

Chairman's Statement

Jonathan Silver

2011 was a landmark year for Lamprell.



2011 was a landmark year for Lamprell in a number of ways. The Group reported revenues of USD 1,148m, the largest annual revenue in the Group's history, an increase of 128% on 2010 and adjusted net profit of USD 73.8m, 10.9% higher than the prior year; the Group secured contract awards totalling USD 1,098m, the second highest in the Group's history; and the Group's year-end order book, amounting to USD 1,215m, is a record. The Group continues to be committed to high quality and timely project execution.

The Group completed its first significant acquisition with the NOK 1,869m (USD 338m) purchase of Maritime Industrial Services Co. Ltd. Inc. ("MIS"), a diversified engineering and contracting group focused on the energy sector with its principal operations based in Sharjah in the UAE. Despite the complexities of the transaction, the acquisition was completed (post the initial negotiations) in only 67 days. In the process, the Company launched its first ever rights issue, which achieved a 99.8% acceptance from shareholders and raised equity, debt and guarantee facilities totalling, in aggregate, USD 530m.

The acquisition of MIS has added complementary service businesses to the Group's existing offering, a presence in a number of countries in the region including, most significantly, the Kingdom of Saudi Arabia, it has enhanced the Group's in-house engineering capabilities and provided 375,000m² of additional yard and fabrication space. The combined Group now employs in excess of 14,000 people, including labour supply personnel, working in multiple locations across eight countries. The process of integrating MIS and its subsidiaries into the Group has progressed more quickly than was anticipated and is expected to be completed prior to the first anniversary of the acquisition. Management is confident that the annual synergies that will be brought about following the acquisition will meet the target of USD 11m.

The Company formally opened its expanded Hamriyah facility at a ceremony marking the official launch of the Group's main facility following over three years of construction and an investment of over USD 75m. The Company was extremely honoured to have His Highness Sheikh Sultan bin Mohammed Al Qassimi, Supreme Council Member and Ruler of Sharjah, open the facility. With a surface area of 365,000m² and a quayside of over 1.4km, the Hamriyah yard is one of the region's foremost facilities for the manufacture of oil & gas assets, with capacity to accommodate more than 10 jackup rigs at the quayside simultaneously and multiple new build rigs in various stages of construction within the yard. The Hamriyah facility

USD 1,098m

New contract awards



Steven Lamprell President

demonstrates the Group's determination to build its business further and is already playing a key part in broadening the Group's offering to its widening customer base.

The Group's record year-end order book and strong bid pipeline reflect the high level of interest there is in Lamprell's services, a point reinforced during 2011 by the multiple major contract awards with leading international clients including contracts to construct five new build jackups, a wellhead and production utility quarters platform for Nexen and two new build land rigs. The Nexen contract is a significant step for the Group in terms of developing the North Sea market and its increased scale.

That these achievements came against a backdrop of continuing economic volatility was particularly pleasing, demonstrating the strength of the Group's offering even in more difficult times. We are, however, very watchful of any impact that continuing economic concerns may have on our principal markets and will continue to work hard to maintain both the quality of our work and the flexibility of our business model to seek to ensure that Lamprell can respond rapidly to any changes in the health of the industry supply chain.

In January of last year, Christopher Hand joined the Board as Chief Operating Officer and in October, we welcomed Jonathan Cooper as our Chief Financial Officer with his predecessor Scott Doak taking a new role within the Group. We are fortunate to add Jonathan's undoubted skills in

both the finance and oil sectors to our Board whilst retaining Scott's knowledge of our business in an important new role. I am also delighted to welcome Deena Mattar to the Board as a Non-Executive Director with effect from the beginning of April 2012. Deena Mattar, who was formerly Group Finance Director of Kier Group plc and holds non-executive directorships at Invensys plc and RM plc, will assume the role of Chairman of the Audit Committee when Richard Raynaut retires in June of this year. We are extremely grateful to Richard for the significant contribution he has made to the Company during the last six years.

These are exciting times for the Group and I am pleased to announce that, having considered the current market conditions, profit earned and cash generated during the year ended 31 December 2011, the Board is recommending a dividend of 8.00 cents per share. If approved, this will be paid to shareholders on 22 June 2012 provided they were on the register on 25 May 2012.

I am confident that Lamprell's reputation for quality, the safe execution of work, its technical capabilities, project execution and delivery, coupled with the dedication and expertise of Lamprell's management and staff, will enable the Company to continue to deliver value for all its stakeholders.

Jonathan Silver
Chairman
Lamprell plc

Year at a glance

- February
Greatship contract for a LeTourneau Super 116E new build rig
- March
Weatherford contract for two new build 3000HP land rigs
- April
Multiple contracts for rig refurbishment and upgrade
- July
Successful acquisition of MIS
- October
Exercise of options by NDC for two new build rigs and official inauguration of Hamriyah facility
- November
Contracts signed with Nexen for a two level wellhead deck and with Jindal for a LeTourneau Super 116E new build rig
- December
Sale of Hull 108 to Perforadora Mexico

USD 1,215m

Value of our order book at year end