

Directors' Report

The Directors present their Annual Report on the affairs of the Company and the Group together with the financial statements and Auditor's Report, for the year ended 31 December 2011. Lamprell plc is the holding company of the Group and it was admitted to listing on the main market of the London Stock Exchange on 6 November 2008.

Principal activities

The principal activity of the Group is the provision of diversified engineering and contracting products and services to the onshore and offshore oil and gas and renewables industry. The Group operates through a number of subsidiaries which are set out in Note 1 to the financial statements.

The principal activity of the Company is to act as a holding company for the Group.

Results and dividends

The financial statements of the Group for the year ended 31 December 2011 are as set out on pages 53 to 99. The Group net profit for the year amounted to USD 63.3m (2010: USD 65.2m).

The Directors recommend a final dividend of 8.00 cents per ordinary share with a Sterling equivalent of 5.03 pence per ordinary share which, if approved, will be paid on 22 June 2012 to eligible shareholders on the register at 25 May 2012. The Company paid an interim dividend of 4.00 cents (2.42 pence) per ordinary share during the year.

There was a transfer of USD 35.2m (2010: USD 48.6m) to retained earnings for the year ended 31 December 2011 representing the profit for the year, less dividends paid, adjustments for share-based payments and the purchase of treasury shares. For details refer to the Consolidated Statement of Changes in Equity on pages 58 to 59.

Business review and future developments

A full review of the Group's activities during the year, recent events and future developments is contained in the Chairman's Statement on pages 6 to 7, the Chief Executive Officer's Statement on pages 12 to 15, the Operations Review on pages 16 to 25, and the Financial Review on pages 28 to 31.

Corporate governance and corporate social responsibility

The Corporate Governance Report on pages 37 to 41 and the Corporate Social Responsibility Report on pages 51 to 52 provide full details on the efforts made by the Company in these areas.

Directors' Remuneration Report

Details of Directors' remuneration for the year ended 31 December 2011 can be found in the Directors' Remuneration Report on pages 42 to 50.

Directors

The Company's Articles of Association provide for a Board of Directors consisting of not fewer than two but not more than 12 Directors, who manage the business and affairs of the Company. The Directors may appoint additional or replacement Directors, who shall serve until the next AGM of the Company at which point they will be required to stand for election by the members. At each AGM, one third or the number nearest to one third of the Directors are required to retire by rotation and they may stand for re-election. A Director may be removed from office at a general meeting by the passing of an Ordinary Resolution. At the Company's 2012 AGM all current executive and non-executive directors will retire and seek re-election, with the exception of Richard Raynaut who will retire and not seek re-election.

The Directors who served in office during the financial year were as follows:

Jonathan Silver
Nigel McCue
Scott Doak (Retired 30 October 2011)
Colin Goodall
Richard Raynaut
Brian Fredrick
Christopher Hand (Appointed 26 January 2011)
Jonathan Cooper (Appointed 30 October 2011).

Directors' interests

The Directors' interests in the Ordinary Shares of the Company are set out in the Directors' remuneration report on pages 42 to 50.

Capital structure and significant shareholders

Details of the authorised and issued share capital together with details of movements in share capital during the year are included in Note 27 to the financial statements. The Company has one class of share in issue, ordinary shares of 5 pence each, all of which are fully paid. Each ordinary share in issue carries equal rights including one vote per share on a poll at general meetings of the Company, subject to the terms of the Company's Articles of Association and applicable laws. Votes may be exercised by shareholders attending or otherwise duly represented at general meetings. Deadlines for the exercise of voting rights by proxy on a poll at a general meeting are detailed in the notice of meeting and proxy cards issued in connection with the relevant meeting. There are no restrictions on the transfer of shares.

Details of employee share schemes are disclosed on pages 45 to 46 of the Directors' remuneration report and in Note 9 to the financial statements. During the year the following awards of ordinary shares of 5 pence were granted:

	Granted		Outstanding	
	2011	2010	2011	2010
Lamprell plc Free Share Award Plan	Nil	299,000	Nil	342,000
Lamprell plc Retention Share Plan	Nil	Nil	Nil	600,000
Lamprell plc Executive Share Option Plan	Nil	Nil	660,635	660,635*
Lamprell plc Performance Share Plan	377,960	552,873*	930,833	552,873

* Number reflects adjustment for the dilutive effect of the May 2011 rights issue.

The awards under the Lamprell plc Free Share Plan, the Lamprell plc Retention Share Plan and the Lamprell plc Performance Share Plan are granted at Nil price.

Pursuant to the Company's share schemes, the Employee Benefit Trust as at the year-end, held a total of 449,734 (2010: 1,277,138) ordinary shares of 5 pence, representing 0.17% (2010: 0.64%) of the issued share capital. The voting rights attaching to these shares cannot be exercised directly by the employees, but can be exercised by the Trustees. However, in line with good practice, the Trustees do not exercise these voting rights. In the event of another company taking control of the Company, the employee share schemes operated by the Company have set change of control provisions. In short, awards may, in certain circumstances and in approved proportions, be allowed to vest early or be allowed to be exchanged for awards of equivalent value in the acquiring company.

The Company was given authority at the 2011 AGM to make market purchases of up to 20,000,000 ordinary shares of 5 pence. This authority will expire at the 2012 AGM, where approval from shareholders will be sought to renew the authority.

Approval from shareholders is also proposed to be sought to authorise the Directors to allot the Company's unissued shares up to a maximum nominal amount of £3,900,000, representing approximately 30% of the Company's current issued ordinary share capital (excluding treasury shares) and to issue equity securities of the Company for cash to persons other than existing shareholders, other than in connection with existing exemptions contained in the Company's Articles of

Association or in connection with a rights, scrip dividend, or other similar issue, up to an aggregate nominal value of £650,000 representing approximately 5% of the current issued ordinary share capital of the Company. Similar authorities were given by the shareholders at the AGM in 2011 and the authorities now sought, if granted, will expire on the earlier of the conclusion of the AGM of the Company next year and the date which is 15 months after the granting of the authorities.

As at 22 March 2012, being the latest practicable date prior to the publication of this Annual Report, the significant interests in the voting rights of the Company's issued Ordinary Shares as per notification received by the Company (at or above the 3% notification threshold) were as follows:

	Voting rights attaching to issue of total ordinary shares	% of total voting rights
Lamprell Holdings Limited	86,234,127	33.12
Legg Mason Inc.	18,922,342	7.26
Standard Life Investments Ltd	17,641,666	6.78
Schroder Investment Management Ltd	16,931,038	6.50
Ignis Investment Services Ltd	12,720,501	4.89
J.P. Morgan Asset Management	12,415,375	4.76

Essential contracts

There are no individual contracts or other arrangements which are deemed essential to the Group's business.

Annual General Meeting

The Company's sixth Annual General Meeting ("AGM") as a listed public company will be held at Level 15, Rolex Tower, Sheikh Zayed Road, Dubai, United Arab Emirates on Thursday, 7 June 2012 at 12.00 noon (UAE time). The notice of meeting and explanatory notes to shareholders setting out the AGM business accompanies this Annual Report.

Principal risks and uncertainties

The Board has established a process for identifying, evaluating and managing the significant risks the Group faces. A detailed analysis of the risks and uncertainties can be found on pages 26 to 27.

Payment policy

The Group's policy in respect of its vendors is to agree and establish terms of payment when contracting for the goods or services and to abide by those payment terms. The Company is the holding company of the Group and has no trade creditors.

Charitable and political donations

During the year, the Group made no political donations (2010: Nil), and made charitable donations amounting to USD 62,000 (2010: USD 2,724).

Directors' Report (continued)

Auditors

As far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware. In addition, each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

The auditor for the year ended 31 December 2011 was PricewaterhouseCoopers. PricewaterhouseCoopers has expressed its willingness to continue in office as auditor and a resolution to reappoint it will be proposed at the forthcoming Annual General Meeting.

Going concern

After making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to remain in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' responsibilities

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgments and estimates have been made in preparing the financial statements for the year ended 31 December 2011 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements have been prepared on the going concern basis since the Directors have reasonable expectation that, firstly, the Company's and the Group's activities are sustainable and, secondly, that adequate resources are available to continue in operational existence for the foreseeable future.

The Directors are responsible for the maintenance and integrity of the Company website. Your attention is drawn to the fact that legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from other jurisdictions and uncertainty regarding the legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

Subsequent events

Subsequent events are as set out in Note 41 to the Financial Statements.

By order of the Board

Justin Tyler
Company Secretary
23 March 2012



Justin Tyler Company Secretary