



29 April 2009

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

2008 Annual Results Announcement

In accordance with DTR 6.3.5 (2) (b), Lamprell makes the following announcement:

Lamprell (ticker: LAM), a leading provider of specialist engineering services to the international oil & gas industry based in the UAE, In accordance with DTR 6.3.5 (2) (b), makes the following announcement:

a. Management Report:

Chief Executive Officer's Statement

I am pleased to announce that we have had another successful year in 2008, having seen significant growth in revenues of 58.5% compared to 2007, and a net profit (adjusted for exceptional charges) for the year of US\$ 95.5 million (US\$ 85.5 million after exceptional charges).

Towards the end of 2008 we entered a time of market uncertainty as a result of the worldwide financial crisis. Lamprell, like every other company, is looking at a different economic landscape from that which existed this time last year. In mid 2008, the Group was operating against a backdrop of record oil prices, with the oil services sector working at near maximum capacity. This is in stark contrast to the operating markets we are now experiencing and as a result, we have reviewed our business to ensure we are able to steer the Group effectively through these turbulent times.

One of the cornerstones of Lamprell's development and success has been its rigorous approach to project execution. We are committed to offering our customers the highest standards available and our clients enjoy exacting levels of service. We are in the privileged position of enjoying a great many repeat contracts from our customers who see the value which Lamprell brings. In addition to this, we have been fortunate to have a strong balance sheet and net cash position.

Throughout our history, we have approached expansion and development in a measured way, only embarking on such projects when we could afford to pay for such developments from our own cash resources. At a time when bank debt is not readily available, we are pleased to continue operating with no long term debt.

In the past year we have undertaken some of the largest and most complex projects in the Company's history. We have a strong order book going forward, which at the end of the year stood at approximately, US\$ 600 million extending into late 2010 and to date there have been no cancellations received impacting our order book.

On our major Engineering, Procurement and Construction ("EPC") contracts we completed the commissioning and delivery of the Seajacks Kraken new build self propelled liftboat to Seajacks International Limited in March 2009, on time and on budget. The construction phase of the second liftboat, the Seajacks Leviathan, has significantly advanced during

2008 and the unit will be launched on schedule later in the year awaiting final completion and commissioning.

The construction phases of the new build jackup rig projects for Scorpion Offshore Limited have significantly advanced during 2008 and the first rig, the Offshore Freedom, is on target for delivery in April 2009, with the Offshore Mischief planned to be launched later in the year awaiting final completion and commissioning. We are delighted that Scorpion have now arranged the full funding requirements for the Offshore Freedom and also that they have arranged financing to meet a substantial progress payment on the Offshore Mischief and have stated to the market that they are confident of meeting all future contract payments.

The new build jackup rig project 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 is continuing and is now planned for completion in November 2010. In addition, the construction phase of the lump sum turnkey construction contract with BassDrill Limited ("BassDrill") for a self erecting tender assist drilling unit is progressing on target for completion later this year.

The Al Ghallan jackup drilling rig refurbishment project for National Drilling Company ("NDC") was carried out during the year and has been completed successfully on time and on budget in February 2009. This project, with a contract value to Lamprell of US\$ 59 million, is part of the NDC Strategic Rig Integrity Assurance Program ("RIAP"). The project is the second contract awarded under the RIAP program and follows the successful completion of the NDC Junana upgrade project in 2007.

The Board

On 6 November 2008 we moved our listing from the Alternative Investment Market to the Official List of the UK Listing Authority and the shares of Lamprell plc were admitted for trading on the London Stock Exchange plc's main market for listed securities.

Subsequent to our move to the Official List, Peter G Birch, the then Chairman of the Company, resigned from the Board of Lamprell plc due to personal reasons. David Moran who held the position of Director of Corporate Communications stepped down from the Board on 2 November 2008 and has subsequently left the Company. We acknowledge the contribution made by both Peter and David during their tenure with the Company.

Colin Goodall joined the Board of Lamprell as a Non-Executive Director on 14 September 2008. Colin was appointed to the role of Senior Independent Non-Executive Director on 2 November. In addition, on 15 September 2008, the Board announced the appointment of Brian Fredrick who joined the Board as a Non-Executive Director with effect from 1 January 2009. Brian has held a variety of senior banking roles, most recently with HSBC.

Jonathan Silver joined the Board on 24 August 2007, pursuant to arrangements made with Lamprell Holdings Limited, the Company's principal shareholder, at the time the Company's shares were admitted to trading on the Alternative Investment Market. In accordance with those arrangements, Jonathan ceased to be a Director immediately upon Admission to the Official List becoming effective. However, the Board considered that Jonathan's detailed knowledge of the Group and the Middle East region made it desirable for his services to be retained and accordingly, the Board resolved to reappoint Jonathan immediately as a Non-Executive Director.

We are pleased to announce that on 27 March 2009 the Board appointed Jonathan Silver as Non-Executive Chairman. Jonathan's detailed knowledge of the Group and the Middle East region means he is the ideal candidate for the role and the Board is delighted he has agreed to become the Chairman of Lamprell plc. He has already made an invaluable contribution to the Group's development in recent years and we look forward to working with him as we seek to build our business, both in the Middle East and overseas.

On 1 May 2009 I will be stepping down from the position of CEO which I have held for the past 17 years. My intention to step down was initially advised to the Market at the time of the initial offering in October 2006 and I am delighted that Nigel McCue is stepping into the CEO position. I am confident that Nigel has the right level of experience and knowledge to successfully take the Company forward.

I will be taking on a role more outwardly focused on long term strategic development of the Company. This position, entitled Director of International Development, will focus on the development and maintenance of client relationships and on the longer term strategic positioning of the Company as we seek to further expand the Company's international interests and markets. This role will also entail working closely with Nigel in providing managerial assistance and support to him in his new role as CEO.

I would also like to particularly thank the founder and President of the Company, Steven Lamprell, for his friendship and support during the 17 years of working together. Without that long term relationship and trust, the Company would not have developed to the structure that we have today. This ongoing support and enthusiasm, particularly during the current difficult and uncertain market conditions, is truly appreciated both from a business as well as a personal standpoint.

Future Developments

Despite the uncertain economic environment, our operational developments are continuing as planned. We believe our expansion is essential so that Lamprell is well placed to harness future business streams once the financial markets have improved and we see an upturn once more in activity levels.

Construction of the new facility at Hamriyah continues and operations are scheduled to commence in the second quarter of 2009. When completed the new facility will have a developed area of 250,000m² with a deepwater berthing quay wall 1,250 meters in length and 9 meters deep. Lamprell will have a much more flexible capacity with the ability 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.

We are additionally developing and expanding our facilities at Jebel Ali and we have recently completed the construction of an extension to our existing production facility.

The Company's new 46,950m² facility with 158 meters deep water quay side in Sattahip, Thailand, is now complete and our first revenue generating project commenced in the first quarter of 2009. In addition, the Board of Investment privileges for the new Thailand operations were granted on 4 December 2008 providing amongst other benefits, certain corporate tax and import duty exemptions.

Market Overview

As a result of the diverse range of activities that Lamprell undertakes and its broad range of customers, all of the Company's facilities have remained active during 2008. This has been a significant contributor in delivering a strong financial performance for the year and reporting net profit for 2008 in line with market expectations, despite current market conditions.

During this current period, Lamprell continues to remain operationally active but also extremely vigilant. The Board continues to be cautious with respect to the market for new build orders for drilling jackup rigs as it expects that these may slow, as clients reduce their capital expenditure plans and focus on existing assets.

The Company continues to see a significant interest in the use of jack up liftboats for alternative energy usage, particularly related to the development of offshore wind farms and our proposals activity generally remains active.

Rig refurbishment performed strongly in 2008 with higher levels of activity than expected in the second half of the year. This business area has remained buoyant as we enter 2009, however, there have been recent signs of a slow down which is likely to impact during the second half of 2009.

The Board remains optimistic of the medium term prospects for this business area. Over 75% of the existing global rig fleet is over twenty five years old and over twenty five percent of that fleet is located within Lamprell's regional catchment area. To that end, the Company anticipates that demand for its services will continue, despite the fact that multiple new build rigs will be delivered in the next three years and the current oil price is depressed. The continued maintenance and refurbishment of this aging fleet is still seen as a regional priority for operators and will continue to represent a major ongoing component in the overall mix of projects which Lamprell will be undertaking in the coming years.

FPSO related activities were significant in the first half of 2008, however, there was a slow down in the second half of the year due to a general reduction of capex budgets and the weakening oil price. Notwithstanding this fact, the Board remains confident in the long term viability of the offshore construction market both for fixed and floating structures.

Activities relating to land rigs have continued at a consistent level and progress on the four new build API 2000 HP fast moving land rigs continues on schedule. The demand for land rigs also continued to grow through to the end of 2008 both in the UAE and internationally and the rig count in the Middle East has seen a substantial increase in the past three years. There have been a number of land rigs which have been temporarily laid up in the first quarter of 2009, reflecting a sharp reaction to the sudden drop in the oil price and the impact of the world wide financial uncertainty. However, because of the regional dynamics of the Middle Eastern market, we anticipate a strong recovery in land drilling activities in the Middle East in the second half of 2009. This provides the Board with confidence that both the refurbishment and new build land rig markets will regionally recover and will be attractive for some years to come.

The Board believes it is well placed to capitalise on the rig refurbishment opportunities that are being presented to the Company with the increasing offshore rig count in the Middle East region and although they are cautious in the short term market for new build construction, the Board is confident of the Company's long term prospects for the markets in which we operate.

Dividend

Given the current difficult market conditions and the general uncertainty of the markets, the Board of Directors is recommending a final dividend payment of 3.15 cents per ordinary share, with a Sterling equivalent of 2.18 pence per ordinary share. This will be payable, when approved, on 18 June 2009 to eligible shareholders on the register at 22 May 2009.

Outlook

2008 was another successful year for Lamprell. In the period, we saw significant revenue and earnings growth, exceeding all targets set at the beginning of the year, and we continue to operate with a substantial order book extending into late 2010. We have a strong balance sheet and operate with no long term debt, and are proud to maintain a business model without claims or cases of litigation either against us or against our clients, subcontractors or suppliers.

However, it has become apparent in recent weeks that there is a marked slowdown in the Company's business except for the rig refurbishment business which is currently busy but is anticipated to slowdown in the second half of the year. On 20 March we announced that as a result of that change we expected the out turn for 2009 to be below the market's expectations at that time.

We fully recognise the challenging prevailing market conditions that the wider service sector is currently encountering. In order that we operate as prudently as is possible, we are reviewing the impact this might have on our business in the short term and action has already been taken to achieve cost savings, which is possible as a result of our flexible business model. Whilst the market today presents significant challenges to the Group, we are confident that our long term prospects remain promising as we seek to build a strong platform for future growth.

I would like to take the opportunity to again express the thanks and appreciation of the Board of Directors and my own personal thanks to all of our workforce for their support and unflinching efforts for producing a great year in 2008.

Peter Whitbread
Chief Executive Officer

Operating Review

Lamprell had a very successful year in 2008, with all operating facilities successfully working on a wide range of different projects. During the year Lamprell has continued to focus on maintaining our high standards of project execution with a particular focus on safety, maintaining high quality standards and to delivering projects both on time and on budget to all our customers. This focus has ensured that Lamprell has not only maintained and indeed strengthened its relationships with its existing customers, but also added new key customers to our expanding client base.

During the year Lamprell has continued to focus on core business whilst developing Engineering, Procurement and Construction ("EPC") new build projects, including the construction of jackup drilling rigs, liftboats and tender assist drilling units. The EPC projects ongoing during 2008 have all continued to progress on schedule and we now look forward to delivering our first completed EPC projects during 2009.

The principal markets in which Lamprell operates, and the principal services provided 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, liftboats and tender assist drilling units.

The operational aspects of these business activities are reviewed as follows:

Upgrade and refurbishment of offshore jackup rigs

During 2008 Lamprell executed refurbishment and upgrade works on a total of twenty five jackup rigs. The rigs, owned by a wide range of international drilling contractors including National Drilling Company, Ensco Oceanics International Company, Nabors Drilling International Limited, Noble International Limited, Transocean Offshore International Ventures, Rowan Drilling, Hercules Offshore Middle East Ltd 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 2008 included:

NDC Al Ghallan

The rig, which was working for ADNOC, arrived at our Sharjah facility in May 2008 for an extensive upgrade and refurbishment program scheduled as part of NDC's Rig Integrity Assurance Program ("RIAP"). The work scopes on this project included the conversion of the rig from slot to cantilever drilling, the addition of hull sponsons and accommodation refurbishment. The project has been completed in the first quarter of 2009 and the rig has returned to Abu Dhabi to continue its drilling program. Notably two million man-hours were expended and the project was completed without a lost time incident.

Transocean CE Thornton

The CE Thornton was mobilised to Lamprell's Sharjah facility from India on the completion of its drilling program. The rig arrived in April 2008 with a major upgrade and refurbishment work scope, including condition driven works such as hull steel replacement and piping renewals, as well as accommodation refurbishment and the complete repainting of the rig. On completion of the project in October 2008 the rig returned to India to resume its contract with Reliance and ONGC.

Hercules 261 & 262

Hercules rigs 261 & 262 arrived at Lamprell's Sharjah facility in June 2008. The rigs were transported on a heavy lift vessel from the Gulf of Mexico after Hercules secured drilling contracts with Saudi Aramco. The works scope included spud can repairs, accommodation upgrades including the fabrication and installation of additional modules, leg repairs and the installation of a fifth generator. The works were successfully completed in November 2008.

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

Our Jebel Ali facility has been working on a variety of major projects during 2008 for clients including Single Buoy Moorings ("SBM"), Saipem SA, Kanfa AS and Scana AMT AS.

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 2008 included:

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 was delivered to SBM in March 2008 following the completion of a modification work scope including the addition of further access platforms to the barge.

FPSO process modules

Saipem Gimboa

In 2008 Lamprell completed the construction of six process modules for Saipem. These modules were designed and constructed for the Gimboa FPSO to suit typical production of around 60,000 barrels of oil per day. The modules were delivered to Saipem ready for installation onto the FPSO and Lamprell thereafter provided assistance with the integration of the modules onto the FPSO. The FPSO is now working for Sonangol in Angola.

SBM Frade FPSO process modules

In the first quarter of 2007 Lamprell was awarded the contract to build seven process modules and a turret manifold deck by SBM for their Frade FPSO. The work scope includes structural, piping, E&I and pressure vessel works. The modules were delivered to SBM from March to May 2008 ready for integration onto the converted tanker located at Dubai Drydocks. Following delivery Lamprell provided resources to assist with the integration of the modules onto the FPSO.

Oilfield Engineering services

Lamprell's Oilfield Engineering operation, located within our main Jebel Ali facility, was busy throughout 2008, executing contracts for a variety of clients including LeTourneau Technologies Drilling Systems Inc ("LTI"), Nabors Drilling, KCA Deutag and Ensign. Projects executed during 2008 included the new build construction of four fast moving land rigs for LTI, the upgrade and refurbishment of five 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.

Engineering, Procurement and Construction ("EPC")

Throughout 2008 Lamprell continued the construction of a range of major EPC new build projects. These projects are being executed at both our Jebel Ali and Hamriyah Free Zone facilities.

Seajacks liftboats

Throughout 2008 we have continued the construction of two harsh environment special

purpose self-propelled four legged jackup “liftboats” for Seajacks International Limited. These turnkey contracts cover all aspects of project execution from design to delivery. The first unit, the Seajacks Kraken was loaded out from our Jebel Ali facility in September 2008 and transported to our Hamriyah facility for completion and commissioning. The Kraken was subsequently successfully delivered to Seajacks in March 2009. The second liftboat, Seajacks Leviathan, will be delivered to Seajacks later in 2009.

Scorpion S116E jackup drilling rigs

Throughout 2008 construction has continued at Lamprell’s Hamriyah facility on the Offshore Freedom and Offshore Mischief LeTourneau design S116E jackup drilling rigs for Scorpion Freedom Ltd and Scorpion Rigs Ltd. The Offshore Freedom hull was launched using Lamprell’s semi-submersible barge, Hamriyah Pride, in September 2008 and the rig is scheduled for final delivery to Scorpion in April 2009. The construction of the Offshore Mischief continues in the yard with the load out of the hull scheduled for later in 2009.

BassDrill tender assist drilling units

In June 2008 we announced the contract award from BassDrill Limited (“BassDrill”) for the construction of two self erecting tender assist drilling units. The engineering and procurement activities relating to the first unit are now significantly advanced and construction of the vessel and the modular mast equipment package is ongoing at our Jebel Ali facility. The first unit will be delivered later in 2009 and work on the second unit is scheduled to commence thereafter.

Human resources

Attracting, developing and retaining talented staff is still of paramount importance to the success of Lamprell as a business. At Lamprell we consider our employees to be our greatest asset and the continuous development and multi skilling of our staff remains a focus for our growth success. The Human Resources Department has developed policies and best practices for effective employee management enabling managers to capitalise on the strengths of the employees and their ability to contribute to the accomplishment of work. It is recognised that successful employee management helps employee motivation, employee development, and employee retention.

Retention was an issue of concern for all major players in the oil and gas industry at the beginning of the year. However at Lamprell the retention issues were minimised due to the Company’s successful benchmarking, job matching and “career ladder” methodologies. This was combined with communication of clear expectations to the employee, providing frequent feedback and making the employee feel valued.

The provision of purpose built accommodation and transportation for the labour force further enhanced our ability to manage the retention issues and dramatically improved the quality and work life balance expectations of the employees.

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 as an “employer of choice”. These will continue to be our goals in 2009 and beyond.

The HR department continues to work closely with senior business leaders on strategy execution, in particular designing HR systems and processes that address strategic business issues, organisational and people capability building, longer term resource and talent management planning, and intelligence gathering of good people management practices internally and externally.

General Recruitment

The recruitment drive continues with over 5400 permanent staff in the Company at the end of 2008, a 26% 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

In accordance with our strategy to promote organic growth we maintained our capital investment program throughout 2008. 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.

The construction of our new 250,000m² facility in the Hamriyah free zone is continuing and remains an exciting focus point of Lamprell's development. The dredging work is now complete and the 1.25km quay wall is close to completion, with the inner basin having been completed in early 2009. In addition, the construction of the main office, client office and main workshops are all ongoing and several construction areas have been completed. As planned we now expect that the first jackup drilling rig will undergo refurbishment work at the quayside during March 2009.

In May 2008 Lamprell signed an initial five year lease for a 46,950m² facility with 158 meters of exclusive deep water quay side in Sattahip, Thailand. The facility has subsequently been enhanced with offices, fabrication areas and equipment and the first revenue generating project, Rig Ensco 51 arrived at the facility in the first quarter of 2009 for minor refurbishment works.

In Jebel Ali we completed the construction of an extension to our existing production facility. This building has three levels and it provides increased covered storage capacity on the ground floor with additional office space for project personnel on the first and second floors.

During the year our investment in operating equipment also continued including mobile cranes, forklift trucks, generators and automated welding equipment.

Nigel McCue
Chief Operating Officer

Financial Review

Results for the year from operations

	2008 (US\$m)	2007 (US\$m)	Change
Revenue	740.8	467.3	58.5%
Gross profit	129.3	107.8	19.9%
Adjusted EBITDA *	102.3	89.5	14.3%
<i>Adjusted EBITDA margin *</i>	<i>13.8%</i>	<i>19.1%</i>	
Adjusted operating profit *	92.5	82.0	12.8%
<i>Adjusted operating margin *</i>	<i>12.5%</i>	<i>17.5%</i>	

Adjusted net profit *	95.5	86.2	10.8%
Adjusted net margin *	12.9%	18.4%	
Adjusted diluted earnings per share *	47.58c	43.04c	10.5%

* For the current year stated before reflecting exceptional charges for share based payments of US\$ 6.6 million (2007: US\$ 14.7 million) granted to certain directors and selected management personnel pre IPO, and before reflecting various legal and professional charges amounting to US\$ 3.4 million (2007: US\$ nil) incurred in connection with the admission of Lamprell plc to the Main Market of the London Stock Exchange plc.

Group revenue increased by 58.5% to US\$ 740.8 million (2007: US\$ 467.3 million) reflecting strong growth over the prior year. This growth was largely driven by a significant increase in revenue generated from EPC projects comprising three new build jackups, two liftboats and the first self erecting tender assist drilling unit. Revenue from other key activities reflected a strong performance but generally was lower than 2007 as the prior year reflected exceptional revenues, particularly with respect to jackup rig upgrade and refurbishment activities. The offshore new build activity, based in Jebel Ali, also reflected a lower level of revenue for the year with projects largely being completed in the first half of the year and no significant new projects planned to commence until H1 2009. Revenue from Oilfield Engineering services, related to the refurbishment and construction of land rigs and land camps, reflected initial revenues from the construction of four new build fast moving land rigs under a contract with LeTourneau Drilling Systems Inc. The Group revenue includes the results of International Inspection Services Limited, with revenue growth resulting from a significant increase in the demand for the inspection and non-destructive testing services the subsidiary provides.

Gross profit increased by 19.9% to US\$ 129.3 million (2007: US\$ 107.8 million) resulting in a gross margin of 17.5% (2007: 23.1%). This decrease is mainly due to the higher level of lower margin EPC activity, the margin being lower as a result of the higher level of procurement with respect to both material purchases and the level of sub-contractor work. In addition, the year reflected a lower level of higher margin rig refurbishment activity than the prior year and a lower level of completions of major offshore construction new build activities undertaken in the Jebel Ali facility. The projects in 2007 reflected a number of positive variations and also included contract completion bonuses.

Adjusted EBITDA (before exceptional charges) increased to US\$ 102.3 million (2007: US\$ 89.5 million) reflecting an increase of 14.3% over the prior year. Adjusted EBITDA margin (before exceptional charges) for the year decreased to 13.8% (2007: 19.1%) largely in line with the decrease in operating margin mainly reflecting the change in revenue mix with greater contribution to total revenue by lower margin EPC contracts.

Adjusted operating profit in 2008 (before exceptional charges) was US\$ 92.5 million (2007: US\$ 82.0 million) reflecting an increase of 12.8%. The exceptional charges in the current year reflect share based payments of US\$ 6.6 million (2007: US\$ 14.7 million) related to shares gifted and a deferred share award in connection with the admission of Lamprell plc to AIM and also before reflecting various legal and professional charges amounting to US\$ 3.4 million (2007: US\$ nil) incurred in connection with the admission of Lamprell plc to the Main Market of the London Stock Exchange plc. The adjusted operating profit margin (before exceptional charges) decreased from 17.5% in 2007 to 12.5% in 2008 largely reflecting a decreased gross margin as a result of the change in revenue mix.

As a result of the strong revenue growth and strong operational performance, the adjusted net profit (before exceptional charges) increased by 10.8% to US\$ 95.5 million (2007: US\$ 86.2 million). The adjusted net margin (before exceptional charges) decreased to 12.9% (2007: 18.4%) primarily due to the decrease in the Group's operating margin and a decrease in net interest income to US\$ 3.0 million (2007: US\$ 4.2 million) largely

reflecting lower average deposit rates achieved on cash balances held by the Group during the year.

Interest income

Interest income of US\$ 3.0 million (2007: US\$ 4.2 million) relates mainly to bank interest earned on surplus funds deposited on a short term basis with the Company's bankers. The decrease reflects a lower level of average deposit rates achieved during the year offset by an increase in average funds on deposit during 2008 when compared to 2007.

Taxation

The Company, which is incorporated in the Isle of Man, has no income tax liability for the year ended 31 December 2008 as it is taxable at 0% in line with local Isle of Man tax 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. On 4 December 2008, Lamprell Asia Limited, was granted Board of Investment privileges which allows the Company's wholly owned subsidiary in Thailand to operate with a tax exempt status for a period of up to eight years.

Earnings per share

Fully diluted adjusted earnings per share (before exceptional charges) for 2008 increased to 47.58 cents (2007: 43.04 cents) reflecting primarily the improved profit of the Group for the year. Fully diluted earnings per share, as reported in the statutory results, for 2008 increased to 42.59 cents (2007: 35.72 cents).

Operating cash flow and liquidity

The Group's net cash flow from operating activities for the year was US\$ 18.3 million (2007: US\$ 176.8 million) The net cash flow from operations was lower than the prior year and mainly reflected increased profit for the period offset by movements in working capital, largely comprising an increase in trade and other receivables, including an amount due from a major EPC customer which was largely cleared subsequent to the year end. Amounts due from customers on contracts from predominantly EPC projects also increased reflecting the advanced stages of certain EPC projects. Payments have been received post year end against these balances.

The amounts due to customers on contracts was US\$ 72.5 million (2007 US\$ 95.1 million) which includes cash advances due to customers of US\$ 31.3 million (2007: US\$ 86.5 million). Other working capital movements reflect timing differences in respect to other receivables and also supplier commitments primarily on the larger EPC contracts.

Investing activities for the year absorbed US\$ 47.9 million (2007: US\$ 21.4 million) as a result of a significant investment in property, plant and equipment amounting to US\$ 54.4 million (2007: US\$ 15.0 million) largely comprising the purchase of operating equipment and investment in new buildings. This investment activity was offset by interest income of US\$ 3.0 million received from surplus funds and also the release of margin deposits of US\$ 3.5 million.

Net cash used in financing activities was US\$ 29.4 million (2007: US\$ 22.6 million). This represents dividend payments of US\$ 37.5 million (2007: US\$ 22.5 million) and the purchase of treasury shares to meet the settlement of share awards to certain directors and staff of US\$ 2.6 million. This was offset by an increase in short term borrowings of US\$ 10.7 million.

Capital expenditure

Capital expenditure on property, plant and equipment during the year amounted to US\$ 54.4 million (2007: US\$ 15.0 million). The main area of expenditure was the investment in operating equipment amounting to US\$ 23.5 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\$ 15.1 million. Further expenditure on buildings and related infrastructure at Group facilities amounted to US\$ 27.1 million, including capital work-in-progress, with additional committed expenditure amounting to US\$ 25.4 million reflecting the development of the infrastructure of the Company at all facilities but primarily expenditure at the new Hamriyah facility.

Shareholders' equity

Shareholders' equity increased from US\$ 158.8 million at 31 December 2007 to US\$ 212.3 million at 31 December 2008. The movement mainly reflects the retained profits for the year of US\$ 85.5 million net of dividends declared of US\$ 37.4 million. The movement also reflects a credit for the accounting of share based payments of US\$ 8.1 million made to certain Directors and employees of the Group and charged to General and Administrative expenses.

Dividends

For the year ended 31 December 2008, the Board of Directors of the Group having duly considered the current market conditions, profit earned, cash generated during the year and taking note of the capital commitments for the year 2009, recommend a final dividend of 3.15 cents per share. If approved this will be paid to shareholders on 18 June 2009 provided they were on the register on 22 May 2009.

Scott Doak
Chief Financial Officer

b. Responsibility Statement

The Company's annual report and accounts for the year ended 31 December 2008 contains the responsibility statement set out below:

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2008 and that applicable accounting standards have been followed.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Isle of Man Companies Acts 1931 to 2004. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements have been prepared on the going concern basis since the Directors have reasonable expectation that, firstly, the Company's and the Group's activities are sustainable and, secondly, that adequate resources are available to continue in operational existence for the foreseeable future.

The Directors are responsible for the maintenance and integrity of the Company website. Your attention is drawn to the fact that legislation in the Isle of Man governing the preparation and dissemination of financial statements may differ from other jurisdictions and uncertainty regarding the legal requirements is compounded as information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of financial statements.

c. Principle Risks and Uncertainties

The Company's annual report and accounts for the year ended 31 December 2008 contains a statement on principle risks and uncertainties as set out below:

Risk Factors

As an oil and gas related business with current operations concentrated in the United Arab Emirates and Thailand, the Company is, by virtue of the nature of its business and the countries in which it operates, subject to a variety of business risks. Outlined below is a description of the principal risk factors that may affect the Group's business. Such risk factors are not intended to be presented in any assumed order of priority.

Any of the risks and uncertainties discussed in this document, could have a material adverse effect on the Company's business. In addition, the risks set out below may not be exhaustive and additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may arise or become material in the future. In particular, the Company's performance might be affected by changes in market and/or economic conditions and in legal, regulatory and tax requirements. Additionally, there may be risks of which the Board is not aware or believes to be immaterial which may, in the future, adversely affect the Group's business. The management conducts an annual risk assessment and review and wherever possible effort is made to mitigate risks or transfer risks through purchase of insurance.

Business risks

Demand for the Company's services may be adversely impacted by a fall in the levels of expenditure by oil and gas companies;

The Company is subject to counterparty credit risk;

The Group's growth in the longer term may be dependent on the availability of financing both for its own future projects and for its customers;

The Company may be unable to utilise equipment purchased in advance, if it is unable to find customers for such equipment;

On certain projects, The Company operates on the basis of lump sum contracts and is therefore subject to financial risk if it fails to operate within budget. The Company may also be subject to liquidated damages payments if it fails to complete its contracts on time;

The Company is dependent on a relatively small number of contracts at any given time, many of which are for the same customers;

The Company operates on a project-by-project basis for EPC contracts and it does not have long-term commitments with the majority of its customers, which may cause its visible order book to fluctuate significantly;

The Company's visible order book for upgrade and refurbishment work is usually relatively short and can fluctuate significantly;

The Company's revenues, cash flow and earnings may vary in any period depending on a number of factors, including its performance on major contracts;

The Group may be affected by the actions of third parties, including subcontractors and manufacturers; the Company may be adversely affected by inflation and rising labour costs;

The Company operates in a highly competitive industry and its ability to compete successfully depends on its ability to provide and service high quality products and systems;

The Company operates in markets where legal systems are still developing and which do not offer the certainty or predictability of legal systems in mature markets;

The Company is subject to a variety of local and federal regulations in the UAE and Thailand; certain countries in which the Company's customers operate have experienced armed conflict or terrorism.

Human resources risks

The Company faces significant challenges in attracting and retaining sufficient numbers of skilled personnel;

The Company depends on the performance of its President, Directors, Senior Managers and other essential employees and if it loses any of these key personnel, its business may be impaired; and

The Company's ability to perform its contractual obligations may be adversely affected by work stoppages and other labour problems.

Liability risks

The Company could be subject to substantial liability claims due to the hazardous nature of its business;

Liability to customers under warranties may materially and adversely affect the Company's earnings;

The Company's business is subject to risks resulting from product defects, faulty workmanship or errors in design as well as warranty claims and other liabilities;

The Company may be involved in litigation in the future; and

The Company conducts its business within an increasingly strict environmental and health and safety regime and may be exposed to potential liabilities and increased compliance costs.

Taxation risks

Changes in the fiscal regime of the UAE or Thailand could adversely impact the financial condition of the Group.

Hazards

Hazards constitute perils such as fire and flood. Hazards are managed through prevention, mitigation, continuity planning and risk transfer through the purchase of insurance.

Financial risks

An analysis of the financial risks can be found on pages 68 to 70 of the Company's Annual Report and Accounts 2008.

d. **Condensed financial statements for the year ended 31 December 2008**

Lamprell plc
Consolidated income statement

	Note	<u>Year ended 31 December</u>	
		2008 USD'000	2007 USD'000
Revenue		740,831	467,332
Cost of sales	2	(611,528)	(359,532)
Gross profit		<u>129,303</u>	<u>107,800</u>
Selling and distribution expenses	3	(1,874)	(1,395)
General and administrative expenses:			
- share based payments	4	(8,059)	(14,942)
- others	5	(38,539)	(25,517)
		<u>(46,598)</u>	<u>(40,459)</u>
Other gains/(losses) - net		1,631	1,355
Operating profit		<u>82,462</u>	<u>67,301</u>
Interest income		2,993	4,249
Profit for the year attributable to equity holders of the Company		<u><u>85,455</u></u>	<u><u>71,550</u></u>
Earnings per share attributable to equity holders of the Company	7		
Basic		<u>42.73c</u>	<u>35.78c</u>
Diluted		<u>42.59c</u>	<u>35.72c</u>

Lamprell plc
Consolidated balance sheet

		As at 31 December	
	Note	2008 USD'000	2007 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment		92,354	47,766
Intangible asset		1,400	1,490
		<u>93,754</u>	<u>49,256</u>
Current assets			
Inventories	8	20,506	6,705
Trade and other receivables	9	289,812	149,950
Derivative financial instruments		50	964
Cash and bank balances	10	97,824	159,088
		<u>408,192</u>	<u>316,707</u>
Total assets		<u><u>501,946</u></u>	<u><u>365,963</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		18,682	18,654
Legal reserve		29	24
Merger reserve		(22,422)	(22,422)
Translation reserve		(47)	-
Retained earnings		216,012	162,506
Total equity		<u>212,254</u>	<u>158,762</u>
Non-current liabilities			
Provision for employees' end of service benefits		14,329	9,740
Current liabilities			
Trade and other payables	11	263,439	197,461
Borrowings		11,924	-
		<u>275,363</u>	<u>197,461</u>
Total liabilities		<u>289,692</u>	<u>207,201</u>
Total equity and liabilities		<u><u>501,946</u></u>	<u><u>365,963</u></u>

Lamprell plc
Consolidated statement of changes in equity

	Note	Share capital USD'000	Legal reserve USD'000	Merger reserve USD'000	Translation 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 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
Shares issued during The year		28	-	-	-	(28)	-
Profit for the year		-	-	-	-	85,455	85,455
Share based payments - value of services provided	4	-	-	-	-	8,059	8,059
Treasury shares purchased		-	-	-	-	(2,625)	(2,625)
Currency translation difference		-	-	-	(47)	-	(47)
Transfer to Legal reserve		-	5	-	-	(5)	-
Dividends		-	-	-	-	(37,350)	(37,350)
At 31 December 2008		18,682	29	(22,422)	(47)	216,012	212,254

Lamprell plc
Consolidated cash flow statement

	Note	<u>Year ended 31 December</u>	
		2008 USD'000	2007 USD'000
Operating activities			
Profit for the year		85,455	71,550
Adjustments for:			
Share based payments - value of services provided	4	8,059	14,942
Unrealised fair value loss/(gain) on derivative financial Instruments		31	(964)
Depreciation		9,756	7,485
Amortisation of intangible asset		90	44
Loss/(profit) on disposal of property, plant and equipment		5	(4)
Provision/(release) for slow moving and obsolete inventories	8	195	(657)
Provision for impairment of trade receivables, net		2,741	17
Provision for employees' end of service benefits		5,300	2,215
Interest income		(2,993)	(4,249)
		<hr/>	<hr/>
Operating cash flows before payment of employees' end of service benefits and changes in working capital		108,639	90,379
Payment of employees' end of service benefits		(711)	(514)
Changes in working capital:			
Inventories before movement in provision		(13,996)	(1,517)
Trade and other receivables before movement in provision for impairment of trade receivables		(142,603)	(36,459)
Trade and other payables excluding unpaid dividend		66,112	124,914
Derivative financial instruments		883	-
		<hr/>	<hr/>
Net cash generated from operating activities		18,324	176,803
Investing activities			
Payments for property, plant and equipment		(54,444)	(14,978)
Acquisition of a subsidiary net of cash acquired		-	(1,586)
Proceeds from sale of property, plant and equipment		95	378
Interest income		2,993	4,249
Payments for acquisition of Inspec		-	(3,000)
Movement in margin deposits	10	3,456	(6,457)
		<hr/>	<hr/>
Net cash used in investing activities		(47,900)	(21,394)
Financing activities			
Due to a related party net of unpaid dividend and purchase consideration payable for acquisition of Inspec		-	(98)
Treasury shares purchased		(2,625)	-
Dividends paid		(37,484)	(22,457)
Borrowings - revolving facility		10,693	-
		<hr/>	<hr/>
Net cash used in financing activities		(29,416)	(22,555)
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(58,992)	132,854
Cash and cash equivalents, beginning of the year		149,264	16,410
Exchange rate translation		(47)	-
		<hr/>	<hr/>
Cash and cash equivalents, end of the year	10	90,225	149,264
		<hr/> <hr/>	<hr/> <hr/>

Lamprell plc**Notes to the financial information for the year ended 31 December 2008****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 2008 was signed on 27 March 2009. 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

	2008 USD’000	2007 USD’000
Materials and related costs	254,969	146,019
Sub-contract costs	162,126	82,860
Staff costs (Note 6)	100,507	67,095
Sub-contract labour	36,326	27,586
Equipment hire	16,502	8,392
Repairs and maintenance	9,134	4,968
Depreciation	6,891	4,978
Yard rent	1,307	2,511
Others	23,766	15,123
	<u>611,528</u>	<u>359,532</u>

3 Selling and distribution expenses

Advertisement and marketing	512	436
Entertainment	172	187
Travel	802	324
Other expenses	388	448
	<u>1,874</u>	<u>1,395</u>

Lamprell plc
Notes to the financial information for the year ended 31 December 2008 (continued)

4 General and administrative expenses - share based payments

	2008 USD'000	2007 USD'000
Proportionate amount of share based charge for the year:		
- relating to shares gifted/granted in 2006	5,301	13,276
- relating to deferred share award in 2006	1,331	1,382
- relating to Free Share Plan	1,337	228
- relating to Executive Share Option Plan	90	56
	<u>8,059</u>	<u>14,942</u>

5 General and administrative expenses - others

Staff costs (Note 6)	21,312	15,450
Utilities and communication	2,348	1,548
Depreciation	2,865	2,507
Other expenses	12,014	6,012
	<u>38,539</u>	<u>25,517</u>

Other expenses for the year 2008 include USD 3.4 million incurred mainly towards various legal and professional charges in connection with the admission of Lamprell plc to the official list of the LSE and provision for doubtful debts of USD 2.8 million (2007: USD 0.02 million) (Note 9).

6 Staff costs

	2008 USD'000	2007 USD'000
Wages and salaries	73,631	53,283
Employees' end of service benefits	5,300	2,215
Share based payments - value of services provided (Note 4)	8,059	14,942
Other benefits	42,888	27,047
	<u>129,878</u>	<u>97,487</u>
Staff costs are included in:		
Cost of sales (Note 2)	100,507	67,095
General and administrative expenses - share based payments (Note 4)	8,059	14,942
General and administrative expenses - others (Note 5)	21,312	15,450
	<u>129,878</u>	<u>97,487</u>
Number of employees at 31 December	<u>5,447</u>	<u>4,331</u>

Lamprell plc
Notes to the financial information for the year ended 31 December 2008 (continued)

7 Earnings per share

	2008 USD'000	2007 USD'000
The calculations of earnings per share are based on the following profit and numbers of shares:		
Profit for the year	<u>85,455</u>	<u>71,550</u>
Weighted average number of shares for basic earnings per share	200,010,565	200,000,000
Adjustments for:		
Assumed vesting of deferred share awards	576,844	249,275
Assumed exercise of free share awards	<u>75,778</u>	<u>52,766</u>
Weighted average number of shares for diluted earnings per share	<u>200,663,187</u>	<u>200,302,041</u>
Earnings per share:		
Basic	<u>42.73c</u>	<u>35.78c</u>
Diluted	<u>42.59c</u>	<u>35.72c</u>

8 Inventories

Raw materials and consumables	11,494	7,052
Goods in transit	9,554	-
Less: Provision for slow moving and obsolete inventories	<u>(542)</u>	<u>(347)</u>
	<u>20,506</u>	<u>6,705</u>

9 Trade and other receivables

Trade receivables	120,517	58,565
Other receivables and prepayments	16,385	12,571
Advances to suppliers	<u>22,239</u>	<u>-</u>
	159,141	71,136
Less: Provision for impairment of trade receivables	<u>(2,788)</u>	<u>(87)</u>
	156,353	71,049
Amounts due from customers on contracts	103,846	24,868
Contract work in progress	<u>29,613</u>	<u>54,033</u>
	<u>289,812</u>	<u>149,950</u>

Lamprell plc
Notes to the financial information for the year ended 31 December 2008
(continued)

10 Cash and bank balances

	2008 USD'000	2007 USD'000
Cash at bank and on hand	21,112	11,828
Short term and margin deposits	76,712	147,260
	<u>97,824</u>	<u>159,088</u>
Cash and bank balances	97,824	159,088
Less: Margin deposits	(6,368)	(9,824)
Less: Bank overdrafts	(1,231)	-
	<u>90,225</u>	<u>149,264</u>
Cash and cash equivalents (for cash flow purpose)	<u>90,225</u>	<u>149,264</u>

At 31 December 2008 and 2007, the cash at bank and short term deposits were held with six banks. The effective interest rate on short term deposits was 2.79% (2007: 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.

11 Trade and other payables

	2008 USD'000	2007 USD'000
Trade payables	83,778	24,329
Other payables and accruals	105,552	52,902
Amounts due to customers on contracts	72,479	95,087
Advances received for contract work	1,621	25,000
Dividend payable	9	143
	<u>263,439</u>	<u>197,461</u>
Amounts due to customers on contracts comprise:		
Progress billings	375,806	302,710
Less : Cost incurred to date	(247,401)	(165,495)
Less : Attributable profits	(55,926)	(42,128)
	<u>72,479</u>	<u>95,087</u>

e. Publication and Availability of Annual Report and Accounts 2008

Two copies of each of its 2008 Annual Report and Accounts, Notice of the Annual General Meeting to be held on Thursday, the 11th of June 2009 at 12:00 noon (UAE time) and Form of Proxy have been submitted to the UK Listing Authority.

Copies of all the above documents will shortly be available for inspection at the UK Listing Authority's Document Viewing Facility which is situated at:

The Financial Services Authority
 25 The North Colonnade
 Canary Wharf
 London E14 5HS
 Telephone: 020 7066 1000

The above documents can also be downloaded from the Company's website at www.lamprell.com.

Enquiries:

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