



29 March 2010

LAMPRELL PLC

("Lamprell" or the "Company")

2009 PRELIMINARY RESULTS

Lamprell (ticker: LAM), a leading provider of specialist engineering services to the international oil & gas industry based in the UAE, is pleased to announce its Preliminary Results for the year ended 31 December 2009.

2009 FINANCIAL RESULTS

- Revenue: US\$ 425.5 million (2008: US\$ 740.8 million)
- Operating profit: US\$ 27.9 million (2008: US\$ 82.5 million)
- Net profit: US\$ 28.4 million (2008: US\$ 85.5 million)
- Proposed final dividend: 3.80 cents (2.55 pence) per ordinary share (2008: 3.15 cents)
- EPS (fully diluted): 14.20 cents (2008: 42.59 cents)
- Cash and bank balances as at 31 December 2009 of US\$ 67.8 million (31 December 2008: US\$ 97.8 million)
- Order book as at 28 February 2010 of US\$ 633 million (31 October 2009: US\$ 422 million)

Adjusted Results*

The results for the year ended 31 December 2009, are as follows:

- Operating profit: US\$ 27.9 million (2008: US\$ 92.5 million*)
- Net profit: US\$ 28.4 million (2008: US\$ 95.5 million*)
- EPS (fully diluted): 14.20 cents (2008: 47.58 cents*)

* There were no exceptional charges for the year ended 31 December 2009 (2008: US\$ 10 million).

2009 OPERATIONAL HIGHLIGHTS

- The Kraken and Leviathan new build self propelled liftboats for Seajacks International Limited were completed in March and July 2009 respectively, on time and on budget.
- The Al Ghallan jackup drilling rig refurbishment project for National Drilling Company (“NDC”) was completed in March 2009. This project, with a contract value of US\$ 59 million is part of the NDC strategic Rig Integrity Assurance Program (“RIAP”), and is the second contract awarded under the RIAP program following the successful completion of the NDC Junana upgrade project in 2007.
- The Offshore Freedom new build jackup rig for Scorpion Offshore Limited was completed in April 2009, on time and on budget.
- The construction of a self erecting tender assist drilling unit with living accommodation and a modular mast equipment package for BassDrill Alpha Ltd (“BassDrill”) was delivered on 14 January 2010 and the revised final payment agreed with BassDrill has been received.

CURRENT MAJOR PROJECTS

- The engineering and procurement phase of the contract awards from Fred Olsen Windcarrier AS (“Windcarrier”) valued at US\$ 320.4 million has now commenced. The contract was signed on 9 February and is for the design, construction and delivery of two Gusto MSC NG-9000 design self elevating and self propelled offshore wind turbine installation vessels. Both vessels will be constructed at Lamprell’s Jebel Ali facility and will be delivered in Q2 and Q3 of 2012.
- The engineering and procurement phase of the contract award in India valued at US\$ 39.4 million has commenced. The Engineering, Procurement, Installation & Construction contract has been awarded to Lamprell and its consortium partner Swiber Offshore Construction Pte Ltd. (“Swiber”). Under the consortium arrangement Lamprell will design and construct two offshore well head platforms for an offshore gas field development in India, and Swiber will undertake the transportation, installation and pipeline aspects of the project. Delivery of the platforms at Lamprell’s Jebel Ali quayside is scheduled for December 2010.
- The construction phase of the Offshore Mischief for Scorpion Offshore Limited has significantly advanced and is now planned to be completed during Q2, 2010.
- The new build jackup rig project with Riginvest GP (“Riginvest”) 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 has been put on hold until a satisfactory conclusion has been reached regarding the financing options Riginvest are currently exploring.

Commenting on the full year results Nigel McCue, Chief Executive Officer, Lamprell said:

“Trading conditions in 2009 were extremely challenging with a dramatic reduction of credit in Lamprell’s operating markets affecting 2009 results and order book. Notwithstanding the macro environment, 2009 has been a landmark year for Lamprell as we delivered our first three Engineering, Procurement and Construction (“EPC”) contracts to our customers all of which have been delivered on time and on budget. Executing our work to the highest standard, within

the timeframes and budgets agreed with our customers, remains central to our business and we believe it is the platform underpinning the future growth of our business.

We continued to see a high level of interest throughout the year for the wide spectrum of new build services we offer. Our proposals pipeline remains strong and our strategic focus on diversifying the scope of our operating markets is beginning to bear fruit. This is evidenced by the recent contract award from Fred Olsen Windcarrier AS for the construction of two Gusto MSC NG-9000 design self elevating and self propelled offshore wind turbine installation vessels announced on 9 February 2010. In addition, the award for the construction of two offshore well head platforms for an offshore gas field development in India, together with our consortium partner Swiber, announced on 8 February 2010 is very encouraging and we look forward to collaborating on similar projects going forward.

We have experienced a higher level of rig refurbishment activity through our facilities than in prior years although it has been with a lower level of average expenditure than hitherto. We continue to see a reduced level of offshore construction activity, mainly in the area of Floating Production, Storage and Offloading ("FPSO") vessels, than in the same period last year, although our contract award from Saipem Energy Services S.p.A, announced in September 2009, for the construction of six process modules for the Aquila Phase 2 FPSO project is encouraging and we remain confident in the long term future of this market sector.

As a Board, we regularly review the impact of the on-going prevailing market conditions on our operating markets and we remain focused on achieving cost savings and managing our activities as efficiently as possible. This is made possible thanks to our flexible business model which affords us the ability to harness opportunities as and when they arise. Despite the challenges of today's operating environment, we are confident that our long term prospects remain very promising."

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Chief Executive Officer's Statement

As expected, 2009 proved to be a turbulent year for global markets. The financial crisis led to lower oil and gas prices, a severe, and continuing, disruption of the worldwide credit market and overall economic uncertainty which has led to lower capital investment by our clients in all sectors of our business. It is pleasing, therefore, under these circumstances, to be able to report a very solid annual performance for the Company, with revenues of US\$ 426 million resulting in a net profit of US\$ 54 million, restated to US\$ 28 million after one-off charges in respect of one, previously announced, project.

We have always sought to run our business conservatively without any long term debt. Never before has the importance of a strong balance sheet and a rigorous approach to cost control in all facets of our business been so important to the Company. Lamprell's combined strengths of prudent cost management and operational excellence has enabled us to deliver a solid revenue performance set against a backdrop of challenging operating conditions which are universally acknowledged to have been the most difficult in a generation.

Throughout the company's history, the quality of our project execution has underpinned our longstanding client relationships and resulted in a significant amount of repeat business, and we remain committed to achieving the highest standards of excellence for our customers. It is the source of much pride that even against the extremely volatile backdrop of the last eighteen months we have been able to maintain our benchmark of engineering quality, delivering projects on time and on budget.

In this regard, 2009 saw the completion of projects that I believe reinforce our reputation for delivery as well as opening up opportunities with the potential for significant growth for the Company in the coming years.

In our Engineering, Procurement and Construction business ("EPC"), March and July respectively saw the delivery of two harsh environment, self-propelled, self-elevating liftboats, the Kraken and the Leviathan, to Seajacks International Limited for use in the North Sea wind farm market. The successful completion of these significant contracts ideally positions us to take advantage of forthcoming opportunities in the much publicised expansion of the European, and worldwide, offshore wind farm market. The recent prestigious contract award for the construction of two high highly sophisticated wind farm installation liftboats for Fred Olsen Windcarrier AS in February 2010 further underpins our confidence in this sector.

In April 2009 the new build LeTourneau Super 116E jack-up drilling rig, Offshore Freedom, was delivered to Scorpion Offshore Limited, on time and on budget. The construction of the second unit, Offshore Mischief, is on schedule and on budget for delivery in the second quarter 2010.

We were also pleased to resolve the outstanding payment issue relating to the tender assist drilling barge, BassDrill Alpha, being built for BassDrill Alpha Limited ("BassDrill"). Lamprell delivered its first new build tender assist drilling barge, BassDrill Alpha, in January 2010. The company received cash payment of US\$ 55 million and 28,000,000 shares in BassDrill, which represented 20% of the equity of BassDrill, equivalent at the subscription price of US\$ 0.1786 to US\$ 5 million and subject to an option agreement.

Future Developments

As previously reported, capital expenditure on the expansion of our new 250,000m² facility in the Hamriyah Free Zone was phased in light of the prevailing economic conditions. Notwithstanding this, we have already felt the benefit of the additional capacity which the new yard provides. Despite the slowdown in the development of the facility earlier last year, the quayside of the new facility has been in partial use since April 2009 when the first jack-up rig arrived and since then the facility has seen a further 13 rigs at the quayside. In addition the Offshore Freedom new build jack-up was completed and delivered at the quayside of our new

facility. We now look forward to a number of rig upgrade and refurbishment projects being executed at this facility in 2010.

The Company continues to pursue new opportunities that the expanded site allows, such as those relating to the construction and refurbishment of semi-submersible drilling rigs, and drillship refurbishment, supporting the overall strategic and commercial reasoning behind the company's decision to build greater capacity.

Given the overall strengthening in the markets we have recently committed to a further capital expenditure programme of US\$ 25 million to complete the development of the facility by early 2011. This funding will provide for the completion of an 800 man office block, additional workshops, fabrication pads and utility distribution infrastructure.

Market Overview

The new build market for liftboats for offshore wind turbine installation provides Lamprell with an opportunity to establish itself as an early leader in a growing market. The success of the UK Government's recent offshore wind farm licensing round in January 2010 reinforced the international interest in the offshore sector and the current constraint on liftboat capacity means we are well placed to capitalise on the construction opportunities this presents. Accordingly this area represents a significant proportion of our bidding pipeline.

Our recently announced contract award to design and construct two offshore well head platforms for an offshore gas field development in India represents a successful step to secure more work in this sector.

As outlined previously, the new build market for jack-up rigs continues to be constrained by existing capacity, new build rigs entering the market for the first time together with the ongoing impact of budget cuts arising from the oil price collapse eighteen months ago.

We previously reported that we anticipated seeing the regional rig refurbishment market dip in the light of the economic conditions and whilst we saw the level of rig activity exceed our expectations, the level of expenditure decreased, as expected, as a result of the market conditions. Both our Sharjah and new Hamriyah facilities were busy throughout the year undertaking upgrade and refurbishment projects. In total thirty three jack-up rigs projects were undertaken, including two jack-ups at our Sattahip facility in Thailand. There are currently nine jack-up rigs at our UAE facilities and we look forward to a busy year in this area of our business. We continue to expand our services to clients who require work to be undertaken outside of our own yards. A case in point being Transocean Investments S.a.r.l. ("Transocean") who awarded Lamprell the contract for the upgrade and refurbishment of the Key Manhattan jack-up drilling unit. This project was undertaken in Croatia by Lamprell at the Nauta Lamjana shipyard. The initial contract value was US\$ 13.4 million and the work scope includes extensive steel renewals and associated painting works, structural repairs to the cantilever and derrick, and the replacement of hull piping systems. The work commenced during September 2009 and was completed in March 2010.

In the FPSO market, Saipem Energy Services S.p.A ("Saipem"), one of Lamprell's key customers, awarded a US\$ 18.1 million contract for the construction of six process modules, pipe-rack sections and interconnecting pipe spools for the Aquila Phase 2 Floating Production, Storage and Offloading ("FPSO") Project. The modules will be constructed at our Jebel Ali facility and are scheduled to be completed in November 2010. We are presently seeing a slow recovery in this sector of our business which had seen a significant decline due to low commodity prices and the effects of the global financial crisis.

Activities relating to land rigs have continued and we were pleased to deliver four new build API 2000 HP fast moving land rigs during 2009. In addition to the new build projects we also successfully worked on a number of land rig refurbishment and rotary equipment repair projects. There have been a number of land rigs which have been temporarily laid up during

2009, reflecting a lower oil price and the impact of the worldwide financial uncertainty, and the period of this slow down in land rig activity extended further than we originally anticipated. However, because of the regional dynamics of the Middle Eastern market, we anticipate a recovery in land drilling activities in the Middle East in 2010 and this provides management with confidence that both the refurbishment and new build land rig markets will recover in the region and will be attractive for Lamprell for some years to come.

The Board

As previously advised, in March 2009, Jonathan Silver was appointed Non-Executive Chairman of the Board. I took over as CEO from Peter Whitbread in May of 2009 and I would like to thank Peter, who continued on the Board as the Director of International Development, for making the transition as smooth and efficient as possible. Peter has decided to retire at the time of the Annual General Meeting and I would like to take this opportunity to express my further thanks for the enormous contribution he has made to the growth and success of the Company over the past eighteen years.

Dividend

The Board of Directors is recommending a final dividend payment of 3.80 cents per ordinary share, with a Sterling equivalent of 2.55 pence per ordinary share. This will be payable, when approved, on 16 June 2010 to eligible shareholders on the register at 14 May 2010.

Outlook

Despite the challenging market backdrop, 2010 has started positively, as evidenced by the major contract awards announced in the first quarter of the year. We have a substantial order book extending into 2012 and this combined with our tender pipeline, development strategy and the ongoing expansion of our facilities supports our confidence for future growth and success.

Whilst we are seeing positive signs and evidence of improvements in our markets they currently continue to remain competitive. With our shareholders in mind, it is therefore a priority for management to remain focussed on pro-actively managing the Company's cost base and ensuring first class project execution. We remain confident that our long term prospects continue to be promising based upon our strong platform for growth.

I would like to take this opportunity to express the thanks and appreciation of the Board of Directors, and my personal thanks, to all of our management and employees for their support and efforts throughout a challenging 2009. In addition, I would finally like to thank our founder and President of the Company, Steven Lamprell, for his continuing support, which is very much appreciated.

Risks and uncertainties

A number of potential risks and uncertainties exist which could have a material impact on the Group's performance and which would cause actual results to differ materially from expected performance. An explanation of all risks and those detailed below, and the business strategies that Lamprell uses to manage and mitigate those risks and uncertainties, will be set out in the 2009 Annual Report.

The Company's principal risks and uncertainties include those arising from the decline in the level of expenditure by oil and gas companies, counterparty credit risk, the dependence of the Group's growth on the availability of financing both for its own future projects and for its customers, the inability of the Company to use equipment purchased in advance should a customer not be found for such equipment, the Company's dependence upon a small number of contracts and customers, and the Company operating on a project-by-project basis and not having long term commitments with the majority of its customers, which may cause its visible order book to fluctuate significantly.

In particular, the Company remains in discussion with Riginvest regarding financing options of the LeTourneau Super 116E jackup drilling rig project.

Nigel McCue
Chief Executive Officer

Operating Review

From an operational perspective Lamprell had a successful year in 2009, with all operating facilities working on a wide range of different projects. During the year Lamprell has continued to focus on maintaining its high standards of project execution with particular attention on safety, maintaining high quality standards and 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 customers to our expanding client base. In addition to its attention on project execution there has also been a significant focus throughout 2009 on the reduction of operating costs and this has resulted in the streamlining of some aspects of our operation to improve efficiency. This process will continue throughout 2010.

During the year Lamprell has continued to focus on the execution of Engineering, Procurement and Construction (“EPC”) new build projects, including the construction of jackup drilling rigs, liftboats and a tender assist drilling unit, whilst continuing our traditional rig refurbishment and fabrication projects for the offshore oil and gas sector. During 2009 we successfully delivered our first EPC projects and continued to progress other projects for delivery in 2010.

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

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

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

Engineering, Procurement and Construction (“EPC”)

Throughout 2009 Lamprell continued the construction of and delivered a range of major EPC new build projects. These projects were executed at both our Jebel Ali and Hamriyah Free Zone facilities.

Seajacks liftboats

In 2009 we completed the construction of two harsh environment special purpose self-propelled four legged jackup liftboats for Seajacks International Limited. These turnkey contracts were awarded in January 2007 and covered all aspects of project execution from design to delivery. The first unit, the Seajacks Kraken, was delivered in March 2009 and the second unit, the Seajacks Leviathan, was delivered to Seajacks in June 2009. Both projects were completed on time and on budget.

Scorpion S116E jackup drilling rigs

Throughout 2009 construction 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. (“Scorpion”) respectively.

The Offshore Freedom was delivered in April 2009 and is now working for the Al-Khafji Joint Operation in the Saudi Arabia and Kuwait ex neutral zone.

The Offshore Mischief hull was launched using Lamprell's semi-submersible barge, Hamriyah Pride, in November 2009 and the rig is scheduled for final delivery to Scorpion in April 2010.

BassDrill tender assist drilling unit

The construction of the BassDrill Alpha tender assist drilling unit for BassDrill Limited ("BassDrill") continued at our Jebel Ali facility throughout 2009. In October 2009 we launched the tender assist vessel using Lamprell's semi-submersible barge, Hamriyah Pride. The modular mast equipment package was installed and commissioned in December 2009 and the unit was successfully delivered to BassDrill in January 2010.

Upgrade and refurbishment of offshore jackup rigs

During 2009 Lamprell executed refurbishment and upgrade works on a total of thirty three jackup rigs. The rigs, owned by a wide range of international drilling contractors including National Drilling Company, Ensco Offshore International Company, Nabors Drilling International Limited, Noble International Limited, RDC Arabia Drilling Inc. and Atwood Oceanics Pacific LTD, were berthed at our Sharjah, Hamriyah and Thailand 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; and,
- condition-driven refurbishment, including structural steel and piping replacement and painting.

The jackup rig upgrade and refurbishment projects carried out in 2009 included:

Noble Roy Rhodes

The rig, which was working for Dubai Petroleum, arrived at our Sharjah facility in March 2009 for an extensive upgrade and refurbishment program. The work scopes on this project included a cantilever extension, the extension of the rig legs from 344 feet to 410 feet and the extension of the rigs living quarters to accommodate 120 personnel. In addition some of the rigs drilling equipment was replaced and condition driven work including hull steel replacement and piping renewals were carried out.

Ensco 53

The Ensco 53 arrived at Lamprell's Sharjah facility in October 2008 after completing a continuous four year drilling program in India. Following the completion of a detailed condition survey an extensive scope of work was executed. This included the replacement of approximately five hundred tonnes of hull steel, an accommodation upgrade and extensive hull painting. The works were completed in April 2009 and the rig returned to India to undertake a contract with British Gas.

Transocean Key Manhattan

In addition to the rigs refurbished at our UAE facilities Lamprell was awarded a contract by Transocean Investments S.a.r.l. to refurbish the Key Manhattan at the Nauta Lamjana d.d. shipyard in Croatia. The rig arrived at the shipyard in September 2009 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 rig repainting. The work was successfully completed in March 2010.

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 2009 for clients including Single Buoy Moorings ("SBM"), Saipem S.p.A and Master Marine ASA. 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 timely delivery.

The Jebel Ali facility undertakes a range of different new build construction projects which in 2009 included:

FPSO process modules

Saipem Livorno

In May 2008 Lamprell was awarded a contract by Saipem S.p.A. to construct two units for the Livorno Floating Storage Regasification Unit. The project fabrication phase started in March 2009 and through the year Lamprell has been working on the main regasification module which weighs over two thousand one hundred tonnes and the smaller nitrogen module which weighs three hundred and fifty tonnes. The modules are scheduled to be completed and delivered in April 2010.

Master Marine Spud Cans

In February 2009 the Norwegian company Master Marine ASA awarded Lamprell a contract to build four add-on footings ("Spud Cans") for their service jackup Service Jack 1. The combined fabrication weight of the four spud cans is two thousand six hundred tonnes and the completed structures were delivered in March 2010.

Oilfield Engineering services

Lamprell's Oilfield Engineering operation, located within our main Jebel Ali facility, executed contracts throughout 2009 for a variety of clients including LeTourneau Technologies Drilling Systems Inc ("LTI"), Nabors Drilling, KCA Deutag and Ensign. Projects executed during 2009 included the completion of four fast moving land rigs for LTI, the upgrade and refurbishment of land rigs, as well as 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.

Human resources

Attracting, developing and retaining talented staff is 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 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, development and retention.

As a result of the general slowdown in economic activity during 2009 we shifted our focus carefully to capacity utilisation. We managed excess capacity by releasing local labour supply and contractors previously hired during high demand periods and thereby keeping our redundancy rate to a minimum. This demonstrates the importance placed by the Company on retaining its core workforce. We are now in the process of recruitment following recent project awards.

Lamprell continues to provide purpose-built accommodation and transportation for the labour force and this enhances our ability to attract and retain our workforce, and dramatically improves the quality and work/life balance expectations of the employees.

We aim to provide a safe and supportive work environment to our employees, who are from diverse cultural backgrounds, and to do so 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” into 2010 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.

General Recruitment

Recruitment has commenced due to recent awarded projects. We ended 2009 with 4,515 permanent staff in the Company which equates to a 17.1% decrease in headcount as a result of cost control measures undertaken in 2009. 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 Lamprell has experienced in recent years and also recent contract awards, 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 grow the business organically, we maintained our capital investment program throughout 2009. The aim of this investment is to increase our capacity, raise our existing levels of productivity and improve the working environment for both yard and administrative personnel. The main area of investment in 2009 has been the continued development of our 250,000m² facility in the Hamriyah free zone. The marine work including dredging and quay wall construction was completed in 2009 as were the construction of a number of concrete fabrication areas. In addition the initial 240 man office block and CNC / fabrication workshops are also nearing completion. It is anticipated that the facility will be substantially complete by the end of 2010. In addition we continued to develop our facility in Sattahip, Thailand during 2009. This development included completing the outfitting of the 3,000 m² workshop and investment in additional fabrication equipment.

Chris Hand
Chief Operating Officer

Financial Review

Results for the year from operations

	2009 (US\$m)	2008 (US\$m)*	Change
Revenue	425.5	740.8	(42.6%)
Gross profit	61.8	129.3	(52.2%)
EBITDA	41.2	102.3	(59.7%)
<i>EBITDA margin</i>	9.7%	13.8%	
Operating profit	27.9	92.5	(69.8%)
<i>Operating margin</i>	6.6%	12.5%	
Net profit	28.4	95.5	(70.3%)
<i>Net margin</i>	6.7%	12.9%	
Basic earnings per share	14.28c	47.74c	(70.1%)
Diluted earnings per share	14.20c	47.58c	(70.2%)

* There were no exceptional charges for the year ended 31 December 2009 (2008: US\$ 10 million).

Group revenue decreased by 42.6% to US\$ 425.5 million (2008: US\$ 740.8 million) reflecting a lower level of activity from the prior year. This decrease was largely driven by a significant reduction in revenue generated from EPC projects as three major projects were delivered in 2009, including one new build jackup and two new build liftboats. The reduction also resulted from an adjustment to revenue arising from a price discount given on the completion of a self erecting tender assist drilling unit for BassDrill amounting to US\$ 23 million. Revenue from other key activities reflected a solid performance but generally was lower than 2008 as the current year reflected a lower level of jackup rig upgrade and refurbishment revenue where a higher level of rig activity was achieved in the facilities but with generally a lower level of average expenditure. The offshore new build activity, based in Jebel Ali, also reflected a lower level of revenue for the year with major 2008 projects largely being completed in the first half of the year and no significant new projects commencing until the second quarter of 2009. Revenue from Oilfield Engineering services, related to the refurbishment and construction of land rigs and land camps, reflected revenues from the construction of four new build fast moving land rigs under a contract with LeTourneau Drilling Systems Inc. Revenue includes the results of International Inspection Services Limited ("Inspec"), with revenue growth resulting from a significant increase in the demand for the inspection and non-destructive testing services the subsidiary provides.

Gross profit decreased by 52.2% to US\$ 61.8 million (2008: US\$ 129.3 million) resulting in a gross margin of 14.5% (2008: 17.5%). This decrease in gross profit is largely due to the lower level of revenue achieved across key business areas in the year and also the adjustment to revenue arising from the price discount on the tender assist drilling unit. The gross margin largely reflects the price discount on the EPC project, however, excluding this discount, the gross margin was 18.9% reflecting a strong performance and has largely arisen from better margins achieved on the completion of the three main EPC projects completed in the first half of the year. The year reflected a lower level of higher margin rig refurbishment activity than the prior year and a lower level of major offshore construction new build activities undertaken in the Jebel Ali facility.

EBITDA decreased to US\$ 41.2 million (2008: US\$ 102.3 million before exceptional charges) a reduction of 59.7% over the prior year. EBITDA margin for the year was 9.7% (2008: 13.8% before exceptional charges) reflecting the decrease in operating margin.

Operating profit in 2009 was US\$ 27.9 million (2008: US\$ 92.5 million before exceptional charges) reflecting a decrease of 69.8%. This decrease reflects a lower level of activity in the current year and also the price discount on the EPC project. There are no exceptional costs in the current year and the prior year reflects exceptional charges for share based payments of US\$ 6.6 million related to shares granted at the time of the admission of Lamprell plc to AIM and also reflects various legal and professional charges amounting to US\$ 3.4 million incurred in connection with the admission of Lamprell plc to the Main Market of the London Stock Exchange plc.

The operating profit margin decreased from the adjusted operating margin of 12.5% in 2008 to 6.6% in 2009 largely reflecting a lower gross margin as a result of the price discount adjustment, and also the lower level of absorption of selling, general and administration charges reflecting the reduction in revenue despite the cost control programs implemented during the year. In addition, other charges reflect the provision of US\$ 2.5 million against the BassDrill equity received as part of the settlement of the BassDrill tender assist drilling unit.

As a result of the lower revenue in the year and the price discount adjustment, offset by lower selling, general and administration expenses, net profit decreased by 70.3% to US\$ 28.4 million (2008: US\$ 95.5 million before exceptional charges). The net margin decreased to 6.7% (2008: 12.9% before exceptional charges) primarily due to the decrease in the Group's operating margin and a decrease in net interest income to US\$ 0.5 million (2008: US\$ 3.0 million) largely reflecting lower average deposit rates, lower cash balances held by the Group during the year and interest expense of US\$ 0.9 million largely reflecting interest on short term overdraft facilities used by the Group during the year.

Interest income

Interest income of US\$ 1.4 million (2008: US\$ 3.0 million) relates mainly to bank interest earned on surplus funds deposited on a short term basis with the Group's bankers. The decrease reflects a lower level of average deposit rates and lower cash balances during the year when compared to 2008.

Taxation

The Company, which is incorporated in the Isle of Man, has no income tax liability for the year ended 31 December 2009 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

Basic earnings per share for 2009 decreased to 14.28 cents (2008: 47.74 cents before exceptional charges). Fully diluted earnings per share for 2009 decreased to 14.20 cents (2008: 47.58 cents before exceptional charges) reflecting the reduced profit of the Group for the year.

Operating cash flow and liquidity

The Group's net cash flow from operating activities for the year reflected a net outflow of US\$ 23.9 million (2008: US\$ 18.3 million net inflow). The net cash flow from operations was lower than the prior year and mainly reflects reduced profit for the period and movements in working capital, largely comprising an increase in inventory, resulting from the receipt of stock for a new build jackup, and a decrease in trade and other receivables, mainly related to amounts due from customers on contracts from predominantly EPC projects as three major projects were completed during the year with completion payments received. Trade and other payables also

reflect a decrease largely arising from lower amounts due to customers on contracts at 31 December 2009 amounting to US\$ 20.2 million (2008 US\$ 72.5 million) which includes cash advances due to customers of US\$ 15.6 million (2008: US\$ 32.7 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\$ 20.1 million (2008: US\$ 47.9 million) as a result of the continued investment in property, plant and equipment amounting to US\$ 18.5 million (2008: US\$ 54.4 million), largely comprising the purchase of operating equipment and investment in the new Hamriyah facility and also increased deposits of US\$ 3.8 million. This investment activity was offset by interest income of US\$ 1.4 million received from surplus funds and also the release of margin deposits of US\$ 0.7 million.

Net cash generated from financing activities reflected a net inflow of US\$ 3.0 million (2008: US\$ 29.4 million outflow). This represents dividend payments of US\$ 6.3 million (2008: US\$ 37.5 million) and the purchase of treasury shares to meet the settlement of share awards to certain directors and staff of US\$ 1.7 million (2008: US\$ 2.6 million). This was offset by an increase in short term borrowings of US\$ 11.9 million (2008: US\$ 10.7 million).

Capital expenditure

Capital expenditure on property, plant and equipment during the year amounted to US\$ 18.5 million (2008: US\$ 54.4 million). The main area of expenditure was the investment in operating equipment amounting to US\$ 2.9 million to support the growth in activities experienced during the year and to replace hired equipment where this was deemed cost effective. Further expenditure on buildings and related infrastructure at Group facilities amounted to US\$ 14.4 million, including capital work-in-progress, with additional committed expenditure amounting to US\$ 18.3 million reflecting the development of the infrastructure of the Group at all facilities but primarily expenditure at the new Hamriyah facility.

Shareholders' equity

Shareholders' equity increased from US\$ 212.3 million at 31 December 2008 to US\$ 234.8 million at 31 December 2009. The movement mainly reflects the retained profit for the year of US\$ 28.4 million net of dividends declared of US\$ 6.3 million. The movement also reflects a credit for the accounting for share based payments of US\$ 1.9 million made to certain Directors and employees of the Group and charged to General and Administrative expenses.

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

Share transfer

Lamprell was notified on 27 March 2010 that Mr Steven Lamprell, the President of the Company, has transferred his interest in his wholly-owned vehicle, Lamprell Holdings Limited ("LHL"), the registered holder of 66,333,944 shares of the Company ("Relevant Shares"), to a private trust company ("PTC") which is the corporate trustee of a trust in which Mr Steven Lamprell and his close family members are the principal beneficiaries.

As a result of the transfer of LHL, PTC will acquire an interest in the Relevant Shares, which represents 33% of the Company's issued share capital. The registered holder of these shares will remain LHL. Mr Steven Lamprell's control over the Lamprell shares remains unchanged as a result of this re-organisation. The Takeover Panel has confirmed that there are no Code implications with regards to the transfer of the Relevant Shares.

Dividends

For the year ended 31 December 2009, 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 2010, recommend a final dividend of 3.80 cents per share. If approved this will be paid to shareholders on 16 June 2010 provided they were on the register on 14 May 2010.

Scott Doak
Chief Financial Officer

Lamprell plc

Consolidated statement of comprehensive income

		Year ended 31 December	
	Note	2009	2008
		USD'000	USD'000
Revenue	5	425,518	740,831
Cost of sales	6	(363,669)	(611,528)
Gross profit		<u>61,849</u>	<u>129,303</u>
Selling and distribution expenses	7	(1,322)	(1,874)
General and administrative expenses:			
- share based payments	8	(1,941)	(8,059)
- others	9	(28,325)	(38,539)
		<u>(30,266)</u>	<u>(46,598)</u>
Other (losses)/gains – net		(2,358)	1,631
Operating profit		<u>27,903</u>	<u>82,462</u>
Interest expense		(925)	-
Interest income		1,445	2,993
		<u>1,445</u>	<u>2,993</u>
Profit for the year attributable to the equity holders of the Company		<u>28,423</u>	<u>85,455</u>
Other comprehensive income			
Currency translation differences		145	(47)
		<u>145</u>	<u>(47)</u>
Total comprehensive income for the year attributable to the equity holders of the Company		<u>28,568</u>	<u>85,408</u>
Earnings per share attributable to the equity holders of the Company			
Basic	12	14.28c	42.73c
Diluted		14.20c	42.59c

Lamprell plc

Consolidated balance sheet

		As at 31 December	
	Note	2009 USD'000	2008 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment		97,690	92,354
Intangible asset		1,310	1,400
		<u>99,000</u>	<u>93,754</u>
Current assets			
Inventories	13	43,060	20,506
Trade and other receivables	14	193,776	289,812
Financial asset at fair value through profit or loss	15	2,500	-
Derivative financial instruments		-	50
Cash and bank balances	16	67,842	97,824
		<u>307,178</u>	<u>408,192</u>
Total assets		<u><u>406,178</u></u>	<u><u>501,946</u></u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	17	18,682	18,682
Legal reserve		31	29
Merger reserve		(22,422)	(22,422)
Translation reserve		98	(47)
Retained earnings		238,401	216,012
		<u>234,790</u>	<u>212,254</u>
Total equity		<u><u>234,790</u></u>	<u><u>212,254</u></u>
Non-current liabilities			
Provision for employees' end of service benefits		15,150	14,329
		<u>15,150</u>	<u>14,329</u>
Current liabilities			
Trade and other payables	18	124,610	263,439
Borrowings	19	31,628	11,924
		<u>156,238</u>	<u>275,363</u>
Total liabilities		<u><u>171,388</u></u>	<u><u>289,692</u></u>
Total equity and liabilities		<u><u>406,178</u></u>	<u><u>501,946</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 2008		18,654	24	(22,422)	-	162,506	158,762
Profit for the year		-	-	-	-	85,455	85,455
Other comprehensive income:							
Currency translation difference		-	-	-	(47)	-	(47)
Total comprehensive income for the year		-	-	-	(47)	85,455	85,408
Transactions with owners:							
Share-based payments:							
– shares issued	17	28	-	-	-	(28)	-
– value of services provided	8	-	-	-	-	8,059	8,059
Treasury shares purchased	17	-	-	-	-	(2,625)	(2,625)
Transfer to legal reserve		-	5	-	-	(5)	-
Dividends	11	-	-	-	-	(37,350)	(37,350)
Total transactions with owners		28	5	-	-	(31,949)	(31,916)
At 31 December 2008		18,682	29	(22,422)	(47)	216,012	212,254
Profit for the year		-	-	-	-	28,423	28,423
Other comprehensive income:							
Currency translation difference		-	-	-	145	-	145
Total comprehensive income for the year		-	-	-	145	28,423	28,568
Transactions with owners:							
Share-based payments:							
- value of services provided	8	-	-	-	-	1,941	1,941
Treasury shares purchased	17	-	-	-	-	(1,689)	(1,689)
Transfer to legal reserve		-	2	-	-	(2)	-
Dividends	11	-	-	-	-	(6,284)	(6,284)
Total transactions with owners		-	2	-	-	(6,034)	(6,032)
At 31 December 2009		18,682	31	(22,422)	98	238,401	234,790

Lamprell plc

Consolidated cash flow statement

	Note	Year ended 31 December	
		2009 USD'000	2008 USD'000
Operating activities			
Profit for the year		28,423	85,455
Adjustments for:			
Share based payments - value of services provided	8	1,941	8,059
Depreciation		13,186	9,756
Amortisation of intangible asset		90	90
(Profit)/loss on disposal of property, plant and equipment		(33)	5
Fair value loss on financial asset at fair value through profit or loss	15	2,500	-
Unrealised fair value loss on derivative financial instruments		-	31
Provision for slow moving and obsolete inventories	13	207	195
Provision for impairment of trade receivables, net		100	2,741
Provision for employees' end of service benefits		3,173	5,300
Interest expense		925	-
Interest income		(1,445)	(2,993)
		<hr/>	<hr/>
Operating cash flows before payment of employees' end of service benefits and changes in working capital		49,067	108,639
Payment of employees' end of service benefits		(2,352)	(711)
Changes in working capital:			
Inventories before movement in provision		(22,761)	(13,996)
Trade and other receivables before movement in provision for impairment of trade receivables		95,936	(142,603)
Trade and other payables excluding unpaid dividend	18	(138,854)	66,112
Derivative financial instruments		50	883
Financial asset at fair value through profit or loss before fair value adjustment	15	(5,000)	-
		<hr/>	<hr/>
Net cash (used in)/generated from operating activities		(23,914)	18,324
Investing activities			
Payments for property, plant and equipment		(18,483)	(54,444)
Proceeds from sale of property, plant and equipment		92	95
Interest income		1,445	2,993
Deposit with original maturity of more than three months	16	(3,847)	-
Movement in margin deposits	16	695	3,456
		<hr/>	<hr/>
Net cash used in investing activities		(20,098)	(47,900)
Financing activities			
Treasury shares purchased	17	(1,689)	(2,625)
Dividends paid	11	(6,259)	(37,484)
Borrowings - revolving facility	19	11,854	10,693
Interest expense		(925)	-
		<hr/>	<hr/>
Net cash generated from/(used in) financing activities		2,981	(29,416)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(41,031)	(58,992)
Cash and cash equivalents, beginning of the year		90,225	149,264
Exchange rate translation		47	(47)
		<hr/>	<hr/>
Cash and cash equivalents, end of the year	16	49,241	90,225
		<hr/> <hr/>	<hr/> <hr/>

Lamprell plc

Notes to the financial information for the year ended 31 December 2009

1 Legal status and activities

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; Floating Production, Storage and Offloading and other offshore and onshore structures; and oilfield engineering services, including the upgrade and refurbishment of land rigs.

2 Basis of preparation

The Group is required to present its annual consolidated financial statements for the year ended 31 December 2009 in accordance with EU adopted International Financial Reporting Standards ("IFRS"), International Financial Reporting Interpretations Committee ("IFRIC") interpretations and those parts of the Isle of Man Companies Acts 1931-2004 applicable to companies reporting under IFRS.

This financial information has been extracted from the consolidated financial statements for the year ended 31 December 2009 approved by the Board of Directors on 26 March 2010. The financial information comprises the Group balance sheets as of 31 December 2009 and 31 December 2008 and related Group statement of comprehensive income, cash flows, statement of changes in equity and related notes for the twelve months then ended, of Lamprell plc. This financial information has been prepared under the historical cost convention except for the measurement at fair value of share options, financial assets at fair value through profit or loss and derivative financial instruments.

The preliminary results for the year ended 31 December 2009 have been prepared in accordance with the Listing Rules of the London Stock Exchange.

The preparation of financial information in conformity with IFRS 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 to the Group financial information are disclosed in Note 4.

3 Accounting policies

The accounting policies used are consistent with those set out in the audited financial statements for the year ended 31 December 2008, which are available on the Company's website, www.lamprell.com.

4 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.

4.1 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 its 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 year end would result in the revenue and profit increasing by USD 4.7 million (2008: USD 14 million) if the total costs to completion are decreased by 10% and the revenue and profit decreasing by USD 4.4 million (2008: USD 12.9 million) if the total costs to completion are increased by 10%.

Employee's end of service benefits

The rate used for discounting the employees' post employment defined benefit obligation should be based on market yields on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields on government bonds should be used. In the UAE, there is no deep market either for corporate or government bonds and therefore, the discount rate has been estimated using the US AA-rated corporate bond market as a proxy. On this basis, the discount rate applied was 5.75% (2008: 6%). If the discount rate used was to differ by 0.5 points from management's estimates, the carrying amount of the employee's end of the service benefits provision at the balance sheet date would be an estimated USD 0.5 million (2008: USD 0.4 million) lower or USD 0.5 million (2008: USD 0.6 million) higher.

5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Executive Directors who make strategic decisions. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business mainly on the basis of the facilities from where the services are rendered. Management considers the performance of the business from Sharjah (SHJ), Hamriyah (HAM), Jebel Ali (JBA) and Thailand (THL) in addition to the performance of Oil Field Engineering (OFE) and International Inspection Services Limited (Inspec).

SHJ, HAM, JBA and OFE meet all the aggregation criteria required by IFRS 8 and are reported as a single segment (Segment A). Services provided from Inspec and THL do not meet the quantitative thresholds required by IFRS 8, and the results of these operations are included in the "all other segments" column.

The reportable operating segments derive their revenue from the upgrade and refurbishment of offshore jackup rigs, fabrication, assembly and new build construction for the offshore oil and gas sector, including FPSO and other offshore and onshore structures, oilfield engineering services, including the upgrade and refurbishment of land rigs.

Inspec derives its revenue from various services such as non-destructive pipeline testing, ultrasonic testing and heat treatment. THL derives its revenue from the upgrade and refurbishment of offshore jackup rigs, fabrication, assembly and new build construction for the offshore oil and gas sector and other offshore structures.

	Segment A USD'000	All other Segments USD'000	Total USD'000
Year ended 31 December 2009			
Total segment revenue	406,425	20,232	426,657
Inter-segment revenue	-	(1,139)	(1,139)
	<u>406,425</u>	<u>19,093</u>	<u>425,518</u>
Revenue from external customers	<u>406,425</u>	<u>19,093</u>	<u>425,518</u>
Gross operating profit	<u>75,973</u>	<u>5,927</u>	<u>81,900</u>
Year ended 31 December 2008			
Total segment revenue	728,734	14,477	743,211
Inter-segment revenue	(933)	(1,447)	(2,380)
	<u>727,801</u>	<u>13,030</u>	<u>740,831</u>
Revenue from external customers	<u>727,801</u>	<u>13,030</u>	<u>740,831</u>
Gross operating profit	<u>159,700</u>	<u>4,239</u>	<u>163,939</u>

Sales between segments are carried out on agreed terms. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Executive Directors assess the performance of the operating segments based on a measure of gross profit. The staff, equipment and certain subcontract costs are measured based on standard cost. The measurement basis excludes the effect of the common expenses for yard rent, repairs and maintenance and other miscellaneous expenses. The reconciliation of the gross profit is provided as follows:

	2009 USD'000	2008 USD'000
Gross operating profit for the reportable segments as reported to the Executive Directors	75,973	159,700
Gross operating profit for other segments as reported to the Executive Directors	5,927	4,239
Unallocated:		
Under-absorbed employee and equipment costs	(9,913)	(16,379)
Repairs and maintenance	(4,494)	(8,668)
Yard rent	(3,343)	(1,268)
Others	(2,301)	(8,321)
Gross profit	<u>61,849</u>	<u>129,303</u>
Selling and distribution expenses	(1,322)	(1,874)
General and administrative expenses	(30,266)	(46,598)
Other (losses)/gains – net	(2,358)	1,631
Interest expense	(925)	-
Interest income	1,445	2,993
Profit for the year	<u>28,423</u>	<u>85,455</u>

Information about segment assets and liabilities is not reported to or used by the Executive Directors and accordingly, no measures of segment assets and liabilities are reported.

Breakdown of the revenue from all the services is as follows:

	2009 USD'000	2008 USD'000
New build activities	226,461	385,589
Upgrade and refurbishment activities	146,235	250,995
Offshore construction	37,921	91,217
Other services	14,901	13,030
	<u>425,518</u>	<u>740,831</u>

The entity is domiciled in the UAE. The total revenue from external customers in respect of services performed in the UAE is USD 404 million (2008: USD 741 million), and the total revenue from external customers from other countries is USD 22 million (2008: USD Nil).

Certain customers individually accounted for greater than 10% of the Group's revenue, shown in the table below:

	2009 USD'000	2008 USD'000
External customer A	118,128	184,058
External customer B	63,207	168,681
External customer C	47,196	-
	<u>228,531</u>	<u>352,739</u>

The revenue from these customers is attributable to Segment A. The above customers in 2009 are not necessarily the same customers in 2008.

6 Cost of sales

	2009 USD'000	2008 USD'000
Materials and related costs	125,257	254,969
Staff costs (Note 10)	92,719	100,507
Sub-contract costs	91,460	162,126
Sub-contract labour	13,375	36,326
Depreciation	9,238	6,891
Equipment hire	6,882	16,502
Repairs and maintenance	5,085	9,134
Yard rent	3,425	1,307
Others	16,228	23,766
	<u>363,669</u>	<u>611,528</u>

7 Selling and distribution expenses

	2009 USD'000	2008 USD'000
Advertisement and marketing	592	512
Entertainment	171	172
Travel	376	802
Others	183	388
	<u>1,322</u>	<u>1,874</u>

8 General and administrative expenses - share based payments

	2009 USD'000	2008 USD'000
Proportionate amount of share based charge for the year:		
- relating to shares gifted/granted in 2006	-	5,301
- relating to deferred share award in 2006	-	1,331
- relating to free share plan	1,791	1,337
- relating to executive share option plan	150	90
	<u>1,941</u>	<u>8,059</u>

9 General and administrative expenses - others

	2009 USD'000	2008 USD'000
Staff costs (Note 10)	15,977	21,312
Utilities and communication	2,409	2,348
Depreciation	3,948	2,865
Others	5,991	12,014
	<u>28,325</u>	<u>38,539</u>

10 Staff costs

	2009 USD'000	2008 USD'000
Wages and salaries	59,647	73,631
Employees' end of service benefits	3,173	5,300
Share based payments - value of services provided (Note 8)	1,941	8,059
Other benefits	45,876	42,888
	<u>110,637</u>	<u>129,878</u>
Staff costs are included in:		
Cost of sales (Note 6)	92,719	100,507
General and administrative expenses - share based payments (Note 8)	1,941	8,059
General and administrative expenses - others (Note 9)	15,977	21,312
	<u>110,637</u>	<u>129,878</u>
Number of employees at 31 December	<u>4,515</u>	<u>5,447</u>

11 Dividends

During the year (on 27 March 2009), the Board of Directors of the Company approved dividends of USD 6.3 million (US cents 3.15 per share) relating to 2008. At 31 December 2009, the unpaid dividend amounted to USD 34,000 (Note 18).

During 2008, (on 25 March 2008 and 26 September 2008), the Board of Directors of the Company approved dividends of USD 37.3 million comprising USD 24.5 million (US cents 12.25 per share) relating to 2007 and an interim dividend of USD 12.8 million (US cents 6.40 per share) for 2008. At 31 December 2008, unpaid dividends amounted to USD 9,000 (Note 18).

12 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the company and held as treasury shares (Note 17).

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the free share awards, options under executive share option plan and deferred share award, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share awards/options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards/options.

	2009 USD'000	2008 USD'000
The calculations of earnings per share are based on the following profit and numbers of shares:		
Profit for the year	<u>28,423</u>	<u>85,455</u>
Weighted average number of shares for basic earnings per share	199,105,090	200,010,565
Adjustments for:		
Assumed exercise of free share awards	843,477	75,778
Assumed exercise of options under the executive share option plan	199,030	-
Assumed vesting of deferred share awards	<u>-</u>	<u>576,844</u>
Weighted average number of shares for diluted earnings per share	<u>200,147,597</u>	<u>200,663,187</u>
Earnings per share:		
Basic	<u>14.28c</u>	<u>42.73c</u>
Diluted	<u>14.20c</u>	<u>42.59c</u>

13 Inventories

	2009 USD'000	2008 USD'000
Raw materials and consumables	43,809	11,494
Goods in transit	-	9,554
Less: Provision for slow moving and obsolete inventories	(749)	(542)
	<u>43,060</u>	<u>20,506</u>

14 Trade and other receivables

	2009 USD'000	2008 USD'000
Trade receivables	120,999	120,517
Other receivables and prepayments	10,715	16,385
Advances to suppliers	4,492	22,239
	<u>136,206</u>	<u>159,141</u>
Less: Provision for impairment of trade receivables	(2,795)	(2,788)
	<u>133,411</u>	<u>156,353</u>
Amounts due from customers on contracts	16,389	103,846
Contract work in progress	43,976	29,613
	<u>193,776</u>	<u>289,812</u>

15 Financial assets at fair value through profit or loss

	2009 USD'000	2008 USD'000
Unlisted equity security	<u>2,500</u>	<u>-</u>

On 27 November 2009, LEL subscribed to 28,000,000 shares in BassDrill Alpha Limited ("BassDrill") amounting to USD 5 million at the subscription price of USD 0.1786 per share. LEL entered into an option agreement with certain shareholders of BassDrill granting LEL the option to sell the BassDrill shares after twelve months at an option price of USD 0.0893 plus three month LIBOR + 3% per annum. Further LEL also granted certain shareholders of BassDrill the option to purchase the BassDrill shares held by LEL in the period starting from the date of issuance and ending after twenty four months at an option price of USD 0.1786 plus three month LIBOR + 3% per annum.

During the year a fair value loss of USD 2.5 million was recorded in 'other (losses)/gains – net' in the consolidated statement of comprehensive income based on management's estimate of the carrying value.

Financial assets at fair value through profit or loss are presented within 'operating activities' as part of changes in working capital in the consolidated cash flow statement.

16 Cash and bank balances

	2009 USD'000	2008 USD'000
Cash at bank and on hand	18,336	21,112
Short term and margin deposits	49,506	76,712
	<u>67,842</u>	<u>97,824</u>
Cash and bank balances	67,842	97,824
Less: Margin deposits	(5,673)	(6,368)
Less: Deposit with original maturity of more than 3 months	(3,847)	-
Less: Bank overdrafts (Note 19)	(9,081)	(1,231)
	<u>49,241</u>	<u>90,225</u>
Cash and cash equivalents (for cash flow purpose)	49,241	90,225

17 Share capital

Issued and fully paid ordinary shares

	Equity share capital	
	Number	USD'000
At 1 January 2008	200,000,000	18,654
Issued on 26 March 2008 in connection with a deferred share award granted on 16 October 2006	279,309	28
	<u>200,279,309</u>	<u>18,682</u>
At 31 December 2008 and 2009	200,279,309	18,682

The total authorised number of ordinary shares is 400 million shares (2008: 400 million shares) with a par value of 5 pence per share (2008: 5 pence per share).

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, set out in the deferred share award granted on 16 October 2006.

During 2009, EBT acquired 1,391,253 shares (2008: 754,551 shares) of the Company. The total amount paid to acquire the shares was USD 1.7 million (2008: USD 2.6 million) and has been deducted from the Consolidated Retained earnings. Of the above, 724,251 shares (2008: 85,294 shares) amounting to USD 2.2 million (2008: USD 0.3 million) were issued to employees on vesting of the free shares and 1,336,259 shares (2008: 669,257 shares) are held as treasury shares at 31 December 2009. 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/share options granted to certain employees of the Group.

18 Trade and other payables

	2009 USD'000	2008 USD'000
Trade payables	53,035	83,778
Other payables and accruals	51,358	105,552
Amounts due to customers on contracts	20,183	72,479
Advances received for contract work	-	1,621
Dividend payable	34	9
	<u>124,610</u>	<u>263,439</u>

19 Borrowings

	2009 USD'000	2008 USD'000
Bank overdrafts	9,081	1,231
Revolving facilities	22,547	10,693
	<u>31,628</u>	<u>11,924</u>

20 Events after balance sheet date

The Board of Directors of the Company has proposed a dividend of 3.80 cents per share amounting to USD 7.6 million at a meeting held on 26 March 2010.

21 Statutory Accounts

This financial information is not the statutory accounts of the Company and the Group, a copy of which is required to be annexed to the Company's annual return to the Companies Registration Office in Isle of Man. A copy of the statutory accounts in respect of the year ended 31 December 2009 will be annexed to the Company's annual return for 2009. Consistent with prior years, the full financial statements for the year ended 31 December 2009 and the audit report thereon will be circulated to shareholders at least 20 working days before the AGM. A copy of the statutory accounts required to be annexed to the Company's annual return in respect of the year ended 31 December 2008 has been annexed to the Company's annual return for 2008 to the Companies Registration Office.

22 Further information is available on the Company's website, www.lamprell.com.

23. Directors' responsibilities statement

We confirm that to the best of our knowledge

- The financial statements, have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities and financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and,
- This announcement includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.