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December 2007



The HSE department of Lamnalco Ltd. Sharjah undertook STCW 95 training for 39 Yemenis and five expatriates

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FROM THE MD'S DESK



Yet another record year for Lamnalco. Firstly I am delighted to reflect on our longest running contract. For the last 25 years we have managed the Hamriyah

Terminal in Sharjah for our client AMOCO and subsequently BP. It was indeed a great honour to be recognised in November for this service without a single Lost Time Incident. In an often unpredictable theatre of operation in respect of weather conditions this is indeed an exceptional performance.

Our year started with major long term contract awards in Yemen, Aqaba and West Africa. Our project management teams have subsequently experienced unprecedented levels of build activity across a wide range of our preferred shipyards in China, India and Turkey.

Accompanying this commercial and newbuild success our operations teams have had a full programme of contract start-ups. This is the most critical part of any contract, particularly given the long term nature of the work which we undertake.

With such growth in activity it is all too easy to slip up administratively; yet in 2007

we have seen our best ever performance in collections from debtors. All in all and in every corner of the business this has been a remarkable year.

The basis for this successful year, be it safety, operationally or commercially measured, is our people. The skill, hard work and dedication of all our staff sees us close the year in the strongest position the company has ever been financially and in respect of reputation and forward order book.

All that remains for me to do is to thank every individual member of staff for all their efforts this year and to wish them and their families a healthy and happy 2008.

Philip D. Orme, Managing Director

IN FOCUS

A year of accolades and expansion

Lamnalco received several safety accolades; including one from BP Sharjah, which commemorated its 25 years of continuous service offshore Hamriyah without a single LTI. Early in the year, Lamnalco adjusted its management team in anticipation of regional expansion from a strong

market forecast and the group speculative new build programme. This resulted in recruitment of several managers into the Middle East regional team and several promotions. Here's a look at the year gone by...

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TUG-TALK

Lamnalco Chough sets off to Yemen



Lamnalco Chough was given a hurried but traditional send-off as it embarked on its journey to Yemen. Bon Voyage!

OPERATION

Tern and Tercel in action



Lamnalco Tercel and Lamnalco Tern assisted in the unberthing of tanker, Ocean Skill, from the local storage tanker Jerash. The operation at the Port of Aqaba also involved berthing of the tanker, Omega Theodore, alongside the Jerash

Lam Puma lauded for 25 years without LTI

The Lam Puma crew was presented with a plaque recently. The award was made to the vessel in recognition of Lamnalco (Sharjah) Ltd achieving 25 years on contract to BP Sharjah without a Lost Time Incident.

This is a record of safety excellence that is and will be, very hard to achieve in the industry.

Lamnalco Sharjah Ltd. commissioned the BP LPG Terminal and Sharjah Offshore Terminal (Hamriyah SPM) on April 8, 1982.

The plaque is the client's recognition of the dedication, professionalism and safety awareness of the company personnel who have been associated with the contract over the years. Lamnalco (Sharjah) Ltd. marked the occasion by presenting the vessel crew with a new on-board entertainment system.

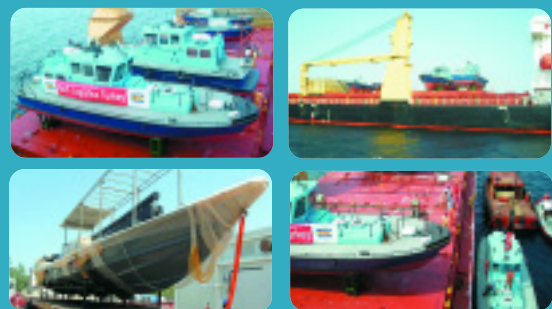


Above: The Lamnalco Puma crew
Top: Capt. Nigel Cooke, QAHSE Manager, Lamnalco Sharjah Ltd, presents the plaque to Capt. R. Alvarez, the Master of Lamnalco Puma, on behalf of William Jack, President and General Manager, BP

Lamnalco overcomes logistical challenges

The Purchase Department undertook two logistical challenges for Aqaba.

- Four boats from Sanmar Turkey were shiplifted to Aqaba on a chartered vessel
- 13 M RHIB was forwarded from Singapore to Aqaba



Lamnalco offers helping hand during Sharjah port fire

On instructions from the management, Lamnalco participated in the fire-fighting operations at Sharjah's Port Khalid despite not having been officially requested. Tug Sharif Pioneer — which was in the territorial waters of Sharjah and had six tonnes of foam — was diverted to Port Khalid to assist in putting out the fire.

Well positioned for a strong future

With several contract awards and a number of vessels under construction already committed to long-term contracts, Lamnalco is very well placed in West Africa for the year ahead

The year 2007 has been another busy and successful year for Lamnalco's West Africa region. The year has seen a steady increase in the vessel fleet and marine operations, with a number of new and existing vessels entering the region and deployed onto long-term charters.

The first two vessels from the Lamnalco M-Class series of newbuild got bollard pull ASD deepwater FPSO support vessels — the Lamnalco Merlin and Lamnalco Macaw — have entered service successfully for Total E&P Angola in support of the FPSOs Girassol and Dalia, to a high degree of customer satisfaction.

The Lamnalco Teal and Lamnalco Toucan — two newbuild 65t bollard pull ASD terminal tugs — were delivered to Marathon in Equatorial Guinea as part of a 10-year contract extension for a five-vessel spread to support LPG and LNG tanker berthing operations.

The Lamnalco Eagle — a newbuild 65t bollard pull Escort Class ASD terminal tug — went straight onto term charter to Elf Petroleum Nigeria Limited on delivery from the yard, representing the first long-term vessel contract with Total Elf in Nigeria, and several other vessels have also gone onto term charter to major oil company customers including ExxonMobil, Chevron and Agip.

Meeting operational needs

The global explosion in shipbuilding and the consequent pressure on machinery and equipment suppliers have led to significantly increased delivery times for newbuilds, presenting Lamnalco's customers with considerable challenges in meeting their immediate operational needs. Lamnalco has responded well to these challenges and provided front-running vessels from its fleet to ensure operational continuity for customers until the delivery of new vessels.

Lamnalco now has an established presence and long-term contracts in five countries in the region, with nearly 40 vessels operating at more than 20 terminals. The company's reputation for quality, efficiency and cost-effective services continues to grow, making it the market leader in some of the company's



The Lamnalco Eagle represented the first long-term vessel contract with Total Elf in Nigeria.

main markets, thus creating greater general market awareness throughout the region.

Nigeria

In Nigeria — Lamnalco's largest country of operation — the company's vessels have continued to meet all customer operational requirements despite the significant challenges presented by the recent insecurity in the region. The company's staff has remained consistent throughout this period, ensuring Lamnalco continues to provide efficient, safe and secure operations under sometimes difficult circumstances.

Lamnalco (Nigeria) Limited continues to employ a high percentage of Nigerian nationals within its operations and remains well-positioned for a strong future through focus on its core terminal support business while maximising indigenous local talent to achieve the requirements of the Cabotage law and Nigerian Content Development.

In addition to the development of staff within Nigeria, in the last year the company has also promoted two Nigerian personnel to management positions outside of the country. The company hopes it can soon utilise the skills and experience of more of its Nigerian personnel in the wider region.

Angola

The commencement of full operations in Angola in support of the Total Girassol and Dalia FPSOs was a major milestone in the company's development in West Africa. Angola is the second largest oil producer in the region and offers many future opportunities through the numerous deepwater developments planned over the next few years. The establishment of Lamnalco in this market will enable the company to build its presence and reputation with a new group of customers. With the speculative newbuild programme enabling the competitive advantages of cost effectiveness and shortened lead times, Lamnalco is confident of developing a much wider customer base in Angola in the very near future.

The company's other vessel operations throughout the region in Cameroon, Equatorial Guinea and Ivory Coast have also continued to provide reliable and cost-efficient support to its long-term customers, and safety performance throughout the region continues to improve.

With the West Africa vessel fleet doubling in size in three years, Lamnalco has responded by putting in place new and additional personnel in many areas of the business, enabling the company to provide high levels of service and support to its operations into the future.

Looking forward, 2008 is shaping to become another record year for the region, with several recent contract awards and a number of vessels under construction already committed to long-term contracts. With a large number of new major FPSO projects planned in the region over the coming years, and vessels from Lamnalco's speculative build programme entering service throughout 2008, 2009 and beyond, the company is very well placed to continue meeting customers' expectations for high quality purpose built vessels available in short lead times. Lamnalco is looking forward to expanding both the scope of services provided to its existing customers and further expansion of its geographical scope to reach new ones.

Another successful bid

Lamnalco has been awarded long-term contracts for Addax Nigeria

Following a competitive bidding process, Addax Petroleum Development (Nigeria) Ltd has recently awarded two long-term contracts to Lamnalco (Nigeria) Limited.

These contracts will see the newbuild vessel Lamnalco Magpie joining the line handling tug Lamnalco Roan in the Addax marine fleet. Both vessels will provide assistance to tankers berthing at Addax's two Nigerian offshore terminals — the FPSO Knock Adoon on the Antan field with a production capacity of 55,000 barrels of oil per day and the FPSO Sendje Berge on the Okwori field with a production capacity of 35,000 barrels of oil per day — as well as assist other field support duties including supply, stand-by, emergency response and rig move assistance.

The Lamnalco Magpie — from Lamnalco's series of speculatively built 90t bollard pull Azimuth Stern Drive FPSO support vessels — will go immediately onto this five-year charter on delivery from the shipyard in mid-2008, becoming the flagship of the Lamnalco Nigeria fleet.

She will join the Lamnalco Roan — a 1998, Damen shipyard-built, 30t bollard pull line handling tug — which commenced the charter with Addax in November 2007 following the conclusion of nine years of successful operations for ExxonMobil in Nigeria.

Addax has turned into one of the leading independent oil companies in Nigeria through successful exploitation and technologically-led development of marginal fields. The company recently acquired the assets of Pan-Ocean in Gabon and now produces in excess of 100,000 barrels of oil per day. In addition, Addax has entered into more joint ventures in Nigeria to increase its oil and gas portfolio in the country, has commenced drilling in Northern Iraq with considerable success and will soon commence its first drilling programmes in Cameroon, and the ultra-deepwater Nigeria/Sao Tome Joint Development Zone, making it one of the first companies to commence exploration in this highly



Lamnalco's vessels will provide help to tankers including the FPSO Knock Adoon (seen above) on the Antan field

prospective deepwater area.

As ties with Addax — one of the company's Nigerian customers — are renewed, Lamnalco looks forward to a successful working relationship with the company.

Lamnalco Eagle delivered to Elf

September 2007 saw the newbuild tug Lamnalco Eagle commencing a term charter with the Total operating company Elf Petroleum Nigeria Limited (EPNL) following the vessel's delivery voyage from the shipyard in China.

The Lamnalco Eagle is a 5,000 BHP, 65 tonne bollard pull, Azimuth Stern Drive, Ramparts 3200 Escort Class tug of Robert

Allan design. The Eagle supports export tanker operations at the FSO Unity in the Odudu field, providing assistance with Escort and push/pull on tanker approach and connection, hose handling, field emergency response, rig move assistance and standby duties. The FSO Unity has been in production since 2003, producing more than 230,000 barrels of oil per day,

and has a storage capacity of two million barrels. Off-take operations are every five to six days from a buoy located close to the FSO.

The award of this long-term contract by EPNL was recognition of Lamnalco's excellent reputation for safe, efficient and cost-effective vessel services for other clients in Nigeria.

Operational start-ups in Yemen and Sudan

Lamnalco commences operations at Canadian Nexen's Ash Shihr and Petrodar's Marsa Bashayer II oil export terminals

Lamnalco has started operations at Canadian Nexen's Ash Shihr oil export terminal in Yemen from June 1, 2007, and Petrodar's Marsa Bashayer II oil export terminal in Sudan from June 8, 2007.

Yemen

At Ash Shihr, Lamnalco will provide full terminal support services including pilotage, berthing and subsea services through the provision of a full spread of terminal support vessels; terminal support vessel, two line handling tugs, two RIBs and an additional ASD terminal support tug during the monsoon season. The terminal support vessel Lamnalco Chough is a 60tbp multi-purpose vessel; the fifth of its type in the fleet has FiFi1 for firefighting and integrated oil spill response equipment for emergency response. This multi-purpose vessel has a purpose-built IMCA containerised mixed gas dive system and LARS for routine and campaign maintenance and inspection as part of the planned maintenance system.

As with all other operating regions, Lamnalco's policy to employ nationals was demonstrated in the recruitment of 85 per cent Yemenis on this project.

Sudan

Commencing its first operations in Sudan,

Lamnalco will provide full terminal support services including pilotage, tanker vetting, berthing and subsea services through the provision of a terminal support vessel and mooring boat. The terminal support vessel Lamnalco Flicker is a 60tbp, compact, multi-purpose vessel with firefighting capabilities and a purpose-built IMCA containerised mixed gas dive system and LARS for routine and campaign maintenance and inspection.

The mooring boat Shihan has been mobilised from Lamnalco's recently-commenced operations at the port of Aqaba, and in addition to its primary role of line and hose handling, it will carry the terminal's oil spill response equipment for emergency response.

Lamnalco will be berthing tankers at, and maintaining a Bluewater SBM in 70m of water. The SBM is capable of handling vessels up to VLCCs, thus the provision of experienced specialised marine personnel such as pilots, mooring/loading masters and assistants is crucial to the safe performance of the operation.

The commencement of these projects further underlines Lamnalco's core subsea service offerings; Lamnalco now operates five full IMCA dive spreads from its regional operational offices in Sharjah.

NEW CONTRACT



From left to right: Paul Moscardini (WEL), Neil Graham, Simon Cook, Kate Steinitz (WEL), David Oliver (WEL), Jason Roods (WEL), Peter Petroff (WEL), Tristan Ng (WEL), Peter Montgomery, Andrew Wilkinson, Simon Harries and Kenny Polson (WEL)

Lamnalco hosts dinner to celebrate its first contract in Australia

Lamnalco Australia hosted a dinner recently at the Zafferano Restaurant in Perth to commemorate Lamnalco's first contract in Australian waters. This follows the award of a five-year contract from Woodside Energy Limited (WEL) that calls for Lamnalco to mobilise one of its new-build 90-tonne Bollard Pull ASD FPSO Support and Field Supply vessels — the Lamnalco Mallard — to work off the North West Shelf region of Western Australia in support of the FPSO which is to be installed at the Vincent oilfield.

The Mallard is under construction and the contract is scheduled to commence in April 2008. Speaking on the occasion, Andrew Wilkinson, MD, Lamnalco Australia, said the first contract in Australia signifies the start of a long and successful venture for Lamnalco in a region filled with enormous developments in the field of oil and gas.

Training in Yemen

The HSE department of Lamnalco Ltd, Sharjah undertook STCW 95 training for 39 Yemenis and five expatriates at the Nexen Terminal in Ash Shihr, Yemen. The training underlined once more the company's commitment to customer satisfaction and safety standards. The training was conducted by lecturers from the Jordan Academy for Maritime Studies. It was Canadian Nexen Petroleum Yemen (CNPY) which put their training facilities at Lamnalco's disposal.



A year of accolades & expansion

Lamnalco bid, won and started several major long-term multi vessel contracts in 2007. A look at the year gone by...

It was rewarding to receive several safety accolades, particularly one from BP Sharjah which commemorated its 25 years of continuous service offshore Hamriyah without a single Lost Time Incident. Early in the year, Lamnalco adjusted its management team in anticipation of regional expansion resulting from a strong market forecast and the group speculative new build programme. This resulted in recruitment of several managers into the Middle East regional team and several promotions. During the year this team bid, won and safely started several major long-term multi vessel contracts. With this new business, the company couldn't have asked for a more quicker start.

Sub-sea maintenance in Sudan

Lamnalco started its first major new contract on January 1, 2007, at 0001 hours. In deepwater and a challenging environment, the company introduced towing, mooring, pilotage and sub-sea maintenance services at the Marsa Basheyer Terminal off Port Sudan. This is a brand new terminal with SBM facilities through which very low pour point crude is exported to tankers visiting the terminal every two to three days.

Service provision at Aqaba Port

Next on the agenda was starting service provision at the commercial port of Aqaba in Jordan which commenced on March 1, 2007. The planning included setting up two joint ventures — one with Jordan National Shipping Lines to form Lamnalco Jordan, which in turn formed a joint venture with the Aqaba Development Company to form the Aqaba Port Marine Service Company (APMSCo). Planning also included constructing nine new harbour crafts including four azimuth stern drive tugs, line boats, pilot boats and a passenger vessel, recruitment of 200 Jordanians and of course all the site renovations, training and operating procedures commensurate with the 15-year exclusive provision of marine services at a major port.

The Aqaba Port comprising three ports — main port, industrial port and container port — is the only maritime gateway to



Operations in Aqaba



Operations in Yemen

Jordan and consequently a very busy port and of strategic importance requiring the highest calibre of marine services. Lamnalco's investment in new modern tonnage, extensive training and implementation of international best practices ensures that Aqaba Port provides world-class services to visiting ships, essential to achieve the long-term growth of this multi-modal logistics hub.

With the company's continued initiatives to increase safety and operational efficiency and the commencement of new businesses, it was an excellent year for Lamnalco.

Marine services in Yemen

On June 1, 2007, Lamnalco commenced services at the Nexen oil terminal in Ash Shihr, near Mukalla on the Indian Ocean coast of Yemen. More than 100 tankers per year require the company's services here that include towing and tow-back, pilotage, sub-sea maintenance of two SPMs, pipelines and the maintenance of the harbour, harbour craft and pollution equipment. Lamnalco's newbuild vessel Lamnalco Eider was modified with a full IMCA diving spread to front run the new-build MSV Lamnalco Chough and is supported by two newbuild line-boats

and two fast rigid inflatable boats. This is another area where the company has identified and undertaken extensive training to support the employment of local staff. The training included STCW and certification for 44 Yemenis by the Jordan Institute for Maritime Studies.

The inking of an agreement in Paris for Marine Services to support Yemen LNG for a 10-year fixed period was the starting gun for the planning required for commencement of services scheduled for end-2008. As 2007 ends, the progress with the project is well on track with the formation of a joint venture with Safir Services in Yemen and building of four 100T Bollard Pull ASD escort tugs in Turkey.

First contract in Australia

Final planning is under way for Lamnalco's first contract in Australia where the company will be providing a newbuild 90 tonne bollard pull Azimuth Production Support (APS 90). The Lamnalco Mallard will be providing FPSO support with commencement of operations for Woodside Energy off Western Australia in April 2008. With the company's continued initiatives to increase safety and operational efficiency, the commencement of new and retention of all existing businesses and the chartering and re-hire department achieving its busiest year ever, it was an excellent year for Lamnalco. Well done to all the staff who have stepped up to the bar to meet the demands that such an active year has brought with it.

General Manager - Middle East

From twin screw tugs to ASDs

Four tugmasters from Aqaba Port Marine Services Company complete Basic ASD Simulator course

Four tugmasters from Aqaba Port Marine Services Company were awarded certificates of training on completion of the five-day Basic ASD Simulator course at Lamnalco's own simulator in Sharjah. The four tugmasters — Capt. Ayman Rawashdeh, Capt. Ali Khreibat, Capt. Mohaymen Abu Safi and Capt. Waleed Al Jaber — are the first of 20 to receive their certificates. The tugmasters received the five-day Basic ASD Simulator course certificate along with a certificate of training.

As part of the course, onboard observation training and extensive onboard maneuvering training were followed by final assessments onboard the Lamnalco Tern and Tercel — two of the ATS 65 ASD tugs on station at the port of



From right to left: Zoran Simovic, Technical Manager; Capt. Ayman Rawashdeh; Capt. Ali Khreibat; Capt. Mohaymen Abu Safi; Capt. Waleed Al Jaber; Capt. Abdulqader Al Kilani, Marine Superintendent; and Capt. Toby Freeman, Group Training Superintendent

Aqaba, Jordan. During the extensive onboard training, the four tugmasters undertook 114 vessel maneuvers. These

ranged from VLCCs and container ships to bulk carriers, car carriers and Ro/Ro ferries. Prior to that, the four tugmasters had passed the required preliminary training conducted over a three-month period. The preliminary training involved all tugmasters from Aqaba undergoing the training programme for a shift from standard twin screw tugs to ASDs.

Each tugmaster spent up to 10 weeks in training conditions while the shift from standard twin screw tugs to ASDs took place. In some cases up to 60 vessel assists (berthing and un-berthing) had been accredited over the training period.

To date, the company has completely trained/converted 18 tugmasters from Aqaba, with two more expected to be ready for final assessment soon.

HSE card winners

August '07: JUNIE PALOMO (Lamnalco Finch)

THE CARD STATES: Crew was sharpening blades using grinder without wearing safety helmet and eye protector and leaving the grinder running.
ACTION: Stopped working and switched off the grinder.

The card won for the following reason: There could have been fatalities. Also the seriousness of using safety gear for the personnel was underlined.

September '07: SANIL KUMAR (Ex Hoopoe)

THE CARD STATES: A glass bottle containing a soft drink, left in the mess room refrigerator's freezer compartment.
ACTION: Cleaned up the mess and advised the captain.

The card won for the following reason: The simple action of opening a fridge/freezer door nearly blinded a seaman. Never put a sealed glass container into a freezer. Liquid freezing causes it to expand and shatter the container.

October '07: A. HERMINIGILDO (Ex Lam 22)

THE CARD STATES: A bunkering

operation about to start without any fire fighting equipment prepared on deck.
ACTION: Stopped the operation from going ahead and requested the watchman to be briefed.

The card won for the following reason: A seaman stopped an operation on grounds of safety, following safety procedures and the checklist.

November '07: K. PAVITHRAN (Ch. Cook — Lam Puma)

THE CARD STATES: Harpic and Clorox in the toilet bowl.
ACTION: Rapidly left the compartment and did not return until it was ventilated. The chemical concoction could have caused unintentional death.

The card won for the following reason: When a chlorine-based cleaner comes in contact with an ammonia-based cleaner, they combine to create carbonyl chloride — a chemical weapon of war. It also reacts violently with aluminum, attacks many metals, plastic and rubber, when in the presence of water, so trying to flush it down may only makes things worse. Leaving till the fumes had cleared was the best action.

TRAINING



Top: Mike Seymour, Operations Superintendent, Nigeria; Centre: Charles Ogbe, Port Engineer, Nigeria; Above: Ricky Dooley, Operations Superintendent, WAF

Propulsion systems training

Lamnalco organised a propulsion systems training course recently on the Cormorant in Douala. The course was arranged with Wartsila for Lamnalco's Nigerian and West African staff. The objective of the course was to give Lamnalco's shore staff as well as the vessel's chief engineer a better understanding of Wartsila.

Top and above: The Dubai Rugby
Sevens tournament

Robert Lloyd weaves his magic on
canvas to capture the beauty of
Lamnalco Merlin