherlands†	E	2,653.0
11	13	Tetra Tech Inc., Pasadena, Calif., U.S.A.†	E	2,210.0
12	12	Bechtel, San Francisco, Calif., U.S.A.†	EC	2,170.0
13	11	Atkins, Epsom, Surrey, U.K.†	EA	2,143.8
14	14	KBR, Houston, Texas, U.S.A.†	EC	2,010.3
15	17	Dar Al-Handasah Consultants (Shair & Partners), Cairo, Egypt †	EA	1,781.2
16	72	Balfour Beatty, London, U.K.†	EC	1,743.3
17	22	China Communications Construction Group Ltd., Beijing, China†	EC	1,667.8
18	16	Mott MacDonald Group Ltd., Croydon, Surrey, U.K.†	E	1,619.2
19	21	Hydrochina Corp., Beijing, China†	EC	1,529.4
20	18	HDR, Omaha, Neb., U.S.A.†	EA	1,500.3
21	24	Stantec Inc., Edmonton, Alberta, Canada†	EALP	1,432.9
22	19	ARUP Group Ltd., London, U.K.†	E	1,365.0
23	25	Tecnicas Reunidas, Madrid, Spain†	EC	1,351.0
24	33	China Railway Construction Corp. Ltd., Beijing, China†	EC	1,285.0
25	26	Hatch Group, Mississauga, Ontario, Canada†	E	1,251.4

Industry Trends for Consultants (2008- 2012)

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Quotes from www.Building.co.uk Top 200 Consultants Surveys (Roxana McMeeken)

Top 200 Consultants in 2012: "Don't look now" 28 September 2012

There is little movement in this year's Top 200 Consultants league tables, but don't take that to mean the outlook is calm for the sector. On the contrary, the predictions are for more mergers, falling incomes and ever tighter margins

Top 200 consultants survey: "Are you positive?" 07 October 2011

This year's Top 200 consultants survey shows that staff numbers and salaries are finally climbing. But it also warns not to let the optimism go to your head

Top 250 Consultants: "The Hungry Years" 08 October 2010

The year's tables of the UK biggest consultants show that many of them have too many mouths to feed, which means they will face painful choices in the next 12 months. Roxane McMeeken looks at how they got into this position. To accompany the tables, which are will , we asked five top executives for three predictions for the next 12 months. The data was collected by Martin Hewes

Top 250 consultants: "As bad as it gets' 09 October 2009

That was one consultant's view of the year when new orders fell 25% and 20,000 QSs, engineers, architects and surveyors received P45s. Roxane McMeeken looks at what went wrong, and what hope there is for the year to come, while Martin Hewes presents this year's tables

Top 250 consultants: "How to survive the downturn " 10 October 2008

You don't have to be Charles Darwin to know that survival is about adapting to your circumstances better than your rivals. Roxane McMeeken looks at how firms have changed their strategies since our last consultants' survey, when the market was booming

Source: Building.co.uk

Category: Engineering consulting firms

Source: Wikipedia

A

- AECOM
- Aero Engineers Australia
- Alten
- Altran
- AMEC
- Arup Group Limited
- Association for Consultancy and Engineering
- Atkins (company)
- Aurecon
- Ausenco Vector
- Aveva

B

- Black & Veatch
- British Power International
- Broadcast Engineering Consultants India
- Buro Happold

C

- Cardno
- Carollo engineers
- Central Power Research Institute
- Centro Elettrotecnico Sperimentale Italiano
- CH2M Hill
- CollabraSpace
- Consolidated Consultants
- Cosentini Associates
- COWI A/S

E cont.

- Exponent (consulting firm)

F

- Fairhurst (company)
- Flint & Neill

G

- Genivar
- GHD Group
- Gifford (company)
- Gkkworks
- GL Noble Denton
- Global Maritime
- Global Pakistan (Pvt) Ltd.
- GRAEF

H

- Hardcastle & Richards
- Hatch Ltd
- HDR, Inc.
- Hoare Lea
- Hoffmann Architects

J

- Jacobs Engineering Group

K

- KEMA
- Kentz

N cont.

- Neilly Davies Consulting Engineers
- Norconsult

O

- Omrania and Associates

P

- P3 Ingenieurgesellschaft
- Parsons Brinckerhoff
- Pedelta Structural Engineers
- Pell Frischmann

Q

- Q-par Angus

R

- Red Cedar Technology
- Ricardo plc
- RJ Lee Group
- Robert Bird Group
- RPS Group

S

- Sampo Architects & Engineers
- SgurrEnergy
- Simpson Gumpertz & Heger Inc.
- Simtek

CPCS Transcom Limited
Creighton Manning Engineering
Cundall Johnston and Partners

Deutsche Babcock Al Jaber
DLR Group
Doran Consulting

EDAG
EDF Incorporated
ELC Electroconsult
Expedition Engineering

- Kirkegaard Associates

L

- Langdon & Seah
- Lerch Bates
- Leslie E. Robertson Associates
- List of Structural Engineering Companies
- Louis Berger Group

M

- Magnusson Klemencic Associates
- Material ConneXion
- Merz & McLellan
- MIRA Ltd.
- Morrison Hershfield
- MOTO Development Group
- Mott MacDonald

N

- NAFEMS
- National Engineering Services Pakistan

- Sinclair Knight Merz
- Sir Alexander Gibb & Partners
- SSA Architects
- Steensen Varming
- Steer Davies Gleave
- Strudyna
- Synapse Product Development

T

- Tetra Tech

V

- Verkis
- Volkert, Inc.

W

- Wardrop Engineering Inc.
- Weidlinger Associates
- Whitbybird
- Wilhelm Imaging Research
- Wiss, Janney, Elstner Associates, Inc.
- WSP Group

TOP 10 ENGINEERING CONSULTANTS

United Kingdom- 2011

Consultant	Latest Turnover (£m)	Previous Turnover (£m)	Change in turnover (%)	Latest pre-tax profit (£m)	Previous pre-tax profit (£m)	Latest pre-tax profit margin (%)	Current no of employees	No of employees last year	Current average wage (£)	Previous average wage (£)	Last analysed accounts
Atkins	1,564	1,388	12.7	91	96.6	5.8	17,522	15,601	37,290	39,562	31/03/2011
Mott MacDonald	1,035	1,016	1.8	49.3	45	4.9	13,013	13,060	36,597	35,001	31/12/2010
Arup	889.2	888.8	0.05	84.7	48	9.5	9,852	10,436	39,555	37,563	31/03/2010
WSP	706.9	723.3	-2.3	19.2	25.4	2.7	9,060	9,551	38,720	37,493	31/12/2010
Jacobs UK	704.4	641.9	9.7	21.6	20.7	3.1	8,320	7,512	29,310	28,156	
Mouchel	632.6	740.6	-14.6	-14.7	-13.5	-2.3	10,757	11,592	28,754	28,175	31/07/2010
Halcrow	506.6	467.3	8.4	16.3	12.4	2.4	7,107	7,416	35,408	30,544	31/12/2009
URS/Scott Wilson	454.6	326.6**	39.2		20.4		6,900	5,500			
Hyder	290.3	308.6	-5.9	18.2	13.5	6.3	3,859	4,360	40,733	38,336	31/03/2011
Capita Symonds*	201.2	204.7	-1.7	22.7	17.2	11.2	3,018	2,930	35,571	35,747	31/12/2010

* Figures for Capita Symonds Ltd   ** Figures for last Scott Wilson accounts prior to takeover by URS

Strategy & SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Reputation	Low Operating Cash Flow	International Markets	Recession in core Mkts
Cash Position/ No Debt	Power Sector Skills	Equity Deals	Competition
Private/ Independent/ Family Owned	Competition from Consultants & D/B	Opportunities for D+B alliances w Contractors	Reduced Operating Cash Flow- Cutbacks
Diverse/ Multi Skilled	Pension Deficit	PFPT Technologies	Retaining Key Staff
New Process Technologies	Potential Non Payment or Late Payments	M&A opportunities/ Strategic Alliances	Increased contractual risk on fixed price D+B
International Experience	Economies of Scale/ Reduced No Engineers	Recruit High Calibre Management/ Staff to drive growth	Changes in Industry Structure/ Procurement Strategies
Central London Corporate Location	Succession Planning	Diversification	Pension Deficits

The literature the company states its Unique Selling Points to be- Upstream Consulting; Technology Applications; Fixed Price Delivery; and Framework Delivery. It is questionable whether these 'USPs' will be unique or sustainable in the future due to large company competition. Pell Frischmann will need to decide whether it wishes to be a niche player in the market or expand and diversify. The Rivalry in the Industry and pressures on Business Models will continue for both large and small companies alike, but small companies may not have the financial resource to withstand changes in demand and delivery in the industry. The current trend for clients is to outsource more and more risk to its EPCM/EPC providers. If this trend continues it will marginalise companies like Pell Frischmann in its current form, capitalisation, and ownership structure. The options and possible strategies moving forward are a combination of the following:

- Batten down the hatches and do more of the same, more efficiently, cutting back further on costs
- Turn to new Growth Markets overseas like India, Africa, and South America, and resource them
- Align strategically with Major Contractor(s) to seek captive work
- Seek M&A opportunities to acquire, merge or sell Businesses
- Restructure and diversify into new Technology Businesses (via M&A or other)

My Recommendations are:

- **UK**
- Focus on larger Projects in current sectors
- Continue to focus on existing Framework and D+B relationships to generate steady project income. Eg. South West Water, Homes & Communities Agency previously English Partnerships, Network Rail, various Local Authority Councils and Highways Agency.; and Amey, May Guerney, Murphy, Amco, Galliford Try, Sisk, CCS Group, Cairn Cross.
- Aggressively develop PFPT with its Blue Chip Clients
- Develop high level Strategic discussions with selective large UK and International Contractors, particularly with respect to D&B opportunities.

- **International**

- Do not consider overseas expansion to be a short term fix
- Focus on Major Projects (like Iraq Water) and find Strategic Partners
- Focus on specific Markets and resource them, not one-off International Projects
- Utilise UKTI, British Expertise Mission and Help
- Seek Opportunities where ECGD can offer Buyer Loan Credit and/or Payment Insurance
- Align with Major selected EPCM/EPC potential partners, particularly for D&B opportunities

- **Mergers & Acquisition**

- GJM to lead M&A Board Search to research & review options as advisor to Dr WW Frischmann.

Contacts Round-up For Dr WWF Oct 30th 2012

Dr Frischmann

As requested at the meeting today I have noted below for your ease of reference my senior contacts in the main contractors. I've made contact with all 5 companies this month and explored Design & Build and Investment interests, and can report as follows:

1) Laing O'Rourke

- T/O £3544m
- PBT £49.8m
- Cash £601m
- Order Book £8200m
- UK, Eire, Germany, Canada, Australia, Hong Kong

Roger Robinson, CEO Laing O'Rourke UK & Europe- Ray O'Rourke replaced the ex-BAA man Tony Douglas who was Chief Operating Office with Roger who is ex-Carillion. Roger sold Ray the ex- Carillion businesses Barclay Mowlem, Expanded Piling and Crown House, and subsequently left Carillion to join Ray. I've known him since 1989 at Tarmac and he is a colleague. He says things are quiet at LOR. They have an internal advisory body called Engineering Excellence Group, but could potentially be a major provider of work for PF. Tushar knows the Procurement people there- Ross Gate and Nick Dunne. Current Major Projects interests include Thames Tideway and Worthy Down. He is fully aware of our interest, and I'm due to meet him in coming weeks. He has a high opinion of Dr Frischmann and stated so in e-mail exchanges. Ray knows Dr Frischmann. Laing O'Rourke will work with Ferrovial on Thames Tideway. I used to know Rafael del Pino, Chairman of Ferrovial, but his son has since taken the reins. Roger/Laing O'Rourke are scaling back in the UK and Australia is their focus. They are not candidates for, nor interested in, any type of corporate relationship/ investment in PF or a Jointly owned vehicle.

2) Carillion

- T/O £5100m
- PBT £212.0m
- Net Debt £115m
- Order Book £33,100
- UK, UAE, Egypt, Oman, Qatar, KSA, Canada, Trinidad

Richard Howson, Group Chief Executive- I've been in touch with Richard and he set up a meeting for me with Dr Peter Forsyth Group Head of Work Winning and Director of Strategy & Investment. I've known Peter since 1995 from Wimpey and he is a close colleague (good guy). Carillion has an Engineering and Project Management business called TPS which is neither strong in core infrastructure sector nor of critical mass. It turns over £22m and employs 226 Engineers. They appear interested to talk to Dr Frischmann about a potential tie-up or acquisition/ merger deal. Peter is to revert to me after Richard returns from leave in 2 weeks. Carillion has an Order Book of £33 billion and would be a perfect bed-fellow in many ways. Richard Howson is a Construction Man, not a Services/FM man as John McDonough, his predecessor and will be keen to grow the construction and D&B business. Putting TPS and PF together and growing them makes sense and the interest is encouraging. Also there are substantial PFI opportunities with them in Roads and Hospital and Canada. In the UK the Network Rail Northern Hub could be a target D&B project to pursue, and I've suggested that to Peter. I await his response

1) Kier

- T/O £2069m
- PBT £70.0m
- Cash £129m
- Order Book £4,300
- UK, UAE, KSA, Hong Kong, Jamaica

Paul Sheffield, Group CEO- I know Paul from my time at Kier. Kier has a modest internal consultancy called KTS, and could well be interested in PF. I've already spoken with Peter Foster who heads up UK Business Development. He is a good friend and is pro-PF. Following the B2B meeting with Tushar there are several initiatives/Major Project to potentially target together- Nine Elms Extension, AMP6 (particularly Southern Water), and Worthy Down. In terms of any strategic interest in PF as an investment, the people involved will be Steve Bowcott Chairman of Kier Construction, and Neil Clark Director of Business Development. Steve is ex-Wimpey and went to the same University as myself, and Neil was my boss at Kier. I can speak in confidence with both, as well as Paul Sheffield. They are preferred bidders on £240m Watford Health, and £500m South West Scotland hub. They are also very strong in the Education sector.

2) Costain

- T/O £986m
- PBT £25.5m
- Cash £140m
- Order Book £2,400
- UK, Abu Dhabi

Andrew Wyllie, Group CEO- I know Andrew from my Costain days. He is ex-Taylor Woodrow and has an MBA from London Business School the same as myself. When he first joined he was rather controlled by Non Executives representing Kharafi and UEM who had a controlling interest. However, since a Rights Issue and return to profitability, UEM have diluted their share and the combined share is now 44%. Wyllie has been actively looking to acquire businesses, but has had failed attempts (Taylor Woodrow Construction, & Mouchel) and success with a small acquisition (£17m) of Promanex, an industrial support services business providing facilities management, installation, repair and maintenance and general asset management in Power, Petrochemicals and Nuclear sectors.

My contact in Costain's Water division (Matt Ball) has been trying to convince Alex Vaughan (Strategy & Acquisitions Director) of the strategic fit between Costain and PF. Costain lost money in the Building Sector for years and have exited it as a contractor. Following Tim Bowen's visit to PF on 18 Oct Matt has persuaded Tim to lobby the interest in PF again at the Executive Board and suggested a meeting be convened with Alex. Because of Alex's apparent reluctant interest in an association when Matt first proposed it, I suggest an early "up-beat" meeting between Andrew Wyllie and yourself should take place.

1) <u>Biwater</u>

Biwater

<u>Adrian White, Chairman Biwater</u>- I worked for Biwater in 2001 and negotiated a $188m USEXim financed Water Treatment project in Dominican Republic for them. We have remained in touch. Biwater was forced to sell its Process Engineering Practice (Biwater Treatment Ltd) to MWH 2 years ago. It predominantly now works overseas looking to put financed packages together with partners. He's happy to work with PF. He has contacts related to a desalination plant project in Peru to share with us. Also PF have contacted them on Iraq where there is a triple scheme incorporating one of Biwater's old plants at Haditha. The dialogue with Adrian is on-going.

2) <u>Colombia/ Peru</u>

Juan Luis Aristizabal President Conconcreto, Colombia- Potential EPC Partner for PPP in Colombia.		**Jose Grana Miro Quesada President Grana y Montero**- Potential EPC partner for PPPs in Peru	**Daniel Fernandez Sanchez, Exec Board Director Engineering, COSAPI, Peru**- Potential Partner for EPC

I shall endeavour to meet the senior executives of these Main Contractors in South America. The D&B (PPP) Project shortlist in Peru is:

1) Lima Sur II Desalination Plant -$100m
2) Huachipa Water Treatment Plant -$53m
3)General San Martin Port Terminal -$100m
4)Chavimochic Irrigation Project- $500m
5)New Airport Cuzco- $420m
6) Lima Metro Linea 2 -$3bn

From: Greg Malpass
Sent: 18 October 2012 19:53
To: Tushar Prabhu
Cc: Dr Wilem Frischmann
Subject: Strategic Tie-Ups with potential Partners

Tushar

<u>UP-DATE:</u>

COSTAIN
Copy of my file note of meeting with Costain. Very positive meeting, which I want to follow up on.
It's good that Tim Bowen endorsed the potential of a tie –up abroad, especially Abu Dhabi. I know them well there (as I was doing in 2007 the job at Costain Tim Bowen is going out to do there now).
He's already given feed-back to my contact whom I met yesterday (and just called me). He said he will take it on to coordinate with Tim and the new guy Mark Rogerson, and ultimately Andrew Wyllie CEO if need be, whom I also know well.

KIER
Peter Foster is positive and likes Pell Frischmann, and has met Dr Frischmann. He wants to do more with us, and we always work closely together, so he'll let me know the story behind AECOM when I meet him. As I said Kier looked to buy up Enpure before the Receiver moved in. Apparently Doosan have picked up parts of Enpure from administrator. (Can't understand why, but I know the MD at Doosan, Lefty Panayiotou, and will ask)

CARILLION
My meeting was requested by Richard Howsen, CEO, so they must I guess be interested in talking about Corporate type link, bolstering TPS through a potential tie-up. My meeting is with Dr Peter Forsyth, Head of Engineering for Carillion. I know him well personally from my days at Wimpey when he ran the Technical Services Dept there before the Wimpey/Tarmac Asset swap.

LOR
Roger Robinson CEO Laing ORourke Europe is an old colleague and has agreed to a meet up- but doubt they are really that keen to talk strategically, while they are still licking their wounds over their cut-backs. Roger thinks highly of Dr Frischmann, and said so in his e-mail reply- so that's good.

CAPITA
I solicited a general meeting with their Main Board BD Man (Lady!- Maggi). Could discuss the Government PM Tender if you/Dr Frischmann think appropriate.

URS
My man Stephen Wells at URS/Scott Wilson is happy to meet for general chat, but I don't see obvious area to cooperate, except perhaps overseas.

MOTTS
I'm meeting up with a colleague just to discuss how we can cooperate in Latin America.

BIWATER
My contact in ECGD tell me they are very much depleted, (Adrian himself attending meetings at ECGD- little senior management left) but word is they don't have sweetheart arrangement with MWH for engineering. He suggested we talk with Modern Water (don't know them)

EPC PARTNERS- COLOMBIA/PERU
My research is done and I'm making approaches prior to the planned visit.

CORPORATE CONTACTS initiated @ Pell Frischmann - G J Malpass , October 2012

Stephen Wells Executive Director Business Development International URS – Interested and wants to meet. Still to arrange. Mentioned PMFDTS	**Richard Howson CEO Carillion Plc**- Interested and set up meeting for me with Dr Peter Forsyth. First meeting very positive.	**Andrew Wyllie CEO Costain Plc.**- Interested, initial discussions took place with Matt Ball. Follow-up with Graham Keegan and Mark Rogerson expected.	**Phillie Karkaria Exec Director TATA Infrastructure**- I met before with Chairman of Pinsent Mason David Harman. Awaiting response.	**Roger Robinson CEO Laing O'Rourke Europe**- Has replied and happy to meet me. Still have to arrange. Holds high regard for Dr Frischmann.
Lefty Panayiotou- Managing Director Doosan Plants. – Interested to talk about Power EPC UK and overseas; but is travelling a lot. Will meet socially asap	**Adrian White Chairman Biwater**- Contacted. But no response as yet. Long term business colleague, but Biwater operations very much depleted. Possible partner for Water Engineering now Biwater Treatment sold to MWH	**Patrick Crawford CEO ECGD**- Leaving ECGD this month. Spoke with Ali Sherwani who will assist in Colombia, and with intelligence on who is chasing what. Suggest we contact Modern Water	**Amaechi Ndili CEO Lionstone Group, Nigeria**- Promoting Lagos Bridge PPP Link. Close to Governor of Lagos. I'm awaiting response.	**Maggi Bell Main Board Director Business Development CAPITA**- Contacted to discuss Government Property Procurement Project Management/Design Services Tender, and possible future M&A
Paul Sheffield CEO Kier Plc- Interested in PF. Discussions ongoing with Pete Foster/ Neil Clark BDD	**Steve Nicholls- CEO 1st Dynamiccs**- Has offered to make introductions to Large US potential partners for a success fee. To discuss Dr F	**Mark Rogerson- Executive Director- Corporate Development** – see comments on Coatain above	**Ray McAuley- Group Business Development Director Morgan Sindall**- New contact. Suggested mtg for D+B	**Graham Keega-n Executive Director Water**- see comments on Costain above.
Juan Luis Aristizabal President Conconcreto, Colombia- Potential EPC Partner for PPP in Colombia.	**H E Mohammed Al Qamzi CEO ZonesCorp Abu Dhabi**- Met at Forum and discussed D&B & finance projects for Economic Zone at Khalifa	**Jose Grana Miro Quesada President Grana y Montero**- Potential EPC partner for PPPs in Peru	**Daniel Fernandez Sanchez, Exec Board Director Engineering, COSAPI, Peru**- Potential Partner for EPC	**Phil Brand Director ARUP**- Interested in talking about overseas cooperation. Maybe partner for PMFDTS
Craig L Martin- CEO Jacobs- *Intermediary offering to make contact in Novemebr*	***Mark Reynolds Deputy CEO MACE Group***- *Request to discuss Global Opportunities- Not yet contacted*	***John Stanion CEO Vinci PLC UK***- *To contact ref my contact Garry Crabtree Intln Director*	***Florentino Perez Chairman ACS & Real Madrid***- *opportunity to contact Through old Dragados Contacts(LA)*	

E) Business Development Up-date Jan 31st 2013

E) Business Development Up-date Jan 31st 2013

To: Dr WW Frischmann ; cc: Tushar Prabhu
From: Greg Malpass
Date: 31st January 2013.
Re: Monthly Up-Date- Business Development Advisory Services

CONTRACTORS/ D&B

Kier- They have confirmed that they will pursue Thames AMP6 Water Framework and Defence Works Framework with us. We are currently working with them on their Proposal/ Presentations to Thames. I continue to liaise with my contact Peter Foster weekly about further D&B opportunities (eg. Nine Elms Northern Line Extension).

Costain- Still await feed-back from Andrew Wyllie as to when he is available to meet for lunch. The original interest in talking with us (during discussions with Tim Bowen/ Matt Ball) are on the back burner because they are very busy on a big initiative. We suspect it might be the Severn Trent-Costain-COGAP tie up for integrated water services.

Carillion- You attended the meeting with Carillion last Friday and Tushar's Meeting Notes summarise the follow up:

1. Water (UK)
   a. United Utilities AMP6
      - Peter Forsyth will meet Neil Colman this week and then advise on how we might follow up with him/Andrew Stevenson.
      - Crawford and Tushar will meet Andy Brown (Carillion North Water Director) subsequently.
   b. Anglian AMP6
      - We will contact Mark Seaman (Carillion South Water Director) regarding AMP 6.
2. Water (UAE, Iraq)
   - We will fix a meeting with Sean Carter's replacement in Dubai for Carl Powell.
3. Rail
   - We will contact Bill Free regarding the Network Rail Northern Hub and other possibilities.
4. Highways
   - We will contact Paul Russell regarding ASC 4, 9 and 12 as well as A160/180, Managed Motorways
5. TPS
   - Peter Forsyth will discuss with Richard Howson (CEO) his intentions for TPS. Assuming organic growth, Peter Forsyth will contact Frank Huidobro regarding joint working in rail, highways and water – which we will follow up.
   - Further follow-up of opportunities in Canada with Carillion to be advised.

Others (UK)- I have started to make approaches through direct and third party contacts at Morgan Sindall, Amec, Babcock AMEC, Interserve and Serco- but no follow-up yet.

Others (Europe)- Likewise with Vinci and Bouygues. I have UKTI meeting on 21st March in London with Tushar and Senior Directors from ACS/Dragados, FCC, Grupo San Jose, OHL and Ferrovial.

Others (International)- I maintain links with Senior Directors at Grana y Montero and Cosapi in Peru, and Conalvias and Gaico in Colombia concerning up-coming Major Projects and our PPQ at Ecopetrol for Aqua Dynamics/ PFPT. I have a meeting at the FCO on Feb 7th to meet Colombian Infrastructure Director. In Peru we have declined the RPP for the San Martin Port in Peru, on your instructions.

CLIENTS

EcoPetrol- We have issued an Expression of Interest and Offer to provide a pilot Plant for EcoPetrol's Produced Water Requirements in Colombia

AATA- The Ministry of Transportation and Communications have confirmed our Short Listing and now Issued Tender Documents for the Traffic Safety Audit Project for the Metro in Lima Peru. Company Registration tramities are progressing.

United Utilities- Following our meeting, UU have approached Aqua Dynamics to discuss cooperation in UK Fracking utilising AD/PFPT Process Technologies

NNPC/Shell- Presentation has been made in Nigeria to open up dialogue about the potential use of AD/PFPT in the Niger Delta. Follow-up required.

INTERNATIONAL CONSULTANTS

SNC Lavalin- Made contact with Neil Bruce, new President Environment & Resources with responsibility for future International Business Development outside Canada, from new London HQ for that purpose. Luncheon set-up with Neil for Dr Frischmann 26th Feb. Opportunity to discuss their strategy for UK and International expansion and any synergies with Canada.

Aurecon- Close colleague Stephen Wells has assumed role of Group Business Development Officer and is keen to open dialogue about expansion outside Asia/ Africa. However previous meeting with Paul Hardy to discuss PF Indian business had not been followed up on.

Arcadis- Brief dialogue with Roland Van Dijk, but no follow-up.

Wood Group- Ditto re Oil Field Services/ Produced Water Treatment, but no follow-up

M&A

Waterman- Speculative- Review of opportunity for Reverse Takeover, enabling Pell Frischmann to achieve a Public Listing and retaining a Majority Interest, through share exchange, creating an expanded business and inheriting management resource and refinanced business. (Refer to separate Report)

F) Draft Group Statutory Accounts March 31st 2013

- Profit & Loss Account
- Consolidated Balance Sheet
- Funds Flow Statement

Pell Frischmann
Consulting Engineers

PROFIT & LOSS ACCOUNT

	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Turnover (including group's share of joint venture & associate company turnover)			42,016		38,101
Turnover attributable to joint ventures and associate companies			(11,829)		(9,606)
Group turnover	1		30,187		28,495
Cost of sales			(19,686)		(19,557)
Gross profit			10,501		8,938
Administrative expenses			(9,276)		(8,796)
Other operating income	3		156		1,650
Operating profit before PFI Tender Costs and Research & Development			1,381		1,792
PFI tender costs			0		(12)
Research and Development			(545)		(600)
Share of operating profit in:	8				
Associated undertakings			300		140
Joint ventures			1,545		1,341
Group operating profit including Associates and Joint ventures			2,681		2,661
Profit on disposal of subsidiary	4		0		4,139
Amounts written off investments			(951)		(432)
Interest receivable and other income	5	1,860		1,281	
Interest payable and similar charges	6	(109)		(196)	
			1751		1,085
Profit on ordinary activities before taxation & FRS 17 (in 2013)			3481		na
FRS finance cost			(879)		
Profit on ordinary activities before taxation	7		2,602		7,453
Taxation on profit on ordinary activities - group		(199)		(328)	
Share of taxation:					
Associated undertakings		(79)		(42)	
Joint ventures		(357)		(343)	
	9		(635)		(713)
Profit on ordinary activities after taxation			1,967		6,740
Equity minority interests			70		92
Profit for the financial year			2,037		6,832

Note 4: £4.139m deferred consideration to be paid over 4 years

Pell Frischmann
Consulting Engineers

BALANCE SHEET	**Notes**	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Fixed assets	**11**		49		55
Intangible Assets	**12**		1,376		1,443
Tangible assets					
Investments	**13**				
Investments in joint venture:		8,884		7,640	
Share of gross assets		(1,343)		(1,377)	
Share of gross liabilities			7,541		6,263
	13		12,217		11,787
Investment in associates			21,183		19,548
Debtors	**14**		10,929		10,833
Amounts falling due after more than one year					
Current assets	**15**	16,383		16,312	
Debtors	**17**	9,036		18,505	
Short term investments		16,638		6,985	
Cash at bank and in hand		42,057		41,802	
Creditors	**18**	(7,918)		(8,366)	
Amounts falling due within one year					
			34,139		33,436
Net current assets			66,251		63,817
Total assets less current liabilities					
Creditors	**18**	(644)		(658)	
Amounts falling due after more than one year					
	19	(4,046)		(4,019)	
Provisions for liabilities and charges					
	25	(14,000)		(10,183)	
Retirement benefit obligations			(18,690)		(14,860)
			47,561		48,957
Net assets					
Capital and reserves					
	20		10		10
Called up share capital	**21a**		8,900		7,727
Revaluation reserve	**21a**		39,801		42,300
Profit and loss account	**21b**		48,711		50,037
Equity shareholders' funds	**21c**		(1,150)		(1,080)
Equity minority interests			47,561		48,957

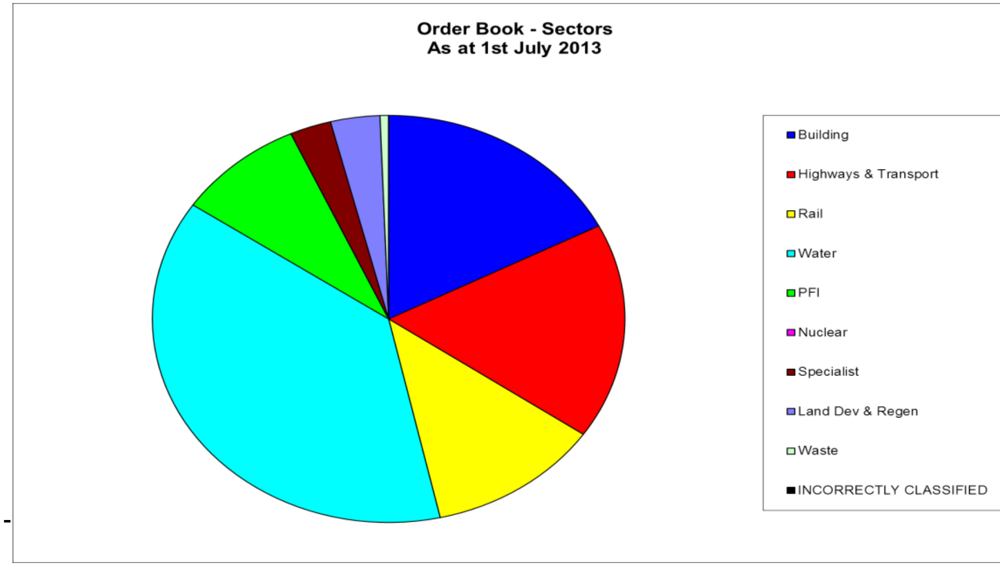
Pell Frischmann
Consulting Engineers

CASH FLOW STATEMENT	Notes	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash inflow/(outflow) from operating activities INCL FRS!	**1**		(1,073)		978
Dividends received from associates			1,060		940
Returns on investments and servicing of finance					
Interest received		909		849	
Interest paid		(109)		(136)	
Net cash inflow from returns on investments and servicing of finance			800		713
Taxation					
Tax Paid			(468)		(671)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(131)		(360)	
Investment in associated undertaking		(300)		(5,534)	
Redemption of loan from joint venture					
Sale of fixed assets		8		41	
Net cash outflow for capital expenditure and financial investment			(423)		(5,853)
Equity dividends paid			(420)		(420)
Net cash inflow/(outflow) before use of liquid resources and financing			(524)		(4,313)
Financing					
Redemption of short term investments		9,470		(18,504)	
Repayment of bank loan		0		0	
Capital element of finance lease & hire purchase payments		0		0	
Net cash outflow from financing			9,470		(18,504)
Increase/(decrease) in cash in the year			8,946		(22,817)

G) Order Book July 1st 2013

Pell Frischmann
Consulting Engineers

Order Book



PELL FRISCHMANN CONSULTING ENGINEERS LTD
ORDER BOOK
AS AT 1ST JULY 2013

ORDER BOOK -

	Annual Forecast Income 2013-14 **£'000's**	6 mths 30/09/2013 **£'000's**	18 mths 31/03/2015 **£'000's**	30 mths 31/03/2016 **£'000's**	**£'000's**
Buildings and Structures	4,407	713	1,708	1,706	4,127
Environment	3,710	80	58	0	138
General	4,698	295	74	301	669
Highways	7,764	991	2,249	818	4,058
Land Development	2,557	257	415	228	899
Facilities Management	-	568	3,357	1,644	5,569
Rail	655	682	1,101	1,034	2,817
Water	1,316	1,339	12,841	9,647	23,828
Other	195	0	0	0	0
Total	25,303	4,925	21,802	15,378	42,105

H) Financial Analysis & Company Valuation Sept 30, 2013

- 19 Year P&L and Balance Sheet Analysis
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FINANCIAL ANALYSIS & VALUATION

The following analysis has been produced by the writer in order to assist the shareholders of Pell Frischmann Group to develop an understanding of the Valuation Range of the Group's worth based both on historical and forecast Cash Flow and Net Asset analysis and other Valuation criteria; to assist in future negotiation with Capita Plc, or other would be acquirers.

As Advisor to Dr Frischmann, I have concluded that a maximum Valuation of Pell Frischmann would be derived by concentrating on combined growth potential of the Consulting businesses, not past performance which has been lack lustre in terms of Operating Cash Flow.

I further conclude that the 'Status Quo' in Pell Frischmann in unsustainable , due to some palpable differences between family shareholders/ directors in terms of future direction, lack of clear succession planning; ages and aspirations of the two constituent partners, the continued undermining of Operating Cash Flow from core consulting operations (especially outside London/Exeter); and worsening Pension Liabilities. Capita ownership would provide a new corporate driven growth culture, and importantly a securer future for employees to develop their careers and the business, security of Pension fund without need for cash injection, and opportunity for current shareholders to exit the business.

It is improbable that the Pell Frischmann Consulting Engineers (PFCE) business could be sold at a fair valuation without the PFI/Cash Assets. This is because the PFCE business has £17.3m owed by fellow companies, and a Pensions Deficit of £13.7m. If the company was sold without the cross Guarantees to the Pension (PFI) then the acquiring company would have to put in place the guarantees for this contingent liability, on the 50% FRS "buy-out" basis deficit valuation; ie probably £5m+ more than the Actuarial deficit on the Balance Sheet, impacting the acquirers valuation of the Company.

So it is concluded that sales negotiations should proceed on the basis of a 100% acquisition of the Group, excluding the 20% investment in Aqua Dynamics, which Dr Frischmann considers to have considerable more NPV value than recognised on the Balance Sheet.

Of course, at the end of the day, Dr Frischmann has developed Pell Frischmann into the company it is, and considers it to be his company to do with as he sees fit. While practically true, legally there are minority shareholders' interests to consider, and any decisions that materially affect them, or exclude them from decision making might be scrutinised and should be discouraged so there is consensus.

19 Year P&L and Balance Sheet Analysis

Since the sale of the Building & Management Services business, Turnover has grown modestly from a £20m Turnover to £42m (1998-2013) representing a Compound Annual Growth Rate (CAGR) of 4.7% per annum. Profit before tax on continuing activities has average £2.6m, with an increasing contribution from PFI dividends and Interest off short term cash investments. Some acquisitions have added to sector and regional core skills (eg. SWW and De Leuw Rothwell), while others have yet to deliver demonstrable benefits (eg BG Tech).

Net Assets, however, have remained flat over the period, which can be explained by:

- While £7.04m has been successfully invested into PFIs rendering a current valuation of £17.4m (£21.2m including other associates/ fixed assets); and generated £13m of dividends…
- This has been offset by a Pensions Deficit/Liability of £14m, growing at the CAGR annual rate of 19% since 2003….
- £14.2m has been paid out in Dividends to Shareholders and…
- Substantial cash (up to £17m) has been loaned to Directors at LIBOR + 1% to invest outside the company, representing an Opportunity Cost to the company to potentially earn a better return from other investments….
- The residual net cash/ liquid assets (currently £25.7m) has been used as working capital (currently £8.5m) with the rest only earning nominal returns of late, invested in short term gilts/ deposit accounts, etc.

Capita's Interest & Likely Valuation

In terms of Valuation, Capita's 8 Oct 2012 Analysts Presentation state that "Key Value Drivers" for Capita Acquisitions are "Pricing and Integration."

On *integration* I think the combination of PF and Capita Property & Infrastructure will provide the major aggressive growth potential for the Consulting business, that PF has not attempted to achieve under family ownership. On the *pricing*, I would say that the Capita "Average post tax return on acquisition consideration" (which stipulates 15% return in 12 months) is only part of the equation for evaluation of PF

PF Accounts, as a private company, have always been prepared to minimise tax exposure. Apart from the potential to aggressively grow the integrated Consulting business, PF also owns two major Assets (ie. PFI equity investments; and considerable non-working capital Cash). The potential for returns from these Assets are not fully reflected in the P&Ls, and the unrealised gains (£8.9m) on the former are in the Balance Sheet Revaluation Reserve.

A multiple PE valuation for the Consulting Business is appropriate, supplemented by the PFI and Cash Assets; albeit the former includes an NPV of future earnings and the contribution cannot be included in the Multiple Valuation to avoid double counting.

Cash Flow is the Definitive Analysis over time

While we could argue to a probable investor that the Group has been managed to minimise tax exposure rather than to maximise profit, this does not impact on a cash flow analysis, other than to point out there has not been an appetite to grow the consulting business. As stated, the considerable cash available to fund growth has been employed elsewhere in loans and short term investments rather than on core consulting business, which is the focus of the subjectivity in the overall yet unrealised potential valuation. The Cash invested in PFI has delivered good return, but for tax reasons the shareholders have decided not to realise the gain. Finally, the tax charge itself is a cash item, which has effectively been minimised, enhancing a cash flow valuation.

Analysis concludes therefore that Cash Flow from the core consulting business has been poor over the 19 year analysis period. Apart from not growing significantly, it not been the major contributor to an increase in company value. Over the 19 years Operating Cash Flow (adjusted for Director Loans) has been cumulatively £17.6m, compared with contributions from PFIs (£13m dividends and £10m increase in net market value/NPV after accounting for original investment) ; and £23m from interest received on short term investments.

The conclusion is therefore, that the Group's windfall of £30m cash which was not earned from Consulting core operations, has been invested in non-core activities since, and the core consulting business has not grown and has underperformed. Nevertheless, under new ownership, and with wider opportunity, this business could flourish; and it certainly enjoys a good reputation and know-how representing the argument for considerable "Goodwill" in valuation.

While shareholders have received £14.2m in cash dividends, the largest lost Opportunity Cost to the business has been the non-investment of the resultant free cash in anything strategic, other than minor acquisitions, loans to directors or short term gilts/bonds etc.

Had a £25m cash pile been invested in 1996 (on Capita Investment criteria of 15% first year after Tax Return on Investment), then accumulated post-tax profit would have been £244m over the period 1996-2013. This is indicative of the different returns sought by a listed Plc and a private company motivated by family interests & lifestyle, and tax minimisation. Dr Frischmann has openly stated that he did not wish to develop and run a 1,000+ people consultancy.

In the cash flow analysis, if focus is on the future growth of Operating Cash Flows/Profits from eg. c£1m to £21m in 15 years (25% CAGR); then Capita's Valuation for the Group based on 18% IRR Pre-Tax return circa £56m, including allowing for additional allowances for the £17m free cash and £21m PFI/Associates. Clearly, therefore a more achievable aggressive growth model is required to achieve anywhere the price value aspirations of Dr Frischmann (mooted as **£70+m** for PFCE excluding cash & PFI). Based on Capita's simple criteria of 15% Post Tax Profit Return on Acquisition Consideration would require a Post Tax Profit from just the Consulting Operations of £10.5m! Even on a 15 year NPV calculation discounted at an 18% pre-tax required return, suggests that current Operating Profits (c£1m) from pure consulting business would need to grow at a Compound Annual Growth Rate (CAGR) of 45%. The second set of figures below suggest the need for a 28% growth (CAGR) would be required, even if the steady Operating Profit starts at £3m. Even then the £10.5m Profit After Tax isn't achieved until Year 7.

	Yr	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Current Av														
45% CAGR	**Op CF**	0.93	1.35	1.96	2.84	4.11	5.96	8.64	12.53	18.17	26.35	38.21	55.40	80.33	116.48	168.90
18% pretax return	**NPV**	£72.31	Consulting Business Only													
Total		£110.71	incl Cash + PFI													

	Yr	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
		Current Av														
28% CAGR	**Op CF**	3.00	3.84	4.92	6.29	8.05	10.31	13.19	16.89	21.62	27.67	35.42	45.33	58.03	74.28	95.07
18% pretax return	**NPV**	£71.63	Consulting Business Only													
Total		£110.03	incl Cash + PFI													

Basis for Fair Valuation

The range of Valuations shown on the Valuation spread sheet is £52m- £86 for Pell Frischmann Group including all cash and PFI, but excluding the Aqua Dynamics 20% Shareholding.

1. **Group Profit after Tax Multiple + Free Cash**
   North American Consultants enjoy higher PE Ratios, and don't normally have Asset strong Balance Sheets. Assuming a 15 times multiple of 15 on Profit after Tax (incl PFI contributions but before FRS contribution), and adding back free cash derives a valuation of £61m
2. **Operating Cash Flow (EBITDA) Multiple + Free Cash**
   Operating Cash Flow over time is a more indicative variable and based on a 15 times multiple gives a £52m valuation, but takes no account of growth potential.
3. **Net Assets (Book Value) + Goodwill**
   Given that PFG is an Asset rich company with a lot of know-how in Consulting and PFI- this provides a better basis for valuation. Net Assets + 30% Goodwill would be £62m. The Assets and Liabilities will be scrutinised in Due Diligence so the Directors Loan and Aqua Dynamics debtors will require guarantees/ security. The Contingent Pension Deficit will be valued on the 50% FRS Buy-Out basis, unless the current Guarantees reamin in place. If there have been conservative Provisions made to temper Profit levels to minimise tax, these should be demonstrable to Capita in due diligence to enhance valuation.
4. **Net Present Value of Future Cash/Profits**
   This is the strongest argument for an up-side valuation. It is the basis of Dr Frischmann's argument that PF can help Capita Property & Infrastructure Services punch above its current weight in the Capita Group, by utilising PF know-how to target large projects.
   - Based on a 25% Operating cash flow EBITDA CAGR (growth rate pa) over 15 years , and allowance for value of PFIs and Cash- gives an NPV Valuation of £86m.
   - However to comply with Capita's 15 % Post Tax Return on Investment, they would cap the Valuation at £59m.

My fair valuation for the Group is £62m. I look forward to helping to try and achieve a higher return through presentation and negotiation with the potential acquirer(s).

Focus of negotiation should be on Growth potential, Goodwill for know-how and reputation, and strength of Asset Base.

Pell Frischmann
Consulting Engineers

ASSETS   P&L Account   Balance Sheet

	Yr	Yr	T/O	Group Op Prof	Extraord Prof/ (loss)	PBT Continuing Activites	NA	Dir Loan	Pension Liab / Deficit	Value of Inv in PFI/ & Fixed Assocs	PFI Revaluation Reserve	Cash & Equiv /Short Term Inv	Comments
	1	1995	£142.2		£7.1	£0.9	£43.8	£0.0	£0.0	£0.0	£0.0	2.9	
	2	1996	£139.0		£8.6	£1.0	£45.5	£0.0	£0.0	£0.0	£0.0	4.2	
	3	1997	£72.0		£30.0	£1.0	£34.4	£0.0	£0.0	£0.0	£0.0	28.6	Cash Balance £29m
	4	1998	£20.1		£0.0	£2.4	£35.7	£0.0	£0.0	£0.0	£0.0	30.2	Bought EPD
9 yrs	5	1999	£20.0		£0.0	£2.4	£37.0	£0.0	£0.0	£0.0	£0.0	30.7	Cash Balance £30.7m
	6	2000	£19.2		£0.0	£1.1	£36.0	£0.0	£0.0	£0.0	£0.0	29.2	Bought BG Tech/ De Leuw Rothwell
	7	2001	£23.5		£0.0	£0.8	£37.4	£0.0	£0.0	£0.0	£0.0	29.1	
	8	2002	£26.0		£0.0	£1.4	£37.9	£0.0	£0.0	£0.0	£0.0	19.6	£8.5m increase in debtors (loan)
	9	2003	£31.5		£0.0	£1.4	£38.3	£16.9	-£2.2	£0.0	£0.0	16.2	£6.9m increase in debtors (loan)
	10	2004	£32.3	£0.7	£0.0	£2.0	£39.3	£15.5	-£3.9	£2.7	£0.0	22.3	
	11	2005	£36.6	£1.5	£0.0	£3.1	£41.0	£10.0	-£5.6	£3.3	£0.0	29.5	
	12	2006	£47.2	£2.4	£0.0	£4.0	£40.8	£7.7	-£2.9	£3.5	£0.0	31.4	
	13	2007	£39.8	£2.1	£0.0	£4.1	£41.9	£7.6	-£3.6	£3.7	£0.0	32.6	
10 yrs	14	2008	£50.1	£0.3	£0.0	£2.8	£43.1	£9.5	-£3.4	£4.2	£0.0	33.2	
	15	2009	£44.1	£5.0	£0.0	£3.6	£37.2	£8.5	-£10.7	£11.7	£7.6	29.3	
	16	2010	£38.5	£5.5	£0.0	£5.1	£41.4	£10.7	-£9.2	£14.3	£7.6	27.8	
	17	2011	£36.0	£4.2	£0.0	£4.7	£44.9	£10.6	-£8.4	£13.9	£7.9	30.1	May 2010 Pension Schemes closed to future accruals
	18	2012	£38.1	£2.7	£4.2	£3.3	£49.0	£10.8	-£10.2	£19.5	£7.7	25.5	Ext Profit/ increase in debtors on Sale to Aqua Dyn
	19	2013	£42.0	£2.7	-£0.9	£3.5	£47.6	£10.9	-£14.0	£21.2	£8.9	25.7	Ext Loss due to £1m into Pension Scheme
	Total				£49.0	£48.6							
	Increase/ (Decrease)				Average PBT	£2.6	£3.8	£10.9	£14.0	£21.2	£8.9	£22.8	

2013 Cash & Cash Equivalent/ Short Term Investments — £25.7

2013 less Working Capital Cash Requirements (Short Term Creditors- Debtors) — £8.5 (Short Term Debtors 16.4 less st creditors 7.9)

2013 **Free Residual Cash/ Liquid Asset** — A **£17.2**

2013 **Mkt Value of PFIs/ Fixed Assets/ Assoc Undertakings** — B **£21.2** — £17.4 PFI + Other (NOTE: Total Equity Invested in PFI- £7.04m)

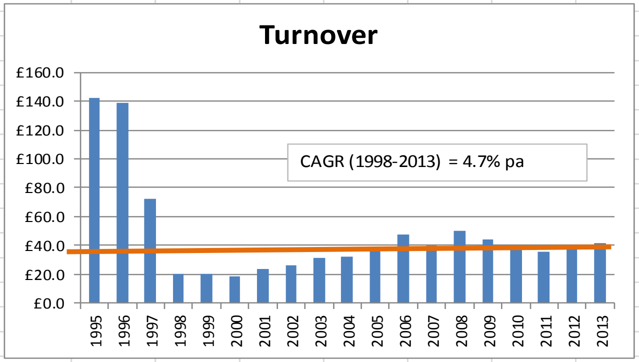
2013 **Consolidated Net Assets (Book Value)** — C **£47.6**

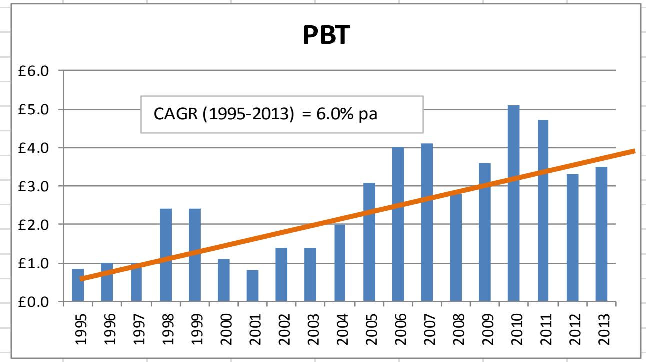
2013 Profit After Tax F **£2.0**

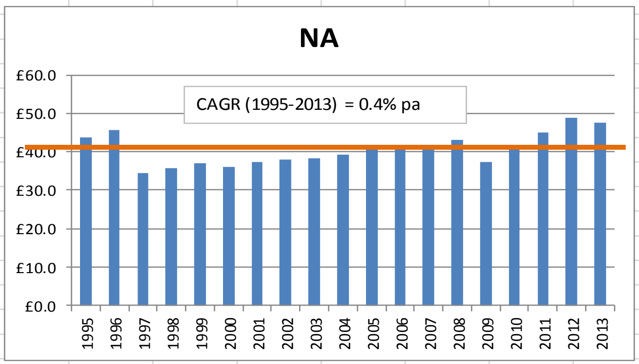
2013 PAT before FRS 17 K **£2.9**

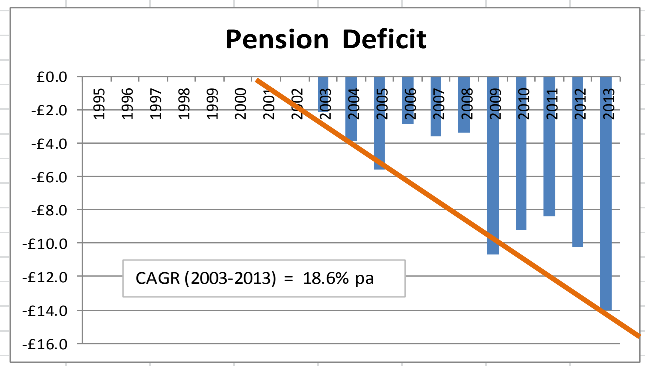
Pell Frischmann
Consulting Engineers

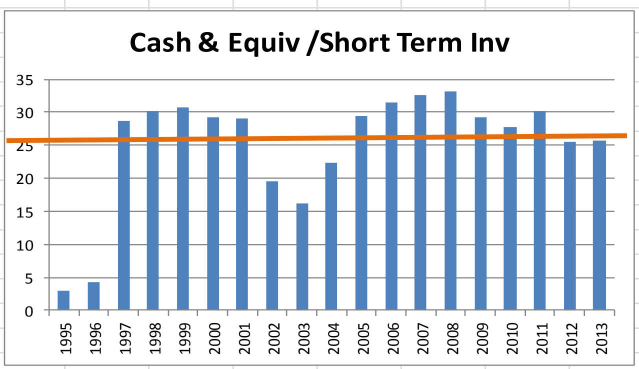
P&L and Balance Sheet Graphs

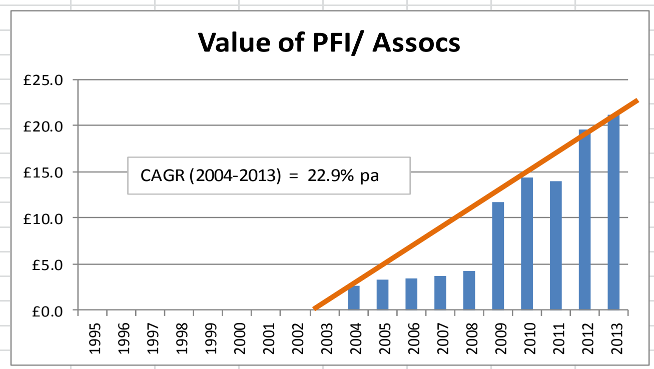












NET ASSETS FLAT & PBT GROWTH FROM PFI DIVIDENDS. PFI GAINS OFFSET BY PENSION DEFICIT. NO DEMONSTRABLE GROWTH.

NPV CASH Cash Flow Study

Pell Frischmann
Consulting Engineers

	Yr	March 31st	Op CF	Div from Assoc	Net Interest Paid/ Recd	Tax	Net Capex/ Financing	Div Paid	Financing Cash / Short Term Inv	Net Increase Cash	Comments
	1	1995	£0.9	£1.6	£0.1	-£0.3	-£0.2	£0.0	-£0.8	£1.4	Total Cash Balance at yr end £2.9m
	2	1996	£1.2	£1.5	-£0.4	-£0.3	-£0.6	£0.0	-£0.1	£1.3	
	3	1997	£3.8	£0.0	£0.6	-£0.3	-£0.3	£0.0	£20.1	£23.9	£30m cash/profit from sale of Bldg & Propr Mgmt Services/ Purchase SWW etc.
	4	1998	-£0.7	£0.0	£1.7	-£0.6	-£0.3	-£0.3	-£0.2	-£0.3	No tax paid on £30m profit windfall
	5	1999	£0.5	£0.0	£2.0	-£1.1	-£0.1	-£0.4	-£0.2	£0.7	
	6	2000	-£2.2	£0.1	£1.5	-£0.9	-£0.3	-£0.4	£0.0	-£2.2	
	7	2001	-£3.0	£0.5	£1.7	£0.6	-£0.6	-£0.4	-£0.2	-£1.3	
	8	2002	-£6.0	£0.4	£1.4	£0.2	-£0.4	-£0.4	£0.0	-£4.8	Directors Loan Facility set up £16.9m; c.8.57m cash drawn down 2002
	9	2003	-£5.3	£0.5	£1.4	-£0.4	-£0.5	-£0.4	£0.0	-£4.7	Further £7m of Directors Loan cash drawn down (increase in debtors causes neg Op CF)
19 yrs	10	2004	£2.5	£0.5	£1.3	-£0.7	-£0.2	-£0.8	-£0.2	£2.6	
	11	2005	£4.3	£0.8	£1.6	-£0.1	-£1.1	£0.0	£1.2	£6.8	£0.7m loaned to associates, no dividend paid
	12	2006	£1.7	£0.3	£1.6	-£0.4	-£0.3	-£0.4	-£0.5	£2.1	
	13	2007	£0.7	£0.5	£2.0	-£1.2	-£0.3	-£0.4	-£0.5	£0.8	
	14	2008	£1.2	£0.7	£2.5	-£1.0	-£0.4	-£0.4	-£0.2	£2.3	
	15	2009	£4.5	£1.1	£1.1	-£1.0	-£0.3	-£8.2	-£9.3	-£12.1	£1.9m decrease in pension liabilities, £10m in fixed investments and £8.2m in dividends??
	16	2010	£1.3	£1.4	£0.8	£0.2	-£3.5	-£0.4	-£0.4	-£0.7	£3.4m investment in associated undertaking?
	17	2011	£1.8	£0.9	£0.7	-£0.6	£0.3	-£0.4	£9.5	£12.3	£9.7m from redeemed investments
	18	2012	£1.0	£0.9	£0.7	-£0.7	-£5.9	-£0.4	-£18.5	-£22.8	£18.5m in short term investments & £4.2m (debtor not cash) from sale of PFPT
	19	2013	-£1.1	£1.1	£0.8	-£0.5	-£0.4	-£0.4	£9.5	£8.9	£1m negative op cash flow due to £1m paid into pension scheme.
		Total	**£7.0**	**£13.0**	**£23.2**	**-£9.2**	**-£15.2**	**-£14.2**	**£9.5**	**£14.0**	
		Average	£0.37	£0.68	£1.22	-£0.49	-£0.80	-£0.75	£0.50	£0.74	
		Adj Tot	£17.58							£24.6	£10.536m Directors Loan Repayment
	EBITDA	Adj Av **I**	**£0.93**								Average Operating Cash Flow /yr excl Loans to Dir (WIP Changes)
		Av PFI CF		**£0.68**							Average CF from PFI and Associate Undertakings Divs
		Tot Adj CF	**£1.61**								

EBITDA Multiple (x 8) **D**	**£7.40**	**(x12)**	**£11.10**	**(x15)** **E**	**£13.88**

Excluding Div from PFI

EBITDA Multiple (x 8) **£12.87** incl PFI Divs

PFI Asset Value includes NPV of dividends etc, so cannot include PFI income in Valuation

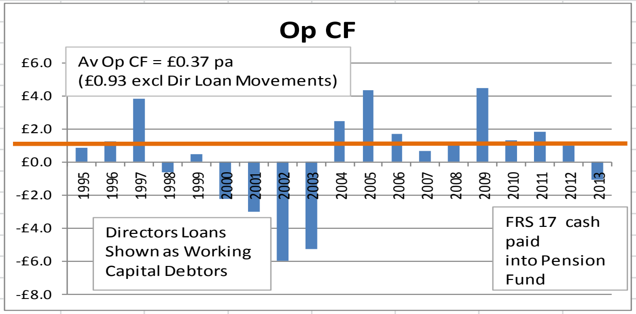
NPV based on EBITDA Growth

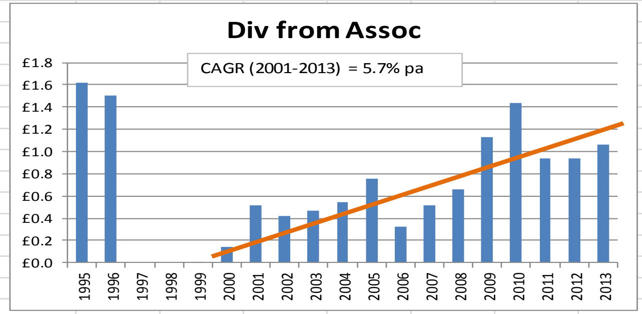
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Assume 10% Growth pa	£0.93	£1.02	£1.12	£1.23	£1.35	£1.49	£1.64	£1.80	£1.98	£2.18	£2.40	£2.64	£2.90	£3.19	£3.51
NPV @ 7% CoC **G**	**£15.85**														
Assume 15% Growth pa	£0.93	£1.06	£1.22	£1.41	£1.62	£1.86	£2.14	£2.46	£2.83	£3.25	£3.74	£4.30	£4.95	£5.69	£6.55
NPV @ 7% CoC **H**	**£22.54**														
Assume 25% Growth pa	£0.93	£1.16	£1.45	£1.81	£2.26	£2.82	£3.53	£4.41	£5.51	£6.89	£8.62	£10.77	£13.46	£16.83	£21.04
NPV @ 7% CoC **J**	**£47.81**														

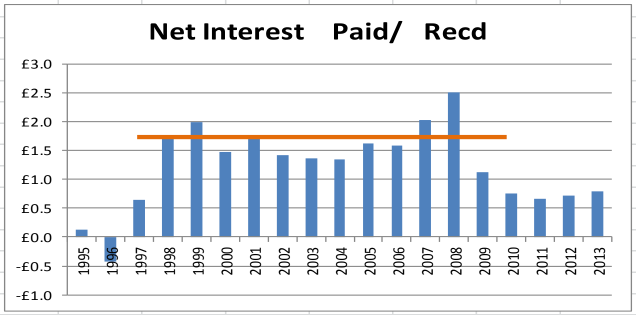
Valuation based on Capita ROI Criteria

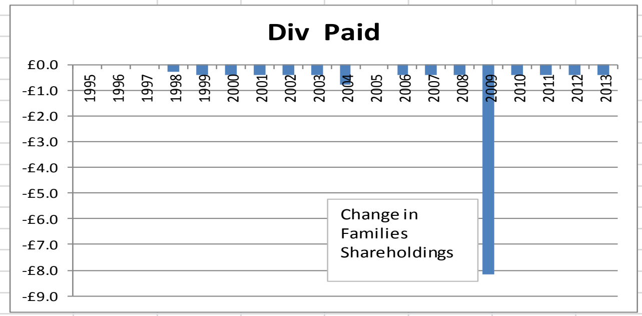
IRR	**BID**	62.0	56.0 incl Cash/PFI													
less	**Cash**	-17.2														
less	**PFI**	-21.2														
		-23.6	0.93	£1.16	£1.45	£1.82	£2.27	£2.84	£3.55	£4.43	£5.54	£6.93	£8.66	£10.83	£13.53	£16.92	£21.15
Assume 25% Growth pa	**IRR**	**15%**														
(PAT) IRR requirement			18%													

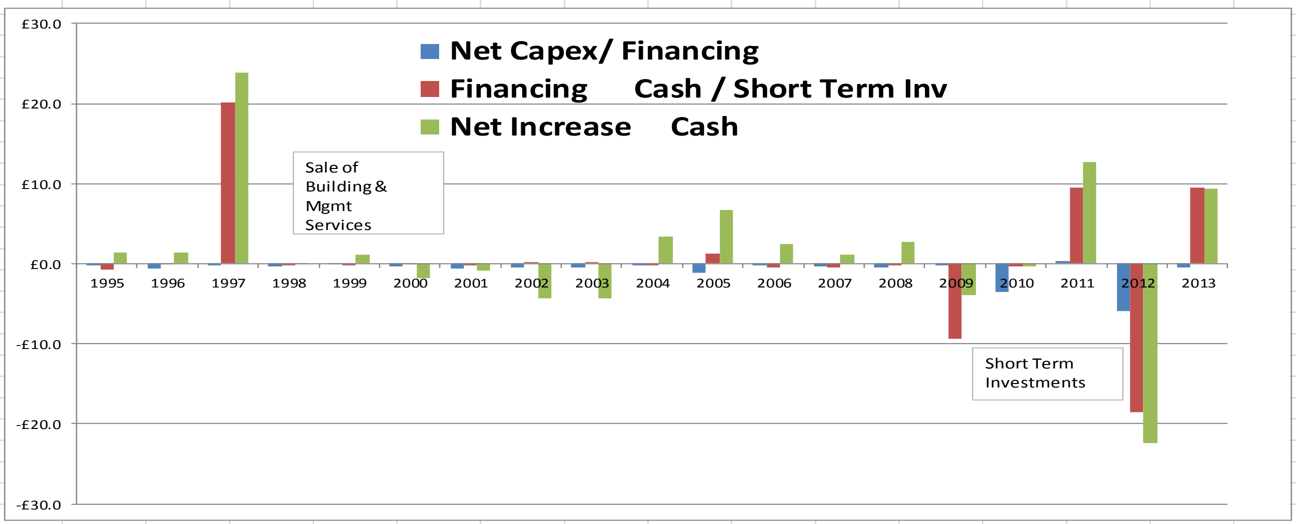
Cash Flow Graphs











OPERATING CASH FLOW (EVEN AFTER ADJUSTMENTS FOR NON WORKING CAPITAL DEBTORS) HAS BEEN CHOPPY AND LOW SINCE 2009
OP CF HAS BEEN SUPPLEMENTED BY DIVIDEND RETURNS FROM PFIs AND INTEREST RECEIVABLE FROM SHORT TERMS INVESTMENTS

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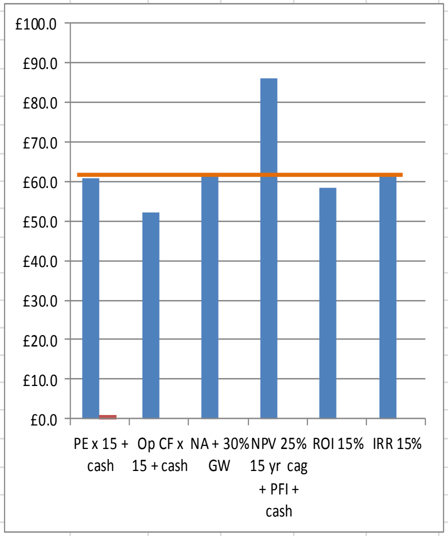
VALUATION

Variables		
2013 Residual/ Free Cash	A	17.20
2013 Mkt Value of PFI/ Assocs/ Assets	B	21.20
2013 Consolidated Net Assets (Book Value)	C	47.60
2013 Profit After Tax after FRS 17	F	2.00
2013 PAT before FRS 17	K	2.90
Average Adjusted EBITDA	I	0.93
EBITDA x Multiple 15	E	13.88
EBITDA x Multiple 8	D	7.40
Assume 10% Growth pa		
NPV @ 7% CoC G	G	15.85
Assume 15% Growth pa		
NPV @ 7% CoC H	H	22.54
Assume 25% Growth pa		
NPV @ 7% CoC J	J	47.81

Valuations	Max	Min
Basis		
Group Profit After Tax (PAT) x Multiple + Free Cash	(K x 15) + A	(K x 5) + A
	60.7	31.7
Op Cash Flow (EBITDA) x Multiple PLUS Cash	x 15	x8
	E+A+B	D+A+B
	52.28	45.80
Net Assets (Book Value) + % GoodWill	C + 30%	C + 10%
	61.88	52.36
NPV of 15 yr Cash Flow (EBITDA) + PFI + Cash	25% growth pa	10% growth pa
	J+A+B	G+A+B
	86.21	54.25

PE x 15 + cash	Op CF x 15 + cash	NA + 30% GW	NPV 25% 15 yr cag + PFI + cash	ROI 15%	IRR 15%
£60.7	£52.3	£61.9	£86.2	£58.4	£62.0

COMPARATIVE VALUATIONS



Comparative PE Ratios (PAT) - International Competitors

AECOM	12.96	US
AMEC	15.8	UK
WS Atkins	13.4	UK
Genivar	17.6	Canada
Jacobs	18.2	US
RPS Group	12.9	UK
Average	15.1	
Realistic Max in UK	15	

NOTE:	Sep-13
Jacobs acquired SKM for $1.3bn	
free cash	$100m
EBITDA mutiple	**6.7**
EBITDA mutiple	$180
Equiv Valn PF incl cash	£43m

Return on Investment (PAT/ Value)	Return	**15%**	**Company Requirement**
		0.145	
	Bid	20	
	Cash	17.2	
	PFI	21.2	
		£58.4	
Internal Rate of Return (IRR)	Bid	23.6	
	Cash	17.2	
	PFI	21.2	
		£62.0	

VALUATION RANGE £52m - £86m. Assessor's Valuation £62m

Absolute Max (based on NPV with 25% pa CF growth + PFI + Cash Assets	86.21
Absolute Min (based on PE Ratio of 5 plus Cash)	31.7
Average Max (based on all above Max combined)	**£63.58**
Average (of all Valuations above)	£56.56

Assessor's Valuatior £62.0m

Assuming Repayment or Guarantees in place for Directors Loans and Aqua Dynamics Debtor

J) “Project Jack”

Potential Merger/ Acquisition Appraisal

“Project Jack”

Strictly Confidential

August 16th 2013
Pell Frischmann, London W1
GJM/ WWF

Pell Frischmann

Potential Merger/ Acquisition Appraisal

CAPITA SYMONDS

CONFIDENTIAL SUMMARY

Meeting Notes 9th August 2013

G J Malpass
Adviser to Pell Frischmann Group

Restricted Circulation: WWF/GJM

Contents

1. Capita E Mail Expression of Interest & Response

Dear Greg,

Further to our recent conversations and in advance of our meeting tomorrow, I thought it might be useful to summarise my latest thinking for you as I would like you to confirm whether your shareholders are willing to discuss a sale of Pell Frischmann to us........

We feel that there are some excellent synergies between our two businesses including:-

•Rail - Our work on High Speed rail projects is complimentary to your expertise in Rail

•Highways – Your project experience and innovative work in both the local and national road networks, fits well both with our project related business and our Local government partnership expertise

•Water – your expertise and track record fits well with our growth plans.

•Structures – following the acquisition some years ago of NRM Bobrowski a few years ago, we are keen to further increase our Structural Engineering capability in London

•Central support / business systems/ office infrastructure – there are several areas where we should be able to assist considerably with providing both the critical mass and an efficient infrastructure needed to support your growth in grow in the range of

•Capita Group Opportunities - perhaps most importantly of all is the way that you would be able to be able to help us (as Capita's Property and Infrastructure business, leverage the depth and breadth of the wider Capita Group

Taking all these things in the round and having considered various areas of collaboration between our two businesses in our key markets, we currently feel that the best way of exploiting these opportunities, would be for Pell Frischmann to join the Capita Group (we have therefore given this initiative the name of 'Project Jack').

Because business growth is very much at the heart of our rationale for this and because of the value we place in our staff and their expertise, may I stress that the ongoing commitment and involvement of both the Pell Frischmann staff and senior management team, both now and going forward, is of fundamental importance to us.

We have of course undertaken an initial review of your statutory accounts and feel that most parts of the Group would fit well with both our existing operations and our plans for future growth. The only exception at this stage is your shareholding in Aquadynamics, where our focus on professional services means that investment in this type of R&D orientated venture is not consistent with our usual acquisition strategy (however interesting that area is to us from an engineering services perspective!).

We hope that our interest in acquiring Pell Frischmann is of interest to your shareholders and understand that you are the person nominated to discuss matters of this nature with them.

As a Group as a whole, you will appreciate that Capita makes several acquisitions every year and I am therefore keen to progress our discussions to allow us to gain Group Board approval and make a formal offer to your shareholders as quickly as possible. We would therefore be grateful if you would confirm tomorrow that your shareholders are happy to engage with us to discuss this further and allow you to share relevant company information with us.

We will of course be willing to sign an NDA (our standard version attached), but following our meeting with you tomorrow and whilst we are arranging meetings with key Pell Frischmann representatives, it would be most helpful if you could provide relevant company information, relating to the accounts, orderbook and sales pipeline etc. (I will provide a list at our meeting tomorrow)

Richard and I very much look forward to meeting you again tomorrow and hope that you will be able to confirm your shareholders interest in engaging with us to discuss what I hope will be regarded as an exciting opportunity for both our companies.

Best Regards

Dave

Dave Spencer

Executive Director

CAPITA

Property and Infrastructure

Source – E Mail from Dave Spence 8/8

Dave

I've just got back to the office and opened your e mail, and Dr Frischmann has gone home.

He is aware I am meeting you to discuss areas of cooperation, and I think your expression of interest in taking it a step further to potential acquisition is something the shareholders will have to consider/discuss together. As you are aware there are two families involved.

I am a consultant to Pell Frischmann Ltd and not "nominated by the shareholders", but report to, and advise, Dr Frischmann on all matters of this type.

After the meeting tomorrow, hopefully I'll be better equipped to do just that.

Look forward to seeing you at 11am at your offices.

Best Regards

Greg

2. Why Capita's Interest in Pell Frischmann?

- **Capita Symonds is re-branding and seeks to grow significantly within the Capita Group by Acquisition and Organically in infrastructure sectors, and sees Pell Frischmann as a route to do so.**
- **There are some excellent synergies between the Businesses, particularly in infrastructure sectors.**
- **PF Provides specific sector strength in Rail, Highways, Water, Structures**
- **Tremendous opportunities within Capita Group for combined business to win internally generated work, a major strategic objective for Capita Symonds.**

3. Synergies

- **Rail – Capita work on High Speed rail projects is complimentary to PF expertise in Rail**
- **Highways – PF project experience and innovative work in both the local and national road networks, fits well both with Capita project related business and Capita's Local government partnership expertise**
- **Water – PF expertise and track record fits well with Capita growth plans in Water.**
- **Structures – following the acquisition some years ago of NRM Bobrowski , Capita are keen to further increase its Structural Engineering capability in London**
- **Central support / business systems/ office infrastructure – there are several areas where PF should be able to assist considerably with providing both the critical mass and an efficient infrastructure needed to support combined growth in a range of sectors**
- **Capita Group Opportunities - perhaps most importantly of all is the way that PF would be able to help Capita's Property and Infrastructure business, leverage the depth and breadth of the wider Capita Group**

4. Financial Strength offers Growth Opportunity via Investment

CAPITA

Type	Public limited company
Traded as	LSE: CPI
Industry	Business process outsourcing
Founded	1984
Headquarters	London, United Kingdom
Key people	Martin Bolland (Chairman) Paul Pindar (Chief Executive)
Products	BPO & service transformation Back office administration Customer service Finance & treasury Claims & policy administration HR, staff support & training ICT & software Corporate services Advisory services Property & infrastructure Offshore/near shore solutions
Revenue	£3,351.8 million (2012)[1]
Operating income	£471.7 million (2012)[1]
Net income	£236.0 million (2012)[1]
Employees	46,000 (2012)[2]
Website	www.capita.co.uk

Capita 2013 half year results

25 July 2013

Half year results for the 6 months to 30 June 2013

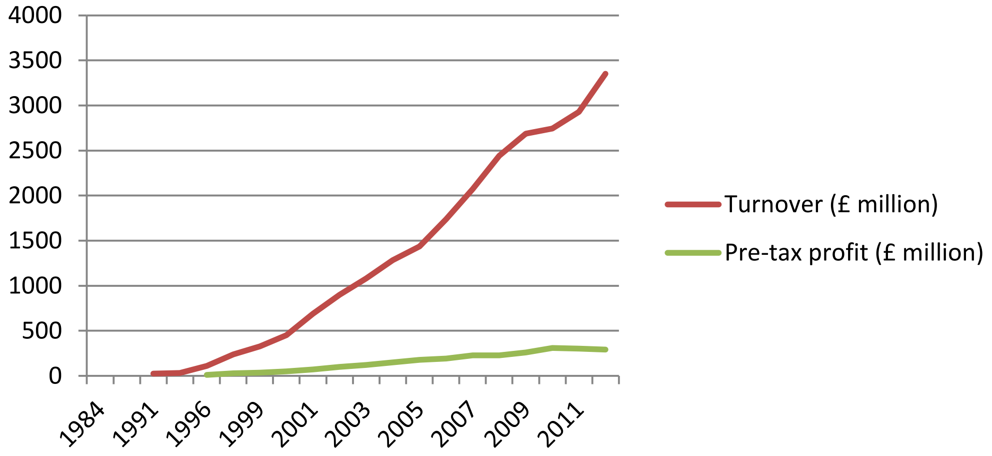
Record sales growth and good financial performance

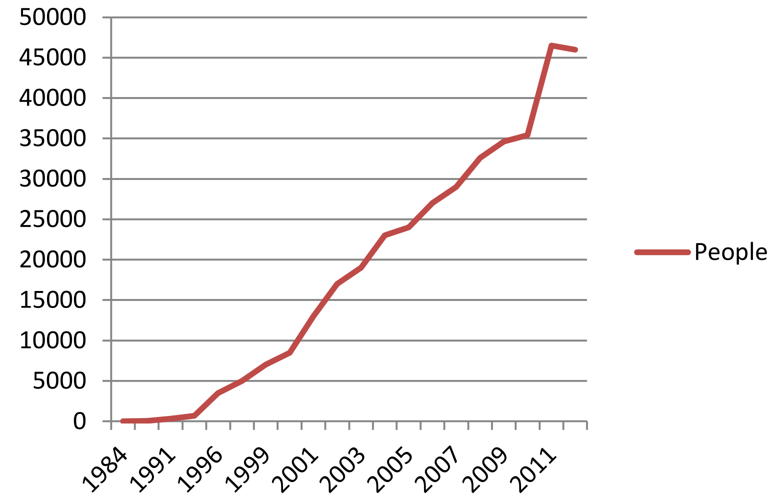
Financial highlights	Half year 2013	Half year 2012	Change
Revenue	£1,819m	£1,607m	+13%
Underlying operating profit*	£226.8m	£214.1m	+6%
Underlying profit before tax*	£205.2m	£186.4m	+10%
Underlying earnings per share*	25.8p	23.7p	+9%
Interim dividend per share	8.7p	7.9p	+10%

Sources-Wikipedia & Capita Website

5. CAPITA

People , Turnover , Profit





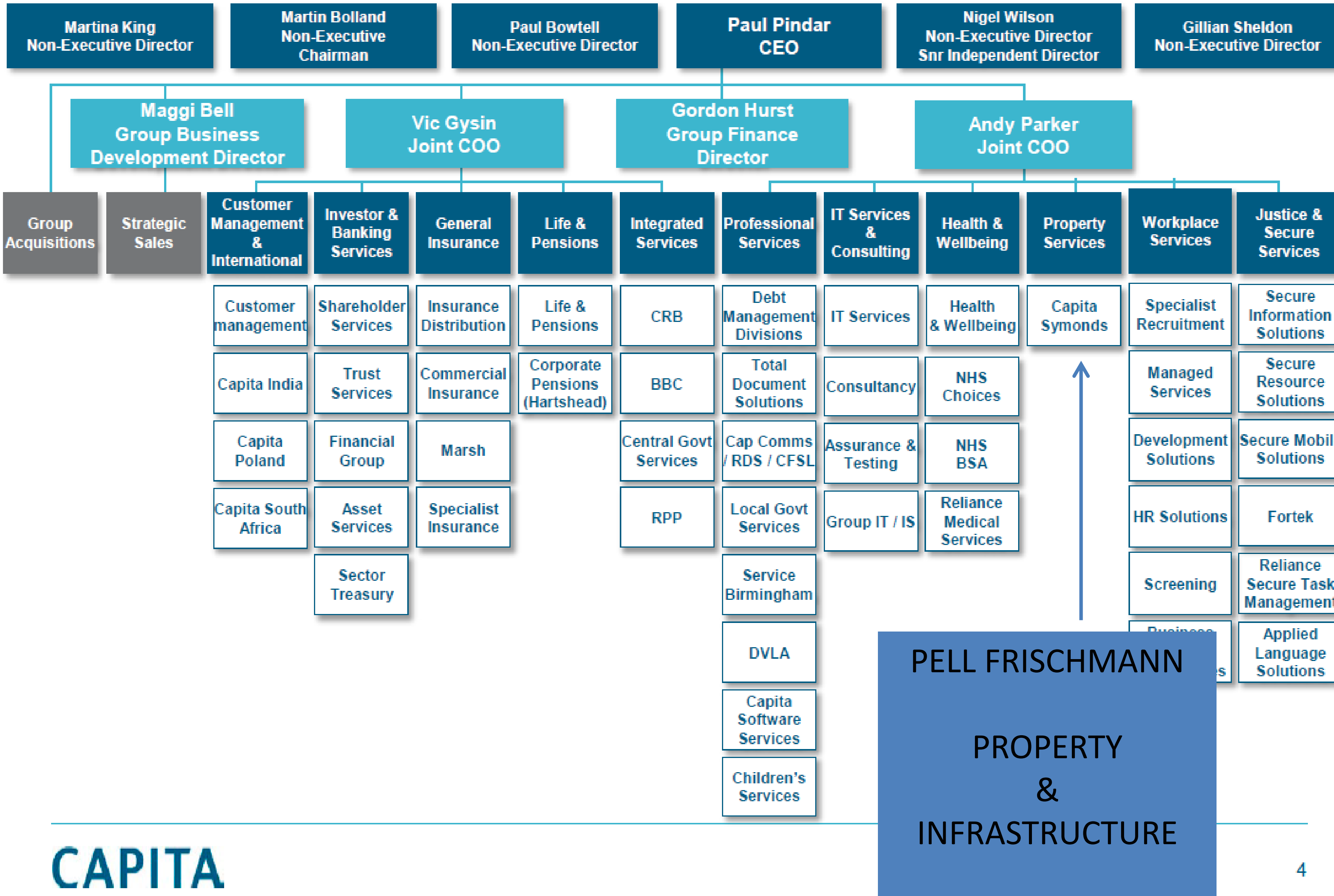
Source- Extrapolation from Wikipedia

Combined figures based on 2012

	Capita Group	Capita Property & Infrastructure	% of Group	PF	Combined Div	Combined Group	% Combined Group
T/O	**3749.5**	**273.4**	**7.3%**	**40**	**313.4**	**3789.5**	**8.3%**
Profit	**471.7**	**6.9**	**1.5%**	**3**	**9.9**	**474.7**	**2.1%**
Profit Margin	**12.6%**	**2.5%**		**7.5%**	**3.2%**	**12.5%**	
Net Assets	**469.5**	**51.1**	**10.9%**	**49**	**100.1**	**518.5**	**19.3%**
RONA	**100.5%**	**13.5%**		**6.1%**	**9.9%**	**91.6%**	

Source- Extrapolation from Annual Reports

6. New organisational structure – 2013



Source- Capita Analysts Presentation 2012

7. Group's Segmental Analysis 2012

6 Segmental information (continued)

Before eliminating sales between business units on consolidation, the Group accounts for sales between business units as if they were to a third party at market rates.

The tables below present revenue, result and certain asset and liability information for the Group's business segments for the years 2012 and 2011. All operations are continuing.

Year ended 31 December 2012

Underlying segment revenue	Health & Wellbeing £m	IT Services & Consulting £m	Justice & Secure Services £m	Professional Services £m	Property Services £m	Workplace Services £m	Integrated Services £m	Customer Management & International £m	General Insurance £m	Investor & Banking Services £m	Life & Pensions Services £m	Total £m
Total segment revenue	201.7	633.4	198.3	485.3	273.4	383.9	285.6	230.1	148.6	250.3	659.0	3,749.6
Inter-segment revenue	(25.5)	(131.1)	–	(101.3)	(17.6)	(24.8)	(5.0)	–	–	(9.4)	(83.1)	(397.8)
Third party revenue	176.2	502.3	198.3	384.0	255.8	359.1	280.6	230.1	148.6	240.9	575.9	3,351.8
Underlying segment result												
Result after depreciation	34.1	40.6	23.9	96.4	7.5	48.2	65.4	24.4	18.5	63.8	58.0	480.8
Share based payment	(0.4)	(0.4)	(0.1)	(1.7)	(0.6)	(1.1)	(2.2)	(0.1)	(0.8)	(0.6)	(1.1)	(9.1)
	33.7	40.2	23.8	94.7	6.9	47.1	63.2	24.3	17.7	63.2	56.9	471.7
Non-underlying												
Intangible amortisation												(95.3)
Acquisition costs												(10.3)
Loan impairment												(15.0)
Goodwill impairment net of contingent consideration movements												(10.2)
												340.9
Net underlying finance costs												(46.0)
Financial instruments – mark to market												(8.7)
Investment expense												(0.1)
Currency swaps' counterparty risk – mark to market												3.9
Profit before tax												290.0
Income tax expense												(54.0)
Profit for the year												236.0

Other segment information

Assets by segment	Health & Wellbeing £m	IT Services & Consulting £m	Justice & Secure Services £m	Professional Services £m	Property Services £m	Workplace Services £m	Integrated Services £m	Customer Management & International £m	General Insurance £m	Investor & Banking Services £m	Life & Pensions Services £m	Total £m
Trade receivables, accrued income & construction contracts	92.9	86.8	46.7	37.8	66.3	94.2	40.3	45.6	82.0	63.6	131.7	787.9
Deferred income	(11.3)	(29.5)	(18.7)	(60.8)	(15.2)	(10.9)	(19.4)	(0.9)	(5.8)	(9.1)	(23.9)	(205.5)
Matched creditors*	–	–	–	–	–	(32.1)	–	–	(60.0)	(20.8)	–	(112.9)
Net allocated assets	81.6	57.3	28.0	(23.0)	51.1	51.2	20.9	44.7	16.2	33.7	107.8	469.5
Unallocated assets												3,075.5
Unallocated liabilities												(2,666.9)
Total net assets												878.1
Capital expenditure												
Tangible assets	5.0	13.4	3.0	5.4	2.4	3.9	1.2	3.1	1.6	15.6	42.2	96.8
Depreciation charge	5.3	13.6	4.1	6.4	2.1	3.5	1.2	3.6	3.3	6.4	23.4	72.9
Intangible assets	46.0	12.2	53.2	–	3.0	39.1	–	–	26.2	5.2	49.1	234.0
Intangible amortisation	10.1	13.6	15.2	8.8	4.3	7.2	–	8.4	9.5	8.9	9.3	95.3

*Matched creditors represent those creditors where there is a related trade receivable balance and where as a result management report the net position.

Source- Capita Annual Report 2012

8. Group's Reporting of Capita Symonds 2012

Property Services (Capita Symonds)

Our property consultancy continues to be adversely affected by challenging economic conditions but we have taken measures to ensure that we are well positioned to benefit as the economy recovers. This includes focusing on our key strengths in infrastructure and regional work, particularly our local government partnerships, and we have enhanced and aligned senior management teams.

	2012	2011
Revenue (£m)	255.8	255.9
Underlying operating profit (£m)	6.9	12.8
Underlying operating margin (%)	2.7	5.0
Capex (£m)	2.4	2.5

2012 highlights

- Selected to support Carillion's partnership with Oxfordshire County Council in a contract worth £42m over 10 years
- Selected by North Tyneside Council to provide property, highways and maintenance services, expected to be worth approximately £152m over 15 years, with significant opportunities for growth
- Selected as supply chain partner to Interserve for its £300m contract with Leicestershire Partnership NHS Trust, University Hospitals of Leicester NHS Trust and the Leicester City, Leicestershire County and Rutland Primary Care Trust Cluster to improve estates and facilities management services across the region, the first of its kind in the UK
- Appointed by National Grid as its single real estate provider across its UK commercial (surplus) property business and manage a £400m portfolio
- Appointed by the Education Funding Agency to undertake condition surveys on a third of educational establishments in England as part of its Property Data Survey Programme, the largest single condition surveying project of its type ever commissioned in Europe

2013 priorities

- Identify opportunities and support central and local government organisations to meet stringent cost saving targets
- Continue to build our real estate capability across both public and private sectors
- Focus on key growth sectors where we have demonstrable strength, such as central and local government, defence, health, energy and infrastructure
- Continue to rigorously control internal costs
- Continue to adapt our focus and services to the changing market environment and strengthen our leadership team
- Realign the business with the wider Group to mutually benefit from joint sales approaches.

Source- Capita Annual Report 2012

"Seeking 40% growth (extra £100m Turnover) in next 2 years" Richard Marchant

9. Capita Symonds Sector Strengths and Key Team Members

Our key sectors

Central Government

Reducing the nation's deficit through the efficient use of property

Commercial

Design and real estate expertise across all commercial sectors

Defence

Real estate and infrastructure solutions for the defence estate

Education

The leading innovator in the UK education sector

Environment

Addressing climate change and developing assets sustainably

Health

The UK's leading delivery partner for health sector solutions

Industrial & Energy

Working with clients from policy stage through to commissioning

Local Government

Transforming the delivery of local government services across the UK

Regeneration & Mixed Use

Creating new communities and transforming existing ones

Residential

Rising to the challenges of the public and private housing market

Transport

Holistic solutions for transport and the urban environment

Source- Capita Website

Executive Board

CAPITA SYMONDS

Meet our Executive Board Members:

Richard Marchant, Chief Executive

MERGER/ AQN
DIVISIONAL
CEO
SPONSOR

Richard rejoined Capita Symonds as interim managing director in February 2013 (having previously been MD from 2002-06) and was appointed chief executive in June 2013.

Having worked with Capita plc for 23 years, Richard has held a number of senior management positions within the Group and has extensive experience in public and private sector partnerships. In 2002, he became managing director for Capita property consultancy, which became Capita Symonds after acquiring Symonds Group in 2004, where he increased the business from 1,500 employees and a turnover of £95m to 3,700 employees and a turnover of £210m by mid 2006.

He also led the development of Urban Vision, an innovative 12-year strategic partnership with Salford City Council, the first major joint venture secondment deal in local government. More recently he was appointed to head up Capita's strategic partnerships with a number of local authorities, including Sheffield, Swindon and Southampton.

Dave Spencer, Executive Director: Infrastructure & Real Estate

MERGER/ AQN
DIRECTOR

With experience of project delivery, asset management and planning services both overseas and around the UK, Dave is a chartered engineer and leads our Infrastructure & Real Estate division.

Since joining Capita Symonds in 2001, Dave has played a leading role in many of our partnerships with local government and was previously Executive Director of our Regions division of property, transport and environment professionals, assisting a wide range of health, local governement and developer clients to achieve financial, regeneration and service quality improvements.

Source- Capita Website

CAPITA GROUP

GROUP CEO
Approvals

Paul Pindar

Joined Capita in 1987 from 3i, after advising Capita on its management buy-out. He became Chief Executive in 1999. A Chartered Accountant, Paul is responsible for managing and developing Capita's business to achieve the Company's strategic objectives, and has overall responsibility for our charitable approach. In July 2012, Paul was appointed Non Executive Chairman of Integrated Dental Holdings, the UK's largest chain of dental surgeries, with a network of over 500 practices nationwide.

GROUP
Business Development/ Strategy

CAPITA

Maggi Bell

Group Business Development Director (Main Board Director)

Joined Capita in January 1999 and was appointed to the Board in August 2008. Maggi has held various positions across Capita, including running our recruitment businesses and leading the Business Services and Corporate Services Divisions, and has been head of the Group Sales & Marketing Division since January 2005. She is responsible for driving forward business development across the Group, including managing our Major Sales Team, and has Board responsibility for community engagement.

Note:

CONSIDERED A POTENTIAL STRATEGIC PARTNER FOR PELL FRISCHMANN ON LARGE MULTI DISCIPLINE PROJECTS and specifically the Liverpool Government Procurement "Project Management & Design" Tender. Contacted Nov-Dec 2012

Head Office Location:

71, Victoria Street London SW1H OXA

T: 0207 799 1525

E: magi.bell@capita.co.uk

10. Plans for Capita/ Frischmann

- To become a Top 4 UK based Consulting Engineer along side other international competitors who have grown via acquisition- Atkins, CH2MHill/Halcrow, AECOM, URS/Scott Wilson, Motts

2010/ 11
Before
Recent Intln
Acquisitions

TOP 10 ENGINEERING CONSULTANTS

Consultant	Latest Turnover (£m)	Previous Turnover (£m)	Change in turnover (%)	Latest pre-tax profit (£m)	Previous pre-tax profit (£m)	Latest pre-tax profit margin (%)	Current no of employees	No of employees last year	Current average wage (£)	Previous average wage (£)	Last analysed accounts
Atkins	1,564	1,388	12.7	91	96.6	5.8	17,522	15,601	37,290	39,562	31/03/2011
Mott MacDonald	1,035	1,016	1.8	49.3	45	4.9	13,013	13,060	36,597	35,001	31/12/2010
Arup	889.2	888.8	0.05	84.7	48	9.5	9,852	10,436	39,555	37,563	31/03/2010
WSP	706.9	723.3	-2.3	19.2	25.4	2.7	9,060	9,551	38,720	37,493	31/12/2010
Jacobs UK	704.4	641.9	9.7	21.6	20.7	3.1	8,320	7,512	29,310	28,156	
Mouchel	632.6	740.6	-14.6	-14.7	-13.5	-2.3	10,757	11,592	28,754	28,175	31/07/2010
Halcrow	506.6	467.3	8.4	16.3	12.4	2.4	7,107	7,416	35,408	30,544	31/12/2009
URS/Scott Wilson	454.6	326.6**	39.2		20.4		6,900	5,500			
Hyder	290.3	308.6	-5.9	18.2	13.5	6.3	3,859	4,360	40,733	38,336	31/03/2011
Capita Symonds*	201.2	204.7	-1.7	22.7	17.2	11.2	3,018	2,930	35,571	35,747	31/12/2010

* Figures for Capita Symonds Ltd ** Figures for last Scott Wilson accounts prior to takeover by URS

- To totally integrate PF Businesses (excl Process/ India), Management and Staff and provide career progression and Business Growth across all sectors.
- To selectively target new Overseas Markets

Source – CN Plus

...and compete with the largest International Consultants

Examples of UK Acquisitions by Intn Coys

Day & Zimmermann

Faber & Maunsell & Yorkshire Water Engineering

E C Harris

Baptie

Fleetline

B&R, Howard Humphreys

Halcrow

Scott Wilson

Ewbank Preece

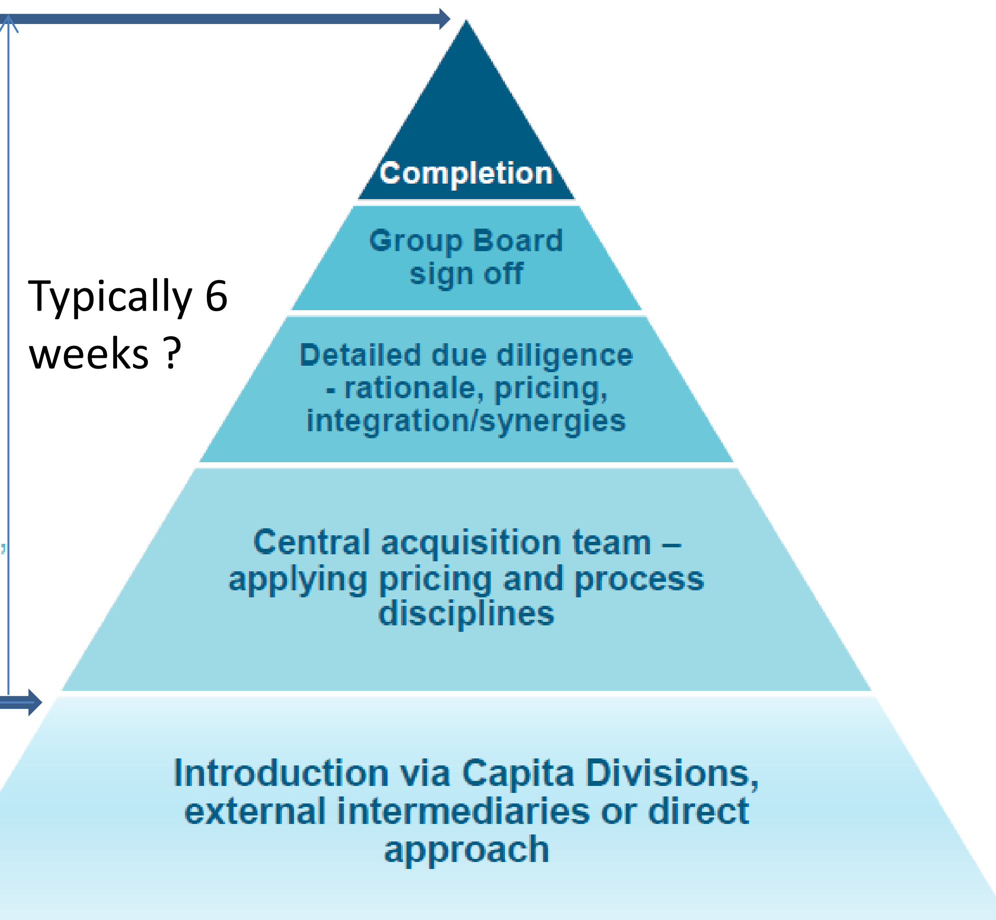
WSP

Source ENR

RANK 2013	RANK 2012	FIRM	Firm Type	2012 INTERNATIONAL DESIGN REVENUE IN $ MIL.
1	3	WorleyParsons Ltd., North Sydney, NSW, Australia†	EC	4,995.9
2	1	Fluor Corp., Irving, Texas, U.S.A.†	EC	3,757.8
3	2	Fugro NV, Leidschendam, The Netherlands†	GE	3,579.0
4	4	AECOM Technology Corp., Los Angeles, Calif., U.S.A.†	EA	3,549.8
5	6	ARCADIS NV, Amsterdam, The Netherlands†	E	2,869.0
6	7	AMEC plc, London, U.K.†	E	2,670.3
7	5	Jacobs, Pasadena, Calif., U.S.A.	AEC	2,229.8
8	9	SNC-Lavalin Inc., Montreal, Quebec, Canada†	EC	2,062.7
9	11	Bechtel, San Francisco, Calif., U.S.A.†	EC	1,934.0
10	10	Dar Al-Handasah Consultants (Shair and Partners), Cairo, Egypt †	EA	1,816.7
11	8	KBR, Houston, Texas, U.S.A.†	EC	1,464.0
12	12	CH2M HILL, Englewood, Colo., U.S.A.†	EAC	1,455.5
13	13	URS Corp., San Francisco, Calif., U.S.A.†	EAC	1,364.7
14	20	Technip, Paris, France†	EC	1,273.0
15	14	Mott MacDonald, Croydon, Surrey, U.K.†	E	1,270.8
16	**	WSP+GENIVAR, Montreal, Quebec, Canada†	E	1,258.3
17	19	Hatch Group, Mississauga, Ontario, Canada†	EC	1,250.5
18	15	Tecnicas Reunidas, Madrid, Spain†	EC	1,160.1
19	17	ARUP Group Ltd., London, U.K.†	E	1,088.5
20	18	Aurecon, Singapore	E	1,063.8

11. Capita's acquisition process

- **Process and disciplines**
  - Making offers
  - Avoiding auctions
  - Project managing deals
  - Integration (core Capita capabilities)
- **Relationships with intermediaries and sellers**
  - Making Capita 'easy to deal with'
  - Good behaviour
- **Pace**
  - Speed of decision making and execution



Source- Capita Analyst Presentation, Ian West Central Acquisitions Director

12. Selling Points (Shareholders)

- Timing is right- With Year End Accounts in preparation & allowing Dr Frischmann to reflect on Year End semi-retirement while securing the following:
- Realise and therefore secure Cash/Value for Shareholders/ Family Members; and guarantees Pension Fund going forward.
- Provide a Growth Model for the Frischmann Legacy and all Staff going forward, and maintaining the Prestige of PF Brand.
- Deal with immediate & longer term Succession Planning Issues once under Capita Management and ownership
- Importantly P/Frischmann Retained interests - (and Future Value) in PFPT and the 20% share ADPT/Aqua Dynamics SA, (and perhaps also £4m [net £2m?] Aqua Dynamics Debtor); including exclusive rights to Engineering for development of future Aqua Dynamics Technology/ Plants.

Selling Points (cont'd)

- Eliminate the worry and risks of non-performance (eg Iraq client) ; problems due to resource constraints, and loss of profits; or further reduced Company Valuation due to uncertain Pension Liabilities.
- Possibly Retain Prabhu Frischmann Indian Business (& Undisclosed WB Liabilities).
- Release from FRS 17 Pension Liability (£13.4 in 2012) and £36m "Buy-Out" deficit in event of closure/ bankruptcy/ Sale of PFCE (if transferred with Balance Sheet Net Assets less than £18m – making sale of PFCE alone difficult)
- Non-Exec Role for Dr F in larger Plc Consulting Entity & Opportunity to maintain involvement in protecting the Frischmann Brand/ and his own Prominent position/recognition in the Industry.
- Opportunity for all Retained Staff to be motivated and enjoy a more certain future, without need for Dr F to maintain day-to-day involvement.

13.Information Requested

- PF Group Accounts for Y/E 31st March 2013 (and draft of annual report if available)
- Summary level split of P&L and Balance Sheets from the various Associate Companies and JVs (£10m T/O ? in 2011/12)
- Summary level split of P&L and Balance Sheets from the other various Group companies (£5m T/O ? in 11/12 not from PFCE Ltd or from Associate Companies)
- PF Consulting Accounts for Y/E 31st March 2013 (and draft of annual report if available)
- PF Consulting Monthly P&L / Management accounts for Y/E 31st March 2013 and Q1 of 2013/14.
- FP (India) Accounts for last Financial year and monthly management accounts for 12 or 15 months to 30th June 2013.
- Details of PFI interests (scope, term, assets, liabilities, valuation, dividend arrangements etc)
- Pension Actuarial Valuation (most recent and then the one being done at present, when available)
- Current Order-book / Sales pipeline (especially for PF Consulting Ltd and FP (India) Ltd)
- Details of the key frameworks/major contracts (commencement date, length, scope, t&c's etc.)
- Details / Values of any claims against the company
- Amount of business physically done outside the UK and the amount done in the UK for non-UK customers (ie not under English law)

Source - Capita

14. Draft Non Disclosure Agreement

NON DISCLOSURE AND CONFIDENTIALITY AGREEMENT

This Nondisclosure and Confidentiality Agreement (the *Agreement*") is made and entered into as of _______________ ("*Effective Date*")

Between Capita plc of 71 Victoria Street London SW1H 0XA ("*Capita*")

And Pell Frischmann Group Ltd of 5 Manchester Square London W1U 3PD ("PF or *the Company*")

Capita undertake to PF that in consideration of being provided with *the Information* defined below regarding *the Company, Capita* will keep strictly confidential any information and knowledge of whatever kind (including but not limited to information in writing, pictorially, in machine readable form or orally) revealed to *Capita* in connection with *the Company* (*"the Information"*), other than information which was demonstrably known to *Capita* prior to the date of disclosure by PF without any breach of confidentiality; published information which is now or which in the future enters the public domain through no breach of this *Agreement*; information that is obtained from a third party free of any confidentiality restrictions; and any information that is required to be disclosed by any applicable law or by any recognised stock exchange.

In this *Agreement* "*Affiliate*" means any party controlling, controlled by or under common control of any party to this *Agreement*, as applicable, and "control" shall mean the ability, directly or indirectly, (i) to cause the vote of fifty percent (50%) or more of the voting securities of any person (ii) to cause or influence the vote of fifty percent (50%) or more of the board of directors or similar decision-making body of any person, or (iii) to cause or influence decisions to be made by any party by virtue of employment, contractual arrangements or otherwise.

In this *Agreement* reference to PF or *Capita* shall mean, in relation to a company, any body corporate or a holding company which for the time being is a subsidiary of that party or of that party's holding company; for this purpose "subsidiary" and "holding company" shall have the meanings assigned thereto in Section 736 of the Companies Act 1985 and shall include it and all its *Affiliates*. Where any *Information* is disclosed to an *Affiliate* or is in regard to an *Affiliate*, *Capita* shall cause and procure their *Affiliate* to comply with the provisions of the *Agreement*. Any breach of this *Agreement* (including, but not limited to, a breach of confidence or a breach of any obligation in relation to the non-solicitation of employees) by any *Affiliate* shall be deemed to be a breach of the provisions of this *Agreement* by *Capita*.

Capita therefore covenant, save to the extent that PF otherwise permits in writing, that:-

Capita will only communicate *the Information* to executives of their organisation, or to their professional advisers to whom it is necessary to disclose such *Information* and who will be requested to observe the same restrictions as set out in this *Agreement*. *Capita* shall procure that the executives and professional advisers observe the terms

1. of this *Agreement* and that *Capita* shall be responsible for any breach by such persons;
2. *Capita* will treat *the Information* as secret and confidential, shall keep *the Information* secure from theft and misuse by unauthorised persons and shall make no copies, photographs, drawings or recordings of any type whatsoever, except as may be necessary to disseminate *the Information* among their executives and advisers;
3. *Capita* will not make use of *the Information* except for the purpose of evaluating and giving consideration to making an offer ("*Offer*") for *the Company*. *Capita* will not use *the Information* directly or indirectly to procure a commercial advantage over *the Company* if the offer does not proceed;
4. *Capita* acknowledges that any breach of this *Agreement* may cause PF serious economic harm and the remedies available to *the Company* by law may be inadequate. Therefore, upon any breach hereof by *Capita*, PF shall be entitled to seek immediate injunctive relief and/or specific performance, in addition to any other appropriate forms of equitable or legal relief, including but not limited to, monetary damages and attorneys' fees;
5. *Capita* will on request at any time, either destroy or return to PF *the Information* which is supplied to them, together with all notes, copies, drawings and records of *the Information* on whatever form they are held by *Capita* and shall provide written confirmation that it has destroyed or returned all *Information* within two days of receipt of written request;
6. *Capita* further confirm that no approaches, directly or indirectly, other than in the normal course of business, will be made by any officers of *Capita* to the staff, shareholders, customers or suppliers of *the Company* without the prior written agreement of PF. This restriction applies for 2 years from the *Effective Date* of this *Agreement*
7. *Capita* warrants that it will not solicit for employment or hire any director, senior manager or other employee or independent contractor of the *Company* with whom *Capita* has had contact or who became known to *Capita* in connection with evaluating an *Offer*; provided, however, that foregoing provision will not prevent *Capita* from employing any such person who (i) responds to a general solicitation for independent contractors or employees (including through the use of employment agencies) not specifically directed at such persons or (ii) contacts *Capita* on his or her own initiative without any direct or indirect solicitation by or encouragement from *Capita*;

   This provision will remain in full force and effect during the life of this *Agreement* and for a period of two (2) years from the termination date of this *Agreement*.

1. *Capita* will deal exclusively through the Chairman of *the Company* Dr W.W Frischmann ("*the Chairman*") and will channel all communication through him or his appointed representative(s) unless permission is given by *the Chairman* in writing otherwise.

2. *The Company* nor their respective directors, agents or employees makes (or is authorised to make) any representation or warranty (express or implied) or shall have any responsibility or liability in respect of *the Information* or for its accuracy or completeness;

3. *Capita* acknowledge that no documents or information made available to them or their advisers will constitute an offer or invitation or form the basis of any contract. *The Company* shall be entitled at any time to decline to provide or to continue to provide *the Information* to *Capita*;

4. *Capita* acknowledge that *the Company* is not under any obligation to reimburse any costs and expenses which *Capita* or their advisers may incur in connection with the discussions relating to the offer or the review of *the Information* unless expressly agreed in writing;

5. *Capita* acknowledge that they have entered into this *Agreement* with PF and that either PF and/or its owners are entitled to enforce in their own name any and all provisions of this *Agreement*. This *Agreement* constitutes the entire agreement and understanding between the parties in respect of *Information* and supersedes all previous agreements between the parties in relation thereto. This *Agreement* shall be governed and construed in all respects in accordance with the Laws of England and the parties hereby submit to the non-exclusive jurisdiction of the English Courts;

6. *Capita* agree that they will make no announcements regarding discussions entered into between *Capita* and *the Company* prior to the completion of any deal without permission in writing from the *Chairman* of *the Company*. If no deal transpires, *Capita* will not make any announcement about or reference to such discussions;

7. *Capita* shall have no right to use any trade marks, trade names, logos or other intellectual property rights of *the Company*;

8. All notices under this *Agreement* shall be in writing, sent by telex, facsimile or first-class registered or recorded delivery post to the party being served at its address specified above or at such other address of which such party shall have given notice aforesaid, and marked for the attention of the party's signatory to this *Agreement,* save that any notices to Capita should be addressed to the Company Secretary. The date of service shall be deemed to by the day following the day on which the notice was transmitted or posted as the case may be;

9. This *Agreement* shall continue in force from the date hereof until termination by mutual consent or twenty-four (24) months from the *Effective Date* whichever is the earlier.

If any term or provision of this *Agreement* is declared invalid or unenforceable as applied to any person or circumstances, the remainder of this *Agreement* and the same term or provision applied to other persons or circumstances shall remain in full force and effect;

1. This *Agreement* is personal to the parties and shall not be assigned or otherwise transferred in whole or in part by either party without the prior written consent of the other part.

This agreement has been entered into on the Effective Date

Signed for and on behalf of Pell Frischmann Group Ltd

……………………………………………………………………

Signed for and on behalf of Capita PLC

………………………………………………………………………

APPENDICES

I Company Valuation Paper, February 2013 (re: SNC Lavalin/ Carillion)

II Capita Acquisition Criteria

III GJM- Retained Consultant Contract (Apr 2013)

IV Data Pack- produced by John Fowler

I Company Valuation Paper, February 2013

(re: SNC Lavalin/ Carillion- INCLUDING 20% Aqua Dynamics)

F

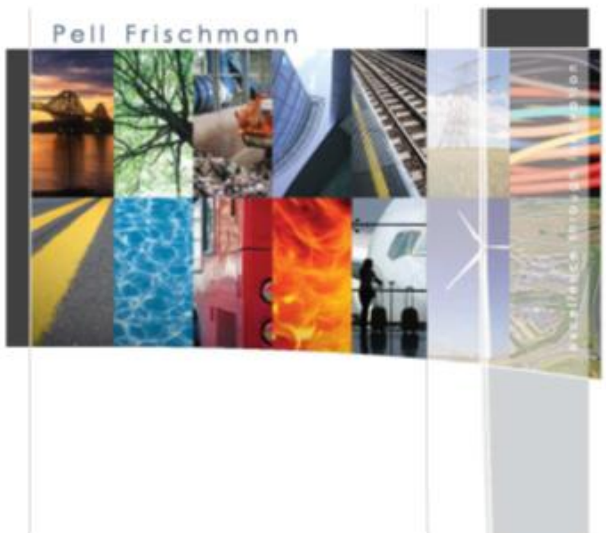
2013

Syler Brothers Ltd, Wolverhampton

Author: Greg Malpass FEBRUARY 213
Business Development and Mergers & Acquisitions Advisor to:

Pell Frischmann
Consulting Engineers

CONFIDENTIAL



COMPANY VALUATION

Pell Frischmann
Consulting Engineers

STRICTLY PRIVATE & CONFIDENTIAL

Dr WW Frischmann

FEBRUARY 2013

DRAFT- NOT ISSUED

DISCLAIMER
This Presentation and Financial Valuation(s) herein provided are confidential and have been prepared by Greg Malpass, Syler Brothers Ltd, under the duties of his/its contract with Pell Frischmann Ltd as a Retained Consultant/ Advisor to the Chairman.
The Financial Analysis has been prepared to assist the Chairman and Major Shareholders of Pell Frischmann Group to evaluate any Offers to Acquire the business made by any interested third parties. The basis of Valuation is confidential. No representation or warranty is made by Syler Brothers as to the accuracy or completeness of the information reviewed, nor makes any representation or warranty as to the completeness or fairness of interpretation, financial or otherwise, of the information provided and conclusions/ statements made and contained in this Presentation.
The information used in the preparation of the Valuation has been sourced from the Internet; Competitors' Accounts; the Company's Group Statutory Accounts; Management Accounts and Q&A with the Group's Finance Director John Fowler. The information and Financial Modelling Summary on Aqua Dynamics has been sourced from Dr WW Frischmann.

CONTENTS

Executive Summary

The Chairman and Chief Executive of Pell Frischmann Group are both past retiring age, and there has been uncertainty about long term management and ownership intentions. There might be a willingness to sell to the right partner who would offer security to employees, protect the integrity of the Pell Frischmann legacy, and offer fair compensation to the shareholders.

There is a lot of consolidation going on in the UK consultancy market, and a sale or merger are certainly options that will need consideration should opportunities arise. This Paper is a Confidential Valuation Assessment made by the Author for the Chairman and Major Shareholders of Pell Frischmann Group to assist in discussions, in this eventuality.

Given the possibility of forthcoming unsolicited conditional offers, or carefully solicited offers, it is important to understand what Sale Price aspirations the owners/shareholders might have. There are two constituent partners/ families to be involved in the discussion, and in making that decision, led by Dr Frischmann. This confidential document is to help Dr Frischmann assess the sales strategies and valuation decisions that might be faced.

This document is confidential, and is not to be copied or distributed electronically without the permission of the Chairman of Pell Frischmann.

Valuation

Traditional Earnings Multiple methods of Valuation are not applicable to Pell Frischmann. Its Net Assets at 31st March 2012 were <u>£49m</u> including Cash and Cash Equivalents of £25.5m, from the legacy of the PSA Management deal, and cash not required by the business for working capital.

However, while Pell Frischmann's Net Assets are substantial its Operating Cash Flow is currently low at less than £1m (2.6% of T/O) compared with 4-5% for its Major Peer Consultants. The long term sustainability/ viability of the consulting operations will be the major question in an acquirer's assessment of its Valuation. Issues that affect this are:

- What are the strengths and forecast costs of the management team going forward.
- What are the trading Prospects going forward. Will turnover and Profit grow?
- What are the recurring running costs/ overheads after acquisition/ integration
- What are the current and likely future actual and contingent liabilities (eg. Pensions Liabilities)
- What are the cultural issues associated with integration with the acquiring company

A major UK Contractor partner could bring in new D+B work, but external trading might be affected. A major Overseas Consultant would more likely require (and pay a premium for) the trading business in order to gain access to the market.

The Base Value of Pell Frischmann, assessed by its Cash Balances and Future Cash Generation is considered to be £49m, equal to its Net Asset Value (£38m excluding Loans to Directors). This is prior to assigning any Goodwill over Net Asset Value; and adjustment for any undervalued assets.

PFI's are valued on the Balance Sheet on an audited NPV / Directors' Valuation basis. While this is assumed to be Market Value, the Directors' revaluations are unrealised gains and are credited to the Revaluation Reserve. If an Acquirer disposes of the PFIs there would be a capital gain credited to the P&L Account of c.£8m. This could prove an attractive proposition for acquiring Plcs (albeit there are cross guarantees in place to protect the Pension Fund, which restricts a sale until the deficit issues are addressed).

Pell Frischmann Group retains a 20% equity share in Aqua Dynamics SA, which is likely undervalued on the Balance Sheet in NPV terms, and could be worth substantial goodwill. Most importantly the "Exclusive Rights" to undertake all engineering/design work associated with Plant Development utilising the two processes, and all know-how in this regard gives Pell Frischmann "effective control" over Aqua Dynamics, which is likely to be a major determining factor for potential acquirers interested in exploiting the process technology.

However because the future value of the technology remains unproven, and the technologies remain in development stage, it is recommended that any cash consideration for the current valuation of the Aqua Dynamics shares, upon acquisition be offered to be held in an Escrow Account together with the Aqua Dynamic shares for a period of 3 years, while the commercialisation of the technology is proven. With a "Call & Put Option" the acquirer would view this as an attractive risk free investment and increase the overall Valuation according to the projected value of the Aqua Dynamics shares. If the technology is successful the Acquirer would exercise its Option at any time within the 3 years, if not the Cash would return to the Acquirer after 3 years, and the Aqua Dynamics shares return to the original Pell Frischmann shareholders.

One such Valuation on this basis would be:

Shareholders' Proceeds/ Cash Flow:	'000s
Cash Purchase of Group Shares (Net Asset Value plus 20% Goodwill)	58,800
Further 20% Goodwill/ Cash in Escrow for Aqua Dynamics Shares	10,000
Repayment of Shareholders Loans	-10,833
Net Proceeds to Shareholders (before tax)	57,967

Total Company Valuation	£68,800, 000

Attractive Alternative

In terms of valuation, this can be assessed differently in cash or share purchases. In a merger scenario it is normally about shareholders expectation about the future in agreeing a share based deal/ split. In the case of a listed Plc it is the market which ultimately gives a merged operation its market valuation.

It has already been assessed that Pell Frischmann's Valuation could be greatly enhanced, by attracting a Contractor Partner who can provide captive work and value-added benefits, not necessarily by needing to be a shareholder.

Discussions have undertaken by the writer, since joining with an array of major contractors and consultants (see Appendix V). Significant progress has been made with a few (eg Carillion) in setting up strategic sector initiatives.

One of the best options considered was the Reverse Takeover with Waterman.

Brief

Part of my brief as Advisor to Dr Frischmann is to explore areas and seek partners for developing new business through Design & Build opportunities, including options for M&A where they arise. Two such approaches for dialogue about possible acquisition have been made recently by Carillion and SNC Lavalin. This Paper is a Confidential Valuation Assessment for the Chairman and Major Shareholders of Pell Frischmann Group.

Strategy

There's been a lot of M&A and consolidation in the UK Consulting Sector in recent years, with Major Contractor Acquisitions of Consultants (eg. Balfour Beatty- Parson Brinckerhoff) and North American & European EPCMs (eg. CH2MHill- Halcrows; URS- Scott Wilson; AECOM- Maunsells & Yorkshire Water Eng; Genivar- WSP; MWH- Biwater; Arcadis- EC Harris) and many examples of the larger UK Consultants buying up smaller UK specialists.

With a move to D&B and PPP on Major Projects, it might in time prove difficult for a contractor to align with a large UK consultant for Major Projects. At the moment WS Atkins and Mott MacDonald and Arup remain independent. Most UK contractors wouldn't have the will to buy a large Consultant (which entails accounting for substantial Goodwill and uncertainty of whether third party arrangements with other contractors could be maintained thereafter). The idea of acquiring a middle range Consultant makes more sense for a large UK EPC Contractor with an appetite to grow an internal consulting capability (eg. Carillion), or an International Consultant (eg. SNC Lavalin) seeking an established business in the UK. Alternatively, middle ranged Consultants (eg. Waterman) may choose to acquire/merge to compete with their larger UK rivals.

Valuation

Given an approach, it is difficult to say what Sale Price aspirations the owners/shareholders might have. There are two constituent partners/ families to be involved in making that decision. It could depend on what added-value the acquiring company offers the business going forward, and how it uses this to pay (perhaps on a deferred basis). Traditional Earnings Multiple methods of Valuation are not applicable to Pell Frischmann. While it has a low Operating Cash Flow of less than £1m, its Net Assets at 31st March 2012 were £49m giving it a Dunn & Bradstreet 'No1' Rating, with Cash and Cash Equivalents of £25.5m. Consultants don't normally have a strong Net Asset position and are Cash generative businesses selling man-hours. PE multiples for Listed Consultants range from WYG at 4.1 to WS Atkins 6.5 to WSP 25.4 (just acquired by Genivar for £278m at a 58% premium to Net Assets having an operating cash flow of 4% of turnover). Based on these Price-Earnings Ratios, and Premium on Net Assets (Goodwill) this values the ongoing business of Pell Frischmann Group at anything from £10m (excluding its £25.5m cash) to £80m.

While Pell Frischmann's Net Assets are substantial its Operating Cash Flow is low (2.6% of T/O) compared with 4-5% for its Major Peer Consultants. The long term sustainability/ viability of the consulting operations is the major question in an acquirer's Valuation. Issues that affect this are:

- What are the strengths and costs of the Management team going forward.
- What are the trading Prospects going forward. Will Turnover and Profit grow?
- What are the recurring running costs/ overheads after acquisition/ integration
- What are the actual and contingent liabilities (eg. Pensions)
- What are the cultural issues associated with integration.

A major UK Contractor partner could bring in new D+B work, but external trading might be affected. A major Overseas Consultant would more likely require (and pay a premium for) the trading business in order to gain access to the market.

Comparative Valuation Methods

In Appendix II there are 5 methods employed to value the business (excluding any Goodwill) as follows:

1. GROUP BALANCE SHEET NET ASSET VALUATION
2. GROUP PROFIT & LOSS (PE MULTIPLE) BASED VALUATION
3. GROUP CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION
4. PELL FRISHMANN CONSULTING ENGINERRS LTD MANAGEMENT ACCOUNTS-CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION
5. PELL FRISHMANN COMPETITOR ANALYSIS VALUATION BASED ON ENTERPRISE VALUE (EBITDA MULTIPLES PLUS CASH)

The average valuation (excluding Goodwill) is £50m. The most reliably is probably based on (method 3) - an assessment of the adjusted/ recurring Consulting Business Operating Cash Flow including the PFI's (£3m, excluding some corporate costs and extraordinary incomes) and Industry Multiple applicable for listed Consultants (9), plus the additional non-Working Capital Cash of £25.5m. This values the business (excluding Goodwill) at <u>£52.9m</u>

Industry Comparisons

Note: Waterman has recently sold assets to restructure its Balance Sheet and pay off debt. WYG has recently issued shares to restructure its Balance Sheet and pay off debt

Financial Comparison (Yr Ends 2012)						Excl Goodwill
	Atkins	Hyder	Waterman	WYG	Normalised Average (excl Outliers)	Pell Frishmann Group
Turnover	1,711.0	277.0	69.0	140.0		38.0
Market Capitalisation	843.2	178.0	12.2	46.3		49.0
Profit After Tax	106.8	13.9	0.6	11.4		6.7
PE Ratio	7.9	12.8	20.3	4.1	8.1	7.3
Net Assets	119.4	87.3	33.6	18.0		49.0
Operating Cash Flow	68.6	15.6	0.2	-23.9		1.0
Cash	167.0	22.2	4.0	24.3		25.5
Mkt Cap/NA Ratio	7.1	2.0	0.4	2.6	4.2	1.0
Mkt Cap/ Op CF Ratio	12.3	11.4	81.0	-1.9	9.0	50.5
Op CF/TO Ratio	4.0%	5.6%	0.2%	-17.1%	4.8%	2.6%
Mkt Cap-Cash (EV)	676.2	155.8	8.2	22.0		23.5
EV/Op CF Ratio	9.9	10.0	54.3	-0.9	24.7	24.2

The Base Value of Pell Frischmann, assessed by its Cash Balances and Future Cash Generation is considered to be £49m, equal to its Net Asset Value, prior to assigning any Goodwill over Net Asset Value, (or Director s Loan repayment)

Other Balance Sheet Items

- **Pension Liability**

Any Goodwill that an Acquirer might ascribe to the business would likely be off-set by the view taken on the Retirement benefit obligations. The FRS 17 liability of £10.2m is £2.2m worse than the previous year's valuation. An Actuarial Valuation as opposed to an FRS Financial Valuation may worsen the contingent liability further. The best way to deal with the effect on Valuation is to transfer cash from the Balance Sheet into the fund to reduce the liability to an acceptable level for the Acquirer to inherit the Scheme.

- **Goodwill**

The Acquirer would then take a view on the Goodwill (over Net Assets £49m) he is prepared to pay, or premium (over Market Capitalisation) he would be expected to pay to acquire the business were it a publically listed company. For the purpose of the valuation below the Goodwill is shown as 20% (£10m).

- **Unsecured Debtors**

It is expected that the long term debtor/CES and Countrywide loans to shareholders would be a carve-out in any disposal negotiations' without conversion to pay-back interest bearing mortgages with charges on the properties.

Some security over the Aqua Dynamics SA (ADSA) debt of £4.1m would be sought, or perhaps swapped for further negotiated equity in ADSA.

- **Interest in Subsidiary/ Associate Undertakings & Joint Ventures**

- **PFIs**- PFI's are valued on the Balance Sheet on an audited NPV / Directors' Valuation basis. While this is assumed to be Market Value, the Directors' revaluation are unrealised gains and are credited to the Revaluation Reserve. If an Acquirer disposes of the PFIs there would be a capital gain credited to the P&L Account of c.£8m. This could prove an attractive proposition for acquiring Plcs, but the covenants on them for the Pension Fund would require removal by deficit reduction.

- **The Transcalm Vehicle Responsive Road Hump**- The JV with Dunlop is assumed to be fair-valued in the Accounts

- **Shares in Aqua Dynamics SA**

AQUA DYNAMICS

Possibly very Undervalued on the Balance Sheet., in terms of Net Present Value, and an opportunity for arbitrage in terms of structuring a potential sale.

Aqua Dynamics SA

80% of the Intellectual Property Rights to two Pell Frischmann Process Technology Ltd Process Technologies (BGAO and SRCF) were transferred in 2012 into Aqua Dynamics SA, A Swiss Holding Company. The BGAO technology was bought from British Gas and a Patent has been submitted, and is pending, for the SRCF process for Produced Water Treatment. The transfer was made to ensure the future integrity of the business can be maintained outside Pell Frischmann, and any onslaught on the IPR protected.

In January 2012 an Independent Banker (Pencharis Limited) produced an Financial Model to assess the value of BGAO and SRCF based on a 10 year forecasting horizon, and a Net Present Value (NPV) assuming global exploitation of the Processes in Oil, Refinery, Carbon Capture, Oil Sands and Natural Gas Produced Water applications.

- The Cash Flow forecast includes:
- Revenue from Plant construction
- Revenue from sale of Catalyst (BGAO0 and membrane (SRCF)
- Revenue from Operations
- Operating Costs
- Tax
- Working Capital & Capex requirements

Pencharis Ltd's 10yr Cash Flow Analysis concludes that there is considerable potential value in both technologies and a Net Present Value (NPV) Valuation of Aqua Dynamics Processes, as follows (excluding terminal value after 10 years):

NPV VALUATION: BGAO- £54.3m ; SRCF- ££191.2m ; Total- £245.5 ; NPV of PF 20% share of both= £49.1m

The base case is simplistic, unsubstantiated and assumes that the technologies retain their application and projected market shares and revenue earnings for 10 years, and does not consider the resource requirements to bring to market. The company clearly requires the resources of a major blue chip partner in order to realise the potential value. Discussions have taken place with Siemens and Cameron of the US.

However, Pell Frischmann Group retains a 20% equity share in Aqua Dynamics SA, and most importantly the "Exclusive Rights" to undertake all engineering/design work associated with Plant Development utilising the two processes, and all know-how in this regard. In this respect Pell Frischmann has "effective control" over Aqua Dynamics whose role is to market and negotiate licenses for application of the technologies.

Ownership of Pell Frischmann Group would provide any would be acquirer (eg Carillion/ SNC Lavalin) significant access to the technology, Engineering and EPC rights to construction of Plants around the world, and a potential entree to the specific target markets of Shale / Oil Sands in UK and Canada. (Suitability of SRCF process for fracking has still to be verified).

The value of Pell Frischmann's 20% holding in Aqua Dynamics SA, as an Associate Undertaking is not recognised on the Balance Sheet. The value could be £0 - £50m, and for the purpose of this Valuation is assumed to be £10m. Access to, and control of, this technology business is likely to be a key determining factor in attracting the interest of companies such as Carillion and SNC Lavalin because of their interests in Canada and the Oil & Gas sector.

Because the future value of the technology remains unproven, and the technologies remain in development stage, it is recommended that the value be recognised in the Valuation, but any cash consideration upon acquisition be held in an Escrow Account, together with the Aqua Dynamics "Call & Put Option" to secure the shares in Aqua Dynamics SA, or force the sale of the shares back to the Original Shareholders of Pell Frischmann Group for the £10m cash. In this way, the value of the Aqua Dynamics SA shares can be recognised in the current Valuation of Pell Frischmann Group, albeit the cash consideration/payment is deferred. Also there is motivation to ensure the success of Aqua Dynamics by Directors and stakeholders in both Aqua Dynamics and Pell Frischmann (eg. Dr WW Frischmann and Dr C Sweeney).

TOTAL VALUATION

Possible Form of Transaction (*Payment including Goodwill [Subject to Tax Advice]*)

Shareholders' Proceeds/ Cash Flow:	**000s**
Cash Purchase of Group Shares	**58,800**
Goodwill/ Cash in Escrow for Aqua Dynamics Shares	**10,000**
Repayment of Shareholders Loans	**-10,833**
Net Proceeds to Shareholders (before tax)	**57,967**

Total Company Valuation **£68,800, 000**

Acquirer's Cash Flow:		Cash Flow
	Cash Purchase of Group Net Assets	-49,000
	Cash Payment Goodwill (excl Aqua Dynamics)	-9,800
	Cash to Escrow for Aqua Dynamics Shares	-10,000
	Receipt/ Collection of Shareholder Loans	10,834
	Dispose of Short Term Investments	18,500
	Sell & Lease back Northern Office	1,000
	Cash Transfer to Pension Scheme	-7,000
	Dispose of PFI Associates/JVs	18,023
	Net Cash Flow	-27,443

Selling Factor to Potential Acquirer

" For a net cash investment of £27m the company will inherit assets with probable value of £73m, and a projected first year profit of £10m, subject to eventual sale of PFI investments."

- Sustainable Consulting Business (valued on EBITDA basis at c£24m)
- 20% investment in Aqua Dynamics(valued on NPV basis at £49m)
- Reduced pension deficit (c£3m)
- £18.5m in free cash (Options are for sellers to retain or transfer with business for acquirer to dispose)
- Extraordinary accounting profit (c.£8m) from sale of PFI Assets.

Conclusion

The above, and attached analysis, values Pell Frischmann nominally at £68.8m, to be paid in cash, with £10m held in Escrow for up to 3 years, subject to performance of Aqua Dynamics SA. There would be a requirement for the repayment of Shareholders' loans valued at £10.8m. The shareholders would receive a combined cash consideration of £58m.

The Acquirer would buy the Shares in Pell Frischmann Group, after a £7m transfer of cash to the Pension Fund. After disposals of PFI and other fixed and cash assets, the net Cash Out Flow for the Acquisition (before tax) would be £27.4m, £10m of which would be held in Escrow subject to the outturn of Aqua Dynamics SA, and decision to Exercise the Put-Pull Option on those shares.

The acquirer would take control of a middle sized Consulting Engineer with an excellent reputation, and hold an interest in, and effective control over, an exciting Technology that holds considerable potential value in world Oil & Gas markets.

Greg Malpass 13.02.2013

PS. (Post Report)

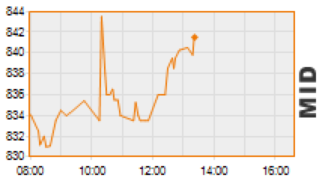
The highest post merger valuation might be achieved via a RTO with Waterman. A combined Market Capitalisation, if achievable, of say £90m would value Pell Frishmann share at probably £60m+, while the combined Group would retain its up-side potential in Pell Frischmann in the 20% share of Aqua Dynamics, and £25m of cash, and the Director Loans would not form part of the deal.

Greg Malpass 27.03.2013

APPENDIX I- Listed UK Consultants (Source Citywire)

WS Atkins PLC (ATK.L)

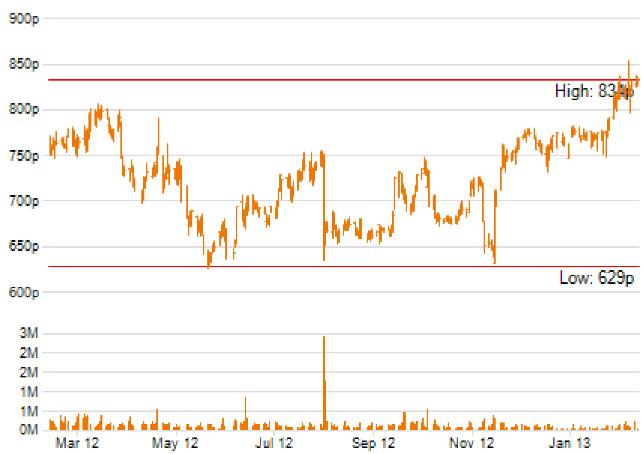
Share Price



842.0p
+10.0p (+1.20%)
Bid: 841.0p **Offer:** 843.5p
As of: 13 Feb 2013 13:55

Market Capitalisation:	£843.18 million
Shares In Issue:	100.11 million
PE:	7.17
Dividend Yield:	3.7

graph last month



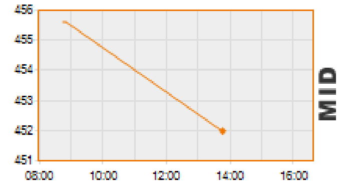
52 week high: 833.5p on 11-Feb-13
52 week low: 628.5p on 21-May-12

Financial History

	to Mar '10	to Mar '11	to Mar '12
Turnover	£1,388m	£1,564m	£1,711m
EPS	78.9p	87.2p	84.3p
Operating Profit	£113m	£107m	£137m
Total Operating Expense	£1,275m	£1,457m	£1,574m
Net Profit	£102m	£73m	£107m
Net Profit Before Taxes	£97m	£91m	£136m
Net Profit After Taxes	£77m	£73m	£107m

Hyder Consulting Plc

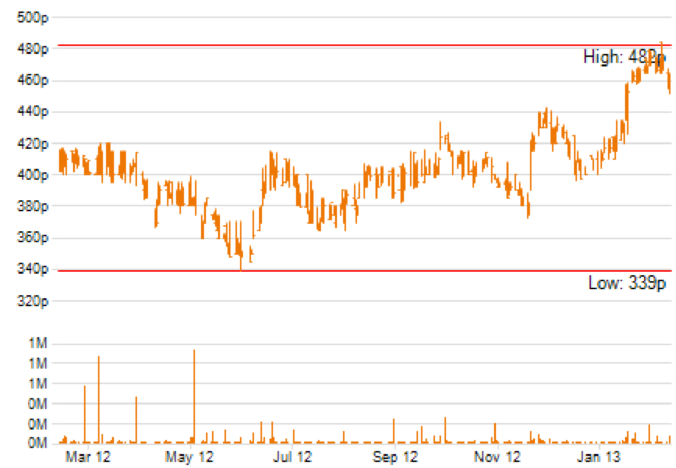
Share Price



452.0p
0.0p (0.00%)
Bid: 450.0p **Offer:** 470.0p
As of: 13 Feb 2013 13:45

Market Capitalisation:	£177.95 million
Shares In Issue:	38.69 million
PE:	11.06
Dividend Yield:	2.39

graph last year



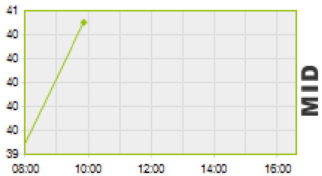
52 week high: 482.0p on 07-Feb-13
52 week low: 339.0p on 31-May-12

Financial History

	to Mar '10	to Mar '11	to Mar '12
Turnover	£309m	£290m	£277m
EPS	30.8p	44.6p	45.4p
Operating Profit	£15m	£18m	£17m
Total Operating Expense	£293m	£272m	£260m
Net Profit	£11m	£15m	£14m
Net Profit Before Taxes	£14m	£18m	£18m
Net Profit After Taxes	£11m	£15m	£14m

Waterman Plc

Share Price



40.5p

0.0p (0.00%)

Bid: 38.0p **Offer:** 41.0p

As of: 13 Feb 2013 09:51

Market Capitalisation:	£12.15 million
Shares In Issue:	30.76 million
PE:	0
Dividend Yield:	0.76

graph last year

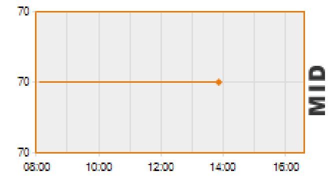
52 week high: 62.9p on 21-Mar-12
52 week low: 36.5p on 31-Dec-12

Financial History

	to Jun '10	to Jun '11	to Jun '12
Turnover	£83m	£74m	£69m
EPS	-5p	0.7p	-9p
Operating Profit	-£5m	£1m	£1m
Total Operating Expense	£88m	£73m	£68m
Net Profit	-£5m	£0m	-£0m
Net Profit Before Taxes	-£5m	£1m	£1m
Net Profit After Taxes	-£4m	£0m	£1m

White Young Green

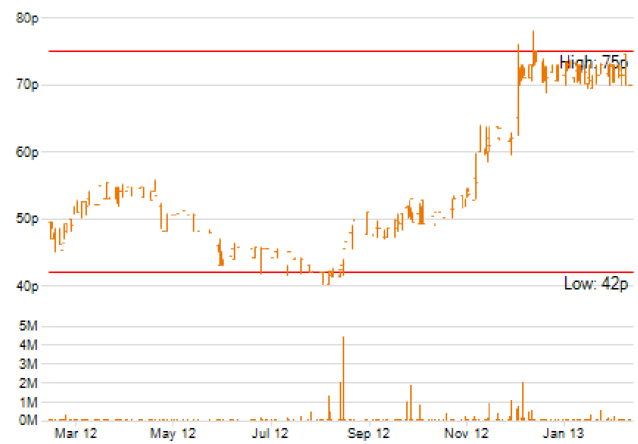
Share Price



70.0p
0.0p (0.00%)
Bid: 70.0p **Offer:** 73.0p
As of: 13 Feb 2013 13:50

Market Capitalisation:	£46.26 million
Shares In Issue:	64.71 million
PE:	0
Dividend Yield:	0

graph last year



52 week high: 75.0p on 12-Dec-12
52 week low: 42.0p on 25-Jul-12

Financial History

	to Jun '10	to Mar '11	to Mar '12
Turnover	£221m	£122m	£140m
EPS	-431.7p	-15.9p	-0.8p
Operating Profit	-£16m	-£25m	£14m
Total Operating Expense	£237m	£146m	£126m
Net Profit	-£21m	-£28m	£11m
Net Profit Before Taxes	-£22m	-£29m	£12m
Net Profit After Taxes	-£21m	-£28m	£11m

APPENDIX II- COMPANY VALUATIONS (Excluding Goodwill)

Pell Frischmann
Consulting Engineers

COMPANY VALUATION (Excluding Goodwill)

VALUATION CALCULATIONS based on Net Assets, and Enterprise Value (EBITDA multiples plus CASH)

1 **GROUP BALANCE SHEET NET ASSET VALUATION**

PELL FRISCHMANN GROUP ACCOUNTS (March £'000s

Fixed Assets	Stat Accts		Adjustmts	Transfer Balance Sheet	Payments/ Debt Forgiveness / Assets Retained by Shareholders	
Intangible	55			55		
Tangible	1,443			1,443		
JVs/ PFI	6,263			6,263		
Associates/ PFI	11,760			11,760		
Associate 20% Aqua Dynamics SA	0			0		
		19,521				
Debtors						
Shareholder Loans	10,833			4	10,833	
Debtors	16,304			16,308		
Aqua Dynamics Debtor	4		remove	0		£4m in return for further 20% in Aqua Dynamics SA
Short term Inv	18,505		remove	0	18,505	
Cash	6,985		transfer to pension	0		
Creditors		52,631				
Trade & Short Term	-8,318			-8,318		
On Account	3			3		
Long Term	-658			-658		
Provisions	-4,019			-4,019		
Pension Liability	-10,183			-3,198		Cash transfer to reduce Pension deficit to £3m
		-23,174				
Net Assets	48,978	48,978	Valuation based on Net Assets	19,644	19,644	Cash Consideration for Net Assets transferred
		Total Consideration to Shareholders			48,982	**TOTAL NET ASSET VALUATION**

Value Range of Group Business
BASED ON NET ASSET TRANSFER
CASH CONSIDERATION
Net Assets - £20m

NOTE:
Pencharis Ltd 10yr Net Present Value (NPV)
Valuation of Aqua Dynamics Processes
BGAO- £54.3m

2 GROUP PROFIT & LOSS (PE MULTIPLE) BASED VALUATION

GROUP PROFIT & LOSS ACCOUNT (March 31st 2012) '000s

	Statutory	Adjusted
Turnover	38,092	38,092
Gross Profit	9,058	9,058
Gen Admin Exps	-6,698	-8,776
Group Ohs	-1553	0
Corp Exps	-525	0
Other Income	1,535	1,535
Op Income excl PFI	1,535	1,535
PFI tender cost	1,535	1,535
R&D	-630	0
Profit Assoc	140	140
Profit JVs	1,341	1,341
Group Op Profit	3,921	4,551
Disposal IPR	4,139	0
Write Offs	-432	-432
Int receivable	1,281	1,281
Int payable	-196	-196
Profit Before Tax	8,713	5,204
Tax	-667	-666
Profit after Tax	8,046	4,538
PE Ratio 8	**64,368**	**36,304**
Average (Statutory/ Adjusted)		**50,336**

3. GROUP CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION

GROUP OPERATING CASH FLOW EBITDA (March 31st 2012) '000s

Net Cash Outflow		
	Op Cash Flow	-3,173
	Group Ohs	1553
	Corp Exps	525
	IPR Sale	4,139
	Adjusted Op CF	3,044
Value/ Op CF Ration 9		**27,396**
	Plus Cash	25,500
		52,896 **TOTAL VALUE ON ADJUSTED CASH FLOW**

PELL FRISHMANN CONSULTING ENGINERRS LTD MANAGEMENT ACCOUNTS_CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION

CORE OPERATING PERFORMANCE/ MANAGEMENT ACCOUNTS- Pell Frischmann Consulting Engineers Ltd

					VALUATION based on EBITDA Multiples		x3	x4	x5	x6	x 9
OFFICE	**SECTOR**	**T/O**	**GP**	**OH**	**OP PROF**						
London	Buildings	4,401	1,744	-777	967						
Bishop Stortford	Rail	2,594	987	-170	817						
Milton Keynes	Infrastructure	582	19	-151	-132	Office now closed					
Birmingham	Rail & Infrastructure	2,691	1,198	-651	547						
Exeter	Water	4,941	1,631	-436	1,195						
Wakefield	Highways	5,410	1,040	-357	683						
Warrington	PFI	427	102	-29	73						
PFI	PFI	2,184	473	-110	363						
International	Iraq	130	59	-83	-24	Note: Iraq will contribute £1m/pa for next 3 yrs					
Operating Performance (EBITDA)		**23,360**	**7,253**	**-2,764**	**4,489**		**13,467**	**17,956**	**22,445**	**26,934**	**40,401**
Other PFI/ Group Income					**1723**						
	Central Overheads										
	Corporate				-525						
	Group				-1553						
	Finance				-480						
	IT				-408						
	HR				-205						
	Marketing				-376						
	Conseco				195						
Total Central Overheads					**-3352**						
	Other				-210						
Statutory Accounts Performance					**2,650**		**7,950**	**10,600**	**13,250**	**15,900**	**23,850**
										Plus Cash	25,500
										Total Valuation	**49,350**

Value Range of Core Operating Business
BASED ON CASH FLOW/ MULTIPLES
£8m - £53m
VALUE @ EBITDA x9.6
£23.9m + CASH £25.5 = **£49.4m**
TOTAL CASH FLOW VALUATION

5 **PELL FRISHMANN COMPETITOR ANALYSIS VALUATION BASED ON ENTERPRISE VALUE (EBITDA MULTIPLES PLUS CASH)**

Financial Comparison (Yr Ends 2012)	Atkins	Hyder	Waterman	WYG	Normalised Average (excl Outliers)	Pell Frishmann Group
Turnover	1,711.0	277.0	69.0	140.0		38.0
Market Capitalisation	843.2	178.0	12.2	46.3		49.0
Profit After Tax	106.8	13.9	0.6	11.4		6.7
PE Ratio	7.9	12.8	20.3	4.1	8.1	7.3
Net Assets	119.4	87.3	33.6	18.0		49.0
Operating Cash Flow	68.6	15.6	0.2	-23.9		1.0
Cash	167.0	22.2	4.0	24.3		25.5
Mkt Cap/NA Ratio	7.1	2.0	0.4	2.6	4.2	1.0
Mkt Cap/ Op CF Ratio	12.3	11.4	81.0	-1.9	9.0	50.5
Op CF/TO Ratio	4.0%	5.6%	0.2%	-17.1%	4.8%	2.6%
Mkt Cap-Cash (EV)	676.2	155.8	8.2	22.0		23.5
EV/Op CF Ratio	9.9	10.0	54.3	-0.9	**24.7**	**24.2**

COMPARATIVE VALUATIONS

1	GROUP BALANCE SHEET NET ASSET VALUATION	Net ASSETS	49.0
2	GROUP PROFIT & LOSS (PE MULTIPLE) BASED VALUATION		50.3
3	GROUP CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION	MAX	52.9
4	PELL FRISHMANN CONSULTING ENGINERRS LTD MANAGEMENT ACCOUNTS_CASH FLOW STATEMENT (EBITDA MULTIPLE) BASED VALUATION		49.4
5	PELL FRISHMANN COMPETITOR ANALYSIS VALUATION BASED ON ENTERPRISE VALUE (EBITDA MULTIPLES PLUS CASH)	MIN	49.0
		VALUATION - EXCLUDING GOODWILL	49.0

POSSIBLE TRANSACTION SCENARIO - Form of Payment including Goodwill [Subject to Tax Advice]

Shareholders' Proceed/ Cash Flow:	000s
Cash Purchase of Group Shares	58,800
Goodwill/ Cash in Escrow for Aqua Dynamics	10,000
Repayment of Shareholders Loans	-10,833
Net Proceeds to Shareholders (before tax)	57,967
Total Company Valuation	**£68,800**

Acquirer's Cash Flow:		Cash Flow
	Cash Purchase of Group Net Assets	-49,000
	Cash Payment Goodwill (excl Aqua Dynamics)	-9,800
	Cash to Escrow for Aqua Dynamics Shares	-10,000
	Receipt/ Collection of Shareholder Loans	10,834
	Dispose of Short Term Investments	18,500
	Sell & Lease back Northern Office	1,000
	Transfer to Pension Scheme	-7,000
	Dispose of PFI Associates/JVs	18,023
	Net Cash Flow	-27,443

SELLING FACTOR TO ACQUIRER

Retained- Consulting Cash Flow Business (valued on EBITDA basis at c£24m), plus 20% investment in Aqua Dynamics(valued on NPV basis at £49m); a reduced pension deficit (c£3m), £18.5m in free cash, and an extraordinary accounting profit (c.£8m) from sale of PFI Assets.

APPENDIX III- Q&A GROUP COMPANY ACCOUNTS (G Malpass- J Fowler)

PAGE	GM COMMENT	JF REPLY
3	Group Income increased 6% to £38m, but Order Book down slightly at £67m. PBT at £7.4m hides a poor operating performance from ordinary activities	Order book is 2.35 times Group Turnover excluding JVs for 2012 and 2.2 times Group Turnover excluding JVs for 2011. Our operating performance reflects the loss of the Highways Agency Lot 1 work from 01/10/11 and burden of the Milton Keynes office.
13	Main one off change is the transfer of BGAO/SRCF IPR and ADPT to ADPT SA in Switzerland. PF Consultants Holdings retain 20%. The Consideration is £4m (albeit the cash payment seems to be deferred)	
15	Operating Cash Flow was -£3.2m , after -£1m in 2011. Core Business is losing money, even though it enjoys subsidies in the form of some HQ & Management Opportunity Costs (eg. Rent)	£4.1m of the negative cash flow is the increase in debtors resulting from the sale of PFPT.
16	Staff Turnover was 12% excluding redundancies. Work winning is essential to maintaining staff and profitability	
19	The net book Value of Land & Buildings in the Fixed Asset Register is less than £1m	
23	P&L propped up by sale of ADPT / IPR for £4.14m. Although the PBT is £7.45m, only £667k paid in tax on Ordinary Activities. Not clear why no taxation on the Capital Gain of the Subsidiary Sale. Maybe a deferred tax position?	Substantial Shareholding Exemption from Capital Gains Tax
24	An Actuarial Loss of £2.2m in the Year. There was a movement on deferred tax relating to the pension liability.	Gross FRS 17 deficit has increased from £11m to £13m which offsets the Corporation Tax rates decrease from 26% to 24%
25	Note 15- The £4m for the payment for sale of subsidiary is I assume shown as a £4m debtor. Cash Balance down from £30m and £18.5m invested in Government Bonds	Agreed
	Note 25- Retirement Obligations up to £10.18m. Balance Sheet Net Assets £48.9m	
27	Cash Out Flow £3.17m. Interest Received (on cash deposits?) down from £3.6m to £849k. Coupon/Yield on new Bonds? Investment in associated undertakings is shown as £5.53m ?? Overall decrease in cash £22.8m	Comparative should be £751k not £3.6m
28	Again increase in Debtors- £4.9M (ADPT Sale)	
33	While number of Employees steady, Salary Costs have dropped £1m. £4.6m derived from Far East contracts? Confirmation that the £4m ADPT payment to the Swiss Firm is deferred.	Redundancies in UK. Staff recruitment in India. India
34	Note 9- When will the Profit on Sale of Subsidiary be taxed?	Substantial Shareholding Exemption for CGT
35	£645k paid in dividends to shareholders. Cash out or transfer to PF Holding Co?	Shareholder Dividends £420k. £650k is tax on dividends received
38	What are the loans to Associate Undertakings £9.29m. Is this CES	No, these are the sub-debt loans to the PFI SPVs
39	Other Debtors £4.9m . Is this the Swiss debt, or other Director's Loan. £6.8m owed to subsidiary undertakings? Note 18 Payments on Account £3.4m ?	£4.1m from the sale of PFPT £6.8m loans from PFG itself to PF's own PFI SPVs £3.4m invoicing ahead of work done on engineering design contracts
45	Sale of some Equity Investments & new investment in 'Others'. £20m. Only 2% return on	PFRBS scheme funds invested in cash before moving into shaped equity structure
45	Sale of some Equity Investments & new investment in 'Others'. £20m. Only 2% return on Deposits	PFRBS scheme funds invested in cash before moving into shaped equity structure
50	Av. age at death in Actuarial Valuation of males is 86 yrs. What's been actual Mortality Age over last 5 yrs?	Linda Roberts would be able to respond to this question
55	Note 28 Indicates WWF and SSP have not taken an Admin Fee in 2012 from Group Co (£709,000 in 2011) Loan to CES Properties is £7.25m ! Is this a loan in-lieu of rent. What's the market value for rent of Manchester Square?	Corrected. The amount for 2012 is £893k. Loan not in lieu of rent. Loan is to fund property purchases. No idea of market value of rent of 4/5/6/7 MSQ
	Would it be better to put the non-working Capital Cash and the Pension Liabilities into separate company, so not to cloud the ease of valuation of PF Group company as a Consulting Engineer Going Concern.	The subsidiary PFCE undertakes engineering only and prepares consolidated accounts. The pension liabilities are in this scheme.
	The 20% retained shares in PF Consultants Ltd is nominally valued at £1m based on transfer value of 80% to ADPT SA; but real value uncertain while future ownership/ value of ADPT SA uncertain.	
	No Breakdown of Operating Cash Flow by Sector/ Client/ Business Unit. Management Accounts req'd to assess where operations are performing/ underperforming.	

E-Mail: John Fowler to Greg Malpass , Wed 06/02/2013 14:29
Greg

Please see my comments below

Regards

John Fowler

1. The core operating Consulting business is not portrayed as very profitable. Some sexy future projections are required with Iraq and new frameworks in water etc. The Accounts of Group of course include the other elements- PFI, Cash, R&D and Corporate OHs etc.

   Noted, we have projections that can be used.

2. The £4m PFPT sale is an extraordinary/ non recurring profit but shown as a debtor which distorts the operating cash flow showing it at -£3.2m. We need to present differently in any historic summary/ future projection.

   I have changed the presentation and removed the £4.139m income from the operating debt and from the disposal proceeds of the cash flow page and now the cash flow is £978k positive rather than £3.2k –ve.

3. Also the PFCE Ltd Accounts show the £2.2m income from Group which represents almost all the declared PBT, and simple looks like a subsidy. How do we explain the income?

   This could be explained in conjunction with question 9 below. The additional income from Group has improved the balance sheet position of PFCE such that PFC/PFCE no longer require a guarantee from a group company for pension commitments.

4. There are no guarantees/bad debt protection/collateral or charges on assets associated with the payment due from the Aqua £4m debtor, nor the £10.8m owed for the loans to R Frischmann and Mr Prabhu for the CES and Country wide properties. Due diligence would view these as potentially risky debtors and net assets discounted as a result, unless protection put in place. Alternatively they could be factored into any cash deal.

   I would expect that the loans to CES and Countrywide would be a carve-out in any disposal negotiations.

5. The true market costs of renting a commercial headquarters moving forward are not currently reflected in the P&L (unless they move to space available in Croydon). Manchester Sq would be c£1m pa probably. Dr F and Mr Prabhu's usual £700k pa management admin charge (above the line) was also not accounted in the 2012 Accounts either. Both these result in a profit overstatement for future projections.

   There is a charge of £893k in the 2012 accounts for WWF and SSP admin.

   The MSQ property lease expires on 28/9/14 and is £220,000 per annum at about £10psf

1. £434k outstanding claim with Carillion

   No comment – I take it you mean the Goole Swing Bridge

2. The Indian business corporate governance matters making it unattractive (if excluded from any deal it reduces T/O by £4.6m and lose 270 staff and profit)

   I cannot comment on the India business itself, however there is a back-office operation for finance, IT and marketing and also the back-office design capability being exploited on the Iraq Water project.

3. PFI's are fully valued already on Balance Sheet at £19.5m so included in the Net Asset figure at c £17m. They would generate cash if sold but probably not profit.

   The PFI Directors Valuations are unrealised gains and hence have been credited to the Revaluation Reserve. On disposal the PF Group would realise a capital gain that would be credited to the profit and loss account and in the event of cash proceeds, increase the cash balance.

4. On top of the £10.2m pension liability on the Balance Sheet there is another £6.4m contingent pension liability/ guarantee in a subsidiary company. Whilst an unlikely and worst case scenario, once again it could affect any valuation.

   The contingent liability for pension scheme commitments of £6.4m arises because at the 2007 valuation on a buy-out basis the employer (PFC) was required to have £18m in net assets available to it (i.e. 50 % of the £36m buy-out basis deficit). At the time the employer only had access to £13m of assets and hence the guarantee from PF Concessionaires was put in place to cover the shortfall.

   PFC/PFCE now has net assets of £19m available to the pension scheme so the requirement for a further guarantee may well have fallen away.

   WWF has also proposed to put further monies, on top of the deficit reduction payments, into the pension scheme this financial year.

APPENDIX IV- GREG MALPASS BSc MBA CEng MICE
RECORD of M&A EXPERIENCE 1986-2010

Company	Target	M&A Strategy	My Role
Taywood 1987	P&O	Takeover Defence (£350m)	Assisted on Group Defence Strategy committee against Hostile Takeover threat (aborted)
ehrer McGovern 1986	Bovis	Share Sale (£10m)	Assisted with negotiation of successful sale of Proprietors' personal shares in LMcG to Bovis part of P&O Group. (completed)
Tarmac 1989-93	Dragados	Group Merger Talks (£3bn)	Established Group White Knight Merger talks with Dragados to thwart pending Bouygues takeover via Banco Central(aborted after HBG share sale)
	Crown House Engineering	Takeover (£35m)	Assisted with complete search/ company selection and successful acquisition to secure entry into M&E market (completed)
	Expanded Piling	Takeover (£12m)	Assisted with complete search/ company selection and successful acquisition to secure entry into Piling market (completed)
	Stangers Consultants	Takeover (£1m)	Assisted with complete search/ company selection and successful acquisition to secure entry into Materials Testing market(completed)
	Revillion	Takeover (£18m)	Assisted with complete company search/ selection and successful acquisition to secure entry into French Routier market (completed)
	Nicoletti	Takeover (£30m)	Assisted with complete company search/ selection and successful acquisition to secure entry into French regional construction market (completed)
	Property Services Agency (PSA)	Takeover/ Privatisation (£134m)	Led negotiations with HMG for successful Privatisation/ Acquisition of PSA to secure entry into UK Consulting Engineering Services market together with secured £134m dowry. (completed)
	Cleops SA	Attempted Takeover (£30m)	Led negotiations to acquire minority interest in local Spanish listed plc contractor (aborted)
	Royal Volker Stevin	Attempted Takeover/ White Knight (£3bn)	Assisted with White Knight acquisition negotiations following HBG aggressive move on Volker Stevin (rejected by CEO)
Wimpey 1994-96	MITIE	Takeover (£50m)	Discussions with Chairman for acquisition (aborted)
	Gardner Merchant	Takeover (£30m)	Discussions with Chairman, (thwarted by subsequent acquisition by Sedeco of France)
	SNC Lavalin	Merger Talks (£3bn)	Initiated Plc Merger talks to establish Global EPC Company (rejected by Wimpey Board)
	Tarmac	Asset Swap (£350m)	Masterminded and initiated successful £350m Asset swap of Wimpey Construction and Minerals Divisions for Tarmac Homes Division (completed)
	Water Engineering (WEC)	North West Water (£15m)	Assisted with complete company search/ selection and acquisition negotiations to develop market share in Water Sector (thwarted over price expectations)
IPCO 1997-99	Guiria Port	Takeover (£10m)	Proposed co-investor/ Sole Bidders to Venezuelan Gov for Privatisation of Guiria Port (rejected by IPCO Board)
Costain 2005-09	Costain West Africa Plc (CWA)	Disposal (£3m)	Helped search/select bidders for negotiated sale of Costain Plc minority interest in Costain (West Africa) Plc to local businessman. (completed)
	Taylor Woodrow Construction	Attempted Takeover (£70m)	Presented to CEO innovative Convertible Loan Stock derivative offer for minority shareholder to back Acquisition Proposal
	Miller	Acquisition Studies (£300m)	Assisted with Acquisition Studies (No further action)
	Biwater	(£10m)	"
	TEG; Naston/ Gambi	"	"
Kier 2010	Costain	Acquisition Study & Proposal (£150m)	Reviewed by Group CEO (No further action)

APPENDIX V- CONTACTS (Source G Malpass)

Senior UK & International Contractors and Consultants Contacts/ & Introductions

	Company	Name	Status √ or x /Interest Expressed *
1	COSTAIN	Andrew Wyllie	√
2	CARILLION	Richard Howson	√ *
3	KIER	Paul Sheffield	√
4	LAING O'ROURKE	Roger Robinson	√
5	AMEC	Samir Brikho	√
6	BECHTEL, US	Mike Adams	√
7	VINCI UK, US	John Stanion	√
8	BAM UK/ NUTTALL , Neth	Graham Cash	x
9	BALFOUR BEATTY	Andrew McNaughton	x
10	AMEY/ FERROVIAL, Spain	S. Olivares	x
11	BOUYGUES UK/COLAS, France	Madani Sow	√
12	ACS/ DRAGADOS, Spain	Florentino Perez Rodriguez	√
13	SIR ROBERT McALPINE	Colin Weekley	x
14	GALLIFORD TRY	Greg Fitzgerald	x
15	LEND LEASE, Australia	David Crawford	x
16	SKANSKA, UK	John Chick	x
17	BABCOCK	Peter Rogers	√
18	SERCO	Christopher Hyman	√
19	SKM, Australia	Santo Rizzuto/ Karl	√ *
20	AURECON, Singapore	Stephen Wells	√ *
21	SNC LAVALIN, Can	Robert G Card/ Neil Bruce	√ *
22	MOTTS	Keith Howells/ John Perry	X *
23	URS/ SCOTT WILSON, US	Martin M Koffel	√
24	AECOM, US	John M Dionisio	x
25	WILLMOTT DIXON	Rick Willmott	x

26	ASHTEAD	Sat Dhaiwai	x
27	ARCADIS, Belgium	Neil McArthur/ Roland van Dijk	√ *
28	CHINA STATE, China	Sun Wenje	x
29	POYRY, Finland	Henrik Ehnrooth	√ *
30	SWECO, Sweden	Bo Jansson	√
31	COWI, Denmark	Lars-Peter Sobye	√
32	WATERMAN	Nick Taylor	√ *
33	BURO HAPPOLD	Mike Cook	√
34	MORGAN SINDALL	John Morgan	√
35	INTERSERVE	Adrian Ringrose	√
36	CAPITA	Maggi Bell/ R Marchant/ C Tilley	√ *
37	HYDER	Ivor Catto	√ *
38	WORLEY PARSONS, AUS/US	Andrew Wood	x
39	WOOD Group, UK/US	Alan Semple	√ *
40	OPUS, NZ	Dato Izzaddin Idris	√
41	FUGR NV, Neth	Mr. P. van Riel	x
42	GENIVAR/ WSP, US	Christopher Cole	x
43	TURNER & TOWNSEND	Vincent Clancy	x
44	SHAW GROUP, US	J. M. Bernhard Jr.	x
45	LARSEN & TOUBRO, India	Krishnamurthi Venkataramanan	x
46	MACE	David Vaughan	x
47	HOCHTIEF, Ger	Marcelino Fernández Verdes,	x
48	STRABAG, Austria	Hans Peter Haselsteiner	x
49	ODEBRECHT, Brazil	Roger I	√
50	BILFINGER & BERGER, Ger	Joachim Enenkel	x
51	IMPREGILO, Italy	Pietro Salini	x
52	ARABTEC, UAE	Riad Burhan Kamal	√
53	PETROFAC	Ayman Asfari	√
54	UNITED UTILITIES	Steve Mogford	√
55	JACOBS, US	John Jeffers	√
56	STANTEC, Can	Bob Gomes	√
57	LOUIS BERGER, US	Luke McKinnon	√
58	GOLDER ASSOCS, Can	Brian Conlin	√
59	GRONTMIJ, Neth	Michiel Jaski	√
60	HATCH, Can	John Bianchini	√
61	FLUOR, US	David Dunning	√

Also

Mott MacDonald- John Perry
Arup- Jorge Valenzu
ACS- Florentino Rodruguez
FCC- Guillermo Garcia
SKE&C- Casey Choi
Murphy- Neil Sutehall
Fluor- Jimmy S
McKenzie/ Bechtel- Zaid Ghazleh
Al Jaber- Aaron Beveridge
BNP Paribas- Antonio Lopez
Banif Inv Bank- Nuno Torcato
URS- Louise Parkinson
Tecnicas Reunidas- Joaqin P
KBR- P Foster

APPENDIX VI- PELL FRISCHMANN / AQUA DYNAMICS OIL & GAS TECHNOLOGIES

and AQUA DYNAMICS OVERVIEW FINANCIAL MODELLING RESULTS

(Source Dr WW Frischmann, and..)

Aqua Dynamics SA

BGAO and SRCF Process Technologies

Philip Nias, Consultant

Pencharis Limited

23rd January

BGAO and SRCF

Overview of Financial Modelling results

Philip Nias, Consultant

23rd January 2012

Model overview

- Model created to assess value of BGAO and SRCF technologies
- 10 year forecasting horizon considered together with assessment of continuing value thereafter.
- For each technology, based on assumptions and inputs, the model:
  - assesses the potential market by region and by segment
  - assesses PFPT's potential market share of each segment
  - derives the number of projects per annum based on market share
  - derives a cash flow forecast and net present value calculation
- Model includes the ability to test various scenarios
- Main results are summarised on a single sheet but more detailed results are contained within the cash flow forecasts.
- The model contains an operating manual sheet, which provides further detail.

Market segments

- BGAO:
  - Oil refinery spent caustic
  - Ethylene refinery (cracker) spent caustic
  - Natural gas produced water (e.g. Qatar Petroleum)
  - Carbon Capture and Storage (e.g. Saskatchewan)
  - Other markets *[not currently included in the modelling – lack of data]*
    - Synthesised Natural Gas
    - Marine effluents
    - Pharmaceuticals
    - Resin manufacture
- SRCF:
  - Offshore oil
  - Onshore oil
  - Oil sands
  - Downstream oil refineries *[included in model but not currently assumed to be a market for SRCF]*
  - Natural gas produced water
- Retrofit of existing plant and new projects both considered.

Regional analysis

- BGAO:
  - Africa
  - Asia Pacific
  - Western and Central Europe *(no subdivision for CCS)*
  - Eastern Europe and Central Asia *(no subdivision for CCS)*
  - Middle East
  - North America
  - Central and South America
- SRCF:
  - Africa
  - Asia
  - Europe
  - Russia and Central Asia (Caspian)
  - Middle East
  - North America
  - Latin America

NOTE:
The regional split for each technology varies slightly as a result of the market data available. There are some classification inconsistencies between data sources.

Structure of cash flow forecast

- Separately for each technology, the model derives a cash flow forecast (in reals terms, i.e. without inflation) including the following elements:
  - Revenue from plant construction
  - Revenue from subsequent sales of catalyst (BGAO) and membrane (SRCF
  - Revenue from operation (for BGAO plant there is an option for plant ownership and operation to be retained by PFPT)
  - Operating costs
  - Tax on net operating income
  - Working capital changes
  - Capital investment
  - Net free cash flow
- The model calculates the net present value (NPV) of the 10 year net free cash flow including NPV of continuing value beyond year 10.
- Results are presented on a segmental and regional basis.

Summary of main results - BGAO

Scenario: Base case

All amounts are in £ 000s and relate to the Net Present Value of future cash flow (net profit after tax +/- changes in working capital - capital investment)

Total number of projects p.a. in steady state	13

Terminal Value at Year 10	92,765
NPV of TV at Year 10	40,391
NPV of Years 1 to 10	54,303
NPV total	**94,695**

Regional breakdown of NPV	Total NPV	Years 1-10
Africa	6,452	3,987
Asia Pacific	24,197	13,715
Western & Central Europe	16,934	9,526
Eastern Europe & Central Asia	10,529	5,942
Middle East	10,351	5,855
North America	16,687	9,762
Central & South America	9,543	5,516
Total	**94,695**	**54,303**

Note: capacity of a typical project varies depending on market segment from 5 to 25m^3/hour

Summary of main results - SRCF

Scenario: Base case

All amounts are in £ 000s and relate to the Net Present Value of future cash flow (net profit after tax +/- changes in working capital - capital investment)

Total number of projects p.a. in steady state	25

Terminal Value at Year 10	312,650
NPV of TV at Year 10	136,132
NPV of Years 1 to 10	191,145
NPV total	**327,277**

Regional breakdown of NPV	Total NPV	Years 1-10
Africa	28,863	17,781
Asia Pacific	18,965	12,976
Europe	10,213	7,376
Russia and Central Asia (Caspian)	30,789	19,373
Middle East	118,687	66,611
North America	78,120	42,894
Latin America	41,641	24,134
Total	**327,277**	**191,145**

Note: analysis based on a “typical project” of capacity of 1000m^3/hour

Conclusions and recommendations

- The modelling indicates there is considerable potential value in both technologies.
- The base case does not consider resource constraints.
- The model is simplistic, unaudited and should be considered as a guide only. Attention is drawn to the Important Notice (Disclaimer) at the end of this presentation.
- Further work should be undertaken to review and refine the assumptions – particularly potential market assumptions and operating costs of the business necessary to support the revenue projections.
- There are some gaps in the data, which should be reviewed and further data acquired where necessary/possible.
- The various scenarios should be reviewed and discussed and sensitivity analysis refined.

Appendix VII - Mergers & Acquisitions of Consulting Firms

(Source Institute of Structural Engineers)

Former practice	Subsequently
Acer Group	Hyder Consulting (1996)
Adams Kara Taylor	Acquired by White Young Green (2006), management buyout with Tyréns to form AKT II (2011)
Allott & Lomax	Babtie (2000), retained name for some time
Allott, C S & Son	Allott & Lomax, then Babtie (2000), then Jacobs Babtie (2004)
Andrews, Kent & Stone	Merged with Anthony Ward partnership to become AKS Ward (2005)
Andrews, Walter C	Andrews Associates
Anemos	RWDI Anemos (2004)
Applied Geology	Rust (a subsidiary of Rust International), then Rust Environmental, then Parsons Brinckerhoff
Aspen	Waterman Aspen
Atelier One	SMP Atelier One (1994, with Stephen Morley Partnership)
Babcock Water Engineering	Earth Tech Engineering (1998)
Babtie	Jacobs Babtie (2004), then Jacobs (2006)
Babtie Shaw & Morton	Babtie (qv), then Jacobs Babtie (2004), Jacobs (2006)
Baguley, Maurice & Partners	Hurley Palmer Flatt (c. 2004?)
Baker and Mott	Mott Macdonald
Baker and Shelford	
Balfour	D Balfour, then Faber Maunsell
Barclay Dowds	merged with JMP Consultants (1989)
Barry & Brunel	see Wolfe Barry
Barry & Leslie	see Wolfe Barry
Barry, A J	see Wolfe Barry
Barry, A J, Cochrane	see Wolfe Barry
Bateman, J F	G H Hill (c1890)
Bay Associates	Acquired by Supporta plc (2006)
Beer, A E & Partners	Beers (1981)
Benaim	Acquired by Scott Wilson (2008)
Bertlin	Scott Wilson Kirkpatrick (late 1980s), initially as Scott Bertlin. Bertlin name disappeared c1995
Bettridge Turner	Acquired by Hyder (2006)
Bianco, J C	
Billington, Roy Associates	Merged with T D Bingham (2005); T D Bingham merged with Nixon Davis to become Bingham Davis (2006)
Bingham Blades	Bingham Hall O'Hanlon (the Welsh offices, 1981), then Bingham Hall Partnership; Bingham Yates (Edinburgh office (1978). Merged with BMMK Cotterell to form Bingham Cotterell (1988), acquired by Mott MacDonald (1998)
Bingham Cotterell	Acquired by Mott MacDonald (1998, former name retained for a while)
Bingham, T D	merged with Nickson Davis to become Bingham Davis (2006)
Binnie & Partners	Binnie Black & Veatch (1995), then Black & Veatch (2003)
Birkett Stevens Colman Partnership	Merged with GHA Livigunn (2009, both retain name)
Blair, J F	Crouch and Hogg (19th century)
Blyth & Blyth	[Management takeover (2004)]
BMMK Cotterell	Merged with Bingham Blades to form Bingham Cotterell (1988),

BMMK Cotterell	Merged with Bingham Blades to form Bingham Cotterell (1988), acquired by Mott MacDonald (1998)
Bobrowski, Jan	NRM Bobrowski (2004). NRM Bobrowski acquired by Capita Symonds to become Capita Bobrowski (2008)
Bolsover, Roy	Dissolved 1999
Bowden Sillett	Train & Kemp (c. 2001)
Bradshaw, Buckton and Tongue	Waterman BBT (1989)
Brakenridge & Miller	MCMK, then ZMCK (1982)
Brand, Frederick	Brand Leonard (1994)
Brierley Lovell Partnership	Separated into Brierley & Co and AGL Consulting (1996)
Brimer & Martin	see Brimer, Andrews & Nachsen
Brimer, Andrews & Nachsen	Merged with Brimer & Martin and Maggs and Keeble to form Brimer, Martin, Maggs, Keeble and Partners (1962), BMMK & Partners merged with A P I Cotterell & Son to form BMMK Cotterell (1981), merged with Bingham Blades to form Bingham Cotterell (1988), acquired by Mott MacDonald (1998)
Brimer, Martin, Maggs, Keeble & Partners	BMMK & Partners, merged with A P I Cotterell & Son to form BMMK Cotterell (1981), merged with Bingham Blades to form Bingham Cotterell (1988), acquired by Mott MacDonald (1998)
Broad and Gloyens	Merged with CCP to form HAP (2001), then HAC (2006)
Brooke, Richard	Taken over by Mason Clark (2005)
Brown Crozier and Wyatt	Humphries and Brown. A Caton Crozier left partnership in 1980
Brown, Kenneth and Partners	KB2 Consulting Civil and Structural Engineers LLP (2008)
Buchanan Consulting Engineers	Capita (2005) but retains name
Buck, D V	Parkman Buck, then Parkman, then Mouchel Parkman
Building Performance Group	Acquired by BRE (2006)
Bullen	Faber Maunsell (2005)

Burgess Associates	Dissolved 2004
Burks Green	Acquired by RPS Group, now RPS Burks Green (2006)
Burns, T F	see Posford Duvivier
Burrow, John	Burrow Crocker, then DHV Consulting (c. 1991-2), then Aspen Burrow Crocker, then Waterman Burrow Crocker
Bush Booth	Dissolved 2006
Bylander Waddell	Liquidation (1999), then Bylander 2000 Ltd (2000)
Cairns & Byles	WSP Group plc (1988)
Caldwell Consulting Engineers	Willis Caldwell Ltd (2004), then WCL St James
Cameron Holdsworth	Nickalls Roche McMahon (2003), then NRM Consultants
Cameron Taylor	Scott Wilson (2006)
Cameron Taylor Bedford	Cameron Taylor (2005), then Scott Wilson (2006)
Cameron Taylor Brady	Cameron Taylor (2005), then Scott Wilson (2006)
Cantor Seinuk	WSP Cantor Seinuk (2000)
Carl Bro	Grontmij (2007)
CCP	Merged with Broad and Gloyens to form HAP (2001), then HAC (2006)
Cetec	White Young Green (2005)
Chadwick & Associates	CASE Consultants (1996)
Chapman, Smart & Barker	Barker Chapman (1984)
Christie, S P	Christie & Partners
Civil Engineering Design Group, British Rail (York)	CEDG York Ltd, (1995, within British Steel)
Civil Engineering Design, British Rail (Croydon)	Atkins (1995-6?)

Clarke, Nicholls, Marcel	Bristol office became Clarke Bond Partnership (1986), then Clarke Bond Group (1999). Clarke, Nicholls, Marcel continues to operate under that name
Colquhoun, Brian	Thorburn Colquhoun (c. 1993-4?, with Thorburn), URS (1999)
Conisbee, Alan and Associates	Conisbee (2007)
Coode Blizzard	Graham Group (1994), WSP Group plc (1997)
Cook White Partnership	Nickalls Roche McMahon (1998) then NRM Consultants
Cook, E J	Costain
Cooper Macdonald	Practice dissolved (1993)
Cowan and Linn	Blyth and Blyth (2006)
Crabtree Morrell	Beers (1981)
Craddy & Partner	Craddy Pitchers (1999), then Craddy Pitchers Davidson (2006)
Crocker, Trevor	Burrow Crocker, then DHV Consulting (c. 1991-2)
Crouch & Hogg	Crouch Hogg Waterman, then (1997) Halcrow Waterman (structures) and Halcrow + Crouch (civil engineering)
Cuthbertson, R H	Cuthbertson Maunsell (1999), part of Balfour Maunsell, then FaberMaunsell, now Aecom
Dames & Moore	URS
Davies, Richard Associates	Robert Benaim
De Leuw Chadwick	De Leuw Knight Piesold, now Pell Frishmann
Deakin Callard	merged with Jon Walton Associates to form Deakin Walton (1999). Scottish office of Deakin Callard sold to the incumbent partner and relaunched as Goodson Associates. Deakin Walton acquired by the Clarke Bond Group (2008) and relaunched as Clarke Bond (2010)
Design & Construction Unit, British Rail (Birmingham)	Owen Williams (1995)
Design Group Partnership	DGP International, purchased by Scott Wilson (2006)

DGP International	Purchased by Scott Wilson (2006)
DHV International	company still active worldwide but UK office in liquidation
Dixon Hurst	merged with Redgrove & Kemp to form Dixon Hurst Kemp (1997)
Dobbie	Babtie (1990)
Dobbie, C H	Dobbie & Partners (mid 1980s), then Babtie Dobbie (1987), then Babtie (1990)
Donkin	Kennedy and Donkin
Doran, Dr I G	Doran Consulting
Douglass, Lewis and Douglass	see Lewis Duvivier
Durley Hill	merged with Cameron Taylor Bedford to form Cameron Durley Consulting (1999)
Earley Campling Lee	White Young
Elliott & Brown	Acquired by Waldeck (2010)
Elms Rooke	Geoff Rooke now a director of the Terrell Group
Engineering Geology	Acer (1993), then Hyder (1996)
ERL	Merged with ERM (1987)
Evans Grant	Evans Grant Opus (2004), merged with Veryards Opus to form Opus International Consultants (2006)
Evans, Wallace	Bought by Welsh Water (1990), merged with Acer as Acer Wallace Evans (1993), then Hyder (1996)
Ewbank	merged with Preece Cardew & Rider to become Ewbank Preece (1983)
Ewbank Preece	Mott MacDonald (1994)
Faber, Oscar	Merged with AECOM Maunsell (2001) to become FaberMaunsell, then AECOM FaberMaunsell, now AECOM
Ferguson McIlveen	Scott Wilson (2006), retains name

Flint & Neill	Merged with COWI (2008)
Flynn & Rothwell	De Leuw Chadwick, De Leuw Knight Piesold, now Pell Frischmann
FMH Consulting	acquired by SLR (2008)
Fordham Johns	Cameron Taylor
Fox, Douglas	Freeman Fox
Freeman Fox	merged with John Taylor to form Acer Group (1987), then Hyder Consulting (1996)
Gathard Brooke	Bettridge Turner (2004)
Geotechnical Consultants	Wilkinson Assoiciates then part of Tony Gee & Partners (2003)
GHA Livigunn	Merged with Birkett Stevens Colman Partnership (2009, both retain name)
Gibb, Sir Alexander	Law Group (US), Jacobs Gibb (2001), Jacobs (2002), then Jacobs Babtie (2004)
Gifford	Purchased by Ramboll (2011)
Gower Associates	Babtie (1990s)
Graham Group	WSP Group plc (1997)
Graham, Frank	Graham Group
Gray & Hurst	B L Hurst left partnership in 1910 (see Hurst, B L). C W Gray in practice until 1922.
Green, Ernest	White Young Green (1997)
Gregory & Associates	BCSP (1997)
Grove Consultants	Tarmac Professional Services (TPS) (1995), then Carillion
Gunn & Colthart	merged with Leslie Plummer Associates (2005)
Haiste Group	Carl Bro (1988), subsequently Grontmij
Halcrow	Purchased by CH2M Hill (2011)

Hallam, Michael	Hallam, Alexander (1996), then Alexander Associates (2004)
HAP	HAC (2006)
Harris & Sutherland	Babtie Harris & Sutherland (1997), then Babtie, Jacobs Babtie (2004), Jacobs (2006)
Harris, A J & J D	Harris and Sutherland (c1964) (qv)
Harris, E C	Bought out by Arcadis (2011)
Haswell, Charles	Haswell Consulting, then (2005) taken in-house by Severn Trent
Hawksley, T and C	Amalgamated with J D and D M Watson to form Watson Hawksley (1978), merged with James M. Montgomery to form Montgomery Watson (1990), merged with Harza Engineering Company to form Montgomery Watson Harza (2001), shortened to MWH (2003)
Hay Barry	Acer, then Hyder Consulting (1996)
Henderson, L N	L N Henderson, Morgan (1978)
Hill, G H	Closed down following 1984 Carsington Dam failure
HJT	WSP Group plc (1999)
Holman, Davis	Mander, Raikes and Marshall (1986), then MRM
Howard Humphreys	Brown & Root, Halliburton, Kellogg Brown & Root, now KBR
Hunt, Anthony	YRM Anthony Hunt, then Kendall, then SKM Anthony Hunts
Hunter and Dunn	
Hurst, B L	B L Hurst & Peirce (1935), then Hurst Peirce & Malcolm (1947)
Husband	Mott MacDonald
Hutchinson, George Associates	Merged with Livingston Gunn to form GHA Livigunn
Infrastructure Design Group, British Rail (Glasgow)	Scott Wilson Kirkpatrick (1995)
Ingram, L.V.	Closed down (2005)

Irendco	High-Point Rendel
Jacobs Babtie	Jacobs (2006)
James, Harold	Merged with T A Millard (2005)
James, R T (London office)	Owen Williams (1996), now Amey (2006)
James, R T (Newcastle upon Tyne office)	WSP Group plc (1995)
James-Carrington & Partners	Acquired by Kenchington Little (c1990), then WSP Group (1995)
Joynes Pike	Acquired by Opus International Consultants (2008)
Kanthack, F E	WLPU, then Knight Piesold (1990), then Pell Frischmann
Kara Taylor	Adams Kara Taylor (1997)
Kenchington Ford	WSP Group plc (1993)
Kenchington Little	Kenchington Ford (owned by A B Consulting), then WSP Group plc (1993)
Kennedy & Donkin	Rust (1994), then Parsons Brinckerhoff (1998)
Kirk McClure Morton	RPS Kirk McClure Morton (2004)
Kirkpatrick, J A	Carl Bro (1990)
KML Consulting	Carl Bro (1993)
Knight Morrish	Morrish and Partners (1999)
Knight Piesold	Pell Frischmann
Knowles. James R	Knowles, then acquired by Hill International (2006)
Leonard & Partners	Brand Leonard (1985?)
Lewis & Lewis	see Lewis and Duvivier
Lewis and Duvivier	A.W. Lewis was the last assistant of William Tregarthen Douglass, son of the lighthouse engineer Sir James Nicholas Douglass. When W.T. Douglass died his son Cuthbert became head of the firm in partnership with Lewis to become Douglass,

Lewis and Duvivier	A.W. Lewis was the last assistant of William Tregarthen Douglass, son of the lighthouse engineer Sir James Nicholas Douglass. When W.T. Douglass died his son Cuthbert became head of the firm in partnership with Lewis to become Douglass, Lewis & Douglass (1914). When Cuthbert was killed in WW1 the firm became Lewis & Lewis (1918), then Lewis & Duvivier (1942). It merged with Posford Pavry to form Posford Duvivier (1987), incorporated T F Burns and Partners (1992) and was acquired by Royal Haskoning (1994), becoming Posford Haskoning (2001) then Royal Haskoning (2005)
Livesey & Henderson	Binnie, now Black & Veatch (2003)
Macdonald, F A	W A Fairhurst (1963)
MacDonald, Sir M[urdoch] & Partners	Mott MacDonald (1989, with Mott, Hay & Anderson)
Maggs & Keeble	see Brimer, Andrews & Nachsen
Mainline Railway Infrastructure Consultants, British Rail (Swindon)	Scott Wilson Kirkpatrick (1995)
Malachi Cullen	White Young Green (2007)
Mander Structural Design	Integral Structural Design (2005, with Pilotis)
Mander, G C	Mander, Raikes & Marshall (1973)
Mander, Raikes & Marshall	MRM, then Rust (a subsidiary of Rust International), then Rust Environmental, now Parsons Brinckerhoff
Marsh, John Associates	merged with Sinclair Johnston (1998)
Marshall, Alan	Frank Graham, then Graham Group, then WSP Group plc (1997)
Matthew Consultants	Walsh Group
Maunsell, G	Maunsell, acquired by Aecom (2000), became FaberMaunsell (2001)
Maunsell, G A	Founded by Guy Maunsell and John Posford (early 1940s), then Maunsell, Posford and Pavry (1949). Firm split to form Posford Pavry and Partners (1955), incorporated W H Radford & Son (1983), merged with Lewis and Duvivier to form Posford Duvivier (1987), incorporated T F Burns and Partners (1992),

McDowells	Closed down (1996)
McKelvey Ellis Partnership	Merged with Keith Pearson Associates to become Pearson Ellis Partnership (1991), then PEP Ltd (1994), then PEP Civil & Structures Ltd (1996)
McKelvey, K K	McKelvey Ellis (1971) (qv)
McMahon Associates	Nickalls Roche McMahon (1979) then NRM Consultants
Meik	Halcrow
Mentor, a Cooper Macdonald geotechnical subsidiary	Mentor
Merz & McLellan	Parsons Brinckerhoff (1994)
Metro Consulting	Mouchel (2001)
Mitchell, McFarlane	In liquidation. Hong Kong Office Mitchell, McFarlane, Brentnall & Partners taken over by WSP Group plc (2000)
Modus	Sinclair Knight Merz (Europe) Ltd (1999)
Montgomery Watson	Merged with Harza Engineering Company to form Montgomery Watson Harza (2001), shortened to MWH (2003)
Montgomery, James M	Merged with Watson Hawksley to form Montgomery Watson (1990), merged with Harza Engineering Company to form Montgomery Watson Harza (2001), shortened to MWH (2003)
Moorehead Clancy Associates	formed 1969, separated (1972) to form Brian Moorehead & Partners and Brian Clancy Partnership, then Clancy Consulting (2000). Brian Moorehead & Partners ceased trading 1992, the Manchester office becoming Consultants BMP, then Modus, then Sinclair Knight Merz (Europe) Ltd (1999), the London Office becoming BMP Consulting Engineers (dissolved 1993), then R & H Moorehead (1992), then Ramboll Moorehead (dissolved 2005)
Morley, Stephen Partnership	SMP Atelier One (1994, with Atelier One)
Morton, Brian A and Partners	The Morton Partnership (1992)
Mott & Hay	Mott, Hay and Anderson (1920)

Mott, Hay & Anderson	Mott MacDonald (1989, with Sir M[urdoch] MacDonald)
Mouchel, L G	Mouchel Parkman (2003), now Mouchel Group
MRM	see Mander, Raikes & Marshall
Mulholland & Doherty	Acquired by Faber Maunsell (2008)
Nachshen, Crofts & Leggatt	NCL Consulting Engineers, then Project Engineering Partnership, NCL Stewart Scott Ltd, then NCL St James Ltd (part of St James Consultants), then St James Lovell Partnership (closed down 2007). Information available from Pinfold Consulting.
Newsum, H and Sons	also known as HNS. Taken over by Dexion and relaunched as Newsum Timber Engineering (NTE)
Nickalls and Roche	acquired McMahon Associates (1979), Cook White Partnership (1998) and Cameron Holdsworth (2003) to become Nickalls Roche McMahon and then NRM Consultants. Merged with Jan Bobrowski to become NRM Bobrowski (2004). NRM Bobrowski acquired by Capita Symonds to become Capita Bobrowski (2008)
Nickson Davis	Merged with T D Bingham to become Bingham Davis (2006)
Nolan, John Associates	Acquired by Erinaceous Group (2006), now Nolan Associates
Norman & Dawbarn	Capita Norman + Dawbarn (2005)
Northcroft	Acquired by Capita Symonds (2012)
NRM Consultants	NRM Bobrowski (2004). NRM Bobrowski acquired by Capita Symonds to become Capita Bobrowski (2008). See Nickalls and Roche
Osprey	Osprey Mott MacDonald
Parkman	Mouchel Parkman (2003), now Mouchel Group
Parsons, Brown	now part of WSP Group
Parsons, Brown and Newton	now part of Mott MacDonald
Pattisson, John	Evans Grant Opus (2004)
Pearson, Keith Associates	Merged with McKelvey Ellis & Partners to become Pearson Ellis Partnership (1991), then PEP Ltd (1994), then PEP Civil &

Pearson, Keith Associates	Merged with McKelvey Ellis & Partners to become Pearson Ellis Partnership (1991), then PEP Ltd (1994), then PEP Civil & Structures Ltd (1996)
Peel and Fowler	Scott Wilson (2002)
Pell, C J	Pell Frischmann
Pencol	Penspen Group
Pettit	Mott MacDonald Pettit (2006)
Pilotis	Integral Structural Design (2005, with Mander Structural Design)
Posford Duvivier	A.W. Lewis was the last assistant of William Tregarthen Douglass, son of the lighthouse engineer Sir James Nicholas Douglass. When W.T. Douglass died his son Cuthbert became head of the firm in partnership with Lewis to become Douglass, Lewis & Douglass (1914). When Cuthbert was killed in WW1 the firm became Lewis & Lewis (1918), then Lewis & Duvivier (1942). It merged with Posford Pavry to form Posford Duvivier (1987), incorporated T F Burns and Partners (1992) and was acquired by Royal Haskoning (1994), becoming Posford Haskoning (2001) then Royal Haskoning (2005)
Posford Pavry	Incorporated W H Radford & Son (1983), merged with Lewis and Duvivier to form Posford Duvivier (1987), incorporated T F Burns and Partners (1992), acquired by Royal Haskoning (1994), Posford Haskoning (2001), Royal Haskoning (2005)
Preece Cardew & Rider	merged with Ewbank to become Ewbank Preece (1983)
Property Services Agency / PSA Consult	TPS Consult, now part of Carillion
PSA Projects	TBV Consult under Tarmac Professional Services (TPS, 1992))
Radford, W H	Incorporated into Posford, Pavry and Partners (1983)
Redgrove & Kemp	merged with Dixon Hurst Partnership to form Dixon Hurst Kemp (1997)
Rendel Palmer & Tritton	High-Point Rendel (1995)
Rendel Palmer & Tritton (Scotland)	High-Point Rendel, then Cadogan Consulting (1997)

Roscoe, Edward Associates	Capita Roscoe (1999)
Ross Silcock	Babtie (2001)
Roughton & Fenton	Acer, then Hyder Consulting (1996) [not to be confused with Roughton Group]
Roxburgh Associates	Merged with Will Rudd Associates to form Will Rudd Roxburgh (2000)
RT-W	changed name to Structural & Civil Consultants (1998)
Rudd, Donald	WSP Group plc (1990)
Safier, Armand	Acer (1989), then Hyder (1996)
Sampson	acquired by W A Fairhurst (1997)
Saunders, William & Partners	William Saunders Partnership (c1990), then William Saunders Partnership LLP (2004). Also trades as WSP, not to be confused with WSP Group plc
Scott Wilson	URS/Scott Wilson (2010)
Scott Wilson Kirkpatrick	Scott Wilson
Severn, Kenneth	Halcrow Severn (1993)
Snow, Sir Frederick	Merged with Athens-based Associated Consulting Engineers (1991), acquired oil and gas consultants IMEG (2003)
Stevenson, Robert	R Stevenson & Son, then T & A Stevenson, then D Stevenson, then D A Stevenson (wound up c1960)
Stroyer & Adcock	Active 1913-1986
Sturrock, J C	Acquired by Hannah-Reed (2007)
Tanner, John A & Partners	Tanner Sadler Partnership (c1990), dissolved (1994), then Tanners (until 1999)
Taylor, John	merged with with Freeman Fox to form Acer Group (1987), then Hyder Consulting (1996)
Taylor, R G, Hodgkinson	Taylor, R G (1978)

TBV Consult - PSA Consult	Now part of Carillion
Thorburn	Thorburn Colquhoun (c1993-4, with Colquhoun), URS (1999)
Tietz, S B	Briefly in partnership as Cadogan Tietz (c1996-1999); still operates, also as Tietz Management Ltd (TML)
Tilney Simmons	White Young Green (1999)
Trant Brown and Humphreys	Howard Humphreys
Travers Morgan, R and Partners	Travers Morgan Ltd (late 1980s), then Symonds Travers Morgan (1995), then Capita Symonds (early 2000s)
Turner, Peter & Associates	John Pryke (2005)
Tweeds	Acquired by White Young Green (2006)
Underwood & Mander	Existed from 1949-1959, separated into E N Underwood & Partners (1959-1976) and G C Mander (1959-1973); D C Mander founded in 2000
Underwood, E N	1946-1949, then Underwood & Mander (1949-1959), then E N Underwood & Partners (ceased trading 1976)
Veryards	Veryards Opus (2005), merged with Evans Grant Opus to form Opus International Consultants (2006)
Walker, Brian	Beers
Wallace Evans	Acer, then Hyder Consulting (1996)
Walton, Jon Associates	formed 1969, merged with Deakin Callard to become Deakin Walton (1999). Walton Garden & Partners formed (1980), the Scottish office of John Walton Associates, incorporated into Walton Garden Ltd (2003), owned by Goodson Associates
Ward (John) & Partners	Beers
Ward Ashcroft Parkman	Parkman, then Mouchel Parkman
Ward, Anthony	Merged with Andrews, Kent and Stone to become AKS Ward (2005)
Ward, R.D.	

Warnock, J C	White Young Green Ireland (2006)
Warren and Partners	taken over by R.H. Cuthbertson, now Aecom
Waterman, H L	Waterman Partnership (1986), now Waterman Group
Watson Hawksley	Merged with James M. Montgomery to form Montgomery Watson (1990), merged with Harza Engineering Company to form Montgomery Watson Harza (2001), shortened to MWH (2003)
Watson, J D and D M	Amalgamated with T and C Hawksley to form Watson Hawksley (1978), merged with James M. Montgomery to form Montgomery Watson (1990), merged with Harza Engineering Company to form Montgomery Watson Harza (2001), shortened to MWH (2003)
Weiss, Charles & Partners	Charles Weiss Partnership (1986), then Ernest Green, then White Young Green (1997)
Whitby Bird	Ramboll WhitbyBird (2007), then Ramboll UK (2009)
White Young	White Young Green
White, Robert	see Wolfe Barry
White, Sir Bruce, Wolfe Barry	see Wolfe Barry
Wilkinson Associates	Became part of Tony Gee & Partners (2003)
Williams Sale Partnership	WSP Group plc (1993)
Williams, Owen	Acquired by Amey (2006), name no longer used (2008)
Williamson, James	Formed in 1947, dissolved and merged with Mott MacDonald (1989)
Willis & Partners	Willis Caldwell (2004), then WCL St James
Willis Caldwell	WCL St James
Willis, Septimus	Dissolved (c1980)
Wimpey	Interchange with Tarmac, became Carillion
WLPU	Knight Piesold (1990)

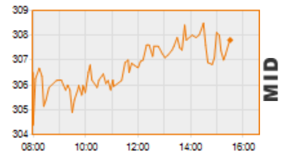
Wolfe Barry	John Wolfe Barry and Henry Brunel in practice as Barry and Brunel (1878). Sir George Barclay Bruce and Robert White set up as partners (1888). John Wolfe Barry's nephew A.J. Barry and Bradford Leslie in partnership as Barry and Leslie (1901), becoming A.J. Barry and Partners (1906). Sir George Barclay Bruce dies and Robert White continues alone (1908) until Robert White takes his son Bruce White and Cyril Hitchcock into partnership as Robert White and Partners (1919). Robert White and Partners amalgamate with John Wolfe Barry and Partners to become Wolfe Barry, Robert White and Partners (1941). After A.J. Barry dies, J.A. Cochrane continues as the sole principal of A.J. Barry, Cochrane and Partners (1944). Following the war the above firms merge to become Sir Bruce White, Wolfe Barry and Partners until a merger with Acer Consultants to become Acer Sir Bruce White (1991), then Welsh Water (1993), then Hyder (1996)
Woods Warren	RPS Woods Warren (2003), then RPS Design (2005)
WSP	bought by Genivar (2012)
Yorkshire Water Engineering	Babcock Water Engineering (1991), then Earth Tech Engineering (1998)
Zinn, W V Associates	Bill Zinn retired in 1969 with the regional offices going their own ways - W V Zinn & Partners for Birmingham area projects (c1970), Manchester office became Deakin Callard (1969), Scottish office became Zinn Hunter, then Woolgar Hunter (c1971), remainder to Cooper Macdonald & Partners (dissolved c1993)
Zukas Magasiner Green	ZMG Consulting Engineers, Zukas Magasiner Green, Zukus Magasiner Green Lewin, Zukus Magasiner Coppen, Zukas and Magasiner and AS Magasiner were all transferred to Sir M MacDonald and Partners (1987), then Mott MacDonald (1989). ZMCK formed in 1982 by a merger of ZMG and MCMK Consulting Engineers.
Zukas, Simon	Zukas Magasiner Green, then ZMCK (1982)

Appendix VIII- Carillion Plc (Source Wikipedia)

Carillion plc (LSE: CLLN) is a British multinational facilities management & construction services company headquartered in Wolverhampton, United Kingdom. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

Carillion plc	
Type	Public limited company
Traded as	LSE: CLLN
Industry	Facilities management, Construction, Civil engineering
Founded	1999 (demerger from Tarmac) 1903 (foundation)
Headquarters	Wolverhampton, West Midlands, United Kingdom
Key people	Philip Rogerson (Chairman) Richard Howson (CEO)
Revenue	£5,051.2 million (2011)[1]
Operating income	£215.9 million (2011)[1]
Net income	£138.0 million (2011)[1]
Employees	circa 50,000 (2011)[2]
Website	www.carillionplc.com

Carillion PLC (CLLN.L) (Source Citywire)



307.0p

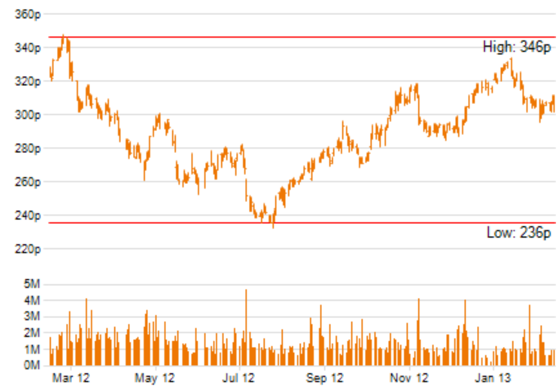
+0.3p (+0.10%)

Bid: 306.8p **Offer:** 307.2p

As of: 15 Feb 2013 15:36

Market Capitalisation:	£1,321.02 million
Shares In Issue:	430.30 million
PE:	8.27
Dividend Yield:	5.54

graph last year



Financial History

	to Dec '09	to Dec '10	to Dec '11
Turnover	£5,629m	£5,139m	£5,051m
EPS	33.8p	34.2p	38.1p
Operating Profit	£140m	£175m	£147m
Total Operating Expense	£4,364m	£4,062m	£4,007m
Net Profit	£121m	£147m	£135m
Net Profit Before Taxes	£136m	£168m	£143m
Net Profit After Taxes	£124m	£153m	£138m

Appendix VIX- SNC LAVALIN (Source Wikipedia)

SNC-Lavalin Group Inc., a Montréal-based company, is the largest engineering and construction company in Canada. It is among the top five Global Design firms in the world. It was formed in 1991 from the merger of Surveyer, Nenniger & Chenevert Consulting Engineers (SNC) and Lavalin, another Québec-based engineering firm.

SNC-Lavalin Group Inc.

Type	Public (TSX: SNC)
Industry	Engineering Services
Founded	1911
Headquarters	Montreal, Quebec, Canada
Key people	Gwyn Morgan (Chairman) Robert G. Card (CEO)[1]
Products	Engineering Services, Project Management, Construction, Construction Management, and Procurement
Revenue	▼C$6.101 billion (2009)[2]
Net income	▲C$359.4 million (2009)[2]
Employees	29,000[3]
Website	www.snclavalin.com

SNC-Lavalin Group Inc., is a Montréal-based company. It is the largest engineering and construction company in Canada. It is among the top five Global Design firms in the world. It was formed in 1991 from the merger of Surveyer, Nenniger & Chenevert Consulting Engineers (SNC) and Lavalin, another Québec-based engineering firm.

SNC Lavalin has a £4.5bn Turnover with 34% of its turnover in Consulting/PM Fee income and 40% in risk EPC. The balance is in Maintenance contracts and PFIs. It is strong in Mining and Hydro Power and about a third of its business is in general infrastructure and water/ environmental.

It has over £700m in cash and seeks to grow its international operations. It operates in over 40 countries and has now established London as its international headquarters and appointed Neil Bruce from Amec to lead its international strategy. Neil Bruce was the COO at Amec who masterminded the acquisition led growth of Amec, following disposal of its construction business to Morgan Sindall.

It suffered a corruption scandal in early 2012 from the exposure of bribes paid in Bangladesh and Libya. The previous CEO and other Board Members/ Senior directors were implicated and the former was formally charged for fraud. However, SNC Lavalin has appointed new management and restructured, and its share price has recovered to pre-scandal levels.

It is believed that Neil Bruce will have a strong position in the business going forward (despite the Quebec French dominance at the main board). There is speculation that he has been recruited because of his expertise in acquisitions, as well as his knowledge of Oil & Gas related services markets. He will likely be interested in Pell Frischmann UK and International experience and resources, and interested in Produced Water treatment technologies. He will also be viewing PF as a potential acquisition target to secure UK resource. He has been sent a set of Group Accounts and is meeting Dr Frischmann for lunch on 26th February.

Appointments Notices SNC-Lavalin:

Neil Bruce, OBE, President, Resources and Environment- Wednesday, January 23, 2013

CEO, is pleased to announce the appointment of Neil Bruce to the newly created position of President, Resources and Environment, and will become a member of the Office of the President, effective January 21, 2013. This newly formed group will include the Company's global business in hydrocarbons and chemicals (H&C), mining and metallurgy (M&M), environment, and water, and will be the largest and most diverse business unit in the Company. Mr. Bruce will be responsible for leading a global growth strategy, and be based in London, UK.

Mr. Bruce has spent more than thirty years in the oil and gas, mining, and energy industries worldwide, with extensive experience in change management and organizational development to create operational efficiencies and strategic growth. He has held a variety of leadership roles, from directing international expansion to overseeing high-value consultancy, engineering and project management services at AMEC. As COO, he identified, negotiated and integrated a number of acquisitions to bring the company to over 30,000 employees present in 40 countries at his departure.

With his excellent customer relationships and knowledge of the resources and environment sectors, as well as key stakeholders worldwide, Mr. Bruce is well-positioned to assume leadership of this group, and to focus on building a strong platform on which to increase long-term global net income and growth.

Mr. Bruce is a Chartered Marine Architect and holds an MBA, both from Newcastle University, UK. He is an Honorary Professor at Aberdeen Business School at Robert Gordon University, where he was recently awarded an honorary Doctorate of Business Administration. He is a fellow of the Energy Institute and the Institute of Directors, Chairman of the UKTI Oil & Gas Sector Advisory Group and member of the UK Government's Trade and Economic Growth Board for Scotland. In 2012, he was appointed Officer of the Most Excellent Order of the British Empire (OBE) by Queen Elizabeth II for services to Engineering.

FINANCIALS

SHARE PRICE

Market Capitalisation 11th Feb 2013 – Can $7.194bn (GBP £ 4.532bn)

BALANCE SHEET (Sept 2012)

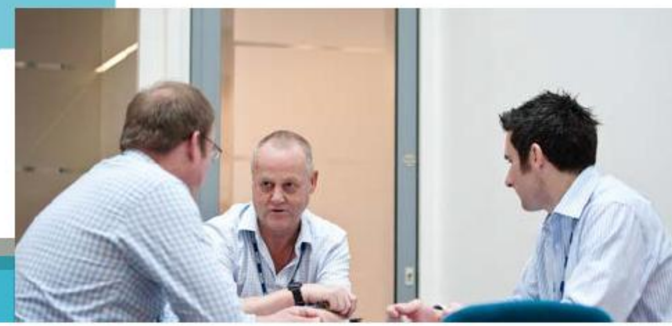
		Canadian Dollars '000s	GB Pounds '000s
Net Assets		2,008,732	1,265,501
Net Assets (excluding PFI Non Recourse Debt)		3,744,714	2,359,170
Cash		1,113,650	701,600
Cash & Cash Equiv (liquid financial assets)		1,552,986	978,381
Goodwill		629,500	396,585

P&L (Dec 2011)

		Canadian Dollars ,000s	GB Pounds '000s	%
Turnover (Business Unit)				
Eng		2,438,000	1,535,940	34
EPC		2,872,000	1,809,360	40
O&M		1,399,000	881,370	19
PFI		501,000	315,630	7
Total		7,210,000	4,542,300	100
Turnover (Sector/Segment)	%			
Infrastructure & Environment		26		26
Mining		18		18
Power		16		16
Oil & Gas / Process		11		11
Other		5		5
O&M		17		17
PFI		7		7
Total		100		
PBT		378,800	238,644	
Backlog		9,900,000		

II Capita Acquisition Criteria

CAPITA



Acquisitions

Ian West
Acquisitions Director

8 October 2012

Why Capita makes acquisitions

- **We continue to acquire small to medium sized companies that:**

Build economies of scale	Strengthen existing market positions	Generate sustainable, quality revenues
Access a new customer base	Create new market opportunities	Add complementary capabilities

What we are looking for in an ideal acquisition

- Highly resilient revenues
- Adds capabilities to a Capita business's proposition
- Adds capabilities to Capita's BPO proposition
- Good competitive positioning
- Significant growth potential
- Can be integrated; not stand alone
- Good synergy opportunities
- UK based
- Potential to achieve a post tax return of 15% after 12 months

Key value drivers: pricing and integration

- Average post tax return on acquisition consideration, by vintage:

Acquisitions completed 2008-2010	Acquisitions completed 2011	Acquisitions completed 2008 – 2011
13.2%	17.4%	**14.7%**

- Average post tax return on acquisition consideration, by value:

Acquisitions £m (2008-2011)	Number of acquisitions	Average post tax return 2012E
£0>£5	12	19%
£5>£10	**11**	**24%**
£10>£20	12	17%
£20>£50	11	13%
£50+	5	13%

Returns are based on 2012 estimate
All figures are as reported in July 2012

Summary

- **Acquisitions strengthen our BPO offering and underpin organic growth**
- **We are looking for small to medium sized businesses that have sustainable, quality revenue streams and good competitive positioning in enduring, growing markets**
- **Relentless focus on generating value by applying pricing and integration disciplines**
- **M&A is a repeatable process within Capita:**
  - Maintaining good relationships with intermediaries
  - ‘Deal team’ of in-house personnel, complemented by established panel of external support
  - Actively managed pipeline

III GJM- Renewed Retained Consultant Contract (Apr 2013)

Pell Frischmann
CONSULTING ENGINEERS

CONTRACT FOR SERVICES – RETAINED CONSULTANTS

Dated: 16 May 2013 - Discussed 2 March 2013

PARTIES:

The Company **Pell Frischmann Consultants Ltd**, 5 Manchester Square, London WIU 3PD

AND

The Retained Consultant **Gregory Malpass**, an employee of **Syler Brothers Ltd**, Registered Number 08267867 whose Registered Office is at 1st Floor Lincoln Lodge, 2 Tettenhall Road, Wolverhampton WV1 4SA

1. Proof of Ability to Work in the UK

1.1 This contract is issued on the basis that The Retained Consultant has, and maintains, the right to live and work in the UK. The Retained Consultant is required to provide the Company with a copy of their birth certificate, passport, or work permit, and if appropriate, evidence of their leave to remain in the UK. The Retained Consultant must inform the Company immediately of any matter affecting their right to either live or work in the UK.

2. Commencement & Duration

2.1 This contract will commence with effect from 2 April 2013 and will be for a period of 6 months terminating on 2 October 2013. With intent (without obligation) for potential offer thereafter of full time employment.

2.2 Without limitation the Company may immediately terminate this Contract if the Retained Consultant:

2.2.1 is in breach of any terms of this contract
2.2.2 is incompetent, guilty of gross misconduct and/or any serious or persistent negligence in respect of their obligations under this contract
2.2.3 fails to comply with any reasonable instruction issued by the Company, or by the Company's client

2.3 In all other respects the Company agrees to give the Retained Consultant two weeks notice, in writing, to terminate this contract.

2.4 The Retained Consultant agrees to give the Company two weeks notice, in writing, to terminate this contract.

2.5 On termination of this contract for whatever reason the Retained Consultant must return all Company property including, but not confined to, documents (in hard copy or machine-readable form), office keys, security pass, computers and any other Company equipment which has been made available to the Retained Consultant.

3. Responsibilities and Duties

3.1 The Retained Consultant is engaged as a Business Development Advisor, and will report to, and take instructions from, Dr Wilem Frischmann

3.2 The Company will assign duties and responsibilities to the Retained Consultant from time to time. The Retained Consultant will perform their obligations and provide their services with reasonable skill, care and diligence.

3.3 The Retained Consultant is an expert in their own field, and is responsible for maintaining their competence through training and continuous professional development.

GM WWF

4. Liability

4.1 In the event that consequential costs to the Company or it's clients are caused by any error or omission for which the Retained Consultant is responsible, then the Company or it's clients shall have the right to claim compensation from the Retained Consultant. The amount of such compensation shall be limited to the total value of fees earned by the Retained Consultant under this contract.

5. Normal Place of work

5.1 The Retained Consultant will be based from home but normally be expected to work from the Company's Office in London during the week, or with reasonable notice elsewhere in the UK or Overseas at another PF Office, site, or clients premises. The Retained Consultant will be eligible for reimbursement of travelling and subsistence in accordance with the Company's policy for periods spent away from home.

5.2 The company flat will be provided free of charge for the period Monday to Friday. The flat consists of One bedroom and a sofa bed. The retained consultant would share, as and when required with one other male working with Pell Frischmann

6. Hours of Work

6.1 The Company will ask the Retained Consultant to work such hours as are necessary to meet the Company's project commitments.

6.2 The Company is under no obligation to offer work to the Retained Consultant, and neither is the Retained Consultant under any obligation to accept such work.

7. Fees

7.1 The Company will pay the Retained Consultant at the rate of £6,000 per calendar month. The hours per day are expected to be a minimum of 8 hours. No further payment will be made for hours worked in excess of 8 hours. A Discretionary Bonus will be paid every 3 months based on progress decided by Dr Wilem Frischmann, <u>plus</u> a Success Fee/Commission of 5% of the profit of fees secured for the company under contract on Projects(s) introduced by the Retained Consultant <u>and</u> 2.5% of any Equity/Investments made in or by the company, from introductions by the Retained Consultant during this contract.

7.2 The Retained Consultant will invoice the Company monthly in arrears for work done. Providing that the Retained Consultant has met all the obligations of this contract, the Company will arrange to pay the invoice within 7 days of receipt.

7.3 The Retained Consultant shall be responsible for all income tax and national insurance liabilities in respect of their fee, and agrees to indemnify the Company and any of its affiliates or subsidiaries in respect of any claims that may be made by the relevant authorities against the Company in respect of income tax demands plus interest and penalties or national insurance or similar contributions relating to the provisions of the Retained Consultant's services.

8. Expenses

8.1 The Company will reimburse the Retained Consultant for pre-agreed travelling (not from Home to the office) and other expenses reasonably incurred in the proper performance of their duties, provided that receipts or other evidence of actual expenditure is provided. The level and type of expenses eligible for reimbursement is in accordance with the Company's policy.

9. Health & Safety

9.1 The Retained Consultant is required to comply with the relevant legislation under the Health and Safety at Work Act 1974, and must report to their line manager any unsafe working conditions, practices, equipment and all accidents and other risks at work regardless of whether injury occurs to any person or damage is caused to property.

GM WWF

9.2 The Company operates random screening for drugs and alcohol for employees and Retained Consultants engaged in rail activities.

10. Company Rules and Procedures

10.1 Various rules exist for the effective and safe operation of the Company's business and the welfare and interests of the organisation and those who work for it.

10.2 Whilst working with the Company, the Retained Consultant is expected to abide by all Company rules, procedures and policies. Information about particular rules will normally be available on Innov8 – the Company's Intranet site. These include, but are not limited to, the Company's policies on Equal Opportunities, Diversity, Discrimination and Harassment.

10.3 The Retained Consultant will be required to work in accordance with the Company's Business Management System.

10.4 From time to time the Company will exercise the right to change, withdraw or replace existing rules, to which the Retained Consultant will be required to comply.

11. Anti-Bribery Policy

11.1 In accordance with the Company's Anti-Bribery Policy, no employee, associate or agent shall offer or pay bribes or offer or make any improper inducements to anyone for any purpose. The Company does not, and will not, offer, pay or accept bribes or improper inducements and expects its employees to adhere to the same standards. The Company values highly its reputation and expects its employees to demonstrate honesty, integrity and fairness in all aspects of their business dealings and exercise appropriate standards of professionalism and ethical conduct in all their activities. The Company encourages its employees to report any suspicious activity that they believe may violate the policy. The full policy is available on Innov8 and you are encouraged to read it as soon as possible. Failure to comply with this policy may amount to gross misconduct in accordance with the Company's disciplinary procedure.

12. Acceptable Use and Monitoring Policy – Computing, Software, Internet and Email

12.1 The Retained Consultant will be required to abide by and fully comply with the terms set out within the Company's Acceptable Use and Monitoring Policy – Computing, Software, Internet and Email.

13. Exclusivity

13.1 The Retained Consultant is expected to devote the whole of their time, attention and abilities during their chargeable hours for the Company to their duties for the Company. The Retained Consultant must not, under any circumstances, whether directly or indirectly, undertake any other work, of whatever kind, during their Chargeable Hours work for, and invoiced to the Company

13.2 The Retained Consultant is permitted to have multiple clients to be agreed by Dr Frischmann during the duration of this 6 month agreement, The Retained Consultant must not, without the prior written consent of the Company (which will not be unreasonably withheld) engage, whether directly or indirectly, in any business or employment which is similar or in any way connected to or competitive with or otherwise detrimental to the business interests of the Company.

14. Confidential Information and Publicity

14.1 Confidential Information shall mean details of suppliers and their terms of business, details of clients and their requirements, the prices charged to and terms of business with clients contractors and suppliers, marketing plans and business forecasts, financial information, results and forecasts (save to the extent that these are included in published audited accounts), any proposals relating to the acquisition or disposal of a company or business or any part thereof or to any proposed expansion or contraction of activities, details of

MM WWF

employees and partners and of the remuneration and other benefits paid to them, information relating to research activities, training activities, innovative working processes, designs, development strategy, any information which the Retained Consultant is told is confidential and any information which has been given to the Company in confidence by clients, contractors, suppliers, or other persons.

14.2 The Retained Consultant shall not disclose any confidential information belonging to the Company, its clients, contractors and suppliers. All such information whatever its content is confidential and the Retained Consultant has a personal responsibility to protect and maintain confidentiality of both Company and client information. The Retained Consultant must not, except as authorised or required by law or your duties, reveal any confidential information relating to the Company or any group company or any of its suppliers or clients. This obligation will continue after the Retained Consultant has ceased working with the Company.

14.3 Only authorised spokespeople are permitted to make statements in public or to the media concerning the business of the Company. The Retained Consultant should not therefore communicate any information in respect of the Company to any member of the press or media.

15. Intellectual Property/Patents/Designs etc.

15.1 Any intellectual property discovered by the Retained Consultant during the course of their work with the Company and any such invention or other intellectual property so created shall (subject to the provisions of the Patents Act 1977 and the Copyright Designs and Patents Act 1988) belong to and be the absolute property of the Company. The Retained Consultant agrees to take any actions reasonably required by the Company at its expense to protect such inventions or intellectual property and to vest ownership in the Company or its nominee.

16. Data Protection Act

16.1 In order to keep and maintain records relating to the Retained Consultant's contract with the Company, it will be necessary for the Company to record, keep and process personal data relating to the Retained Consultant. This data may be recorded, kept and processed on computer and in hard copy form.

16.2 To the extent that it is reasonably necessary in connection with the Retained Consultant's work with the Company, it may be necessary for the Company to disclose this data to others, including employees of the Company i.e. Payroll, associated companies of the Company, the Company's advisers, the Inland Revenue and other authorities. By signing this contract, the Retained Consultant consents to the recording, processing, use and disclosure by the Company of personal data relating to the Retained Consultant as set out above. This consent cannot be withdrawn by the Retained Consultant. This does not affect the Retained Consultant's rights as a data subject or the Company's obligations and responsibilities under the Data Protection Act. The Company's Data Protection Policy is available on Innov8 – the Company's Intranet site.

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17. General Terms

17.1 This Contract supersedes any previous correspondence and any prior Contract between the Retained Consultant and the Company and forms the sole basis of any contractual relations between the Retained Consultant and the Company except rights and obligations implied by law.

17.2 If any provision of this Contract is found by a Court or other competent authority to be void or unenforceable, such provisions will be deemed to be deleted from the contract and the remaining provisions shall continue in full force and effect.

17.3 The parties to this contract are independent businesses and nothing in this contract or by virtue of performing it shall be taken as creating a relationship of employer to employee, partnership or joint venture between the Retained Consultant and the Company.

SIGNED by WW Frischmann **DATE** 16/05/2013

Dr W W Frischmann

for and on behalf of
PELL FRISCHMANN CONSULTANTS LTD

We accept the above Terms and Conditions of Contract

SIGNED by ______________ **DATE** 16/05/2013

G J Malpass

for and on behalf of
SYLER BROTHERS LTD

IV Waterman Group

APPENDIX IX- Waterman Plc

waterman

Background

Waterman, the engineering and environmental consultancy, reported flat profits as it emerged that Peter Gyllenhammar, the activist investor, has increased his stake to 29 per cent.

The Swedish entrepreneur – who has been involved in a series of corporate battles in recent years, began building a stake in Waterman three years ago.

Founded in 1952 and floated on the London Stock Exchange in 1988, Waterman has been hit hard since 2008 by the downturn as private and public sector spending has come under pressure. The group is heavily geared to the UK property market, which accounts for more than 65 per cent of its revenues.

From a peak of more than136m in the year to June 2008, Waterman's total revenues have fallen steadily to £68.8m for the 12 months to June 2012, having stood at £74m the year before. Pre-tax profits in 2008 were £7m and have fallen to £0.6m in 2012.

The group has restructured and cut costs, halving headcount from a high of about 2,100 in 2008 to 961, and scaling back unprofitable businesses in areas such as Kazakhstan and the Middle East. It has reduced its number of offices from close to 50 to less than 30, as well as completing a sale and leaseback of its head office at Pickfords Wharf in London, to reduce debt and improve its cash position.

Waterman is also shifting its bias away from the property sector towards other areas, such as carbon and energy management.

Operating margins are now about a third of the 6.4 per cent reported in 2008 and well below those of listed peers. Waterman is "unique" among its rivals in that it trades at a discount to its tangible net asset value of 53p per share.

Waterman Group PLC (WTM.L)

Share Price

Market Capitalisation:£13.23 million
Shares In Issue: 30.76 million

graph last year

Source: Citywire

52 week high: 60.0p on 28-Mar-12

52 week low: 36.5p on 31-Dec-12

Financial History

	to Jun '10	to Jun '11	to Jun '12
Turnover	£83m	£74m	£69m
EPS	-5p	0.7p	-9p
Operating Profit	-£5m	£1m	£1m
Total Operating Expense	£88m	£73m	£68m
Net Profit	-£5m	£0m	-£0m
Net Profit Before Taxes	-£5m	£1m	£1m
Net Profit After Taxes	-£4m	£0m	£1m

Management

 Roger Fidgen
(Chairman &
Non-executive Director)

 John Waiting
(Director)

 Geoff Wright
(Non-executive Director)

 Nick Taylor
(Chief Executive)

 Craig Beresford
(Director)

 John Archibald
(Non-executive Director)

 Alex Steele
(Finance Director)

 Simon Harden
(Director)

Conclusion

Waterman has clearly struggled to adapt to shrinking and competitive markets in its traditional sectors in the UK. As a listed Plc this has left it vulnerable to a takeover. Peter Gyllenhammar is a predatory shareholder, and the Directors will be open for discussion if approached by any potential White Knight partner. Market Capitalisation is £13.2m, while Group Balance Sheet Net Assets in June 2012 stood at £33.6m. This however includes £17.5m of Goodwill linked to the NPV assessment of their cash generative businesses. Nevertheless the Group generated £11.5m by selling and leasing back property assets, and retains £3.9m in cash; produced an EBITDA of £2.4m, and is undervalued based on its future potential to generate cash. Given Waterman's weak position, I believe it is a candidate for a Reverse Takeo

Potential for a Reverse Takeover of Waterman by Pell Frischmann

Frischmann Waterman Plc

Motivators:

Waterman.

- Survival and dilution of Predator Peter Gyllenhammar shareholding and influence, while allowing him to enhance the value of his shareholding.
- Economies of Scale allowing further overhead savings
- Stronger Combined Cash position
- Re-rating of the company's market capitalisation. Enhanced Co-valuation by market
- Increased Market penetration and Growth prospects
- Management Incentivisation via share options and increased share price

Pell Frischmann

- Conversion to Listed Plc without listing procedures/ costs
- Maintenance of majority shareholding of Frischmann/ Prabhu families in listed company
- Inheritance of new Management team incentivised via share options (at tradable value) to profitably grow the business.
- Maintained legacy of the Frischmann brand in the market place
- Future funding options available through Rights Issues etc.
- A Platform for long term succession planning, sustainable growth and stability.

The share of equity in the combined Group would be subject to shareholders' agreement, and agreed valuations of both Groups. Pell Frischmann Consulting Engineers Ltd would take with it an amount of Cash from Pell Frischmann Goup to suit the valuation balance and needs of the new business going forward. For example, if Waterman was fairly valued at £30m, and Pell Frischmann at £60m (by analysts)- Frischmann Waterman plc combined might be capitalised after the merger at £90m, with substantial cash holdings and scope for growth.

Way Forward:

Confidential discussion with Nick Taylor, CEO of Waterman. (and subsequently Peter Gyllenhammar)

Definition of 'Reverse Takeover - RTO'

A type of merger used by private companies to become publicly traded without resorting to an initial public offering. Initially, the private company buys enough shares to control a publicly traded company. The private company's shareholder then uses their shares in the private company to exchange for shares in the public company. At this point, the private company has effectively become a publicly traded one.

Read more: http://www.investopedia.com/terms/r/reversetakeover.asp#ixzz2JTKcLXFL

V Data Pack- produced by John Fowler

LIST OF INFORMATION PROVIDED – 30th August 2013

Refer to John Fowler File

1	PF Group Ltd		
	PF Group Structure Chart		
	PF Group Summary Presentation		
	PF Group Draft Consolidated Accounts 310313		
	PF Group Draft Consolidated Accounts 310313 – workings spreadsheet		
2	PF Consulting Engineers Ltd		
	PF Consulting Engineers Summary Presentation		
	PF Consulting Engineers Draft Consolidated Accounts 310313		
	PF Consulting Engineers Draft Consolidated Accounts 310313 – workings spreadsheet		
3	FP India pvt Ltd		
	FP India Summary Presentation		
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	FP India pvt Ltd draft accounts 310313		
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4	PFI Interests		
	Schedule of PFI Interests		
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	CLP Blackpool Street Lighting Valuation Calculations 310313		
	CLP Oldham Street Lighting Valuation Calculations 310313		
	CLP Rochdale Street Lighting Valuation Calculations 310313		
5	Pension Schemes		
	PFRBS Pension Actuarial Valuation 31st March 2010		
	PFRBS Pension Actuarial Valuation 31st March 2010 update 31/03/12		
6	Order Book and Sales Pipeline		
	Order Book Workings		
	Sector Report		
7	Key Frameworks		
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