



A Solutions-led Approach



2010 was the first year of full trading for BIS UK with a clear organisational focus on the onshore and offshore market sectors. During the year, BIS continued to focus on improving performance in SHE, customer delivery, service development, growth and employee investment.

A commitment to safety

Ambitious SHE improvement programmes were completed to plan, and increased investment in management training and employee competency validation brought considerable benefits to injury reductions across both BIS UK businesses. BIS Salamis achieved a 50% reduction in significant injuries and continued a sustained year on year reduction in LTI, SI and TRI frequency rates. BIS Industrial Services reduced RIDDOR AIFR by 21% and held significant injury frequency rates to 2009 levels. Both onshore and offshore operations collected SHE awards from industry bodies and customers in 2010.

A solutions-led approach

BIS UK is committed to delivering solutions to customer issues through innovation in product development and the design of bespoke service offerings to customers. Over the past year, our solutions-led approach has supported clients such as BP to reduce costs; minimised asset downtime for BASF; increased productivity for AJS and delivered significant project enabling works for Ineos to plan and below budget.

BIS businesses are increasingly being recognised as powerful solution-based suppliers, delivering real benefits to customers' operational objectives. As a result sales revenue grew 25% in a very challenging business environment. Our order book for 2011 was strengthened with the award by CNRI of a 5 year Fabric Maintenance contract to BIS Salamis in the North Sea, from ConocoPhillips a 5 year

Fabric Maintenance contract in the southern North Sea and a 3 year contract extension with AJS also in the southern sector following significant improvement in asset integrity performance on Shell ONEGAS assets across the SNS sector.

A focus on growth

The growth of our business in the UK - exceeding £200m of sales revenue for the first time - and a sharp focus on cost reduction in business overheads maintained operating margins close to 2009 performance levels despite reductions in gross margins resulting from pricing pressure from our customers.

The continued support of our shareholders to the UK was again demonstrated with record annual capital investment in tools, plant, equipment and business systems. In early 2011 BIS UK acquired AT Group, based in the North West of England. This acquisition provides the BIS onshore operation with significantly increased competence and capacity in the electrical, instrument and automation services we offer to our customer base. In addition ATG operates in sectors new to BIS that we wish to target for entry including Power, Nuclear and Utilities [Waste and Water].

Building on our solid market position

2011 promises to be another year of growth for BIS as we build on our solid market position, continue to meet customer demands for innovative product or service solutions, and with continued shareholder support, invest in the competence of our people, equipment and business systems.

Opportunities to expand our offshore footprint in overseas markets will be pursued for the BIS Inspection business and our innovative new de-sanding technology, RESTORE. The onshore business will develop opportunities in 2012 for the renewable energy market, nuclear sector and alongside BIS ATG growth in the E, I and C project and maintenance sectors.

Performing safely and providing our customers with reliable solutions to increasingly demanding performance targets is where we have proven ourselves and where we are the strongest. The standards we have set have given us a lead in the industrial services market that we want to keep, and I have no doubt that in 2011 BIS management and employees will ensure we maintain our goals and business values with customers' interests as the focus of everything we do.

Steve Waugh,
CEO,
Bilfinger Berger Industrial Services (UK) Ltd.



HSEQ is at the heart of our business



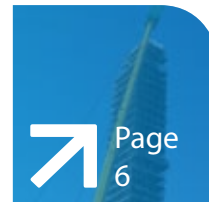
BIS UK acquires AT Group



BIS Salamis secures 2 major contracts



Innovative new sand-handling technology



Case Study: BASF INEOS NITRILES



BIS-IS appoints new board member



At BIS we believe that the health, safety and wellbeing of our employees, contractors and vendors in the workplace is fundamental to the success of our business and the success of our clients' businesses.

BIS Salamis and BIS Industrial Services are committed to pursuing and maintaining outstanding safety cultures and both businesses continue to invest a significant amount of time in reviewing their performance, identifying key areas for improvement and coming up with innovative strategies to further combat risk.

Our unwavering focus on improving SHE performance has led to considerable injury reductions across both businesses. In 2010, BIS Salamis achieved a 50% reduction in significant injuries and continued a sustained year on year reduction in LTI, SI and TRI frequency rates. BIS Industrial Services reduced RIDDOR AIFR by 21% and held significant injury frequency rates to 2009 levels.

Throughout the year, both BIS Industrial Services and BIS Salamis supported clients to achieve several key safety milestones and our personnel regularly receive recognition for their dedication to safety excellence by way of client safety awards and awards from external bodies such as Oil & Gas UK, the Scottish Centre for Healthy Working Lives and the RoSPA Presidents Award.

BIS Industrial Services celebrated one million worked hours without a lost time injury during its first year of trading, demonstrating the commitment and effort invested in ensuring that the company has strong systems and processes in support of safe working. It also reinforces the message that our workplace activities can be undertaken without injury.

BIS Salamis demonstrated its strong commitment to staff competence with the introduction of i-Supervise – an industry-leading training and competence programme which develops the leadership, man management and safety skills of its front-line supervision. During 2010, the initiative supported more than 200 chargehands and supervisors to further develop the skills required to effectively and safely manage their day-to-day activities. A further 44 personnel are working towards an Introductory Certificate in Project Management through the initiative ensuring we continue to deliver services at a consistently high standard, both in terms of safety and operational excellence.

We will continue to focus on raising awareness of key safety issues through proactive communication and thought-provoking safety campaigns and we plan to further invest in the training and competence of our personnel as well as enhancing management engagement and leadership. We are fully committed to ensuring that we continue to preserve our people, our clients' assets and the environment throughout 2011.

Golden 7 Safety Rules

BIS Salamis and BIS Industrial Services have recently launched a new safety campaign aimed towards achieving HSEQ excellence across all contracts. The initiative, known as "The Golden 7 Safety Rules", was introduced to communicate critical safety rules for application at all BIS workplaces in the UK and offshore.

The Golden 7 Safety Rules aim to address the most common triggers of HSE risk and convey the procedure and operating instructions to overcome them.



1. Attached while working at height, 2. Don't enter confined spaces without authorisation, 3. Personal verifications of isolations, 4. No drugs or alcohol, 5. Don't walk under suspended loads, 6. Don't cross barriers where work is in progress, 7. Always wear the specified PPE correctly.



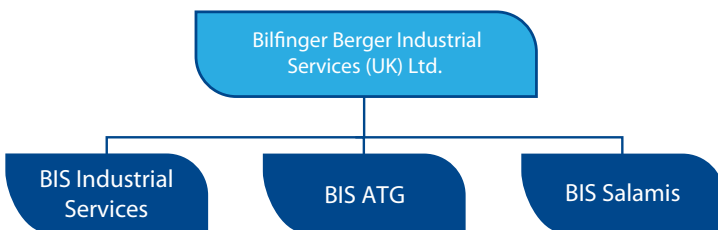
BIS UK ACQUIRES AT GROUP LTD



We are delighted to announce that Bilfinger Berger Industrial Services UK (BIS UK) has significantly strengthened its position as a leading provider of industrial services in the UK with the acquisition of AT Group Ltd (ATG). Going forward, the company will trade as BIS ATG.

BIS ATG will operate as an independent subsidiary of the Bilfinger Berger Industrial Services UK holding company, alongside the two existing BIS operating companies – BIS Salamis and BIS Industrial Services.

The UK business of BIS UK targets the offshore market through Aberdeen-based BIS Salamis and the onshore markets through North-West based BIS Industrial Services. In 2010, UK revenues totalled £206M with 3,000 core employees serving the Chemicals, Refining, Energy and Oil & Gas markets across the UK.



BIS ATG will remain the same effective and responsive organisation that has served their customers for the past 25 years, but now with access to the considerable financial and support resources of the Bilfinger Berger Group.

This acquisition strengthens BIS UK's capabilities in Electrical, Control and Instrumentation services for design, maintenance and installation requirements to the process industry, building on the efficiencies of our existing combined services offering and providing unique solutions to customers across the UK.

Duncan Hall, Managing Director, BIS Industrial Services, explains; "This is a great acquisition by BIS and will assist us in strengthening our existing capability and introduce BIS to new customers and markets.

"BIS ATG operates in sectors currently not serviced by BIS and we believe these sectors will benefit from the BIS businesses' broad base of competencies and our focus on reducing costs and performance risk for customers' investment and maintenance needs.

"BIS Industrial Services and BIS ATG will operate very closely together, ensuring a seamless interface and single point of contact when we work jointly on projects. Both myself and Steve Waugh have joined the board of BIS ATG and will assist the team with integration and expansion under BIS ownership."

Rob Rushton, Managing Director of BIS ATG commented; "Taking ATG into the BIS Group will considerably strengthen our presence in our existing market sectors, as well as giving us access to new market sectors.

"ATG's integration into BIS as an independent subsidiary will allow us the autonomy to focus on the needs of individual customers, whilst introducing a broader range of services to customers where it makes economic sense to do so. The values and culture of ATG align closely with those of BIS, and I firmly believe that the move will benefit the business, our customers, and our employees."

BIS ATG is a leading total solutions provider of bespoke electrical, control, instrumentation and power solutions serving a number of industrial UK market sectors.

- Core competence in design, manufacture, installation, test commissioning and maintenance
- Industry sectors include Nuclear, Defence, Water, Waste, Petrochemical, Pharmaceutical and Chemical
- 14 consecutive RoSPA Gold Awards, including 5 President's Awards
- More than 1 million man-hours worked without a lost time incident, since November 2008
- ISO 9001 accredited
- Turnover £20M pa
- 300+ personnel

BIS INDUSTRIAL SERVICES SPONSORS CHEMICAL INDUSTRY AWARDS



BIS Industrial Services is delighted to once again be sponsoring the Engineering Excellence Award at the Chemical Industry Awards Dinner in June. The CIA Awards is the premier opportunity to celebrate the great achievements of the UK Chemical Industry and allows BIS-IS to give recognition to the innovation and outstanding contribution that one company has made to engineering in the sector.

The competition ranges from operator organisations to suppliers providing outsourced engineering services. To discover more about the BIS Engineering Excellence Award and for other details visit www.ciaawards.co.uk.



BIS SALAMIS SECURES NEW FIVE YEAR CONTRACT WITH CNR INTERNATIONAL

BIS Salamis has secured a fabric maintenance contract with CNR International (CNRI) which is expected to lead to the creation of a number of additional jobs within the company.

The contract will see BIS Salamis provide CNRI with a full spectrum of multi-disciplined fabric maintenance support services for the Tiffany, Murchison, Ninian North, Central and South platforms. Services delivered under the contract include onshore project management, scaffolding, insulation and painting as well as fireproofing, environmental services and shutdown coordination.

A number of new onshore positions are expected to be created within BIS Salamis following the award of the contract and the company is also looking to increase the number of fabric maintenance posts available during campaign activity.

Although BIS Salamis has worked previously with CNRI on its Ninian platforms, the agreement marks the first long term contract with the company for a number of years. Mike Main, Managing Director says BIS Salamis is delighted to be given the opportunity to work with CNRI and expects the contract to herald the start of an exciting period of growth for the company.

He said: "To secure a contract of this magnitude is a significant achievement and a real milestone for BIS Salamis which clearly positions us as one of the leading providers of Industrial Services within the UK's oil and gas industry.

"We are extremely proud of our growing reputation and excellent safety record and we will look to work closely with CNRI to maintain our exceptional service levels. In addition to leveraging the skills of our existing personnel, we will also look to recruit the best professionals available to enable us to manage the additional work contained within this new contract."

"The contract award is a perfect start to 2011 and we are positive that we will continue to build on this success in the coming year."



BIS SALAMIS SECURES THREE YEAR CONTRACT EXTENSION WITH AJS

BIS Salamis has been awarded a three year multi-million pound extension to an existing contract with AJS to provide a full spectrum of multi-disciplined fabric maintenance support services for the Bacton Gas Terminal and Shell's manned and unmanned Southern North Sea assets.

Services delivered under the contract include scaffolding, alternative access, coatings, insulation and passive fire protection as well as environmental and architectural services.

BIS Salamis has continued to improve operational performance for AJS by introducing a number of key innovations and implementing new approaches to the fabric maintenance programme. Steve Storie, BIS Salamis Technical Support Group Delivery Manager, explains more about the approach taken; "By actively considering new ways to approach the fabric maintenance painting scopes we identified a new methodology which allows us to group all anomalies together into larger zoned packages of work."

"This solution-driven approach and change in methodology has achieved a real cost reduction for the client in terms of man hours saved and has allowed us to surpass our target of M² achieved during the yearly painting campaign.

"In addition to a host of other new innovations, we have also introduced the use of Thermal Sprayed Aluminium (TSA) on condensate pipework at site using an open flame technique in a live plant environment. This was achieved by creating a pressurised gas tight envelope utilising the Envirowrap enclosure system. Both systems were a first for the Bacton terminal and proved a great success. With the application of TSA rather than a conventional coating system we have increased the life span of the equipment before inspection from 5 years to 10 years."

"Feedback from AJS has confirmed that our support has helped the ONEGas Assets rise to the forefront of Shell's UIE Fabric Maintenance delivery performance and we look forward to further building upon our positive relationship with AJS as we embark on our 2011 worksopes."





BIS SALAMIS AND MERPRO LTD LAUNCH INNOVATIVE NEW SAND HANDLING SYSTEM

RESTORE

returning your asset to full capacity

Innovation and product development play a key role in ensuring that as a group we continue to provide best-fit solutions to meet our clients' needs. Following significant research and development in collaboration with sand management technology experts, Merpro Ltd, BIS Salamis is delighted to announce the launch of RESTORE – an all-encompassing sand management solution for the oil and gas industry that allows for online solids removal from production vessels at operating pressure, eliminating the requirement for production shutdown.

A Solutions-Driven Approach

Back in 2008, BIS Salamis identified considerable issues with sand production which spanned the entire oil and gas industry. Jack Davidson, Environmental Manager for BIS Salamis, explains, "Major cost and operational problems existed both on and offshore, with several problems attributed to fines in the process train causing erosion, as well as poor oil/water separation and consequent downtime costs to carry out an intrusive solids removal. It made sense to try and find a solution, not only to improve on our own service offering using our existing solids extraction tool, but to also become involved in the entire technology solution from start to finish."

"We quickly identified synergies between ourselves and Merpro Ltd and we identified an opportunity to develop a system which could potentially reduce operational costs incurred due to production shutdown during solids removal.

"By combining our well established service experience with Merpro's wealth of sand handling technology expertise, we engineered a unique solution. The system itself is distinct from any other online solid removal system available in the market thanks to its substantially smaller footprint," explains Jack. "It is also the first of its kind, to combine the usual separate stages of solids removal, solids cleaning, storage and disposal to produce an all-encompassing system."

RESTORE is capable of pressurised online solid removal at operational production pressures, with solid extraction and discharge achieved from production separators in one simultaneous operation. This therefore eliminates the need for operators to shutdown production, helping to stem costs which may be incurred due to loss or interruption of operations.

Jack continues; "RESTORE effectively becomes an integral part of the production system, with online solids removal a realistic option for consistent permissible discharge into the sea in accordance with the Operator's OPPC permit, whilst safeguarding platform integrity."

By coupling Restore with integrated teams of experienced offshore engineers and offshore classified environmental personnel, BIS Salamis and Merpro Ltd are now capable of delivering a full-service package which will cover integral service aspects, such as onshore engineering, support, experienced offshore personnel and industry leading technologies. Clients will also be provided with the option to profile, record and feedback on the solids content effect on vessel residence times, and offering reliable performance based data that will assist operators in achieving optimum performance without the need for intrusive cleaning.

"The potential gains from this partnership are vast," notes Jack. "We are not limited to the North Sea as Merpro has established itself as global experts in the sand handling field. Combine this with BIS Salamis' established global reputation within its other service areas and we are hoping to gain confidence in RESTORE relatively quickly."

"We are looking to roll RESTORE out across numerous geographies," confirms Jack. "We certainly have high hopes for RESTORE and we look forward to future opportunities, such as this collaboration with Merpro Ltd, which will assist us in driving BIS Salamis forward."

RESTORE is currently being marketed to customers across the globe. If you would like more information about RESTORE, please contact Jack Davidson on 01224 246 417 or email jack.davidson@salamis.com.





Case Study: BASF INEOS NITRILES

BIS Industrial Services was recently awarded a contract to remove 80m of a column overhead line from a key processing plant at the Ineos Nitriles site in Teesside. This eight day intense shutdown involved 20 BIS-IS personnel working on the project at the height of activity. Due to the complexity of the tasks involved and the tight time restraints placed on this particular shutdown, BIS Industrial Services called upon its shutdown expertise to execute the works efficiently, safely and to the highest quality – minimising asset downtime.

Key Challenges

In addition to the short timescales and the inherent difficulties associated with working 80m above the ground, adverse weather conditions presented further challenges. High winds, sub-zero daytime temperatures and heavy snow falls created a number of logistical and safety issues that had to be considered, planned and overcome when removing equipment from tall structures.

Methodology

BIS-IS was responsible for the management and execution of the project from planning to completion. The pipework for the project was manufactured in our workshops in Northwich, before being transported to site for installation. Our site installation team had developed detailed method statements & lifting studies covering the installation works, which included a range of contingency plans to cope with the forecasted adverse weather. Working from a huge scaffold structure, the team set about installing large pieces of pipework up the outside of the column.

James Murphy, Projects Engineer, BIS Industrial Services explained; "This project demonstrates BIS Industrial Services' ability to manage shutdown activities from start to finish and provide solutions to working in a range of demanding environments. No matter how hostile or unique the task turns out to be, we will find a way to ensure it is completed in accordance with the highest engineering standards.

"Safety was our paramount concern, but thanks to the expertise of the shutdown team, work was completed without incident or injury. The removal & replacement of the Overhead Line was a key activity in the overall plant shutdown and this placed our activities on the critical path. Despite the difficulties presented to us, BIS-IS completed the work on time and met all of the challenges set by our customer."



Conclusion

John Barker, mechanical engineer at INEOS commented. "The replacement of the Overhead Line was a success story. The general productivity and positive attitude of the site installation team was excellent and the supervision and management on site were open and approachable. The whole team was very flexible with working hours to ensure that the manning was used most effectively. Overall, we have been proved wrong in terms of how long the job would take, and we could learn from BIS Industrial Services in terms of the positives above."

BIS INDUSTRIAL SERVICES WELCOMES NEW DIRECTOR

We are delighted to announce that Phillip Maurer has been appointed to the board of BIS Industrial Services as Industrial Services Director.



Phillip joins the organisation with a strong heritage in both the petrochemical and power sectors as well as industrial services, having worked for Cape for a considerable period of time. Phillip will be responsible for the delivery of the organisation's fabric term maintenance and associated projects and overhauls contracts across the UK.

Duncan Hall, Managing Director of BIS Industrial Services commented; "Phillip has the people skills and experience to continue to retain and grow our term contracts across the UK and we look forward to his contribution to the future development and success of BIS Industrial Services."

Phillip added; "I look forward to playing a key role in supporting the next phase of BIS Industrial Services' growth and the team and I are excited by this growing opportunity to work ever more closely with clients in expanding the portfolio of services that BIS-IS provide. We feel that the extensive range of services we are able to offer, either as standalone disciplines or under a combined service model, is fairly unique within the industry and an offering which our clients are finding more and more compelling."

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