

ANNEX J

Memo

To: / Location: File /
From: / Location: Aidan Walsh /
Date: 19 December 2000
Subject: CSID

Following the assessment panel meeting, Laura Magahy met with Kevin Kelly and I and asked us what was to be done now in relation to the fact that the Waterworld consortium had not been properly formed yet and that they did not appear to have any real equity in their consortium. It was agreed that Kevin and I would work with Una Carmody to draft a letter to Waterworld UK seeking clarification on the parent company guarantee, presentation of parent company financial statements, details of their plans to have adequate banking in place and direct confirmation from Ascon Rohcon that they are willing to enter into a fixed price design-and-build contract with the Waterworld special purpose vehicle for this project.

During the course of this meeting Laura Magahy asked both Kevin and I how did we get ourselves into this position and we asked her what did she mean by this. She said well how did we get to a situation where we are now faced with contracting entity that has no substance.

I commented that we were doing what we could to finalise our search work in respect of the various companies and it was only yesterday that we identified that Waterworld UK Limited was still a dormant company with £2 share capital. Kevin commented that it would be normal to enter into contractual arrangements with a special purpose vehicle set up for the purposes of this particular contract and that these would be backed by necessary parent company guarantees and an adequate amount of equity in the company. This needed to be resolved with the consortium members.

Laura asked me if we were able to confirm in writing to us that there was nothing untoward in relation to S&P or Mark Potiriadis. I said nothing had arisen from our search work to date but that we were only searching from publicly available information. I did identify to her that S&P Limited had been dissolved for failing to file returns but had been

reinstated subsequently. I re-emphasised that nothing further had come to light. I told her that we were working as fast as we can to access available public information in relation to the sponsor companies.

It should be noted that we were not involved in any way in the prequalification process. I did identify that at prequalification stage the Waterworld consortium had a Dutch project developer involved in their consortium which had subsequently dropped out and that Waterworld had proposed a direct contractual arrangement between Ascon and CSID at the outline bid stage which Magahy & Co subsequently sought to resolve. We were not party to these further discussions.

Kevin Kelly suggested to Una Carmody that she seek a meeting with Waterworld and their consortium members on Wednesday, 20th, but she was not available on that day to do so and they targeted the Thursday, 21st, to meet with the consortium to seek resolution of the outstanding matters. PwC were not invited to attend these subsequent meetings.

Aidan Walsh