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Connect-Point Group

Business Plan

February 2009

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This business plan has been prepared by the management of Fraser Eagle group in connection with a potential restructuring of the group including a proposed buyout of the group's taxi operations.

Fraser Eagle Group Limited is a privately-owned UK company whose principal business is the provision of managed ground transport solutions. The principal business activities are as follows:

- The provision of "rail replacement" coaches to train operating companies to facilitate passenger movements in planned and unplanned situations where scheduled trains do not run;
- The provision of taxis to train companies to facilitate positioning of operating crew and, to a lesser extent, to cover passenger movements when scheduled trains do not run; and
- The provision of taxis and coaches to certain other customers, eg airlines.
- Incident/disaster assurance through provision of standby ground transport procurement and management capabilities.

The group acts principally as a manager/broker, ie most vehicle movements are undertaken by independent suppliers. However, around 20% of taxi movements and 10%

of coach movements are undertaken by the group's own vehicles operating bases in Burnley (in the north of England) and London.

Rail replacement coach operations are fulfilled through a command and control centre in Burnley. Taxi operations and coach business for non-rail customers are fulfilled through a command and control centre in Ta' Xbiex, in Malta.

The group's Malta operation is owned through Maltese subsidiary companies. In addition to the vehicle control activity, there is also a destination management business, which organises conferences and events for corporate customers, and negotiations are at an advanced stage to introduce third-party call centre business, starting with a major contract from the Maltese subsidiary of an international mobile phone operator.

Fraser Eagle group's taxi and corporate coach businesses have grown significantly in recent years and they generate attractive margins. In relation to the managed taxi service, the group offers a unique UK-wide service which is unrivalled by any competitor.

The rail replacement coach business has suffered in recent years due to changing maintenance cycles and an improved safety record on the rail network, and also to the emergence of significant competition, principally from large transport groups who have taken management of their rail-replacement operations in-house and marketed their new capabilities to outside customers also. These competitors typically have no experience or expertise in taxis, nor do they have any appetite to have a presence in the taxi market. As a result, the viability of the rail replacement coach operation is under serious threat as business levels have declined to marginal levels which are disproportionate to the fixed costs of the UK operation, whilst the taxi and corporate coach business is buoyant. The services the group offers its clients are business-critical. The train companies in particular need to be confident that their requirements can be satisfied without threat of any interruption of supply.

As a result of the above, the group is to be restructured to separate the taxi and corporate activities (ie the primarily Malta-based operation) from the other activities of the group.

Following consultation between shareholders and discussions with key taxi customers, it has been agreed that a new Maltese holding company, Connect Intelligence Systems Limited ("Holdco") will be formed by key management of the group. Holdco will incorporate two wholly-owned subsidiary companies, one in the UK and one in Malta. Respectively these will be called Connect-Point UK Limited ("Newco UK") and Connect-Point Malta Limited ("Newco Malta").

Newco UK will offer to take over the taxi and corporate coaching business of those UK customers of Fraser Eagle who choose to transfer their business. It will also establish a small fleet of taxis (initially approximately [14] vehicles in the north of England and [2] vehicles in London) to undertake self-fulfilment of high-margin work. Newco UK will engage a small number of ex Fraser Eagle managers to undertake sales and customer service from a small office in the UK. Accounting and other administrative functions will be outsourced.

Newco Malta will engage all or substantially all Malta-based staff currently employed by the group and take over the premises. It is envisaged that Newco Malta will acquire fixed assets and computer systems at fair value from the existing Maltese companies, which will then be wound up, fully settling outstanding external debts.

Newco Malta will undertake command and control fulfilment of the taxi and corporate coach business. Customers and suppliers will contract with Newco UK, which will raise working capital through invoice finance facilities, but the bulk of gross margin will be passed on to Newco Malta under arm's length arrangements (for tax compliance).

The new holding company will be registered and resident in Malta, and the group's head office will be in Malta. Malta has full EEC membership and the local currency is the Euro. The island benefits from a highly stable, prudent regime based on British financial and legal traditions. All legislation and business documentation is produced in English, almost all Maltese speak English to bilingual standard and the education system is outstanding. However, the island has the legacy of an 'offshore' business location – skilled personnel are cheaper to employ than in the UK and there is a unique tax regime for foreign-owned companies that can in certain circumstances reduce the effective rate of corporate tax to as low as around 5%. The new group structure will be designed to take advantage of this system.

The Newco group's initial business will comprise certain contracts transferred by existing Fraser Eagle customers and certain contracts which are in the final stages of negotiation and are imminently about to be rewarded, including:

- Approximately €6.25 million of taxi business from around 12 train operating companies and other organisations connected with the rail industry.
- A contract with a major student travel company to supply primarily coaches and also some taxis worth approximately €2 million per annum.
- A new contract with a leading airline to provide transfers for business class passengers in the London area worth €1.2 million plus per annum.
- A new contract with the Maltese mobile phone company Go to manage customer services for affinity contracts and also the directory enquiries service.

Approximately 1/3 of the taxi business will be based on a fixed fee per transaction (ie the customer is billed at supply cost plus a fixed amount). The remainder will be supplied at agreed rates and the group will achieve a variable margin depending on the supply price. The taxi business the group undertakes is typically a mid-market service for corporate clients, although a full executive chauffeur service, people carriers and minibuses are also available.

Newco UK will undertake self-fulfilment of selected taxi work, concentrating on high-margin business which can be scheduled to achieve maximum utilisation of vehicles and drivers. All vehicles will be leased. Substantially all business will be internally-generated, so the operation will not increase consolidated group turnover to any material extent. However, Fraser Eagle experience has proved the effectiveness of this model in generating substantial additional margin on existing turnover.

The Newco group will also take over the events management business. This activity was only recently formed by Fraser eagle in Malta and is currently small in scale (turnover around €400k), but there are already bookings for a number of prestigious clients, which will be taken over by Newco.

The group will also continue to offer a disaster recovery and incident management service. This is likely to provide only limited additional turnover, but at very high gross margins.

As is currently the case with the Fraser Eagle group, clients will benefit from the assurance that Newco will apply a comprehensive quality control and compliance regime to its suppliers. It is anticipated the majority of existing Fraser Eagle

customers will transfer their business continuity/incident management business to Newco.

The Newco group will not be involved directly in the provision of rail replacement coaches, the activity for which Fraser Eagle is best known. However, the management who will be transferring to Newco have extensive experience and contacts in this industry, and in Malta the group will maintain a command and control capability which, while primarily in existence to service taxi and corporate coach business, will have the skill and resources needed to control rail replacement coaches also. The Newco group therefore intends to offer support to former rail replacement customers who have chosen to take this business in-house. This could range from full management of the function on an outsourced basis (in return for a retainer and transaction-based fee) to the provision of backup/overflow/out-of-hours cover or to simple consultancy services. Any such operation would be on a much smaller scale to the existing Fraser Eagle rail replacement business, the revenue model would work differently, and there would be no material additional infrastructure costs over and above those in place to manage the taxi/corporate coach operation. Discussions are underway with potential customers to establish what business of this nature might be available to Newco. Nothing has yet been included in the business plan, but this should represent upside potential only as there is minimal if any cost risk.

Kevin Dean – Group Managing Director

Kevin inherited the helm of the former Fraser Eagle Group in February 2005 after joining the group as a consultant in 2000.

Prior to this Kevin enjoyed long and successful career with British Rail in retail management and almost two decades with a distinguished career in local government.

Having gained membership of the Chartered Institute of Transport in 1993, Kevin decided to leave politics for good in 1996.

Kevin is an innovative leader and used his entrepreneurial skills when introducing the Malta operation in 2006 as a response to the major challenges being faced following the entry into the company's core business by key transport industry payers.

Kevin feels strongly that to run a business it needs to have someone in the lead who knows the business and who understands the needs of its customers, suppliers, stakeholders and staff. He introduced Investors in People into the company in the UK in 2004 and was proud to have become the head of the first Malta based private company to introduce IIP in Malta in 2007.

Kevin sees the continued investment in new technology as key to Connect-Point's advancement and success, aware of the challenges ahead in the global economy he sees these as opportunities and is committed to providing the companies clients with a personal, cost-effective, high performing and quality driven product.

Nicky Cummings – Commercial Director

Nicky has a background in business set up and development with further experience in sales and operational management within the IT, Transport and Manufacturing sectors.

Since joining Fraser Eagle in 2000 Nicky has been responsible for project managing feasibility studies for all new initiatives entering the business.

Working closely with the Fraser Eagle Strategic Development Group, Nicky has overseen the implementation of new bespoke software and introduced new operational structures across the company.

Before taking on the role as Managing Director of Fraser Eagle Business Solutions (a division specialising in ground transport for non-rail customers), Nicky held various senior positions within the company both in operational and commercial areas.

Steve Ellis – Purchasing and Supplies Director

Steve has been with Fraser Eagle since February 2005 and heads up the compliance and supply and revenue teams.

Steve's responsibilities include development and implementation of strategy for sourcing taxi and coach operators, for supplier performance and contract management.

Steve has worked in buying roles for some of the world's most well known brands, including aerospace giant Hawker Siddeley (now part of BAE Systems) and Hoover.

Steve was also previously head of procurement for Wales & Borders Trains and has also worked as a mechanical purchasing manager for electronics giant Sony.

Tracy McMurtrie – Operations Director

Tracy has been with Fraser Eagle since October 2001, in a variety of positions mostly concerning customer service and customer account manager. Currently she has responsibility for the 24 hour control centre in the UK and is responsible for overall account management of Virgin Trains Coach Contract and Virgin Trains Taxi contract including permit management. Prior to joining Fraser Eagle, Tracy had eleven years railways experience from catering staff to station management, including positions as Station Manger at Manchester Piccadilly and Manchester Victoria.

Ruth Vella – Director, Connect-Point Malta

Ruth joined Fraser Eagle Malta in December 2006. She is responsible for overall operations in Malta as well as commercially involved in generating new business opportunities for the Maltese companies in transport, contact centre and events business.

Ruth has worked for a number of years in manufacturing environment in diverse areas including Sales, Production Planning and Export logistics. She has also worked for the National Government Agency promoting investment to Malta and assisted several Malta based companies in ICT and pharmaceutical sectors in receiving government assistance and in their operational set-up.

Ruth studied Business Management at the University of Malta and holds a Masters Degree in Business Administration from University of Leicester.

Retained consultants

The Newco group will retain two consultants who will also be shareholders.

Iain Campbell – Strategy and finance

Iain is partner in Ballard Campbell, a well-known corporate finance business in

Manchester. He has extensive mergers & acquisitions experience in passenger transport and many other business sectors. Prior to establishing Ballard Campbell in 1998, Iain had a career in industry and held a number of Managing Director and Finance Director positions with multi-million pound companies, including MTL, which at the time was the UK's largest independent passenger transport company, and Grampian Country Food Group Limited (a £800m poultry processing group). Iain was also a shareholder and non-executive director in the Merseyside bus operator Glenvale Transport between 2001 and 2005, having arranged the buyout of the company from Arriva plc and its subsequent sale to Stagecoach Holdings plc. Iain is a chartered accountant and holds a first class honours law degree.

Mathew Hassell – Commercial

Mathew joined the Fraser Eagle team in 2008 to launch Fraser Eagle's national passenger transport and logistics business, All Connections.

Prior to this he played a leading role in developing Burgundy Cars and later launched the pioneering Matrix Connections Ltd.

Having worked in this sector for 20 years Mathew has been at the forefront of change, development and progress involving technological and service delivery programmes, primarily to the corporate and business travel sectors. He has been responsible for some of the major developments within the worldwide passenger car sector in recent years.

He has been a regular speaker at Business Travel events around the world and was highlighted by Business Travel World magazine as 'one of the top ten Business Travel executives to look out for' in 2006.

Also in 2006, Matrix Connections Ltd, a company headed by Mathew, was awarded best business road service at the prestigious Business Travel Awards.

The Newco group is newly-established, so there is no trading history. Projections have been prepared on known information about business expected to be transferred from Fraser Eagle and the costs of fulfilling this business. Growth assumptions reflect known business opportunities and management's detailed knowledge of the specialist market in which Newco will operate.

A summary of the projections is set out below. The full projections are included in a separate volume of this document.

<i>Year to 31 October</i>	<i>2009</i>	<i>2010 €'000</i>	<i>2011 €'000</i>	<i>2012 €'000</i>
<i>2009*</i>	<i>€'000</i>			
<i>Sales</i>	15,521	8,455	11,679	13,063
<i>Cost of sales</i>	5,983	8,264	9,243	10,982
<i>Gross profit</i>	2,472	3,415	3,820	4,539
<i>Administrative overheads</i>	(1,880)	(2,591)	(2,678)	(2,768)
<i>Operating profit</i>	592	824	1,142	1,771
<i>Interest</i>	(41)	(73)	(77)	(84)
<i>Profit before tax</i>	551	571	1,065	1,687
<i>Taxation</i>	(53)	(72)	(131)	(250)
<i>EBITDA</i>	498	679	934	1,437

\* The 2009 figures are for the 9 month period from 1 April 2009 to 31 December 2009.

Fraser Eagle has only recently begun to look outside its core rail market to develop its ground transport business and is just beginning to achieve success in attracting business (both taxi and coach) from such customers.

The taxi business that will transfer to the Newco group is unique in the UK in being able to offer a managed service supported by full tracking and control across the whole of the country using a network of around 1,000 independent suppliers. Whereas this business was developed initially to meet the needs of the rail industry, it obvious potential to other large national and international organisations with ground transport requirements such as airlines, tour operators and large companies (eg banks, multi-site manufacturers and retailers, financial and legal advisers, business support service providers, overseas embassies, etc). Currently such organisations often have to self-manage the procurement of taxis and other ground transport themselves, but they lack the resources, the technology, the local contacts and the experience. Typically expensive hackney carriage taxis are used when much cheaper private hire cars would be more suitable. Newco's small but focussed sales team will market the unique taxi and coach service to such potential customers and it is anticipated that major new accounts will continue to be won. Such business would be expected to generate average gross profits of around 25%, and there will be significant scope to leverage the existing fulfilment infrastructure in Malta without making substantial increases in fixed costs.

Newco will also introduce a series of web portals which promote its services and also enable customers to book coaches and taxis (subject to minimum spends) online. Inexpensive technology will be developed that will ultimately allow contracted customers to book online and which will be capable of placing some business with suppliers via weblinks with no requirement for manual intervention.

A contract that will shortly be signed with the Maltese mobile phone operator Go, whose ultimate parent company is Dubai Holding LLC, for the operation of a directory enquiries service and the provision of customer support for initiatives Go has entered into with affinity partners. This contract will offer exceptionally high profit contribution as it leverages the existing call/control centre facility which needs to provide 24-7 cover but is not always busy. This is the first third-party call centre contract the new group will undertake but there are several more prospects, reflecting Malta's popularity as a tax-efficient location for English-speaking call centres.

#### Prospective Clients Services Provided

Virgin Trains Taxi Management (Coach Transport Management)  
East Midlands Trains Taxi Management  
London Midland Trains Taxi Management  
First TPE Taxi Management  
Freightliner Taxi Management/Corporate services  
BMI Executive Ground-transport management  
Malta High Commission Taxi Management

Kingswood/Brittania Coach Transport Management  
Flybe Coach Transport Management  
Serco DLR Coach Transport Management



Air Malta Coach Transport Management  
Townhouse Productions Coach Transport Management

GO Mobile (Malta) proj 1 Call Centre Services (in total 11 companies)  
GO Mobile (1182) proj 2 Call Centre Services  
MIA Call Centre Services – these are part of GO contracts project 1  
La Redoute Call Centre Services – these are part of GO contracts project 1  
PC Callout Call Centre Services

HSBC Bank UK Business Continuity Transport  
Barclays Bank PLC UK Business Continuity Transport  
Bank of England Business Continuity Transport  
Oxfordshire County Council Business Continuity Transport  
Abbey Business Continuity Transport  
Skandia Life Business Continuity Transport  
AXA Insurance Business Continuity Transport

Cap Agora Destination Management Services  
Euromediti Destination Management Services  
Frequent Flyer Paris Destination Management Services

Prospective Clients Services Provided

MUF Event Management Services  
GFI Software (Malta) Event Management Services  
Intertech IV Congress Management Services

KD Travel Corporate Business services  
Corinthia Hotels (Malta) Corporate Business services  
MIB (Malta) Corporate Business services  
Malta Enterprise Corporate Business services  
DMAX Corporate Business services.

Individuals Corporate Business Services