26 March 2008

LAMPRELL PLC
("Lamprell" or the "Company")

2007 PRELIMINARY RESULTS

Lamprell (ticker: LAM), a leading provider of specialist engineering services to the international oil & gas industry based in the UAE, is pleased to announce its Preliminary Results for the year ended 31 December 2007.

HIGHLIGHTS

- Revenue: US$ 467.3 million up 41.8% (2006: US$ 329.6 million)
- Adjusted operating profit: US$ 82.0 million up 46.1%* (2006: US$ 56.1 million)*
- Adjusted net profit: US$ 86.2 million up 51.4%* (2006: US$ 56.9 million)*
- Adjusted EPS (fully diluted): 43.04 cents up 51.2%* (2006: 28.47 cents)*
- Proposed final dividend: 12.25 cents (6.17 pence) per ordinary share (2006: 3.8 cents)
- Cash and bank balances as at 31 December 2007 of US$ 159.1 million (2006: US$ 19.8 million) with no debt
- Projects successfully completed in 2007 included:
    - major refurbishments of jackup drilling rigs for Global Santa Fe and Nabors Drilling Company
    - the completion of the Vitoria Floating Production, Storage and Offloading ("FPSO") project for Saipem
    - the Single Buoy Moorings, Inc. Kashagan project

* For the current year stated before reflecting exceptional charges for share based payments of US$ 14.7 million (2006: US$ 15.6 million) granted to certain directors and selected management personnel pre IPO, and for the prior year US$ 7.5 million (2007: US$ nil) incurred mainly towards various legal and professional charges in connection with the admission of Lamprell plc to AIM.

- Projects successfully completed in 2007 included: (continued)

    - o the Tapti topside process decks for British Gas Exploration and Production India Ltd.

- The commencement of the two new build liftboats for Seajacks International Ltd. and one Super 116E jackup rig for Scorpion Rigs Ltd., with a contract secured for a second jackup rig

CURRENT TRADING AND OUTLOOK

2008 has started well with further contract wins and project progress across several fronts:

- o Contract with National Drilling Company ("NDC") to refurbish the Al Ghallan jackup drilling rig with a contract value amounting to US$ 50.9 million. This project, which is part of the NDC strategic Rig Integrity Assurance Program, is a significant win for Lamprell and follows the successful completion of the NDC Junana upgrade project in 2007

- o The upgrade and refurbishment of the Nabors 660 jackup rig will be completed in quarter 1, 2008 and the rig will be handed over to Nabors Drilling, ready to commence its long term contract with Saudi Aramco later in the year

- o The construction phases of the new build jackup rig projects for Scorpion will be significantly advanced during 2008 and the first rig, the Offshore Freedom, will be launched later in the year awaiting final completion and commissioning

- o The construction phases of the new build liftboat projects for Seajacks will be significantly advanced during 2008 and Unit 1 will be launched later in the year awaiting final completion and commissioning

- o A number of FPSO related projects and rig refurbishment projects are currently nearing the end of the proposals cycle and, if secured, will provide significant revenue visibility for the balance of 2008 and 2009

Commenting on the results Peter Whitbread, Chief Executive Officer, Lamprell said:

"This has been another outstanding year for Lamprell. We have seen significant revenue and earnings growth, exceeding all targets set at the beginning of the year which is testament to robust growth across all our operating activities. This is coupled with an ever improving forward visibility of revenue on contracted work with an order book of new and repeat business that continues to flourish.

Our financial position is strong and we continue to maintain a balance sheet with no borrowings. Our debt free position, combined with strong cash generation, supports our investment plans for the new facilities which in turn will enable us to realise our expansion plans for the business.

Going forward we see these dynamics for growth, development and success helping to underpin our business model and the strong client retention that we have maintained.

It is the commitment of a loyal and dedicated workforce and management team that has created and continues to maintain this success and it will be these same qualities that are the essential elements enabling us to continue the development, growth and success of the business in 2008 and beyond."

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Chief Executive Officer's Statement

I am pleased to be able to announce that we have had another outstanding year in 2007, having seen significant growth in revenues of 42% compared to 2006, and a net profit (adjusted for exceptional charges) for the year of US$ 86.2 million (and US$ 71.5 million after exceptional charges) which once again exceeded our initial projections for the year.

We are currently in a period of high oil prices and unprecedented demands on all aspects of the services provided by Lamprell. We continue to focus on our core business activities of drilling rig refurbishment, new build rigs and the fabrication of Floating Production, Storage and Offloading ("FPSO") topside process modules. This focus, coupled with our ongoing commitment to quality, schedule, safety and customer service, has ensured that the Company has continued to benefit from the strong support that we receive from our clients and encouraging levels of repeat business.

We see the current high level of oil and gas related activity, both onshore and offshore, coupled with a sustained high oil price, continuing for many years to come. In this underlying economic climate we see real opportunity for continued progressive growth and expansion of our Company interests both in the region and internationally. We also see continued commitment from our long-term clients supporting our declared intentions to expand and develop the Company over the coming years.

During 2007, we have seen a significant increase in new clients, some of whom have already become repeat clients. We have additionally commenced a range of major new build projects, with the two Scorpion LeTourneau Super 116 jackup drilling rigs and the two Seajacks liftboats being the primary projects that were started during the year. At the turn of the year we also successfully completed the largest single jackup rig rehabilitation and upgrade project ever undertaken by the Company, the Nabors Drilling 660 project, worth approximately US$ 77 million in revenue.

We have also started the construction of our new facility at Hamriyah which is on schedule to come on stream at the beginning of 2009.

At the beginning of 2008 we entered the year with an unprecedented forward visibility of contracted work in excess of US$ 580 million and a cash and bank balance of US$ 159 million. We continue to run our business without debt and our organic expansion and development is supported from our own free cash flow. We have a strong balance sheet and we maintain a business model without claims or cases of litigation either against us or against our clients, subcontractors or suppliers. Against this background we enter the new financial year in an excellent position to capitalise on the opportunities that exist in this buoyant business climate.

All the initiatives we undertook in 2007 were consistent with our declared strategy laid out at the time of our IPO in October 2006. Our successful full year results are testament that we are pursuing the right strategy and we remain confident in our ability to maintain our growth and to continue to deliver shareholder value and customer satisfaction.

The Board

During 2007, and into 2008, there have been a number of actual and proposed changes to the Board of Directors of Lamprell plc. In early February 2008 I stepped down as Chairman of the Board handing over to Peter Birch, who previously held the position of Deputy Chairman. Peter brings a wealth of long term corporate experience to the position of Chairman of the Board and is a well-known and much respected figure within the City.

This change is in preparation for our intended move to have a primary listing on the Main Market of the London Stock Exchange plc, subject to regulatory approvals, in the fourth quarter of 2008 and accords with the recommendations of the Combined Code. It also ensures that the continuing role as Chief Executive Officer can be carried out with a singular focus on the ongoing expansion and development of the Company.

As previously announced, David Moran will step down as Chief Operating Officer in May 2008, but will continue on the Board in the capacity of Director of Corporate Communications. This is an undertaking that demonstrates to the investment community the high level of importance that we place on the interface with our clients, investors and market analysts, and carries with it a particular remit to broaden our investor base.

Nigel McCue, currently a Non-Executive Director, will take over the role of Chief Operating Officer in May 2008, bringing with him a wealth of experience in the oil and gas industry. I am confident that Nigel will continue to build upon the significant contribution he has already made to the management team in his Non-Executive role.

In August 2007 Jonathan Silver joined the Board of Lamprell plc as a Non-Executive Director. Jonathan has for many years been a principal legal advisor to the Company and has lived and worked in the United Arab Emirates for over thirty years and brings to the Board a huge amount of industrial, legal and local knowledge.

I would also like to particularly thank Steven Lamprell (President of the Company) for his ongoing support and enthusiasm in assisting in the growth and development of the Company; also to Peter Birch who, in his capacity as Chairman of the Board, is providing invaluable support to myself and the Board as we prepare to move to the Main Market of the London Stock Exchange.

Market Overview

Throughout 2007 we have seen a sustained high level of business activity in all sectors of the oil and gas services industry. In the Middle East we continue to see high levels of drilling activity, both onshore and offshore. We believe this market strength will continue for some years to come and expect to see a significant increase in the regional rig count over the next few years. There are no indications that any of the operators in the region are considering relocating any of their rig fleet away from the region.

The majority of this rig count increase will most likely come from our existing client base, and we therefore anticipate that we will see many of these rigs come through the Lamprell facilities.

There continues to be a high demand world wide for deep water FPSO field developments and Lamprell is well placed to take advantage of these projects with its already well proven track record of quality and timely delivery of FPSO topside process modules.

The continued high oil price together with worldwide demand placing pressure on limited oil and gas service resources provides us with a high level of confidence that the current market conditions will prevail for some considerable period of time. We have already seen our long term visibility for contracted work significantly increase through 2007 and we believe that this visibility will continue to improve through 2008 and beyond.

Future Developments

The construction phase of the new Hamriyah deep water facility in the Hamriyah Free Zone, in the United Arab Emirates ("UAE"), is currently well underway and on schedule, having commenced construction works in the early part of 2008. The facility will be ready to commence fabrication activities in early 2009, and progress is in line with expectations.

When completed, the new facility will have a developed area of 250,000m2 with a deepwater berthing quay wall 1,250m in length and 9m deep. This will enable us to work on up to 10 rigs simultaneously and construct up to three new build jackups. The new facility will also enable us to move into the refurbishment of drill ships and semi submersible drilling units which, up to this time, we have been unable to service in any significant capacity because of space and water depth constraints.

Our existing client base is looking very positively at the potential that this new facility will offer to them to provide further services to meet their ever increasing regional needs.

We are additionally developing and expanding our facilities at the Jebel Ali facility with further workshops, client offices, corporate offices and warehousing to support the planned increase in liftboat, tender barge and FPSO process module building which we foresee arising this year and beyond.

Dividend

As previously stated, it has been our intention to reward shareholders with a dividend subject to the performance of the business and the cash flow requirements of our expansion plans. Given the strength of 2007 for the company and our continued growth, the Board of Directors is recommending a final dividend payment of 12.25 cents per ordinary share, with a Sterling equivalent of 6.17 pence per ordinary share.

This will be payable, when approved, on 18 June 2008 to eligible shareholders on the register at 16 May 2008.

Outlook

This has once again been an outstanding year for Lamprell. We have seen significant revenue and earnings growth, exceeding all targets set at the beginning of the year, alongside growth across all our operating businesses. This is coupled with an ever improving forward visibility of revenue on contracted work.

We continue to maintain a strong balance sheet with no debt. This is combined with strong cash generation that will support our investment plans for the new facilities which in turn will enable us to realise our expansion plans for the business.

Going forward we see these dynamics for growth, development and success helping to underpin the business model that we have and the strong client retention that we have maintained.

It is the commitment of a loyal and dedicated workforce and management team that has created and maintained this success and it will be these same qualities that will continue to be the essential elements that that will enable us to continue the development, growth and success of the business.

On behalf of the Board of Directors and from myself personally, I would like to thank everyone in the Lamprell team for the tremendous efforts that have been made throughout the past year. I am confident that we can continue to deliver the highest standards of service to our customers, win new work and reward our shareholders for their support. After a successful 2007, I firmly believe that we can look forward with confidence to an equally successful 2008 and beyond.

Peter Whitbread
Chief Executive Officer
Lamprell plc
26 March 2008

Operating Review

Lamprell had a very successful year in 2007, with all operating facilities successfully working on a wide range of different projects. During the year Lamprell has not only maintained and indeed strengthened its relationships with its existing customers, but also added a number of new key customers to our expanding client base. The market environment has remained buoyant throughout the year and this has enabled us to achieve our highest volumes of work to date and to exceed the operational targets we established at the beginning of the year. The current financial year has started well and we continue to receive a high level of enquiries for our services.

This healthy new business pipeline, combined with the buoyant trading environment, gives us confidence that we will build on the success achieved in 2007.

Lamprell endeavors to provide a differentiated quality service that is founded on a flexible and proactive approach to the management and execution of projects. Within this operational framework and by using established and proven contracting models and strategies, Lamprell focuses on ensuring that projects are executed safely, whilst maintaining high levels of quality and adhering to agreed schedules. By following this operational philosophy which is central to our proposition, we continue to win repeat business as our customers value working alongside Lamprell.

A function of the buoyant business environment in the oil and gas sector and ensuing high levels of drilling activity is that resources are becoming increasingly scarce. During 2007 we therefore initiated a process of enhancing our methods of procurement as part of an integrated approach to supply chain management and we are confident that we can build on this initiative in the future to the mutual benefit of both our customers and ourselves.

Whilst focusing on our core business during the year, Lamprell has now expanded its scope of projects to include Engineering, Procurement and Construction ("EPC") new build projects, such as the construction of jackup drilling rigs and liftboats. These projects are a natural extension of our refurbishment activities and they provide greater revenue visibility which allows us to take a longer term approach to the development of our facilities and the management of our internal resources.

The principal markets in which Lamprell operates, and the principal services we provide are:

- upgrade and refurbishment of offshore jackup rigs;
- new build construction for the offshore oil and gas sector;
- oilfield engineering services, including the upgrade and refurbishment of land rigs;
- EPC new build construction of jackup drilling rigs and liftboats.

The operational aspects of these businesses are reviewed as follows:

Upgrade and refurbishment of offshore jackup rigs

During 2007 Lamprell executed refurbishment and upgrade works on a total of twenty four jackup rigs and one semi submersible drilling rig. The rigs, owned by a wide range of international drilling contractors including Nabors Drilling, Global Santa Fe, Noble Drilling, Transocean, Rowan, National Drilling Company and Japan Drilling Company, were all berthed at our Sharjah and existing Hamriyah facilities.

Refurbishment and upgrade projects such as these vary greatly in scope from project to project and depend on the existing condition of each rig and the owner's upgrade requirements. A minor project can have a work schedule lasting a few days, whereas a major upgrade project with a significant engineering requirement can last for twelve months or more. Typical upgrade and refurbishment projects include some of the following work scopes:

- leg extensions and/or strengthening;
- conversion of slot rigs to cantilever mode;
- living quarters extension, upgrade and refurbishment;
- engine replacement and re-power works;
- mud process system upgrade and/or refurbishment;
- helideck replacement, upgrade and/or refurbishment;
- condition-driven refurbishment, including structural steel and piping replacement and painting.

The jackup rig upgrade and refurbishment projects carried out in 2007 included:

Nabors Drilling 660

The rig, which was relocated from the Gulf of Mexico after it was severely damaged by hurricane “Katrina”, arrived at our Hamriyah facility in late 2006 and has been the largest project of its type undertaken to date by Lamprell. The work scopes on this project included the construction and installation of replacement leg sections and spud cans, the complete renewal of the rig’s electrical system including the installation of five new Caterpillar 3516 engines and extensive steel renewals and painting work. The project has been completed in the first quarter of 2008, and the rig will now undertake a long term drilling programme in the Arabian Gulf.

Global Santa Fe (“GSF”) High Island 2 & 4 and Main Pass 1 & 4

These four rigs were mobilised to the Middle East to work for Saudi Aramco and prior to commencing their contracts they required extensive refurbishment works. The work scopes on the rigs included steel and piping replacement, electrical works and accommodation refurbishment. These projects are particularly noteworthy as the lead time allotted to undertake the project was very short. Despite the aggressive schedule, Lamprell completed all of the work to the satisfaction of GSF and recorded three million man hours of work on the projects without a single lost time incident (“LTI”).

Grup Servicii Petroliere (“GSP”) Jupiter

In addition to the works executed at our facilities in the UAE, Lamprell undertook an extensive refurbishment and upgrade work scope on GSP’s rig Jupiter at a shipyard in Croatia. The project commenced in 2006 with the prefabrication of a large range of steel and piping components at our Sharjah facility including a cantilever and drill floor. These components were then shipped to Croatia where they were installed on the rig. In addition to the installation of these prefabricated items, the existing rig accommodation was refurbished and extensions were added to increase its capacity, the existing rig cranes were replaced and the rig was completely repainted. This was a major project for the Company and illustrates our core competencies are transferable geographically. The experience gained on this project will be invaluable if we perform future major refurbishment projects outside the UAE.

Offsite and other services

In addition to major refurbishment projects we also undertook a wide range of minor projects including the supply of engineering services, procurement activities and various smaller rig refurbishment projects carried out on board rigs whilst they remain in operation. These projects do not account for a large proportion of revenue but they provide a critical service to our customers and reflect Lamprell's flexible approach to servicing our clients needs.

New build construction for the offshore oil and gas sector

Throughout 2007 our Jebel Ali facility has been working on a variety of major projects for clients including Single Buoy Moorings ("SBM"), Saipem, British Gas Exploration and Production India Limited ("BG India") and Aker FP. These projects all require the utilisation of our state of the art facility as well as high levels of project management control to ensure that safety and quality standards are maintained whilst keeping a strong focus on delivering on schedule.

The Jebel Ali facility undertakes a range of different new build construction projects which in 2007 included:

Offshore fixed structures: Topside platforms

BG India Limited Tapti Topside Decks

The contract, awarded in 2006, included the fabrication, mechanical completion and load out of the TCPP (East and West) and MTA decks including all necessary engineering and the procurement of materials and equipment. The schedule for this project was very ambitious, but Lamprell delivered the decks ahead of schedule and as a result BG India were able to secure first oil earlier than planned.

Process barges

SBM Kashagan Flash Gas Compression Barges

In 2006 Lamprell commenced the construction of three process barges for SBM. These barges form part of the ongoing development of the Kashagan project, the world's largest oil and gas project, and each weighs in excess of 3,000 tonnes, including 1,800 tonnes of topside process components. In July 2007, the first two barges were successfully loaded out from our Jebel Ali facility onto the Lamprell owned semi-submersible barge, the "Hamriyah Pride". The third barge remained at our facility until the first quarter of 2008 when it was also delivered to SBM. Apart from the operational and technological successes achieved on a project of this magnitude, the project was also constructed within our rigorous safety guidelines with more than 3.6 million hours being expended without an LTI.

FPSO process modules

Aker FP SMART FPSO process modules

At the end of 2007, Lamprell completed the fabrication of process modules for Aker Kvaerner Production Systems. These modules were designed and constructed as part of a generic and modular design concept to suit typical production of around 60,000 barrels of oil per day (bopd). The design was developed by Aker throughout the fabrication phase of the project and this approach required that both the Aker and Lamprell project teams had to work very closely to minimise the impact that design changes could have on the construction sequence and delivery date. This team approach to managing the project worked extremely well and the modules were delivered in December 2007.

SBM Frade FPSO process modules

In the first quarter of 2007 Lamprell was awarded the contract to build seven process modules and turret manifold deck by SBM for their Frade FPSO. The work scope includes structural, piping, E&I and pressure vessel works and on completion, the modules will be delivered to SBM ready for integration onto the converted tanker currently located at Dubai Drydocks.

Oilfield Engineering services

Lamprell's Oilfield Engineering operation is located within our main Jebel Ali facility and it was busy throughout 2007, executing contracts for a variety of clients including Nabors Drilling, KCA Deutag and Ensign. Projects executed during 2007 included the upgrade and refurbishment of nine land rigs, as well as the construction of land camps and the inspection and overhaul of mechanical and rotary equipment. In addition to these projects, we also executed a number of minor offsite projects to assist our clients by providing our services on location at drilling sites.

During the year Lamprell also signed a memorandum of understanding with LeTourneau Technologies to build a new build 2000 horse power land rig. This rig is being fabricated to LeTourneau's "Lightening Rig" design and will be ready for delivery in mid 2008.

Engineering, Procurement and Construction ("EPC")

As part of Lamprell's strategic growth plan, in 2007 we expanded our range of projects to include major EPC new build projects. These projects can be executed at either our Jebel Ali or current Hamriyah facilities and they underpin the expansion of our business activities to larger, more prestigious projects.

Seajacks liftboats

In February 2007 we secured the award of contracts from Seajacks International Limited for two harsh environment special purpose self-propelled four legged jackup "liftboats". These turnkey contracts cover all aspects of project development from design to delivery. The first unit will be delivered in early 2009 with the second unit being delivered four months later. These projects are being built at our Jebel Ali facility and are progressing well and on schedule.

Scorpion S116E jackup drilling rigs

In July 2007 we successfully negotiated a contract with Scorpion Rigs Ltd. for the construction and delivery of a completely outfitted and equipped, LeTourneau designed, Super 116E jackup drilling unit. This contract was followed later in the year by the award of another contract by Scorpion to build a second rig. These contracts will allow Lamprell to utilise our significant experience gained in the refurbishment sector and the construction of both units is progressing on schedule and on budget. The first rig will be delivered in mid 2009 and the second at the end of 2009.

Human resources

Attracting and retaining talented staff is one of the key issues we face in the oil and gas sector. At Lamprell we consider our employees to be our greatest asset and in support of this core principle of our business the Human Resources Department has undergone a transformation with the addition of a dedicated Recruitment Specialist and more recently the introduction of a senior HR professional to oversee the HR and Administration support functions.

Managing such a culturally diverse workforce presents both challenges and opportunities for Lamprell in the coming years. To prepare us for these challenges we will be reorganising the Human Resources department to respond with innovative, professional and efficient solutions and support. Providing integrated HR systems with consistent practices will provide stability to both the employee and the Company. The adoption of these HR and Administrative guidelines will impart a clear statement of employee expectations, reduce duplication, increase efficiency and ensure stability across functions and employees.

New and promoted employees with relevant skills and new ideas will enhance the Company's progress as it evolves with clearly defined roles and responsibilities. The continued development of our performance review process that captures a continuous improvement and development philosophy will ensure a stable and dependable delivery of services through a trained and sustained workforce.

We aim to provide a safe and supportive work environment to our employees from diverse cultural backgrounds and in an environment that provides a competitive compensation programme that is affordable to the Company. We believe this continues to be our market differentiator and will strengthen our position us as an "employer of choice". These will continue to be our goals in 2008 and beyond.

Don Bosco Maritime Academy

To continue to increase the number of qualified workshop personnel, both now and in the future, an Indian training programme was established in early 2007. In collaboration with our Indian based training provider, Don Bosco Maritime Academy (in Mumbai, India), an advanced fabrication and welding training facility has now been established and, whilst it is still early days, the results have been extremely encouraging. This facility provides our trainees with hands-on, heavy-engineering experience, thus substantially improving their capabilities prior to joining Lamprell. To date, some 173 personnel have successfully undertaken this course and have been relocated for permanent employment at our facilities in the UAE. An additional 47 people will complete the training course in March 2008.

Furthermore, we are working with and supporting the local community through a corporate social responsibility programme which has been established with the Don Bosco Salesian Society in Mumbai Province. This will provide annually up to 150 personnel from poor and underprivileged families with training in basic first year trades skills. For those trainees capable of undertaking further studies, a learning pathway has been created so that they can further improve their skills to a level acceptable to Lamprell, with the potential of eventual employment within the Company.

Alongside these practical training programmes, we are providing financial support to a shelter for homeless street children. This shelter is located in Vadodara and serves as a half-way house with the aim of returning these children safely to their families.

General Recruitment

The recruitment drive continues with 4,331 permanent staff in the Company at the end of 2007, a 30% increase in headcount during the year. Our search for new and talented staff is a continual process as a result of the competitive market in which the Company operates. As a result of the growth that Lamprell has experienced, we aim to recruit staff with the requisite skills and professional experience to add value to the Company and the service which we offer to our clients. This is particularly so in the areas of engineering and project management, where we clearly differentiate ourselves from our competitors.

Operating facilities

A key part of our strategy is to facilitate organic growth. To this end, we have maintained a high level of capital investment throughout 2007. The aim of this investment is to increase our capacity, increase our existing levels of productivity and improve the working environment for both yard and administrative personnel.

In Jebel Ali we commissioned the construction of an extension to our existing production facility. This building has three levels and it will provide increased storage capacity on the ground floor and additional office space for production personnel on the first and second floors. In addition we have started the design of a new welfare and office building, as well as a corporate office. The construction of both these buildings will commence in 2008.

In 2007 we also completed the concept plan for our new 250,000m2 facility in the Hamriyah free zone and subsequently awarded the detailed design and construction contracts for various elements of our facility. In parallel to these internal activities, the marine work contract, including the dredging of the access channel and quay wall construction work, has been awarded by the Hamriyah Free Zone Authority and the selected contractor has subsequently commenced work. Our facility, when completed, will include 1.25km of quayside dredged to 9m in depth, offices, workshops and construction areas. The development is on schedule and we will be operational in early 2009.

During the year our investment continued in operating equipment including forklift trucks, generators and automated welding equipment; buildings as we develop the infrastructure across all facilities; and cranes which includes initial payments on larger units with increased delivery lead times.

Financial Review

Trading performance

	2007 (US$m)	2006 (US$m)	Change
Revenue	**467.3**	**329.6**	**41.8%**
Gross profit	**107.8**	**73.2**	**47.2%**
Adjusted EBITDA *	**89.5**	**61.2**	**46.3%**
*Adjusted EBITDA margin **	***19.1%***	***18.6%***	
Adjusted operating profit *	**82.0**	**56.1**	**46.1%**
*Adjusted operating margin **	***17.5%***	***17.0%***	
Adjusted net profit *	**86.2**	**56.9**	**51.4%**
*Adjusted net margin **	***18.4%***	***17.3%***	
Adjusted earnings per share *	**43.04c**	**28.47c**	**51.2%**

* For the current year stated before reflecting exceptional charges for share based payments of US$ 14.7 million (2006: US$ 15.6 million) granted to certain directors and selected management personnel pre IPO, and for the prior year US$ 7.5 million (2007: US$ nil) incurred mainly towards various legal and professional charges in connection with the admission of Lamprell plc to AIM.

Group revenue increased by 41.8% to US$ 467.3 million (2006: US$ 329.6 million) reflecting strong growth over the prior year. This was largely driven by significant increases in both of Lamprell’s key business activities of rig refurbishment, based in Sharjah, and offshore new build activity at the Jebel Ali facility. The key drivers for the increase in revenue generated from rig refurbishment were a number of high value projects including the Global Santa Fe four rig fleet and the refurbishment of the Nabors 660 rig. This revenue also reflected revenue from the first Scorpion Offshore Super 116E jackup rig which commenced construction in the second half of the year.

The increase in revenue generated from offshore construction projects largely reflects the completion of a number of projects with extensions in scope in the first half of the year and progress on a number of FPSO projects in the latter half of the year. In addition, the second half reflects the recognition of revenues on the new build liftboat projects for Seajacks International Limited. Revenue from Oilfield Engineering services, related to the refurbishment of land rigs and land camps, reflected a strong performance for the year. The Group revenue includes the results of International Inspection Services Limited ("Inspec"), with revenue growth resulting from a significant increase in the demand for the inspection and non-destructive testing services the subsidiary provides.

The cost of sales for the year was US$ 359.5 million (2006: US$ 256.3 million) with the increase driven predominantly by the growth in revenue during the year. As a percentage of revenue, cost of sales has decreased from 77.8% in 2006 to 76.9% in 2007, reflecting the improved sales pricing of projects together with increased operational efficiencies. Material costs have increased as a percentage of total contract costs as the level of procurement undertaken on projects increased. Also the level of staff cost has increased as a percentage of total contract costs as we seek to increase our permanent headcount to meet higher levels of activity. As a consequence, the level of sub-contracted labour costs incurred in the year has decreased.

Gross profit increased by 47.2% to US$ 107.8 million (2006: US$ 73.2 million) resulting in a gross margin of 23.1% (2006: 22.2%). This improvement is attributable to improved average margins across most areas of activity but particularly in new build activities in the Jebel Ali facility where a number of major projects were completed during the year. These projects included the Tapti process topsides for British Gas in India, the Kashagan flash gas compression barges built for Single Buoy Moorings and the Vitoria FPSO process modules built for Saipem, and in all projects positive variations were seen. Rig refurbishment activities carried out in the Sharjah and Hamriyah facilities continue to provide very positive margins along with a significant amount of increased work scopes through variation orders, which further supported margin growth.

Operating profit (before exceptional charges) in 2007 was US$ 82.0 million (2006: US$ 56.1 million) reflecting an increase of 46.1%. This excludes exceptional costs in the current year for share based payments of US$ 14.7 million (2006: US$ 15.6 million) related to shares gifted in connection with the admission of Lamprell plc to AIM. Exceptional charges in 2006 also included US$ 7.5 million incurred towards various legal and professional charges in connection with the admission of the Company to AIM which were charged to general and administrative expenses. The increase in operating profit over the previous year reflects the strong growth in revenue and increased gross margin achieved in 2007.

The operating profit margin (before exceptional charges) as a result, increased from 17.0% in 2006 to 17.5% in 2007.

The net profit (before exceptional charges) attributable to the shareholders of Lamprell plc, increased by 51.4% to US$ 86.2 million (2006: US$ 56.9 million). The net margin increased to 18.4% (2006: 17.3%) in line with the increase in the Group's operating margin and an increase in net interest income to US$ 4.2 million (2006: US$ 0.9 million) largely reflecting higher average cash balances held by the Group during the year.

EBITDA (before exceptional charges) increased to US$ 89.5 million (2006: US$ 61.2 million) reflecting an increase of 46.3% over the prior year. EBITDA margin for the year increased to 19.1% (2006: 18.6%). The increase in EBITDA is largely in line with the increase in operating profit as there is no taxation on earnings and the increase in depreciation and amortisation charged to general and administration expense was not significant.

Interest income

Interest income of US$ 4.2 million (2006: US$ 0.9 million) relates mainly to bank interest earned on surplus funds deposited on a short term basis with the Company's bankers. The increase reflects a higher level of funds on deposit during the year and a marginal increase in the average deposit rates.

Taxation

The Company, which is incorporated in the Isle of Man, has no income tax liability for the year ended 31 December 2007 as it is taxable at 0% in line with local Isle of Man tax legislation. Prior to 6 April 2007 the Company was registered as a tax exempt entity, however, from that date the tax exempt company status ceased to exist in Isle of Man legislation. The Group is not currently subject to income tax in respect of its operations carried out in the United Arab Emirates, and does not anticipate any liability to income tax arising in the foreseeable future.

Earnings per share

Fully diluted earnings per share (before exceptional charges) for 2007 increased to 43.04 cents (2006: 28.47 cents) reflecting primarily the improved profit of the Group for the year.

Operating cash flow and liquidity

The Group's net cash flow from operating activities for the year was US$ 176.8 million (2006: US$ 16.6 million) largely reflecting a significant increase in advance payments received from customers, primarily from the new build liftboat and jackup projects. The amounts due to customers on contracts was US$ 120.1 million (2006: US$ 11.9 million) which includes cash advances due to customers of US$ 111.5 million (2006: US$ 3.4 million). Other working capital movements reflect short term timing differences in collections from debtors and a decrease in amounts due from customers on contracts of US$ 24.9 million (2006: US$ 36.9 million) reflecting a lower level of accrued income at the year end. Contract work-in-progress amounting to US$ 54.0 million (2006: US$ nil) largely reflects advances made to subcontractors on key projects and results in reducing the cash flow from operating activities.

Investing activities for the year absorbed US$ 21.4 million (2006: US$ 23.0 million) as a result of a significant investment in property, plant and equipment amounting to

US$ 15.0 million (2006: US$ 24.0 million) largely comprising the purchase of operating equipment and investment in new buildings. The outstanding purchase consideration due to the previous Holding Company for the purchase of Inspec, amounting to US$ 3.0 million, was also settled in the year. This investment activity was offset by significant interest income of US$ 4.2 million received from surplus funds.

Net cash used in financing activities was US$ 22.6 million (2006: US$ 7.8 million). This represents dividend payments of US$ 22.5 million (2006: US$ 26.3 million) including the settlement of amounts due to the previous Holding Company comprising pre IPO dividends of US$ 5.0 million.

Capital expenditure

Capital expenditure on property, plant and equipment during the year amounted to US$ 15.0 million (2006: US$ 24.0 million). The main area of expenditure was the investment in operating equipment amounting to US$ 6.4 million to support the growth in activities experienced during the year and to replace hired equipment where this was deemed cost effective. Expenditure on cranes reflects an investment of US$ 2.4 million. Further expenditure on buildings and related infrastructure at Group facilities amounted to US$ 3.3 million with additional committed expenditure amounting to US$ 14.0 million reflecting the ongoing development of the infrastructure of the Company at all facilities, including initial expenditure at the new Hamriyah facility.

Shareholders' equity

Shareholders' equity increased from US$ 89.9 million at 31 December 2006 to US$ 158.8 million at 31 December 2007. The movement mainly reflects the retained profits for the year of US$ 71.5 million net of dividends declared of US$ 17.6 million. The movement also reflects a credit for the accounting of share based payments of US$ 14.9 million made to certain Directors and employees of the Group and charged to general and administrative expenses.

Shareholders' equity includes a Merger reserve amounting to US$ 22.4 million that was created in the year ended 31 December 2006 as a result of Lamprell plc, on 25 September 2006, entering into a share for share exchange agreement with LEL and LHL under which it acquired 100% of the 49,003 shares of LEL from LHL in consideration for the issue and transfer to LHL of 200,000,000 shares of the Company. This acquisition was accounted for using the uniting of interests method and the difference between the nominal value of shares issued by the Company (US$ 18.7 million) and the nominal value of LEL shares acquired (US$ 0.082 million) was taken to the Merger reserve. In addition, during 2006 LEL acquired 100% of the legal and beneficial ownership of Inspec from LHL for a consideration of US$ 4 million on 11 September 2006. This acquisition was accounted for using the uniting of interests method and the difference between the purchase consideration (US$ 4 million) and share capital of Inspec (US$ 0.15 million) was taken to the Merger reserve.

Lamprell plc

Consolidated income statement

	Note	Year ended 31 December 2007 USD'000	2006 USD'000
Revenue		467,332	329,587
Cost of sales	2	(359,532)	(256,341)
Gross profit		107,800	73,246
Selling and distribution expenses	3	(1,395)	(988)
General and administrative expenses:			
- share based payments	4	(14,942)	(15,584)
- others	5	(25,517)	(24,478)
		(40,459)	(40,062)
Other gains/(losses) – net		1,355	767
Operating profit		67,301	32,963
Interest income		4,249	852
Profit for the year attributable to equity holders of the Company		71,550	33,815
Earnings per share attributable to equity holders of the Company	7		
Basic		35.78c	16.91c
Diluted		35.72c	16.91c

Lamprell plc

Consolidated balance sheet

	Note	As at 31 December 2007 USD'000	2006 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment		47,766	40,595
Intangible asset		1,490	-
		49,256	40,595
Current assets			
Inventories		6,705	4,531
Trade and other receivables	8	149,950	113,508
Derivative financial instruments		964	-
Cash and bank balances	9	159,088	19,777
		316,707	137,816
Total assets		365,963	178,411
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		18,654	18,654
Legal reserve		24	22
Merger reserve		(22,422)	(22,422)
Retained earnings		162,506	93,616
Total equity		158,762	89,870
Non-current liabilities			
Provision for employees' end of service benefits		9,740	8,039
Current liabilities			
Trade and other payables	10	197,461	72,404
Due to a related party		-	8,098
		197,461	80,502
Total liabilities		207,201	88,541
Total equity and liabilities		365,963	178,411

Lamprell plc

Consolidated statement of changes in equity

	Note	**Share capital** USD'000	**Legal Reserve** USD'000	**Merger reserve** USD'000	**Retained earnings** USD'000	**Total** USD'000
At 1 January 2006		18,654	18	(18,422)	75,472	75,722
Profit for the year		-	-	-	33,815	33,815
Share based payments – value of services provided	4	-	-	-	15,584	15,584
Transfer to Legal reserve		-	4	-	(4)	-
Dividends		-	-	-	(31,251)	(31,251)
Acquisition of Inspec		-	-	(4,000)	-	(4,000)
At 31 December 2006		18,654	22	(22,422)	93,616	89,870
Profit for the year		-	-	-	71,550	71,550
Share based payments – value of services provided	4	-	-	-	14,942	14,942
Transfer to Legal reserve		-	2	-	(2)	-
Dividends		-	-	-	(17,600)	(17,600)
At 31 December 2007		18,654	24	(22,422)	162,506	158,762

Lamprell plc

Consolidated cash flow statement

	Note	Year ended 31 December 2007 USD'000	2006 USD'000
Operating activities			
Profit for the year		71,550	33,815
Adjustments for:			
Share based payments - value of services provided	4	14,942	15,584
Fair value gain on derivative financial instruments		(964)	-
Depreciation		7,485	5,082
Amortisation of intangible asset		44	-
(Profit)/loss on disposal of property, plant and equipment		(4)	6
Profit on disposal of asset held for sale		-	(773)
(Release)/provision for slow moving and obsolete inventories		(657)	396
Provision for impairment of trade receivables, net		17	65
Provision for employees' end of service benefits		2,215	3,221
Interest income		(4,249)	(852)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		90,379	56,544
Payment of employees' end of service benefits		(514)	(1,050)
Changes in working capital:			
Inventories before movement in provision		(1,517)	(1,495)
Trade and other receivables before movement in provision for impairment of trade receivables		(36,459)	(53,321)
Trade and other payables excluding unpaid dividend		124,914	15,958
Net cash generated from operating activities		176,803	16,636
Investing activities			
Payments for property, plant and equipment		(14,978)	(24,037)
Acquisition of a subsidiary net of cash acquired		(1,586)	-
Proceeds from sale of property, plant and equipment		378	27
Proceeds from disposal of asset held for sale		-	2,705
Interest income		4,249	852
Payments for acquisition of Inspec		(3,000)	(1,000)
Movement in margin deposits	9	(6,457)	(1,523)
Net cash used in investing activities		(21,394)	(22,976)
Financing activities			
Due (to)/from a related party net of unpaid dividend and purchase consideration payable for acquisition of Inspec		(98)	18,501
Dividends paid		(22,457)	(26,251)
Net cash used in financing activities		(22,555)	(7,750)
Net increase/(decrease) in cash and cash equivalents		132,854	(14,090)
Cash and cash equivalents, beginning of the year		16,410	30,500
Cash and cash equivalents, end of the year	9	149,264	16,410

Lamprell plc

Notes to the financial information for the year ended 31 December 2007

1. General information and basis of preparation

Lamprell plc ("the Company") and its subsidiaries ("the Group") are engaged in the upgrade and refurbishment of offshore jackup rigs, fabrication, assembly and new build construction for the offshore oil and gas sector, including jackup rigs, FPSO's and other offshore and onshore structures, oilfield engineering services, including the upgrade and refurbishment of land rigs. The address of the principal place of business is PO Box 5427, Dubai, UAE.

The audit report on the annual consolidated financial statements of Lamprell Plc for the year ended 31 December 2007 was signed on 25 March 2008. This financial information has been extracted without adjustment from those audited financial statements. Copies of the annual report and financial statements will be circulated to shareholders at least 20 days in advance of the AGM."

2 Cost of sales

	2007 USD'000	2006 USD'000
Materials and related costs	146,019	84,647
Sub-contract	82,860	70,713
Staff costs (Note 6)	67,095	45,378
Sub-contract labour	27,586	27,175
Equipment hire	8,392	8,867
Repairs and maintenance	4,968	3,222
Depreciation	4,978	3,089
Yard rent	2,511	2,153
Others	15,123	11,097
	359,532	256,341

3 Selling and distribution expenses

Advertisement and marketing	436	441
Entertainment	187	123
Travel	324	275
Other expenses	448	149
	1,395	988

Notes to the financial information for the year ended 31 December 2007 (continued)

4 General and administrative expenses – share based payments

	2007 USD'000	2006 USD'000
Fair value of shares vested in October 2006	-	11,882
Proportionate amount of share based charge for the year:		
- relating to shares gifted/granted in 2006	13,276	3,414
- relating to deferred share award in 2006	1,382	288
- relating to Free Share Plan	228	-
- relating to Executive Share Option Plan	56	-
	14,942	15,584

5 General and administrative expenses – others

Staff costs (Note 6)	15,450	10,626
Utilities and communication	1,548	1,370
Depreciation	2,507	1,993
Other expenses	6,012	10,489
	25,517	24,478

Other expenses for the year 2006 include USD 7.5 million incurred mainly towards various legal and professional charges in connection with the admission of Lamprell plc to AIM.

6 Staff costs

	2007 USD'000	2006 USD'000
Wages and salaries	53,283	36,239
Employees' end of service benefits	2,215	3,221
Share based payments – value of services provided (Note 4)	14,942	15,584
Other benefits	27,047	16,544
	97,487	71,588
Staff costs are included in:		
Cost of sales (Note 2)	67,095	45,378
General and administrative expenses - share based payments (Note 4)	14,942	15,584
General and administrative expenses – Others (Note 5)	15,450	10,626
	97,487	71,588
Number of employees at 31 December	4,331	3,331

Notes to the financial information for the year ended 31 December 2007 (continued)

7 Earnings per share

	2007 USD'000	2006 USD'000
The calculations of earnings per share are based on the following profit and numbers of shares:		
Profit for the year	71,550	33,815
Weighted average number of shares for basic earnings per share	200,000,000	200,000,000
Adjustments for:		
-Assumed vesting of deferred share awards+	249,275	-
- Assumed exercise of free share awards	52,766	-
Weighted average number of shares for diluted earnings per share	200,302,041	200,000,000
Earnings per share:		
Basic	35.78c	16.91c
Diluted	35.72c	16.91c

+ In the prior year there was no dilution impact of the assumed conversion of deferred share awards as the performance condition relating to this award had not been met at 31 December 2006

8 Trade and other receivables

	2007 USD'000	2006 USD'000
Trade receivables	58,565	52,335
Other receivables and prepayments	12,571	5,653
Advances to suppliers	-	18,760
	71,136	76,748
Less: Provision for impairment of trade receivables	(87)	(97)
	71,049	76,651
Amounts due from customers on contracts	24,868	36,857
Contract work in progress	54,033	-
	149,950	113,508
Amounts due from customers on contracts comprise:		
Costs incurred to date	216,007	133,697
Attributable profits	73,683	34,119
	289,690	167,816
Less: Progress billings	(264,822)	(130,959)
	24,868	36,857

9 Cash and bank balances

	2007 USD'000	2006 USD'000
Cash at bank and on hand	11,828	8,705
Short term and margin deposits	147,260	11,072
Cash and bank balances	159,088	19,777
Less: Margin deposits	(9,824)	(3,367)
Cash and cash equivalents	149,264	16,410

At 31 December 2007, the cash at bank and short term deposits were held with six (2006: three) banks. The effective interest rate on short term deposits was 4.75% (2006: 4.68%) per annum. These deposits have an average maturity of seven days to one month. The margin deposits with the bank are held under lien against guarantees issued.

10 Trade and other payables

	2007 USD'000	2006 USD'000
Trade payables	24,329	26,388
Other payables and accruals	52,902	34,125
Amounts due to customers on contracts	120,087	11,891
Dividend payable	143	-
	197,461	72,404
Amounts due to customers on contracts comprise:		
Progress billings	327,710	93,859
Less : Cost incurred to date	(165,495)	(63,175)
Less : Attributable profits	(42,128)	(18,793)
	120,087	11,891