



29 September 2008

LAMPRELL PLC

("Lamprell" or the "Company")

2008 INTERIM 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 Interim Results for the six month period ended 30 June 2008.

2008 INTERIM HIGHLIGHTS

- Revenue: US\$ 318.2 million up 29.3% (H1 2007: US\$ 246.1 million)
- Adjusted operating profit: US\$ 50.5 million up 15.2%* (H1 2007: US\$ 43.9 million)
- Adjusted net profit: US\$ 52.3 million up 15.7%* (H1 2007: US\$ 45.2 million)
- Adjusted EPS (fully diluted): 26.11 cents up 15.6%* (H1 2007: 22.58 cents)
- Proposed interim dividend: 6.40 cents (3.48 pence) per ordinary share (H1 2007: 5 cents)
- Cash and bank balances as at 30 June 2008 of US\$ 147.3 million (31 December 2007: US\$ 159.1 million)
- Order book as at 31 August 2008 of US\$ 818 million (June 2008: US\$ 890 million)
- Projects successfully completed in the six month period include:
 - Nabors 660 jackup rig upgrade and refurbishment completed in line with schedule in March 2008 and handed over to Nabors Drilling ready to commence its long term contract with Saudi Aramco
 - Aker SMART Floating, Production, Storage and Offloading ("FPSO") 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
 - Delivery of the final flash gas compression barge to Single Buoy Moorings Inc on the Kashagan project

* For the current six month period stated before reflecting exceptional charges for share based payments of US\$ 4.1 million (H1 2007: US\$ 9.0 million) granted to certain directors and selected management personnel pre IPO, and before reflecting various legal and professional charges of US\$ 0.5 million (H1 2007: US\$ nil) incurred in connection with the proposed admission of Lamprell plc to the Main Market of the London Stock Exchange plc.

Statutory results

The statutory results for the six month period after reflecting the exceptional charges noted above, are as follows:

- Operating profit: US\$ 46.0 million up 31.9% (H1 2007: US\$ 34.9 million)
- Net profit: US\$ 47.8 million up 32.0% (H1 2007: US\$ 36.2 million)
- EPS (fully diluted): 23.86 cents up 31.8% (H1 2007: 18.10 cents)

NEW CONTRACT AWARDS:

The first six months of 2008 saw the announcement of several high profile contracts. Work has commenced on all of these projects.

- Contract with Riginvest GP for the construction and delivery of a completely outfitted and equipped, LeTourneau designed, self-elevating Mobile Offshore Drilling Platform of a Super 116E (Enhanced) Class design amounting to US\$ 186 million
- Lump sum turnkey construction contract with BassDrill Limited ("BassDrill") for two self erecting tender assist drilling units, each vessel complete with living accommodation and a modular mast equipment package, amounting to US\$ 204.5 million. Under the contract, construction of the first unit is confirmed with work on the second unit conditional upon BassDrill raising the finance to fund the construction
- Fabrication of an FPSO topside module for Saipem S.p.A. amounting to US\$ 28.7 million
- Contract award from LeTourneau Drilling Systems Inc for the construction of four API 2000 HP fast moving land rigs amounting to US\$ 21 million for delivery mid 2009

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

"The first six months of 2008 has been another successful period for Lamprell during which we have continued to deliver significant growth in turnover and secure a number of key contracts. Our business continues to expand in what is clearly a buoyant market for our services and we are delighted that the Company has embarked on its next phase of organic growth, with the opening of a new rig upgrade facility in Thailand where we expect to deliver revenues towards the end of 2008.

We are also delighted with the US\$ 21 million contract award from LeTourneau Drilling Systems Inc., which provides an opportunity for Lamprell to demonstrate its reputation for technical capability and delivery in the new build land rig market.

We continue to focus on ways of improving our services to customers and we are progressing well with our operational expansion into Engineering, Procurement and Construction contracts ("EPC"), with new build liftboats, jackups and tender assist drilling unit construction. These projects represent a key development as Lamprell continues to expand its offering whilst enhancing its reputation as a new build fabricator of choice.

Our order book remains high and our pipeline strong, giving us confidence that Lamprell will continue to deliver in the second half of 2008 and beyond. "

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Chairman's Statement

The first half of 2008 started strongly with the number of rigs upgraded in Lamprell's facilities in line with projections. The Company is progressing with the upgrade and refurbishment of the Al Ghallan jackup drilling unit, a US\$ 50.9 million contract awarded by the National Drilling Company. We anticipate completion of this project in January 2009. In addition, contracts continued to be secured with a number of key clients for jackup rig upgrade and refurbishment projects with potential growth in work scope.

Lamprell has completed and handed over the Nabors 660 jackup rig to Nabors Drilling. The construction phases of the new build jackup rig projects for Scorpion Rigs Limited, the new build liftboat projects for Seajacks International Limited, and the new build tender assist drilling units for BassDrill Limited, are progressing well and are on schedule and on budget.

Offshore construction has experienced a busy six month period with the completion and delivery of process modules for several FPSO projects including Single Buoy Moorings Frade, Aker SMART 1, FPS Ocean Deep Producer 1 and Kanfa Olowi.

In May 2008 it was announced that Lamprell had signed an initial 5 year lease for a 46,950m² facility with 158 metres of exclusive deep water quay side in Sattahip, Thailand. The enhancement of the facility is well underway and Lamprell anticipates executing the first revenue generating project towards the end of the current year, with capacity expected to grow as services are marketed in this new area of operation.

Construction of the new facility at Hamriyah continues and operations are scheduled to commence at the new facility early in 2009. 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 Lamprell to work on up to 10 rigs simultaneously and construct up to three new build jackups. Lamprell will also be able to refurbish drill ships and semi submersible drilling units which, up to this time, the Company has been unable to service in any significant capacity because of space and water depth constraints.

The Board has been re-organised in preparation for our intended move to the Main Market of the London Stock Exchange plc, subject to regulatory approvals, in the fourth quarter of 2008. In addition, on 15 September 2008, the Board announced the immediate appointment of Colin Goodall and the appointment of Brian Fredrick, with effect from 1 January 2009, as Non-Executive Directors. Colin Goodall brings a wealth of oil and gas experience having worked in the industry for over 30 years while Brian Fredrick has held a variety of senior banking roles, most recently within HSBC.

The Board of Directors is recommending an interim dividend payment of 6.40 cents per ordinary share, with a Sterling equivalent of 3.48 pence per ordinary share payable on 4 November to shareholders on register on 10 October 2008. The Board will set the total dividend for the year consistent with the progressive dividend policy adopted at the initial public offering.

We see the current high level of oil and gas related activity, both onshore and offshore, continuing. This underlying strength provides an opportunity for Lamprell to continue growing and expanding both in the UAE and internationally.

Market Overview

During the first half of this year, Lamprell has continued to witness very strong levels of activity in oil and gas markets that will support high levels of demand for Lamprell's products and services for the foreseeable future.

The Middle East jackup market is forecast to continue to experience increasing levels of demand for several years and this will continue to result in rigs being mobilised into the region. In addition, there are new exploration blocks being offered in the Indian sector and the offshore rig

count there is expected to increase significantly in the next five years. We believe the increases in rig count in both regions will result in significant growth in Lamprell's core activities.

In terms of rig upgrade and refurbishment, over 75% of the existing global rig fleet is over twenty five years old, and the Company therefore anticipates that high demand for its services will continue despite the fact that multiple new rigs will be delivered in the next three years.

The market for new build jackup rigs also remains strong and Lamprell expects to secure additional contracts to build new jackup rigs as high day rates continue to attract rig investment. There continues to be a shortage of yard space, particularly in yards with rig building expertise, and this, combined with increasing rig demand and the possibility that some rigs may have to be retired in the medium term, gives management the confidence that the new build sector will remain a good market for the foreseeable future.

Lamprell entered 2008 with a high expectation of continued long term growth in the number of FPSO development projects throughout the world and, as deepwater discoveries continue, the number of potential FPSO projects continues to increase. Lamprell is actively involved in the tendering cycle for multiple FPSO projects and management is confident that the Company's prospects for further contract awards are strong.

The demand for land rigs also continues to grow both in the UAE and internationally. The rig count in the Middle East has seen a substantial increase in the past two years and we see this trend continuing. This provides the Board with further confidence that both the refurbishment and new build markets will be attractive for some years to come.

The overall level of activity in all Lamprell's end markets suggests that the Company will maintain a substantial order book for confirmed work for offshore jackup rigs, land based drilling rigs and FPSO related project works well into 2010.

Outlook

At 31 August 2008 the total order book was approximately US\$ 818 million and extends well into 2010. This provides excellent forward visibility for the Company's revenue growth and, in addition, a significant number of potential new contracts have been identified as likely prospects for Lamprell across all our business activities. The construction of the three LeTourneau Super 116E jackup drilling rigs, the two harsh environment special purpose self propelled jackup vessels and the tender assist drilling units, represent key projects for the Company and will make significant contributions to Lamprell in the second half of 2008.

The contracted order book, combined with the potential projects, and a robust oil and gas market gives the Board confidence of meeting expectations and delivering continued growth and further shareholder value in the second half of 2008 and beyond.

Operating Review

Lamprell's financial success in the first half of 2008 has been founded on significantly increased turnover compared to the same period in 2007. All facilities have been extremely productive, with jackup rig refurbishment projects maintaining a strong level of activity and new build jackup rig projects, as well as new build projects for the offshore sector, enjoying significant increases in work volumes.

Upgrade and refurbishment of offshore jackup rigs

During the first six months of 2008, Lamprell has executed seventeen upgrade and refurbishment projects at our Sharjah and Hamriyah facilities. Notable projects have included the C.E. Thornton for Transocean Offshore International Ventures Ltd and the Al Ghallan for the National Drilling Company ("NDC"). The C.E. Thornton project will be completed in the third quarter of 2008 and thereafter the rig will commence a two year contract for ONGC in the Vizak field in South India. The Al Ghallan contract forms part of the NDC Rig Integrity Assurance

Program ("RIAP") and this project follows the successful completion by Lamprell of the rig Junana RIAP project for NDC in 2006.

New build offshore jackup rigs

Throughout the first half of the year the construction of our first LeTourneau Super 116E jackup drilling rig, the Offshore Freedom for Scorpion Rigs Ltd, has been progressing extremely well at our Hamriyah facility and construction is now well advanced with the launch of the hull into the water taking place on schedule on 12 September 2008. The rig outfitting will be completed alongside our Hamriyah quay ready for the delivery of the rig in the second quarter of 2009. The hull block fabrication process for a second rig, the Scorpion Offshore Mischief, has now commenced following the development of detailed engineering and the procurement of bulk materials and major equipment. In addition, we have also commenced the engineering and procurement phase of the contract to build a third S116E jackup for Riginvest GP.

New build construction for the offshore oil and gas sector

The Jebel Ali facility has been extremely productive in the first six months of 2008. This high level of activity has been a result of the construction of two harsh environment special purpose self propelled four legged jackup vessels for Seajacks International Ltd and a number of contracts for FPSO process modules for clients including Single Buoy Moorings and Saipem SA. The construction of the Seajacks jackup vessels has continued to progress on budget and on schedule for delivery in the first and second quarters of 2009. The first unit will be launched later in 2008 and thereafter it will be towed to Lamprell's Hamriyah facility for completion of the works and final commissioning.

Oilfield engineering services

Throughout 2008, Lamprell's oilfield engineering facility has continued to focus on the core activities of land rig upgrade and refurbishment, the construction of land camps and the inspection and overhaul of mechanical and rotary equipment. A wide range of projects have been executed for multiple clients including Nabors Drilling International Ltd and the Egyptian Drilling Company. In addition, Lamprell has commenced the construction of a LeTourneau design land rig and has subsequently secured an order to construct four new build land rigs for LeTourneau Technologies Drillings Systems Inc. who will deliver the rigs to their client Weatherford Drilling International.

Operational developments

Lamprell has continued the program of organic investment in facilities and equipment throughout 2008, with the objective of increasing productivity and capacity.

The development of the new Hamriyah Free Zone facility is now underway and the dredging and quay wall construction, being undertaken by the Hamriyah Free Zone's contractor, is progressing well. Lamprell has awarded contracts to prepare the ground for commencement of new build activities early in 2009 and orders have also been placed for the main office and client office buildings. Revenue generating activities are expected to commence at this facility early in 2009.

In both the Jebel Ali and Sharjah facilities Lamprell has continued to build additional welfare and office facilities, as well as new purpose built workshops.

The development of the new facility in Sattahip, Thailand is also progressing well. To date Lamprell has completed phase one involving the construction of our offices, stores and fabrication areas and welding machines and other operating equipment have been procured. Construction of a barge for Lamprell's own operational use will shortly commence and it is anticipated that revenue generating activities will commence at this facility towards the end of 2008.

We believe the benefits of these investments will support the ongoing development of our turnover throughout 2008 and beyond and further investments will be made on an ongoing basis.

Financial Review

Lamprell has experienced a successful first half year for the period ended 30 June 2008 and the results of its activities are set out in summary below.

Results for the six month period from operations

	2008 (US\$m)	2007 (US\$m)	Change
Revenue	318.2	246.1	29.3%
Gross profit	65.8	56.2	17.2%
Adjusted EBITDA *	55.1	47.4	16.1%
<i>Adjusted EBITDA margin *</i>	17.3%	19.3%	
Adjusted operating profit *	50.5	43.9	15.2%
<i>Adjusted operating margin *</i>	15.9%	17.8%	
Adjusted net profit *	52.3	45.2	15.7%
<i>Adjusted net margin *</i>	16.4%	18.4%	
Adjusted earnings per share *	26.11c	22.58c	15.6%

* For the current six month period stated before reflecting exceptional charges for share based payments of US\$ 4.1 million (H1 2007: US\$ 9.0 million) granted to certain directors and selected management personnel pre IPO, and before reflecting various legal and professional charges amounting to US\$ 0.5 million (H1 2007: US\$ nil) incurred in connection with the proposed admission of Lamprell plc to the Main Market of the London Stock Exchange plc.

Group revenue for the period to 30 June 2008 increased by 29.3% to US\$ 318.2 million (H1 2007: US\$ 246.1 million). This growth was largely driven by a significant increase in revenue generated from EPC projects comprising the new build jackups, liftboats and initial revenue from the first self erecting tender assist drilling unit. Revenue from other key activities reflected a strong performance but generally was lower than H1 2007 as the prior year reflected exceptional revenues, particularly with respect to jackup rig upgrade and refurbishment activities, as a result of the major upgrade projects which were undertaken during the first six months of 2007.

Gross profit margin decreased from 22.8% for the period to 30 June 2007 to 20.7% for the period to 30 June 2008. This decrease is largely due to the mix in revenue for the period, specifically a greater proportion of lower margin EPC activity, the margin being lower as a result of the higher level of procurement, both in respect of material purchases and sub-contractor work. In addition, the period reflected a lower level of higher margin rig refurbishment activity which was reflected in the results for H1 2007.

Adjusted operating profit for the period (before exceptional charges) increased by 15.2% to US\$ 50.5 million (2007: US\$ 43.9 million). The exceptional costs in the current period reflect share based payments of US\$ 4.1 million (H1 2007: US\$ 9.0 million) granted to selected directors and employees pre IPO and also reflect various legal and professional charges amounting to US\$ 0.5 million (H1 2007: US\$ nil), incurred in connection with the proposed admission of Lamprell plc to the Main Board of the London Stock Exchange plc later this year. The adjusted operating margin (before exceptional charges) of 15.9% reflects a decrease from the prior year six month period of 17.8% largely in line with the decrease in gross margin.

The adjusted net profit (before exceptional charges) attributable to the shareholders of Lamprell plc increased by 15.7% to US\$ 52.3 million (H1 2007: US\$ 45.2 million), in line with the operating

profit and also reflects the increase in interest income in the current period to US\$ 1.7 million (H1 2007: US\$ 1.3 million).

Taxation

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. The Company, which is incorporated in the Isle of Man, is currently taxable at 0%. The Group will be subject to income tax in respect of its operations in Thailand, incorporated in May 2008, however, commercial activity has not yet commenced. The Company is also in the process of applying for Board of Investment privileges in Thailand which can offer tax free status for limited periods on meeting certain investment criteria.

Earnings per share

Fully diluted adjusted earnings per share for the six month period to 30 June 2008 increased to 26.11 cents per share (before exceptional charges) (H1 2007: 22.58 cents) reflecting primarily the improved profit of the Group for the period under review.

Operating cash flow and liquidity

The Group's net cash flow from operating activities for the six month period was US\$ 28.2 million (H1 2007: US\$ 100.5 million). The net cash flow from operations was lower than the prior year six month period reflecting increased profit for the period and movements in working capital, largely reflecting an increase in trade and other receivables, mainly in amounts due from customers on contracts from predominantly EPC projects, amounting to US\$ 75.3 million.

Investing activities for the period absorbed US\$ 9.8 million (H1 2007: US\$ 9.6 million) and mainly comprise continued investment in property, operating plant and equipment, including investment in the new Hamriyah facility, amounting to US\$ 16.6 million (H1 2007: US\$ 5.9 million) offset by the release of a margin deposit during the period of US\$ 5.0 million. Investing activities in the prior year also reflected payments for the acquisition of International Inspection Services Limited amounting to US\$ 3.0 million and the acquisition of Jebel Ali Investments Limited amounting to US\$ 1.6 million.

Net cash used in financing activities amounted to US\$ 25.3 million (H1 2007: US\$ 12.6 million) and mainly reflected the final dividend payment for the year ended 31 December 2007 of US\$ 24.3 million.

Peter Birch

Chairman

Lamprell plc

29 September 2008

Lamprell plc

Condensed consolidated interim income statement

	Note	Six months ended 30 June	
		2008	2007
		USD'000	USD'000
Revenue		318,241	246,080
Cost of sales		(252,420)	(189,927)
Gross profit		<u>65,821</u>	<u>56,153</u>
Selling and distribution		(1,018)	(688)
General and administrative expenses:			
- share based payments		(4,626)	(9,000)
- others		(15,277)	(12,036)
		<u>(19,903)</u>	<u>(21,036)</u>
Other gains		1,141	488
Operating profit		<u>46,041</u>	<u>34,917</u>
Interest income		1,734	1,288
Profit for the period		<u>47,775</u>	<u>36,205</u>
Earnings per share			
Basic	4	<u>23.87c</u>	<u>18.10c</u>
Diluted		<u>23.86c</u>	<u>18.10c</u>

Lamprell plc

Condensed consolidated interim balance sheet

	Note	At 30 June 2008 USD'000	At 31 December 2007 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	59,849	47,766
Intangible asset	7	1,447	1,490
		<u>61,296</u>	<u>49,256</u>
Current assets			
Inventories		8,963	6,705
Trade and other receivables		201,029	149,950
Derivative financial instruments		685	964
Cash and bank balances	8	147,291	159,088
		<u>357,968</u>	<u>316,707</u>
Total assets		<u><u>419,264</u></u>	<u><u>365,963</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	18,682	18,654
Legal reserve	10	25	24
Merger reserve	11	(22,422)	(22,422)
Retained earnings		189,411	162,506
		<u>185,696</u>	<u>158,762</u>
Non-current liability			
Provision for employees' end of service benefits	12	10,909	9,740
		<u>10,909</u>	<u>9,740</u>
Current liabilities			
Trade and other payables		222,659	197,461
		<u>222,659</u>	<u>197,461</u>
Total liabilities		<u>233,568</u>	<u>207,201</u>
Total equity and liabilities		<u><u>419,264</u></u>	<u><u>365,963</u></u>

Lamprell plc

Condensed consolidated interim 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 2007		18,654	22	(22,422)	93,616	89,870
Profit for the period		-	-	-	36,205	36,205
Share based payments						
– value of services provided		-	-	-	9,000	9,000
Transfer to legal reserve		-	1	-	(1)	-
Dividends	14	-	-	-	(7,600)	(7,600)
At 30 June 2007		18,654	23	(22,422)	131,220	127,475
Profit for the period		-	-	-	35,345	35,345
Share based payments						
– value of services provided		-	-	-	5,942	5,942
Transfer to legal reserve		-	1	-	(1)	-
Dividends	14	-	-	-	(10,000)	(10,000)
At 31 December 2007		18,654	24	(22,422)	162,506	158,762
Shares issued during the period		28	-	-	(28)	-
Profit for the period		-	-	-	47,775	47,775
Share based payments						
– value of services provided		-	-	-	4,626	4,626
Treasury shares purchased	9	-	-	-	(942)	(942)
Transfer to legal reserve	10	-	1	-	(1)	-
Dividends	14	-	-	-	(24,525)	(24,525)
At 30 June 2008		18,682	25	(22,422)	189,411	185,696

Lamprell plc

Condensed consolidated interim cash flow statement

	Note	Six months ended 30 June	
		2008 USD'000	2007 USD'000
Operating activities			
Profit for the period		47,775	36,205
Adjustments for:			
Share based payments - value of services provided		4,626	9,000
Fair value gain on derivative financial instruments		(329)	(488)
Depreciation	6	4,488	3,550
Amortisation of intangible asset	7	43	-
Profit on disposal of property, plant and equipment		(63)	-
Provision/(release) for slow moving and obsolete inventories		112	(192)
Charge for provision for impairment of trade receivables, net	5	4	20
Provision for employees' end of service benefits	12	1,549	1,275
Interest income		(1,734)	(1,288)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		56,471	48,082
Payment of employees' end of service benefits	12	(380)	(209)
Changes in working capital:			
Inventories before movement in provision		(2,370)	(944)
Trade and other receivables before movement in provision for impairment of trade receivables		(51,083)	(22,513)
Derivative financial instruments		608	-
Trade and other payables excluding unpaid dividend		24,995	76,038
Net cash generated from operating activities		28,241	100,454
Investing activities			
Payments for property, plant and equipment	6	(16,578)	(5,933)
Acquisition of a subsidiary net of cash acquired	7	-	(1,586)
Payment for acquisition of Inspec	11	-	(3,000)
Proceeds from sale of property, plant and equipment		70	13
Interest income		1,734	1,288
Margin deposits	8	4,954	(427)
Net cash used in investing activities		(9,820)	(9,645)
Financing activities			
Treasury shares purchased	9	(942)	-
Dividends paid	14	(24,322)	(12,600)
Net cash used in financing activities		(25,264)	(12,600)
Net (decrease)/increase in cash and cash equivalents		(6,843)	78,209
Cash and cash equivalents, beginning of the period	8	149,264	16,410
Cash and cash equivalents, end of the period	8	142,421	94,619

**Selected notes to the condensed consolidated interim financial information
for the six months ended 30 June 2008**

1 Legal status and activities

Lamprell plc (“the Company”) was incorporated and registered on 4 July 2006 in the Isle of Man as a public company limited by shares under the Isle of Man Companies Acts with the registered number 117101C. The Company acquired 100% of the legal and beneficial ownership in Lamprell Energy Limited (“LEL”) from Lamprell Holdings Limited (“LHL”), under a share for share exchange agreement dated 25 September 2006 and this transaction was accounted for using the uniting of interests method. The Company listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange with effect from 11 October 2006. The address of the registered office of the Company is 15-19 Athol Street, Douglas, Isle of Man and the Company is managed from the United Arab Emirates (“UAE”).

The principal activities of the Company and its subsidiaries (together referred to as “the Group”) are: the upgrade and refurbishment of offshore jackup rigs, fabrication, assembly and new build construction for the offshore oil and gas sector, including jackup rigs, Floating, Production, Storage and Offloading (“FPSO”) and other offshore and onshore structures, and oilfield engineering services, including the upgrade and refurbishment of land rigs.

The Company has either directly or indirectly the following subsidiaries:

Name of the subsidiary	Percentage of legal ownership %	Percentage of beneficial ownership %	Country of Incorporation
Lamprell Energy Limited	100	100	Isle of Man
Lamprell Dubai LLC (“LD”)	49*	100	UAE
Lamprell Sharjah WLL (“LS”)	49*	100	UAE
Maritime Offshore Limited (“MOL”)	100	100	Isle of Man
Maritime Offshore Construction Limited (“MOCL”)	100	100	Isle of Man
International Inspection Services Limited (“Inspec”)	100	100	Isle of Man British Virgin Islands
Cleopatra Barges Limited (“CBL”)	100	100	British Virgin Islands
Lamprell plc employee benefit trust (“EBT”)	100	†	Unincorporated
Jebel Ali Investments Limited (“JIL”) *			British Virgin Islands
(acquired in June 2007)	100	100	
Ahbab FZCO (“Ahbab”) ** (acquired in June 2007)	90 ⁺	100	UAE
Lamprell Asia Limited (“LAL”) (incorporated on 14 May 2008)	99.96 ⁺⁺	99.98 ⁺⁺	Thailand

† The beneficiaries of the EBT are the employees of the Group.

* The balance of 51% in each case is registered in the name of a UAE National who has assigned all the economic benefits attached to his shareholding to the Group entity. Further, LEL has the power to exercise control over the financial and operating policies of the entities incorporated in the UAE through management agreements and accordingly, these entities are consolidated as wholly owned subsidiaries in this condensed consolidated interim financial information. The UAE National shareholders of these entities receive sponsorship fees from the Group (Note 13).

** During 2007, LEL acquired 100% of the legal and beneficial ownership of JIL (which has 100% of the beneficial ownership of Ahbab) from LHL for a total purchase consideration of USD 1,594,000 (Note 7).

+ A Free Zone Company (“FZCO”) is required to have a minimum of two shareholders and consequently the balance of 10% is held by an employee of LEL in trust for the beneficial interest of the Group.

++ Of the total 30,000 shares, 7 shares are held by Thai nationals as promoters, 6 by employees of Lamprell Group in trust for the beneficial interest of the Group and the balance of 29,987 shares is held by LEL.

2 Summary of significant accounting policies

2.1 Basis of preparation

This condensed interim financial information for the six months ended 30 June 2008 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting” as adopted for use in the European Union. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

2.2 Accounting policies

The accounting policies adopted are consistent with those described in the annual report for the year ended 31 December 2007 which is available on the Company’s website (www.lamprell.com), except as follows:

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company’s equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company’s equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company’s equity holders.

The preparation of condensed interim financial information requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant, are disclosed in Note 3.

The following new standards, amendments to standards and interpretations are mandatory for annual periods beginning on or after 1 January 2008 or later periods:

Standards and amendments

IAS 1 (Revised), ‘Presentation of Financial Statements’, (effective for annual periods beginning on or after 1 January 2009). The main aim of the amended version of IAS 1 is to aggregate information in the financial statements on the basis of shared characteristics. Consequently changes in equity (net assets) of an entity arising from transactions with owners in their capacity as owners will be disclosed separately from other changes in equity. The Group will apply this revised standard from 1 January 2009.

IAS 23 (Amendment), ‘Borrowing Costs’ (effective for annual periods beginning on or after 1 January 2009). This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply IAS 23 (Amended) from 1 January 2009, wherever applicable, but at present, the Group does not have any borrowing costs.

IAS 27 (Revised), ‘Consolidated and Separate Financial Statements’, (effective for annual periods beginning on or after 1 July 2009). IAS 27 (Revised) requires the effect of all transactions with non-controlling interest to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss

is recognised in profit or loss. The Group will apply this revised standard from the effective date, however, it is currently not expected to have an impact on the Group's annual financial statements.

Amendment to IAS 39, Financial Instruments: Recognition and measurement on eligible hedged items (effective for accounting periods beginning on or after 1 July 2009 and must be applied retrospectively in accordance with IAS 8, 'Accounting policies'). The IASB has issued an amendment to IAS 39, Financial Instruments: Recognition and measurement on eligible hedged items. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply this revised standard from the effective date, however, it is currently not expected to have an impact on the Group's annual financial statements.

Amendment to IFRS 1 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' (effective for annual periods beginning on or after 1 January 2009). The IASB has issued an amendment to IFRS 1 'First time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements' by allowing first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor. The Group will apply this revised standard from the effective date, however, it is currently not expected to have an impact on the Group's annual financial statements.

IFRS 2 'Vesting Conditions and Cancellation – Amendment to IFRS 2 Share-based Payment', (effective for annual periods beginning on or after 1 January 2009). The amendment addresses two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply this revised standard from the effective date, however, it is currently not expected to have an impact on the Group's annual financial statements.

IFRS 3 (Revised), 'Business Combinations', (effective for annual periods beginning on or after 1 July 2009). The standard continues to apply the acquisition method to business combinations, with some significant changes. These changes include a requirement that all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured through the income statement. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to non-controlling interest. All transactions costs will be expensed. The Group will apply this revised standard for acquisitions, if any, made on or after the effective date.

IFRS 8, Operating Segments (effective for annual periods beginning on or after 1 January 2009). IFRS 8 replaces IAS 14 and aligns segment reporting with the requirements of the US Statement of Financial Accounting Standard 131, 'Disclosures about Segments of an Enterprise and Related Information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply this standard from the effective date and is currently assessing the impact if any, on the Group's annual financial statements.

IAS 32 (Amendment), 'Financial Instruments: Presentation', (effective for annual periods beginning on or after 1 January 2009). The Group will apply this revised standard from the effective date, however, it is currently not expected to have an impact on the Group's annual financial statements.

Annual Improvements to IFRSs (effective for annual periods beginning on or after 1 January 2009). The IASB has issued the 'Improvements to IFRSs' standard which amends 20 standards, basis of conclusions and guidance based on the exposure draft issued in October 2007. The improvements include changes in presentation, recognition and measurement plus terminology and editorial changes. The Group will apply this standard from 1 January 2009.

Interpretations

IFRIC 12, 'Service Concession Arrangements' (effective for annual periods beginning on or after 1 January 2008). IFRIC 12 is not relevant to the Group's operations.

IFRIC 13, 'Customer Loyalty Programmes' (effective for annual periods beginning on or after 1 July 2008). IFRIC 13 is not relevant to the Group's operations.

IFRIC 14, 'IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' (effective for annual periods beginning on or after 1 January 2008). IFRIC 14 is not relevant to the Group's operations.

IFRIC 15, 'Agreements for the Construction of Real Estate' (effective for annual periods beginning on or after 1 January 2009). IFRIC 15 is not relevant to the Group's operations.

IFRIC 16, 'Hedges of a Net Investment in a Foreign Operation' (effective for annual periods beginning on or after 1 October 2008). IFRIC 16 is not relevant to the Group's operations.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Revenue recognition

The Group uses the percentage-of-completion method in accounting for its contract revenue. Use of the percentage-of-completion method requires the Group to estimate the stage of completion of the contract to date as a proportion of the total contract work to be performed in accordance with the Group's accounting policy. As a result, the Group is required to estimate the total cost to completion of all outstanding projects at each period end. The application of a 10% sensitivity to management estimates of the total costs to completion of all outstanding projects at the period end would result in the revenue and profit increasing by USD 12.4 million (H1 2007: USD 6.4 million) if the total costs to completion were decreased by 10% and the revenue and profit would decrease by USD 11.2 million (H1 2007: USD 3.7 million) if the total costs to completion are increased by 10%.

4 Earnings per share

The calculations of earnings per share are based on the following profit and numbers of shares:

	Six months ended 30 June	
	2008	2007
	USD'000	USD'000
Profit for the period	<u>47,775</u>	<u>36,205</u>
Weighted average number of shares for basic earnings per share	200,113,784	200,000,000
Adjustments for:		
- Assumed exercise of free share awards/options	<u>148,658</u>	<u>25,585</u>
Weighted average number of shares for diluted earnings per share	<u>200,262,442</u>	<u>200,025,585</u>
Earnings per share:		
Basic	<u>23.87c</u>	<u>18.10c</u>
Diluted	<u>23.86c</u>	<u>18.10c</u>

5 Operating profit

Operating profit is stated after charging:

	Six months ended 30 June	
	2008	2007
	USD'000	USD'000
Depreciation	<u>4,488</u>	<u>3,550</u>
Operating lease rentals – land and buildings	<u>4,849</u>	<u>4,127</u>
Provision for impairment of trade receivables	11	80
Release of provision for impairment of trade receivables	(7)	(60)
	<u>4</u>	<u>20</u>

6 Property, plant and equipment

	USD'000
Opening net book amount at 1 January 2007	40,595
Acquisition	52
Additions	5,933
Net book value of disposals	(13)
Depreciation	<u>(3,550)</u>
Closing net book amount at 30 June 2007	43,017
Additions	9,045
Net book value of disposals	(361)
Depreciation	<u>(3,935)</u>
Closing net book amount at 31 December 2007	47,766

Additions	16,578
Net book value of disposals	(7)
Depreciation	(4,488)
Closing net book amount at 30 June 2008	59,849

7 Business combinations

On 25 June 2007, the Group acquired 100% of the share capital of JIL for a purchase consideration of USD 1,594,000 from LHL. JIL is a holding company and beneficially owns 100% of Ahbab which in turn has a favourable lease of land in Jebel Ali Free Zone up to November 2014. This lease is renewable for a further period of 10 years.

	USD'000
Purchase consideration	1,594
Fair value of net identifiable assets acquired	1,594
Goodwill/negative goodwill	-

The details of net assets acquired are as follows:

	Acquiree's carrying value USD'000	Fair value USD'000
Value of identifiable assets and liabilities acquired:		
Property, plant and equipment	52	52
Intangible asset *	-	1,534
Deposits and prepaid expenses	21	21
Cash and bank balance (margin deposit)	8	8
Trade and other payables	(21)	(21)
Net identifiable assets acquired	60	1,594

* Intangible asset represents a favourable leasehold right acquired, the value of which has been determined by calculating the present value of the expected future economic benefits to arise from the favourable lease term (17 years).

	At 30 June 2008 USD'000	At 31 December 2007 USD'000
At the beginning of the period/year	1,490	-
Acquired during the period/year	-	1,534
Amortisation charge during the period/year	(43)	(44)
At the end of the period/year	1,447	1,490

	USD'000
Outflow of cash to acquire business, net of cash acquired:	
- cash consideration	1,594
- cash and bank balance in subsidiary acquired	(8)
Cash outflow on acquisition	1,586

8 Cash and bank balances

	At 30 June 2008 USD'000	At 31 December 2007 USD'000
Cash at bank and on hand	24,234	11,828
Short term and margin deposits	123,057	147,260
	<u> </u>	<u> </u>
Cash and bank balances	147,291	159,088
Less: Margin deposits	(4,870)	(9,824)
	<u> </u>	<u> </u>
Cash and cash equivalents	<u>142,421</u>	<u>149,264</u>

At 30 June 2008, the cash at bank and short term deposits were held with six (31 December 2007: six) international banks and local branches of international banks operating in the UAE. The effective average interest rate on short term deposits was 2.61% (31 December 2007: 4.75%) 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 (Note 16).

9 Share capital

Issued and fully paid ordinary shares

	Equity share capital	
	Number	USD'000
At 1 January 2007 and 31 December 2007	200,000,000	18,654
Issued on 26 March 2008 in connection with the deferred share award granted on 16 October 2006	<u>279,309</u>	<u>28</u>
At 30 June 2008	<u>200,279,309</u>	<u>18,682</u>

The above includes 1,613,269 shares at 30 June 2008 (2007: 1,613,269 shares) gifted by LHL on 10 October 2006 and held by the EBT in trust for certain management personnel.

On 26 March 2008, the Company issued 279,309 shares at a nominal value of £ 0.05 per share by debiting the Retained earnings. These shares which include 3,079 shares relating to dividend entitlement were issued to a Director of the Company, following the satisfactory fulfilment of the vesting condition, in accordance with the deferred share award granted on 16 October 2006.

During 2008, the EBT acquired 92,725 shares of the Company. The total amount paid to acquire the shares was USD 942,000 and has been deducted from the Consolidated Retained earnings. These shares are held as 'treasury shares'. The Company has the right to reissue these shares at a later date. These shares will be issued on the vesting of the free shares granted to certain Directors of the Company.

10 Legal reserve

The legal reserve of USD 25,077 at 30 June 2008 (31 December 2007: USD 24,077) relates to subsidiaries incorporated as limited liability companies in the UAE. In accordance with the respective subsidiary's Articles of Association and the UAE Federal Law No. (8) of 1984, as amended, 10% of the profit for the year of such companies is transferred to a legal reserve. Such transfers are required to be made until the reserve is equal to, at least, 50% of the Share capital of such companies.

11 Merger reserve

	At 31 December 2007 and at 30 June 2008
	USD'000
Nominal value of shares of the Company on 25 September 2006	18,654
Share capital of LEL	(82)
	<hr/>
Merger reserve on acquisition of LEL	18,572
	<hr/>
Purchase consideration relating to acquisition of Inspec	4,000
Share capital of Inspec	(150)
	<hr/>
Merger reserve on acquisition of Inspec	3,850
	<hr/>
Total	22,422
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On 25 September 2006, the Company entered 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/transfer to LHL of 200,000,000 shares of the Company. This acquisition has been accounted for using the uniting of interests method and the difference between the nominal value of shares issued by the Company (USD 18,654,000) and the nominal value of LEL shares acquired (USD 82,000) is taken to the Merger reserve.

On 11 September 2006, LEL acquired 100% of the legal and beneficial ownership of Inspec from LHL for a consideration of USD 4 million. This acquisition is accounted for using the uniting of interests method and the difference between the purchase consideration (USD 4 million) and Share capital of Inspec (USD 150,000) is taken to the Merger reserve. During 2006, a payment of USD 1 million was made against the purchase consideration and the balance of USD 3 million was paid in 2007.

12 Provision for employees' end of service benefits

	USD'000
At 1 January 2007	8,039
Charge for the period	1,275
Payments during the period	(209)
	<hr/>
At 30 June 2007	9,105
	<hr/>
Charge for the period	940
Payments during the period	(305)
	<hr/>
At 31 December 2007	9,740
	<hr/>
Charge for the period	1,549
Payments during the period	(380)
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At 30 June 2008	10,909
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In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at the period end, using the projected unit credit method, in respect of employees' end of service benefits payable under the UAE Labour Law. Under this method, an assessment has been made of an employee's expected service life with the Group and the expected basic salary at the date of leaving the service at the end of the period. Management has assumed average increment/promotion costs of 4% to 5% (2007: 4% to 5%). The expected liability at the date of leaving the service has been discounted to its net present value at the end of the period using a discount rate of 6.25% (2007: 6.25%).

13 Related party balances and transactions

Related parties comprise LHL which owns 33% (2007: 33%) of the issued share capital of the Company, certain legal shareholders of the Group companies and Directors and key management personnel of the Group. Other than disclosed elsewhere in the condensed consolidated interim financial information, the Group entered into the following significant transactions during the period with related parties at prices and on terms agreed between the related parties:

	Six months ended 30 June	
	2008 USD'000	2007 USD'000
Key management compensation	9,617	11,619
Sponsorship fees paid to legal shareholders of Lamprell Dubai LLC and Lamprell Sharjah WLL	68	68
Purchase consideration for acquisition of JIL	-	1,594

Key management compensation comprises:

	Six months ended 30 June	
	2008 USD'000	2007 USD'000
Salaries and other short term employee benefits	5,362	2,868
Share based payments – value of service provided	4,088	8,662
Post-employment benefits	167	89
	9,617	11,619

Dividends paid by the Company include an amount of USD 8.6 million (2007: USD 6.4 million) in respect of shares held by key management personnel (including those held by the EBT in respect of shares gifted/awarded) of which USD 8.1 million (2007: USD 5.8 million) was paid to LHL, a company controlled by Steven Lamprell who is a member of key management.

14 Dividends

During the period (on 25 March 2008), the Board of Directors of the Company approved dividends of USD 24.5 million (US cents 12.25 per share) relating to the year ended 31 December 2007. At 30 June 2008, the unpaid dividends amounted to USD 346,000.

During 2007 (on 2 April 2007 and 25 September 2007), the Board of Directors of the Company approved dividends of USD 17.6 million comprising USD 7.6 million (US cents 3.8 per share) relating to 2006 and an interim dividend of USD 10 million (US cents 5 per share) for 2007. At 31 December 2007, the unpaid dividends amounted to USD 143,000.

15 Commitments

At 30 June 2008 USD'000	At 31 December 2007 USD'000
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(a) Operating lease commitments

The future minimum lease payments payable under operating leases are as follows:

Not later than one year	3,358	3,753
Later than one year but not later than five years	8,542	8,951
Later than five years	50,513	52,308
	<u>62,413</u>	<u>65,012</u>

(b) Other commitments

Letters of credit for purchase of materials and operating equipment	4,838	12,029
Capital commitments for purchase of operating equipment	15,559	6,976
Capital commitments for construction of a facility	15,372	13,962

16 Bank guarantees

	At 30 June 2008 USD'000	At 31 December 2007 USD'000
Performance/bid bonds	154,643	107,672
Advance payment, labour visa and payment guarantees	12,833	6,838
	<u>167,476</u>	<u>114,510</u>

The various bank guarantees, as above, were issued by the Group's bankers in the ordinary course of business. In the opinion of the Management the above bank guarantees are unlikely to result in any liability to the Group.

17 Fair value

At 30 June 2008 and 31 December 2007, the fair values of the financial assets and liabilities approximate their net book amounts as reflected in the financial information.

18 Events after balance sheet date

The Board of Directors of the Company have proposed an interim dividend of 6.40 cents per share amounting to USD 12.8 million at a meeting held on 26 September 2008. In accordance with the accounting policy under IFRS set out at Note 2.16 of the annual financial statements for the year ended 31 December 2007 this dividend has not been accrued at 30 June 2008 (2007: 12.25 cents per share amounting to USD 24.5 million declared on 25 March 2008 was not accrued at 31 December 2007; H1 2007: 5 cents per share amounting to USD 10 million declared on 25 September 2007 was not accrued at 30 June 2007).