



StreetTalk

A message from Anthony Wooles, Managing Director & CEO



PearlStreet has continued its strong growth over the past four months, completing three major acquisitions and signing an important five year extension to a key contract with Esso Australia's Bass

Straight oil and gas operations.

This solid progress over the period has secured PearlStreet's position as Australia's largest asset integrity service provider.

The renewed contract with Esso reflects the hard work and dedication of the PearlStreet ETRS team, who provide non-destructive inspection (NDT) and testing services at Esso's multi billion dollar gas and liquid production facilities in Victoria.

Critical to the success of PearlStreet's acquisition strategy has been the ability to quickly integrate the new businesses into the existing operations.

A prime example has been the integration of Accura Analytical Laboratories (Accura) in Western Australia with Australian NDT (ANDT), which is providing clients with a stronger offering of complementary services.

PearlStreet's biggest acquisition to date has been with Western Australia's market leader in asset integrity services, Metlabs, and its Queensland-based partners, ITS. Metlabs has well established relationships with a number of blue-chip customers including Alcoa, in addition to a 250-strong workforce of highly skilled engineers, technicians and metallurgists.

PearlStreet recognises the exceptional value, diverse skills and multiple disciplines of its new team under the amalgamated entity.

I welcome the many talented engineers, technicians and metallurgists who have joined the group. We have expanded our national workforce and seek to create significant career advancement opportunities through this combination of technical and commercial leaders.

I also welcome a number of key additions to our management team including: Metlabs General Manager, Arthur Henry; the company's Regional Manager, Eastern Region, Hamish Sinclair; and Regional Manager, Western Region, Geoff Williams. With over 100 years of combined industry experience, their vast knowledge and expertise will prove invaluable to our clients and the rest of our team.

Another important addition is Kristen Walsh who was appointed to the newly created position of General Manager, Growth Programs.

All four executives make tremendous additions to our team and we are delighted to have professionals of such calibre on board.



Esso Reaffirms 30+ Year Partnership with PearlStreet

PearlStreet ETRS' exemplary performance in delivering asset integrity services has resulted in the renewal of its five year contract with Esso Australia Pty Ltd.

Under the contract, PearlStreet is to provide non-destructive testing (NDT) and inspection services at Esso's Longford and Long Island Point production facilities in Victoria and at its offshore production platforms in the Bass Strait.

PearlStreet ETRS' working relationship with Esso dates back 30 years. Before its merger with PearlStreet in 2005, ETRS supplied NDT, inspection and engineering services to a number of Esso's oil and gas operations.

The most recent contract will continue this long standing partnership until 2012.

The Bass Strait oil and gas production region supplies the majority of Victoria's natural gas requirements and a significant proportion of Australia's crude oil. Esso operates 21 offshore oil and gas platforms within the area and transports the oil and gas produced via pipeline to the Gas Processing and Crude Oil Stabilisation Plant at Longford, in Gippsland, Victoria.

The oil and gas is then transported to Esso's processing plant at Long Island Point, on Victoria's Western Port Bay, where final stage processing is carried out before the product

is transported to customers.

PearlStreet's role at each of the sites is to test the level of safety and efficiency of Esso's operations.

PearlStreet Managing Director Anthony Wooles said Esso renewed the contract based on PearlStreet's ability to deliver consistent high quality asset integrity services.

"We see this renewed contract as verification of Esso's continued confidence in the value of our work," Mr Wooles said.

"Key to our ability to secure this project was our previous performance against a number of KPIs including Quality of Work, Health & Safety, Customer Service and Cost Savings Generated."

Under the previous contract with Esso, PearlStreet ETRS regularly scored maximum points for each KPI indicating not only the high level of the service provided but also the significant benefits delivered.

"Esso is a key player in this industry and we are pleased to be able to help support the longevity of such significant infrastructure."

"We are very happy to be continuing the relationship with Esso and look forward to working with the Company to ensure the safe and efficient operation of its production assets."



PEARLSTREET ADDS ACCURA SCIENTIFIC SERVICES TO ITS OPERATIONS

Testing at Accura Analytical Laboratories, Collie

Accura Scientific Services + PearlStreet = A natural fit

Advancing its analytical capabilities, PearlStreet has acquired Western Australia's leading coal and water testing specialist, Accura Analytical Laboratories Pty Ltd.

Based in the Collie Industrial Area in WA, the Accura laboratory has been in operation providing sampling and analysis of coal and water for the mining and minerals industry in the region for more than 20 years.

The business also provides a wide range of other services including the testing of soil composition, air quality and fly ash as well as chemical preparation and waste monitoring services.

PearlStreet Managing Director Anthony Wooles said Accura's technically advanced scientific services complimented the company's existing service provision to the coal-powered electricity market.

"The Accura business and the services that its laboratory provide are a great fit with our existing service offering," said Mr Wooles. "The acquisition was completed in July 2007 and now the Accura business has formed part of PearlStreet's Asset Management and Engineering Services operations."

"In addition to widening our suite of services, the acquisition provides us with access to a number of high profile customers in the coal and water industry."

One of PearlStreet Energy Services' existing contracts covers the operation, maintenance and overall asset management of the coal-handling and biomass infrastructure servicing the Muja Power Station and coal supply infrastructure to Collie Power Station. Accura currently has service contracts and relationships with Wesfarmers, Verve Energy and Griffin Coal.

Accura Analytical Laboratories General Manager Alison McKenzie, who has been with the company for the past six years, said the merger with PearlStreet would bring a range of benefits to its business, employees and customers.

"By aligning with a company like PearlStreet, which has such a prominent reputation in the industry, Accura stands to benefit from increased exposure to the marketplace, technical support and a solid corporate team that is able to manage all aspects of the business professionally."

"For our customers, the benefits will flow from our ability to provide a more complete service offering, from operation, maintenance, inspection, testing and management of energy related assets."

"For example, currently, PearlStreet Energy Services and PearlStreet Accura are working as a

team to bias test a coal sampling plant in the South West of Western Australia. By working together we are able to provide a more efficient and thereby more effective service to the customer."

"We are very happy to have joined forces and look forward to working alongside the PearlStreet team in building a capable business that we can all be proud of," she said.



Asset Integrity Acquisitions Expand National Presence

PearlStreet has enhanced its asset integrity capability, having recently announced the purchase of two of Australia's largest asset integrity businesses, Metlabs and ITS.

The businesses, which were former subsidiaries of Leighton Contractors Pty Ltd, are key players in the asset integrity sector and will provide a major boost to the national capability of PearlStreet's asset services business.

Metlabs specialises in condition monitoring, non-destructive and mechanical testing, metallurgical services and engineering analysis and is the market leader in Western Australia.

ITS, which is focused on the Queensland market, specialises in condition monitoring, oil analysis and lubrication services.

Together, the acquisitions bring an additional 250 staff to PearlStreet including 145 people in Western Australia, 20 in South Australia and 85 across the Eastern Seaboard.

The additions lift PearlStreet's workforce to over 500 people, consolidating the company's position as Australia's largest asset integrity services provider.

Managing Director Anthony Wooles said the acquisitions would provide a significant boost to PearlStreet's operations.

"This is an important step in the development of PearlStreet and will bring a range of benefits – not only to the company – but its employees and customers as well," said Mr Wooles.

"The increased scale of the combined PearlStreet, Metlabs and ITS businesses will have an enormous impact on the types of and level of services we are able to provide to our customers."

"Of real importance are the additional people to join our team through the acquisitions. In a tight employment market this will be of major assistance in our ability to service existing contracts and take on larger projects in the future," he said.

Mr Wooles said PearlStreet had been working to secure the opportunity for more than 18 months.

"We had previously identified the Metlabs business as our primary acquisition target, and the ITS business will be a good fit strategically."

"Integration of the two businesses is already underway, however we have obviously quite a lot of work ahead of us now in bringing the companies and their employees together."



A Metlabs engineer conducting condition monitoring

Senior Management Appointment to Fuel PearlStreet's Growth Opportunities

PearlStreet has appointed engineering professional Kristen Walsh as General Manager, Growth Programs. Based in Perth, Kristen will be responsible for the integration of PearlStreet's newly acquired businesses; Australian NDT Services, Accura Analytical Laboratories, Metlabs and ITS.



Kristen is an MBA qualified civil and environmental engineer with over 12 years experience in the UK and US oil & gas and water industries.

Having spent a week on a tour of PearlStreet's national operations, familiarising herself with the business, Kristen describes the company as a fast-paced, professional environment where employees take great pride in the quality of the services they deliver to clients.

Based on her multidisciplinary experience, Kristen sees tremendous opportunity for PearlStreet to provide value to clients through long-term partnering relationships.

"A common challenge facing large asset owners in the UK, the US and Australia is the loss of experienced technical staff. For these asset owners, partnering with specialist engineering service providers is an effective way of bridging in-house gaps in technical knowledge and experience," said Ms Walsh.

"Given Australia's tight labour market, PearlStreet, with its national footprint and 500 + strong workforce, is well placed to provide Australian asset owners with contractually secure access to people who are experienced in the field and familiar with their assets."

"For PearlStreet, the more intimately we understand our clients' assets – both asset condition and operation & maintenance regimes – the more value we are able to provide."

"As large assets in the oil & gas, power, mining, and mineral processing industries begin to reach the end of their design life, innovative asset replacement and asset life extension strategies can have a tremendous impact on operating and capital expenditure," she said.

"My experience is that if a client and their service provider commit even a limited amount of time together to clarify the client's asset management objectives, the parties typically generate creative new ideas."

"Through PearlStreet's recent acquisitions of Australian NDT Services, Accura Analytical Laboratories, Metlabs and ITS, we have increased technical and commercial expertise throughout the group. For our clients this translates to increased resource flexibility, access to new technology and improved working practices," said Ms Walsh.

"I am thrilled to have joined the company at such an exciting time in its development and look forward to working with our newest acquisitions and providing a smooth integration into the larger group."

PearlStreet ETRS Wins 'Excellence in Technology' Award

PearlStreet ETRS has been acknowledged for its contribution to the manufacturing sector, winning the 'Excellence in Technology' Award from the industry group, Hunter Manufacturing Awards Inc (HMA).

The prestigious award was one of 11 category winners announced at the 2007 Energy Australia Hunter Manufacturing Awards event at the Western Suburbs League Club in Newcastle, NSW on 19 October 2007.

HMA is a non profit organisation with the objective of promoting manufacturing excellence, innovation and best practice in the Hunter Valley. Its annual awards acknowledge manufacturing companies that contribute to the economic sustainability of the region.

PearlStreet's ETRS business – which operates within the Hunter region – won the 'Excellence in Technology' award for its innovative use of Phased Array Ultrasonics technology to detect corrosion on the faces of pipe flanges.

PearlStreet ETRS' General Manager of New South Wales and Victoria, Eric Kreutzer said the company was pleased to receive recognition from the industry organisation.

"Phased Array Ultrasonics is an important part of PearlStreet's non destructive testing (NDT) service offering," said Mr Kreutzer.

"The technology had its genesis in medicine, and in particular, the examination of babies in the womb," he said.

"Using the same technology, PearlStreet developed a quick and reliable Phased Array examination method for determining the presence of flange face corrosion and also defining the severity of this corrosion."

"This technology provides PearlStreet customers with a reliable method of determining flange face corrosion before failure of the flange can occur, thereby proactively addressing safety and environmental concerns. Additionally, because it is a non-invasive technique, the method allows this examination to occur during normal operations, bringing our customers added cost benefits," he said.



Eric Kreutzer (left) being presented with the 'Excellence in Technology' award by Mr Derek Hird, CEO of Dywidag Systems International, a sponsor of the Hunter Manufacturing Awards.

Employee Focus

In today's tight employment market, sourcing skilled professionals to keep up with customer demand in labour intensive industries is a challenge. So when experienced and qualified process and environmental engineer, Eileen Kahnsdorf from Germany, applied to work at PearlStreet ETRS it was an opportunity not to be missed.

Eileen is a full-time trainee Materials Engineering Consultant at PearlStreet ETRS' Rocklea office in Queensland. Since joining the Company in June 2007, Eileen has worked with a team of mechanical, material engineers and industrial chemists performing product testing, strain gauging, concrete testing and replications at power station shutdowns.

Eileen says the main challenge of her role is finding a good approach and a beneficial solution to the many customised tasks she performs.

With over five years experience in the chemical and mineral processing industries, Eileen has a diverse and multidisciplinary background and has worked in Germany, China, England and Australia.

Over this time, Eileen has developed particular expertise in assessment of the environmental impact for all activities in an NDT environment.



Eileen Kahnsdorf

Spending time in England, Eileen worked as a quality and risk manager for an NDT company where she earned her magnetic particle and dye penetrant Level II qualifications.

Commencing her engineering career at a large-scale copper manufacturing company, Mansfelder Kupfer in Germany, Eileen conducted an economic feasibility study for an upgraded NDT inspection system which enabled faster and more efficient metal production operations.

Eileen feels the most rewarding aspect of engineering is that it really gets to the source of improvement. Her motivation to follow this occupation stemmed from her desire to influence the environment that makes a difference to people's lifestyle.

"There is always a logical solution for an engineering problem. You just have to pull it apart and analyse it. "My professor in Thermodynamics always used to say "nothing is too difficult for an engineer," and he was right."



PearlStreet

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