



19 November 2009

**LAMPRELL PLC**  
("Lamprell" or the "Group")

### **INTERIM MANAGEMENT STATEMENT**

Lamprell (ticker: LAM), a leading provider of specialist engineering services to the international oil & gas industry, issues the following Interim Management Statement for the period 1 July 2009 to 19 November 2009.

Market conditions remain broadly consistent with those reported at the time of the interim results announcement on 26 August 2009.

From an operating perspective the Group delivered the second Seajacks liftboat, the Seajacks Leviathan, in July 2009 and the construction of the Scorpion Offshore Mischief for Scorpion Rigs Ltd is on schedule and on budget for delivery in the second quarter 2010. A further progress payment has been received on the Offshore Mischief project in line with contract terms.

The tender barge BassDrill Alpha, for BassDrill Limited ("Bassdrill"), is due to be delivered to BassDrill in December 2009. The Company has agreed to receive a reduced delivery payment of US\$ 60 million and it is understood Bassdrill is in the process of raising these funds. Payment is due on delivery of the unit. The Company remains in discussion with Riginvest G.P. regarding financing options of the LeTourneau Super 116E jackup drilling rig project. We will update the market on these projects as appropriate.

In rig refurbishment we have worked on 20 jackup rigs at our Sharjah and Hamriyah facilities since July, including 5 jackup rigs at our new Hamriyah facility. In Thailand, our Sattahip facility has successfully completed its second jackup rig refurbishment project, the Atwood Vicksburg. In Jebel Ali, work is proceeding on the Saipem Livorno and Aquila process modules for Saipem S.p.A. and the spud can extensions for Master Marine ASA.

The Board continues to focus on ensuring that Lamprell maintains high standards relating to project execution, with a particular emphasis on safety standards, work quality and delivering projects on time and on budget. It also remains focused on the Group's operating cost structure, to ensure this is scalable to the level of on-going business. The objective is to ensure that the optimum levels of resources are employed and that there is effective utilisation of labour supply personnel and hired equipment. Compared to the prior year, for the period to 31 October 2009, labour supply cost has reduced by 62% and equipment hire by 58%. The strategic agreements with various suppliers that the Company's procurement group has established have delivered significant cost savings

throughout 2009 and we expect to achieve further cost savings in 2010 and beyond, as additional strategic agreements are put in place.

We announced US\$ 52 million of contract awards in September 2009 comprising a Floating Production, Storage and Offloading ("FPSO") contract with Saipem Energy Services S.p.A. and two rig refurbishment contracts with long established clients, Transocean Investments S.a.r.l. and Noble International Limited. We have recently signed a US\$ 17 million contract with Saipem S.p.A. for the construction of a 140 man accommodation module, work on which will commence in November 2009, and we have added US\$ 37 million to the Company's order book in respect of further rig refurbishment contracts and the growth in work scope of on-going rig refurbishment contracts.

During the second half of the year the oil price has been rising and this is viewed as a positive indicator for the oil services sector. For our part, we continue to see high levels of enquiries for our services in most sectors of our business. Despite increasing competition from yards in Asia and the Far East, the Board remains confident in the long term prospects of the Group.

Although our 2009 trading performance is currently, broadly in line with market expectation, the outcome of our discussions with Bassdrill, in particular, will have an adverse impact on the results for the year. However, the outcome of ongoing discussions with several potential customers regarding contract awards could have a positive impact on the results for the year.

The Group's order book at the end of October was approximately US\$ 422 million, comprising mainly of US\$ 317 million from EPC projects and US\$ 58 million from FPSO projects. The Group's financial position has not changed significantly from 30 June 2009, and the Group's balance sheet remains strong.

**- Ends -**

**Enquiries:**

**Lamprell plc**

Nigel McCue, Chief Executive Officer

Scott Doak, Chief Financial Officer

Peter Whitbread, Director of International Development

+44 (0)20 7920 2330

**M:Communications, London**

Patrick d'Ancona

Georgina Briscoe

+44 (0)20 7920 2347

+44 (0)20 7920 2348

**Notes to editors**

Lamprell, based in the UAE, has played an increasingly prominent role in the development of the offshore industry in the Arabian Gulf for over 30 years, in later years providing specialised services to the offshore oil and gas industry.

- Lamprell's three primary facilities are in Port Khalid and the Hamriyah Free Zone, in the Emirate of Sharjah, and in the Jebel Ali Free Zone, in the Emirate of Dubai, all of which are in the UAE.
- The principal markets in which Lamprell operates, and the principal services it provides, are:
  - Upgrade and refurbishment of offshore jackup rigs;
  - Engineering, procurement and construction of jackup rigs, liftboats and drilling related equipment;
  - New build construction for the offshore oil and gas sector, including Floating Production, Storage and Offloading systems and other offshore and onshore structures; and
  - Oilfield engineering services, including the upgrade, refurbishment and new building of land rigs.