

Chairman's statement

2010 has been another year of solid progress for Cape, making five consecutive years of uninterrupted earnings growth



Sean O'Connor retired from the Board on 30 April 2011

Another strong profit and cash flow performance

2010 has been another year of solid progress for Cape. The results exceeded our expectations with a record adjusted Profit Before Tax (PBT)⁽¹⁾ of £69.1 million (2009: £60.7 million). Adjusted diluted earnings per share⁽⁹⁾, which have more than quadrupled over the past five years, increased by a further 13.6% to 42.6 pence (2009: 37.5 pence), making five consecutive years of uninterrupted earnings growth.

Cape's impressive cash generation continued throughout the year and enabled us to halve the year end net debt⁽⁶⁾ to £52.9 million (2009: £113.6 million). Balance sheet gearing⁽¹²⁾ reduced to 14.3% (2009: 42.4%) and the ratio of net debt to adjusted EBITDA⁽⁷⁾ reduced to 0.6 times (2009: 1.3 times). The de-gearing performance has been excellent with a reduction in net debt⁽⁶⁾ of £146.1m from the £199.0 million peak reported in June 2008.

A continuing transformation

At the same time as delivering strong earnings growth and cash generation, substantial progress has been made in transforming Cape into a leading international services provider to the energy and resources sectors. Our business is now concentrated primarily on the downstream part of the energy

sector, including power generation, and this development was recognised by our recent reclassification into the London Stock Exchange's Oil Equipment and Services sector. We continue to pursue a clear strategy of focusing on our core non-mechanical services offering across strategically attractive locations. The Group now has a well-balanced portfolio of revenue streams with over 56% of revenues derived from recurring maintenance and production support activities which are essential operating expenditures (opex) of plant operators. The balance of revenues comes from large committed projects in the energy and resources sectors where we operate as a service provider to major engineering and construction (E&C) contractors.

As previously announced, Cape plans to move from AIM to the London Stock Exchange's (LSE) Main Market in the second quarter of 2011. As part of this process, the Board has closely examined the current corporate structure. Over the past five years, the geographic mix of the Group's business has become increasingly international, with over 67% of profits now generated from outside the UK. The Board expects the growth of the business over the next five years to be driven primarily from our operations in international markets, particularly the Pacific Rim and Middle East regions.

The Board has therefore concluded that Cape and its shareholders would be better served through an international holding company structure that best supports the Group's operational and financial management. The Board believes that the most appropriate structure is for the new Group holding company to be Jersey incorporated and UK listed with its tax residence in Singapore.

The new holding company, which is to be called Cape plc, will have the same Board and management team as the current Cape business, although increased time will be spent in Singapore. The Board will comply with the provisions of the UK Corporate Governance Code applying to Main Market premium listed companies and will be subject to the UK Takeover Code. As such, this move will not cause any substantive changes to corporate governance or investor protection measures. Cape plc will be listed on the LSE and is expected to be eligible for inclusion in FTSE's UK Index Series.

This proposed new corporate structure will be implemented via a Court sanctioned Scheme of Arrangement. It is expected that a Circular setting out full details of the proposals will be sent to shareholders during the second quarter of 2011. A prospectus in relation to

Governance

Cape is committed to achieving high standards of business integrity, ethics and professionalism across its worldwide operations

The Board

The Board is responsible to shareholders for the overall management and performance of the Group.

Audit Committee

The Audit Committee is responsible for internal control and risk management, financial reporting, internal audit and external audit including auditor independence.

Go to page 36 for more information.

Remuneration Committee

The Remuneration Committee determines the remuneration and conditions of employment of the Executive Directors.

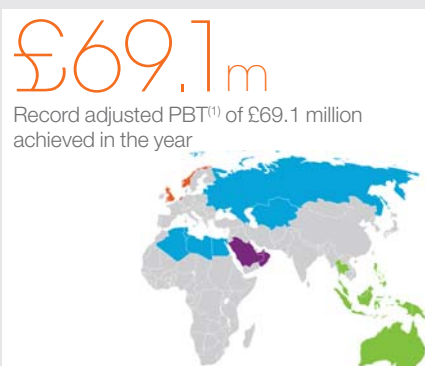
Go to page 29 for more information.

Nomination Committee

The Nomination Committee is responsible for monitoring and formally reviewing the performance, composition, balance and expertise of the Board as a whole and appraising the contribution of individual Directors, including a review of their time commitment and attendance records.

Go to page 37 for more information.

For a detailed review of our Corporate Governance go to page 34



Cape plc will also be published and both documents will be available on Cape's website, www.capeplc.com.

Proposed dividend

In October 2010 Cape paid its first dividend in 10 years with an interim distribution of 4 pence per share.

The Board is recommending a Final Dividend of 8 pence per Ordinary share (2009: nil) to give a total dividend of 12 pence in respect of the year ended 31 December 2010 (2009: nil) reflecting our continued confidence in the longer term prospects for the Group. Subject to approval by shareholders at a General Meeting of the Company which is anticipated to be convened for 25 May 2011, the Final Dividend of 8 pence per Ordinary share will be paid on 3 June 2011 to shareholders on the register at the record date of 13 May 2011.

Board of Directors

As announced last year, with the increasing international focus of the business, the Board recognised it would be beneficial to broaden the Board with the appointment of two additional Non-Executive Directors.

I am therefore delighted to announce the appointment of Tim Eggar as our new Non-Executive Chairman.

Tim had a distinguished parliamentary career from 1979 to 1997 which included the key Government appointment of Minister for Energy from 1992 to 1996. He has extensive international experience including being Global Head of Integrated Energy Corporate Finance at ABN AMRO, Chief Executive of Monument Oil and Gas, Chairman of Harrison Lovegrove, Chairman of Indago Petroleum and Chairman of Nitel Solar.

Tim will take up his appointment with Cape with effect from 1 May 2011 and I shall step down from the Board.

Further, as announced on 6 January 2011, Michael Merton was appointed as a Non-Executive Director and Chairman of the Audit Committee. Michael has significant experience in the international resources industry, having spent the majority of his executive career at Rio Tinto, where he held senior operational roles around the world.

Over the past several months, the Nomination Committee of the Board has overseen the process of appointing both Tim and Michael. This process produced a number of outstanding candidates and we were delighted that Tim and Michael agreed to accept the Board's offers. Both have a wealth of relevant experience and possess the qualities the Company is looking for to help lead Cape's ambitious growth plans.

Also as previously announced, David Robins, the Senior Independent Director and Chairman of the Audit Committee, has stepped down from the Cape Board in March. David Robins was a Non-Executive Director for five years and the Board would like to place on record its thanks to David for his contribution during this period of considerable growth for Cape.

The Board will continue to evaluate further opportunities to strengthen the Board with potential future additions as appropriate, particularly in light of the Group's growth and increased presence in the Far East/Pacific Rim region.

The Cape team

The Board and I would like to express our collective appreciation to all Group employees for their strong commitment and unflagging efforts in 2010; for their focus on safety, operational excellence and delivery to our customers. In my final statement to shareholders as Chairman, I would also like to thank Martin May and his executive team for their continued successful leadership of the business and for their achievement in delivering such a strong performance for the sixth year running.

Outlook and prospects

The Board expects a return to organic revenue growth from the second half of 2011 and, as capital expenditure in the global energy sector begins to increase, we target a sustained period of high earnings growth.

Sean O'Connor

Chairman
30 April 2011