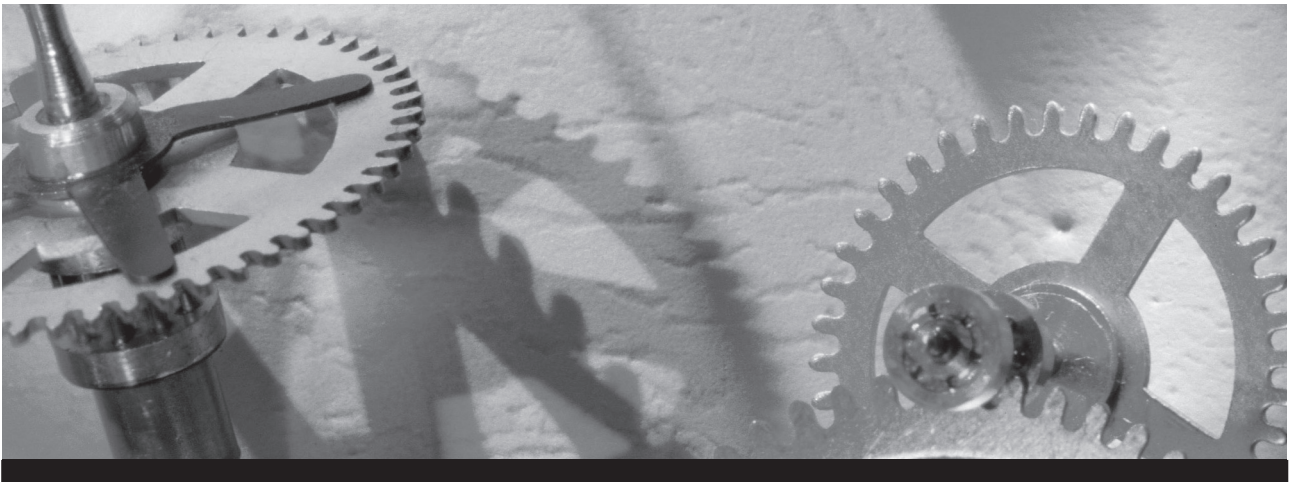


Compliance & Business Improvement

Due Diligence Audit of Industrial Gases Business

CLIENT	Confidential
LOCATION	Germany
DATE	2004
PROJECT	Due Diligence



DESCRIPTION

A major industrial gases group was required by the European Commission to divest some of its assets, following a successful competitor acquisition, to comply with monopoly regulations. Three separate businesses were examined by Abricon for a potential purchaser, a US corporate.

The review focused on potential significant environmental liabilities stemming from current facility operations and historical practices and property uses (legacy concerns). The following activities were completed as part of the environmental review:

- Review of on-line environmental information posted by the vendor's merchant bank
- Site reconnaissance visits at eight selected sites
- Drive by site reconnaissance visits at the remaining six facilities

The unique legal situation of the four sites located in the area of former East Germany required a detailed review of current and past legislation. These sites had been publicly owned and fall under indemnification and exemption orders associated with their privatisation. Substantial remediation work might be required for these sites, it was therefore essential to the risk and cost assessment to establish the liabilities associated with the sites.

CONTINUED

Overall the sites were divided into 3 categories.

Major Environmental liability sites - The main areas of concern identified for these facilities included major potential environmental liability issues and legacy issues.

Low-to-moderate environmental liability sites – This included inspection certifications, closure documentations, insufficient effluent treatment and subsidence

Potential compliance liability sites – The issues covered by this section are mainly compliance based (Seveso II, Federal Emission Control Act), but also cover asbestos and Health & Safety and any other issues.

The project was concluded with a detailed report summarising the environmental risks and non-compliances and the potential costs associated with this.