8 August 2022

LAMPRELL PLC
("Lamprell" and with its subsidiaries the "Group")

2021 FINANCIAL RESULTS

Lamprell today announces its audited financial results for the year ended 31 December 2021.

Chairman's introduction

Dear Shareholders,
I would like to thank you for your continued support as Lamprell delivers on its strategic priorities against the continuing COVID-19 disruptions. The Group has transformed noticeably over the past five years and, having announced a strategic reorganisation in early 2021, is now on course, subject to resolving its acute liquidity and funding requirements, for an even closer alignment with the energy transition. The transformation has not been straightforward and we, like everyone in the energy landscape, have fought the COVID-19 pandemic headwinds and their impacts on our productivity, new awards and financial performance. Multiple lockdowns, severe travel restrictions, self-isolation requirements and, more noticeably, the loss of productivity in our supply chain were the main drivers of our USD 19.9 million adjusted EBITDA loss. The Group net loss was USD 60.0 million.

I would like to commend everyone at Lamprell for another year of excellent safety performance. In a period of strict COVID-19 restrictions and a multitude of impacts on daily operations, the uncompromising effort to deliver our projects safely really stands out. I am also pleased with the progress made by our Sustainability Committee in setting out our priorities for responsible operations.

We started the year by announcing that we would drive the Group towards three distinct business units – Renewables, Oil & Gas and Digital – as a means to implement our strategic goals. Our roots as a Middle Eastern regional rig builder are valued by our long-standing customers and recognised by new and prospective clients. Today Lamprell firmly stands as a global energy partner with a clear growth strategy and a foothold in markets with significant barriers to entry. Our capacity and track record in serial renewables fabrication have earned us solid credentials in an industry with double-digit annual growth rates. Our investment in Saudi Arabia and our four-decade history in serving our clients in the Middle East have enabled us to become one of the select few partners on Saudi Aramco's LTA programme. With the development of our digital business, Lamprell is aiming to ensure it remains a quality partner to its clients, one that is able to address their growing need for new technology and unlock its significant value.

Our renewables business has seen steady growth in its bid pipeline since we took on our first offshore wind project in 2016. In 2021, as net zero carbon targets and the energy transition dominated the headlines, our pipeline of renewables projects grew from USD 2.5 billion to USD 4.6 billion, exceeding the value of prospective oil & gas projects for the first time in our history. This is the beginning of a significant increase in opportunity as offshore wind is set to ramp up commissioned capacity through the coming decade. There are currently around a dozen yards globally that can provide adequate facilities and demonstrate proven experience for the complex serial work that Lamprell specialises in. With nearly 10,000 foundations required over the next ten years, global fabrication capacity will be put under significant pressure. Lamprell, with its track record in jacket fabrication for the UK's leading offshore wind farms, is well positioned to benefit from this growth.

The oil & gas industry has experienced some of the most dramatic shockwaves over the last eight years, only to see a steep recovery in oil prices recently as the energy crisis unravelled to expose significant underinvestment and the global supply squeeze was amplified by the war in Ukraine. Hydrocarbons will continue to play a critical role in supplying the world with energy for many years and will therefore remain a core pillar of Lamprell's operations in the near term. Our Board too has evolved to better match our strategic ambition. We welcomed Motassim Al Maashouq as an independent Non-Executive Director. Motassim brings nearly four decades of experience at Saudi Aramco, and his insight has been extremely helpful in progressing the strategy for our Oil & Gas business unit. We were also pleased to broaden our Board credentials with the appointment of Jean Marc Lechene a former renewables executive. James Dewar has decided to step down from his role as a Non-Executive Director after more than four years on the Board and as Chair of our Audit and Risk Committee. We had commenced a process to find a replacement but this process has been put on hold pending outcome of the offer process detailed below. In the meantime, Debra Valentine has agreed to step into the role on an interim basis.

In 2021 our primary focus was to ensure our business development goals were matched by a funding strategy. In Q4, we were pleased to receive in the support of our shareholders and lenders during the first phase of this strategy when we raised USD 30.1 million of equity and a USD 45 million working capital facility, which helped alleviate the immediate pressure on our ongoing working capital requirements.

Management then continued to pursue a number of financing and strategic options with a view to finalising these in Q2 2022. In the absence of adequate debt finance solutions, the Group management and Board consulted extensively with the major shareholders to gauge their support for an equity raise as a means to meet its USD 120-150 million balance sheet and growth funding target. In light of the challenging equity markets and the acute liquidity pressure, this option did not receive sufficient support from our shareholders.

The Group then received a combined all cash offer to acquire the entire issued and to be issued share capital of Lamprell PLC from Blofeld Investment Management, a 25% shareholder, and AlGihaz Holding Closed Joint-Stock Company, a 19.7% shareholder. The offer includes a Bridge Loan Facility to assist with immediate working capital and capital expenditure requirements. Without an agreement on an equity-based financing solution, and mindful of the acute liquidity needs of the Group, the Board views this offer as a viable pathway to resolve the immediate funding obligations and severe liquidity concerns. In the absence of any alternatives, the Group will not be in the position to trade solvently should this offer not proceed to completion. On 21 July 2022, Thunderball Investments Limited (a newly formed company owned by Blofeld Investment Management Limited and AlGihaz Holding Closed Joint-Stock Company) (collectively referred to as “Thunderball”) and Lamprell's Board of Directors announced the terms of a recommended cash offer to be made by Thunderball to acquire the issued and to be issued share capital of Lamprell PLC. Further details are set out on the Company website and its impact on going concern, including the related material uncertainty, are set out in the going concern section of the Financial Review.

Energy market fundamentals have demonstrated significant growth both in renewables and oil & gas in recent months and the Board is confident in the increasing opportunity set that lies ahead for Lamprell. The Group's credentials and experience coupled with a timely funding strategy will enable it to deliver returns on this opportunity in the near to medium term.

John Malcolm
Chairman

Chief Executive Officer's review

As we complete our second year of working with COVID-19, I am pleased to report solid operational results, year-on-year revenue and bid pipeline growth and, more importantly, a number of significant milestones as we deliver our growth strategy. 2021 marked a significant reorganisation for Lamprell that put us on a firm course towards the energy transition. Lamprell is a transformed business, not only as a result of a significant shift in its addressable markets, but also as a result of continuing investment in people, our yard and the intense commercial focus. In 2021 alone, our bid pipeline grew by over 30% to USD 7.9 billion, with the renewables component growing by a remarkable 85% to provide USD 4.6 billion of opportunities. Only five years ago, we would not have been in the position to bid on over 90% of the projects in our current pipeline. In that timeframe, we built a solid track record in complex serial renewables fabrication that can be matched by few yards globally. We also invested in and secured partnerships in Saudi Arabia, where Lamprell had no direct involvement previously. And we recognised the significant potential of digital solutions for the energy industry, again establishing strategic partnerships to develop this high-potential business unit.

COVID-19 and safety

I would like to thank our operational team for another year of excellent safety performance and delivering a Total Recordable Injury Rate (TRIR) of 0.10, another historic result. This performance is particularly noteworthy in the context of the ongoing COVID-19 pandemic, which once again affected our productivity and financial results. Our yards operated throughout the year without any outages to deliver for our clients, but it came at a cost and the Group made an adjusted EBITDA loss of USD 19.9 million and a net loss of USD 60.0 million.

Renewables

I am highly encouraged by the bidding dynamics and the continuous upward adjustments for the outlook in the renewables industry. Presently there is circa 35 GW of installed offshore wind capacity across the globe. This is expected to reach 200 GW by the end of the decade. For context, 1 GW represents approximately 100 jacket foundations, or over 1 year of Lamprell's current capacity. We recognise the significant fabrication capacity crunch the industry is likely to face in the near and medium term. In recent months we have seen a clear preference for reservation agreements, contracts reserving yard capacity ahead of full award, as our prospective clients try to address the limited global fabrication capacity in offshore wind. That is why Lamprell has continuously adapted its operational set-up to improve efficiencies to ensure we are capable of executing larger projects within shorter timeframes. With these factors in mind, we approved, subject to securing the necessary funding, the construction of a renewables production line as a capex priority for 2022. This critical change to our yard will significantly increase our revenue-generating capacity by allowing us to access monopile projects and, in future, compete for larger scale components for floating foundations.

Oil & Gas

Our oil & gas legacy business, and specifically our proximity to the low-cost producers, has provided us with exceptional operational expertise and crucial strategic partnerships. We are currently working on three major projects worth over USD 500 million, all directly or indirectly commissioned by Saudi Aramco, our partner in the IMI joint venture. In 2021 we were successful in securing our first two awards from Aramco's selective LTA programme. We continue to bid on circa USD 3 billion of opportunities within this programme and are starting to notice a ramp-up in bidding activity due to the favourable oil price environment. Around the turn of the year, we saw circa USD 10 billion contracts awarded by major oil producers in the MENA region to develop some of the largest projects. We were not bidding on these projects but crucially these awards will take up much of the available yard capacity and so we are confident of our competitive standing on future awards.

Our IMI joint venture is progressing despite a period of disruptions during the pandemic, and we anticipate the commissioning of certain zones to commence in 2022. Lamprell invested USD 85 million out of its USD 140 million commitment in the joint venture to date. Our shareholding in IMI has opened up a number of opportunities for Lamprell: it has enabled us to join the exclusive Saudi Aramco LTA programme, it has been an effective conduit of dialogue with major influencers in the Kingdom to develop a relocation strategy for Lamprell Oil & Gas, and it has provided us with revenue opportunities at a time when much of the oil & gas industry was recovering from a crisis.

Digital

Since 2019, Lamprell has been actively developing commercial digital solutions to improve efficiencies in our business and for its clients across the energy industry. We were pleased to have secured strategic financial and technical partnerships with Injazat/G42 and Akselos to complement our fabrication and engineering know-how. The Digital business unit, through its joint venture partners and independently, is currently focusing on four core areas of dynamic digital twin technology, asset integrity, the connected worker, and robotic welding. Over the next few years, we plan to invest in the development of specific digital solutions and anticipate seeing positive contribution to Group financial performance from 2024.

Funding our future

Our business requires funding and we have been severely cash-constrained for several years; we have pursued several options to alleviate these acute liquidity pressures and deliver a funding strategy with a view to raise USD 120-150 million to strengthen our balance sheet, assist with major legacy projects working capital requirements and invest in our yard to deliver significant growth. As we look ahead at the significant growth in our opportunity set and the increasing scopes, complexity and value within our bid pipeline and also our near-term working capital requirements, we realise the need for a much stronger balance sheet. In late 2021, we successfully completed the first stage of our funding strategy by securing a circa USD 45 million working capital facility and raising USD 30 million through an oversubscribed placing of shares.

Since then, the Group has explored a number of alternative financing and strategic options, including asset monetisation, debt financing and/or additional equity to deliver its funding strategy. Working capital needs and the working capital facility repayment schedule required us to deliver these options by the end of July 2022. Bearing in mind the uncompromising time pressure to improve our liquidity position and in the absence of viable funding options, the Board of Directors unanimously recommended to accept a takeover offer from two of its major shareholders, Blofeld and AlGihaz which included a USD 145 million bridge financing loan. The new ownership structure can assist in delivering Lamprell's capital-intensive growth strategy, whilst securing a future for its employees, delivering some cash value for its shareholders and honouring its many other stakeholder obligations.

Christopher McDonald
Chief Executive Officer

Financial review

COVID-19 and low margin projects affected our financial performance and put significant pressure on our liquidity.

Liquidity update

2021 presented major challenges across our supply chain and, although Lamprell continued to deliver operationally, additional costs associated with COVID-19 disruptions significantly affected our financial performance. In 2021, the Group was successful in securing a USD 45 million working capital facility for the delivery of the two IMI rig contracts and raising USD 30.1 million before expenses through a placing of shares. This assisted with some of the working capital requirements on our legacy low margin projects but in order to continue to meet its obligations to customers and creditors, and deliver its strategic capital expenditure programme, the Group total funding requirement was previously estimated to be in the range USD of 120-150 million. Of that amount, the Group was required to meet funding obligations of USD 95 million by the end of July 2022.

Over the past 18 months, the Group has been focused on a number of financing options in order to meet this funding requirement, including asset monetisation, project-specific financing, hybrid facilities and additional equity. However, none of the funding alternatives set out above were capable of delivering a solution to the urgent and severe liquidity constraints within the time required. As a result and in order to avoid implementing alternatives which seek to protect the interests of financial creditors, commercial counterparties and employees at the cost of no value being attributed to the existing equity, on 21 July 2022 the Board recommended an offer for Lamprell's entire issued and to be issued share capital, from Thunderball. The offer included a Bridge Loan Facility allowing Lamprell to resolve the immediate liquidity pressure and continue to deliver its transformational yard capex programme. See going concern section below for further details of the Offer and Bridge Loan Facility.

Revenues

In 2021 the Group generated USD 388.8 million in revenues, delivering a 15% increase compared to the previous year and a third year of continuous revenue growth (2020: USD 338.6 million). Throughout the year we experienced a number of significant impacts on productivity and cost as we worked around lockdowns and continuous COVID-19 restrictions. Much of our labour is deployed from India, where the emergence of the Delta variant affected workforce availability early in the year. Ongoing self-isolation requirements further impacted our ability to deploy staff effectively in the UAE and caused significant disruptions to our supply chain. Lamprell continued to manage these disruptions effectively; however, reduced productivity and rephasing of work have impacted revenue recognition and profitability in 2021.

Revenues from the Renewables business unit, which focused on the Seagreen project, amounted to USD 141.3 million. The Oil & Gas business unit, with contribution from the two IMI newbuild jackup rigs, two Saudi Aramco LTA projects, as well as our operations and maintenance business and rig refurbishment, generated USD 247.5 million in revenues. Total new contract awards during the year amounted to USD 135 million and we closed the period with a backlog of USD 342.9 million.

Margin performance

The Group remains focused on cost discipline following the significant overhead reduction programme in 2020. Overheads for the year amount to USD 69.0 million of which USD 35.5 million pertains to general and administrative expenses and the balance attributable to direct overheads included in cost of sales. In 2021, much of the temporary COVID-19 cost cutting measures, including remuneration reductions introduced in 2020, also remained in place. Nonetheless, our margin performance was affected by loss of productivity and additional costs associated with COVID-19 measures, as well as low margin contribution from ongoing major projects in the Oil & Gas business unit. We report a gross loss of USD 0.8 million for the year (2020: gross profit of USD 14.6 million), with a negative adjusted EBITDA from continuing operations of USD 19.9 million.

Finance cost

In Q4 2021, the Group secured a USD 45 million working capital facility for the delivery of the two IMI rigs and subsequently raised USD 30.1 million through a placing of shares. Net finance cost (excluding interest expense on leases) for the full year 2021 amounted to USD 2.1 million (2020: USD 1.4 million).

Net loss

Net loss for the year ended 31 December 2021 was USD 60.0 million (2020: loss of USD 53.4 million). The loss is driven by the low revenue levels which did not generate sufficient margin contribution to cover the Group's overhead of USD 69.0 million and our share of loss of investments accounted for using the equity method of USD 17.0 million. The diluted loss per share for the year was 16.98 US cents (2020: diluted loss per share 15.63 US cents).

Capital expenditure

We continued to make incremental investment in our yard with a particular focus on improving throughput and efficiencies in serial renewables fabrication. Capital expenditure in 2021 was USD 13.3 million (2020: USD 14.2 million) and is largely attributable to the construction of a proprietary lifting frame and the additional yard taken in Hamriyah. Investments in digital amounted to USD 1.8 million.

The Group did not make any equity contributions to the IMI joint venture in 2021. To date, Lamprell has invested USD 85 million of the USD 140 million committed.

Cash flow and liquidity

The Group's net cash flow from operating activities for the year ended 31 December 2021 reflected a net outflow of USD 56.1 million which was driven by the substantial working capital draw, as well as delays in certification of variations and resolution of claims, on ongoing projects. Prior to working capital movements and the payment of employees' end-of-service benefits, the Group's net cash outflow was USD 11.9 million. Cash, together with bank, term and margin deposits, decreased by USD 40.5 million to USD 72.8 million, of which USD 47 million is cash restricted in project bonds and guarantees.

Balance sheet

Net cash at 31 December 2021 was USD 53 million, of which USD 6 million is unrestricted. The Group's total current assets at 31 December 2021 were USD 244.4 million (31 December 2020: USD 286.4 million). Trade and other receivables decreased to USD 59.4 million (31 December 2020: USD 73.9 million). Contract assets increased to USD 99.4 million (31 December 2020: USD

85.4 million) and this is attributable to contract work in progress on ongoing projects. Trade and other payables increased by USD 100.9 million to USD 171.8 million as the Group continued deferral of creditor payments in view of the liquidity challenges summarised in the going concern Note 2.1. Shareholders' equity reduced to USD 128.8 million (31 December 2020: USD 160.4 million).

Going concern

The Group's consolidated financial statements have been prepared on a going concern basis as further discussed in Note 2.1. In performing their assessment of going concern, the Directors have considered the forecast cashflows for the Group for the 15 months to 31 October 2023 which include the key assumptions detailed below.

Balance sheet recapitalisation

In 2021, the Group launched a balance sheet recapitalisation programme to fulfil its near-term working capital needs and to meet medium term strategic objectives with the intention of completing a new funding arrangement of USD 120 -150 million by the end of Q3 2021.

In order to temporarily address the most immediate capital requirements, the Group entered a USD 45 million Export Credit Agency ("ECA") backed revolving trade loan facility ("ECI Facility") with two regional banks in October 2021 and raised gross proceeds of approximately USD 30.1 million through a placing of new Lamprell shares.

The Group intended to secure further capital in the form of a second working capital facility of USD 45 million by the end of Q1 2022, with additional funding to be put in place by the end of H1 2022.

Accordingly, during 1H 2022 the Directors continued to explore a number of potential financing and strategic options, including equity financing, debt financing, the potential sale of the Group's oil and gas business, asset monetisation and project-specific financing with a view to delivering the required funding by Q2 2022 in line with the Group's working capital requirements.

Despite significant efforts by the Group to secure this additional finance, these discussions did not result in new financing for the Group. As a result, the Group faces urgent and severe liquidity constraints and in the absence of reaching an immediate alternative funding solution, the Group will not be able to meet its funding obligations.

Recommended Cash Offer for Lamprell plc ("the Offer")

On 21 July 2022, the Board of Directors of Lamprell plc 'the Company" and the Board of Directors of Thunderball announced a recommended all-cash offer of 9p per share to be made by Thunderball for the Company's issued and to be issued share capital. It is intended that the Offer will be implemented by way of a takeover offer. The Offer includes provision of a secured USD 145 million Bridge Loan Facility on the terms and conditions summarised below.

Bridge Loan Facility

On 21 July 2022, the Group entered into the bridge loan facility agreement (the "Bridge Loan Facility Agreement") with Maverick Investment Holding Ltd ("Maverick"), a company under the control of a member of the AlSayed family, and AlGihaz Holding Closed Joint-Stock Company ("AlGihaz"). Pursuant to this Maverick and AlGihaz each agreed to make available a total loan facility of up to USD145 million to the Group. The Bridge Loan Facility is available for drawdown in tranches, of which USD 85 million has already been drawn down and a further USD 10 million has been requested and is expected to be paid on or around 8 August 2022. Further amounts of USD 35 million and USD 15 million are forecast to be drawn down at the end of August and September 2022 respectively. The Bridge Loan Facility is secured on the majority of the Group's assets.

The Bridge Loan Facility is being made available (i) to repay the ECI Facility described above in full, which occurred on 4 August 2022; and (ii) to fund expenditures projected to fall due after 21 July 2022, in accordance with a schedule of expenditures agreed between the parties. The Bridge Loan Facility is repayable on the earlier of (i) the date falling three months after the date on which the Offer becomes wholly unconditional; or (ii) the date falling three months after the date on which the Offer lapses or is withdrawn. Interest will accrue at the rate of 12 per cent per annum.

The Directors believe the Offer and Bridge Loan Facility are the only viable funding solutions available to the Group and as a result this forms the basis of the forecast cash flows used in performing their assessment of going concern. The Directors have considered the forecast cashflows for the Group for the 15 months to October 2023 which include key assumptions detailed below:

- The Offer proceeds to completion: The Offer is subject to more than 50 per cent of shareholders approving the Offer. Based on the current shareholdings of Thunderball, which in aggregate represent approximately 45.18% of the Company's issued share capital, and irrevocable undertakings by certain other shareholders to vote in favour of the Offer representing an additional 4.82% of issued share capital, the Directors have forecast that the Offer will be accepted by the Shareholders. The Offer is subject to certain additional conditions precedent which are considered usual and customary for this type of transaction.

- Sufficiency of the Bridge Loan Facility: The Directors have assumed that the Bridge Loan Facility will be timely paid following draw-down requests and sufficient to cover the funding requirements for the time required to conclude the Offer. After repayment of the ECI facility, USD 101 million of the Bridge Loan Facility remains to pay the Group's other creditors, which amounted to USD 176 million as of 30 June 2022, and to partially meet the ongoing funding requirements of the Group. A significant proportion of the Group's creditors at 30 June 2022 were many months overdue and, whilst it is anticipated that the Bridge Loan Facility will enable a number of these to be settled in the period prior to the completion of the Offer, the Directors expect payment to certain overdue key suppliers on the IMI Rigs projects (who were owed USD 51 million at 30 June 2022) will need to be extended in line with the expected timing of milestone receipts on these projects in late 2022 and early 2023. The Directors have assumed that the Group will be able to achieve this based on its track record of doing so, but its ability to do this is critical and dependent on the reaction of the key suppliers as the payables are unsecured and contractual credit terms are exceeded, which is outside the Group's control. The level of creditor deferral in the period prior to completion of the Offer is also dependent on the outcome of contract claims and the extent of new contract awards as discussed below.

- Post completion funding: The Directors do not have visibility of Thunderball's plans for the business after the Offer is completed, including the extent and terms of any funding that will be provided post completion. The intentions statement in the 21 July announcement indicates that Thunderball is aware that Lamprell must be recapitalised and that this would be most effectively undertaken after the Company's shares are de-listed such that Lamprell can execute its strategy, with appropriate support, capital and assistance from Thunderball. The Directors have therefore assumed that upon conclusion of the Offer, Thunderball continues to support the business, and in particular:

    - That Thunderball will extend or waive the repayment of the Bridge Loan Facility as the Group will be unable to repay the loan when it falls due (which is forecast to be in December 2022).

  - That significant additional funding will be provided by Thunderball during the 15 months to October 2023 in order that the business may continue to trade. The level and timing of funding required will depend on a number of factors, including the outcome of Thunderball's review of the business, successful execution of the Group's ongoing contracts, the speed with which they are required to settle overdue creditors, and (as discussed below) the outcome of contract claims and extent of new contract awards, but may be up to approximately USD 100 million.

- Contract claims: The Directors assume that settlement of contract claims on certain major contracts will result in significant cash inflows in the forecast period. These are not yet agreed and the amount and timing of such settlements is not wholly within the control of the Directors.

- New awards: The Directors assume conversion of a portion of the bid pipeline in line with the expected timing of awards, including achieving similar historical levels of revenue for the contracting services and rig refurbishment businesses. These contract awards are not committed and there is therefore some uncertainty as to their commencement.

In preparing the forecasts, the Directors have further considered broader economic factors including the ongoing pandemic, conflict in Ukraine and the effects of climate change. Technological improvements or innovations that support the transition to a lower carbon economy, and customer preferences or regulatory incentives that alter fuel or power choices, could impact demand for oil and gas. Depending on the nature and speed of any such changes and our response, these changes could increase costs, reduce our profitability, reduce demand for certain products, limit our access to new opportunities, require us to write down certain assets or curtail or cease certain operations, and affect investor sentiment, our access to capital markets, our competitiveness and financial performance. On the contrary, these risks provide a significant opportunity to our Renewables segment which would benefit from the increased demand and accelerated award of projects to meet the net zero emission targets.

If the Offer does not proceed and the Bridge Loan Facility falls due for repayment within its current terms, there can be no guarantee that the Group will be able to implement any alternative funding in the available timeframe. In such an event, the Directors believe that the Group will be unable to meet its financial commitments as they fall due and consequently will be unable to continue to operate as a going concern resulting in the appointment of receivers, liquidators or administrators. Accordingly, the Directors consider that the Offer represents the only executable funding solution available to the Group given that Thunderball has procured the Bridge Loan Facility and there is no present viable alternative.

The Directors believe that : (1) the risk that the Offer does not complete; (2) the requirement for significant levels of ongoing creditor deferral during the period prior to the completion of the Offer; and (3) the lack of visibility of Thunderball's plans for the business after the Offer is completed, all of which depend on factors outside management's control, constitute in aggregate a material uncertainty that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Dividend

The Group made progress in delivering its strategy in 2021, however, due to the current financing requirements coupled with prevailing COVID-19 uncertainties, the Directors do not recommend the payment of a dividend for the period in relation to financial year ending 31 December 2021. The

Directors will continue to review this position in light of market conditions and Group performance at the relevant time.

Tony Wright
Chief Financial Officer

Consolidated income statement

	Notes	Year ended 31 December 2021 USD'000	2020 USD'000
Revenue	6	388,808	338,623
Cost of sales	7	(389,561)	(324,073)
Gross (loss)/profit		(753)	14,550
Selling and distribution expenses	8	(239)	(298)
General and administrative expenses*	10	(35,531)	(47,215)
Other gains – net	13	687	1,009
Operating loss		(35,836)	(31,954)
Finance costs	12	(7,122)	(5,980)
Finance income	12	51	370
Finance costs – net		(7,071)	(5,610)
Share of loss of investments accounted for using the equity method – net	20	(17,013)	(15,697)
Loss before income tax		(59,920)	(53,261)
Income tax expense	34	(128)	(125)
Loss for the year		(60,048)	(53,386)
Loss per share attributable to the equity holders of the Company during the period	14		
Basic		(16.98)c	(15.63)c
Diluted		(16.98)c	(15.63)c

*General and administrative expenses include a net reversal of impairment losses of USD 0.5 million (31 December 2020: impairment charge USD 4.6 million) recognised in respect of property, plant and equipment as a result of year end assessments – refer Note 39.

Consolidated statement of comprehensive income

	Notes	Year ended 31 December 2021 USD'000	Year ended 31 December 2020 USD'000
Loss for the year		(60,048)	(53,386)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of post-employment benefit obligations	28	305	(1,676)
Share of other comprehensive loss of equity accounted investments	20	-	(352)
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	27	(12)	43
			-
Other comprehensive income /(loss) for the year		293	(1,985)
Total comprehensive loss for the year		(59,755)	(55,371)

Consolidated balance sheet

	Notes	As at 31 December 2021 USD'000	2020 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	158,835	162,024
Intangible assets		73	82
Investments accounted for using the equity method	20	40,950	55,888
Term and margin deposits	24	530	447
Total non-current assets		200,388	218,441
Current assets			
Inventories	21	13,228	14,252
Trade and other receivables	22	59,427	73,890
Contract assets	23	99,392	85,426
Cash and cash equivalents	24	25,860	57,625
Term and margin deposits	24	46,443	55,193
Total current assets		244,350	286,386
Total assets		444,738	504,827
LIABILITIES			
Current liabilities			
Borrowings	33	(19,942)	(880)
Trade and other payables	30	(171,817)	(70,866)
Contract liabilities	31	(15,149)	(159,991)
Lease liabilities	18	(2,297)	(2,136)
Current tax liabilities	40	(336)	(253)
Provision for warranty costs	32	(4,489)	(3,555)
Total current liabilities		(214,030)	(237,681)
Net current assets		30,320	48,705
Non-current liabilities			
Lease liabilities	18	(63,411)	(68,849)
Post-employment benefits liabilities	28	(38,455)	(37,848)
Total non-current liabilities		(101,866)	(106,697)
Total liabilities		(315,896)	(344,378)
Net assets		128,842	160,449
EQUITY			
Share capital	26	34,904	30,346
Share premium	26	338,094	315,995
Other reserves	27	(19,304)	(19,292)
Retained losses		(224,852)	(166,600)
Total equity attributable to the equity holders of the Company		128,842	160,449

Consolidated statement of changes in equity

	Notes	Share capital USD'000	Share premium USD'000	Other Reserves (Note 27) USD'000	Retained earnings / (losses) USD'000	Total USD'000
At 1 January 2020		30,346	315,995	(19,335)	(115,626)	211,380
Loss for the year		-	-	-	(53,386)	(53,386)
Other comprehensive income:						
Remeasurement of post-employment benefit obligations	28	-	-	-	(1,676)	(1,676)
Share of other comprehensive loss accounted for using the equity method	20	-	-	-	(352)	(352)
Currency translation differences	27	-	-	43	-	43
Total comprehensive loss for the year		-	-	43	(55,414)	(55,371)
Transactions with owners:						
Share-based payments:						
- value of services provided	9	-	-	-	4,440	4,440
Total transactions with owners		-	-	-	4,440	4,440
At 31 December 2020		30,346	315,995	(19,292)	(166,600)	160,449
Loss for the year		-	-	-	(60,048)	(60,048)
Other comprehensive income:						
Remeasurement of post-employment benefit obligations	28	-	-	-	305	305
Share of other comprehensive loss accounted for using the equity method	20	-	-	-	-	-
Currency translation differences	27	-	-	(12)	-	(12)
Total comprehensive loss for the year		-	-	(12)	(59,743)	(59,755)
Transactions with owners:						
Issue of share capital	26	4,558	22,099	-	-	26,657
Share-based payments:						
- value of services provided	9	-	-	-	2,410	2,410
- treasury shares purchased		-	-	-	(919)	(919)
Total equity transactions		4,558	22,099	-	1,491	28,148
At 31 December 2021		34,904	338,094	(19,304)	(224,852)	128,842

Consolidated cash flow statement

	Notes	Year ended 31 December 2021 USD'000	2020 USD'000
Operating activities			
Cash (used in)/generated from operations	38	(56,088)	113,303
Tax paid	40	(45)	(49)
Net cash (used in)/generated from operations		(56,133)	113,254
Investing activities			
Purchases of property, plant and equipment	17	(11,771)	(13,906)
Proceeds from sale of property, plant and equipment		58	381
Additions to intangible assets		-	(288)
Investment in associates	20	(1,750)	(25,814)
Finance income	12	51	370
Inflows from margin deposits under lien (with original maturity more than three months)		19,447	5,285
Outflows from margin deposits under lien (with original maturity more than three months)		(6,976)	(24,074)
Inflows from margin deposits under lien (with original maturity less than three months)		432	-
Outflows from margin deposits under lien (with original maturity less than three months)		(4,236)	(497)
Net cash used in investing activities		(4,745)	(58,543)
Financing activities			
Proceeds on issue of shares – net of transaction costs	26	26,657	-
Purchase of treasury shares		(919)	-
Proceeds from borrowings	33	19,924	880
Repayments of borrowings	33	(880)	(20,000)
Cost of raising debt finance		(3,274)	-
Finance costs		(2,157)	(1,411)
Repayment of interest expense on leases	18	(7,434)	(2,142)
Repayment of lease liabilities	18	(2,792)	(618)
Net cash generated/(used) in financing activities		29,125	(23,291)
Net (decrease)/increase in cash and cash equivalents		(31,753)	31,420
Cash and cash equivalents, beginning of the year		57,625	26,162
Exchange rate translation		(12)	43
Cash and cash equivalents, end of the year	24	25,860	57,625

Additional information

Notes to the consolidated financial statements for the year ended 31 December 2021

1 Legal status and activities

The principal activities of the Company and its subsidiaries (together referred to as "the Group") are: assembly and new build construction for the onshore/offshore oil and gas and renewable sectors; fabricating packaged, pre-assembled and modularised units; constructing accommodation and complex process modules for onshore downstream projects; construction of complex living quarters, wellhead decks, topsides, jackets and other offshore fixed facilities; rig refurbishment; land rig services; engineering and construction, operations and maintenance and proprietary technologies for industrial application – refer to Note 5.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Group is required to present its annual consolidated financial statements for the year ended 31 December 2021 in accordance with United Kingdom adopted international accounting standards, International Financial Reporting Standards ("IFRS") as issued by the IASB and the Isle of Man Companies Acts 1931 to 2004.

This financial information set out in this preliminary announcement does not constitute the Group's statutory accounts for the year ended 31 December 2021 or 31 December 2020, but is derived from those accounts. A copy of the statutory accounts required to be annexed to the Company's annual return to the Companies Registration Office in respect of the year ended 31 December 2020 has been annexed to the Company's annual return for 2020. The consolidated financial statements for the year ended 31 December 2021 approved by the Board of Directors on 7 August 2022 and a copy will be annexed to the Company's annual return for 2021. The auditors have reported on these accounts; their reports were not modified and did not contain a statement under section 15(4) or 15(6) of the Isle of Man Companies Act 1982, but did draw attention to the material uncertainty with respect to going concern (see below).

The financial information comprises the Group balance sheets as of 31 December 2021 and 31 December 2020 and related Group income statement, 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 2021 have been prepared in accordance with the Listing Rules of the London Stock Exchange.

Going concern

These financial statements have been prepared on a going concern basis which assumes that the Group will continue to have adequate resources to continue in operational existence for at least the next twelve months from the date of approval of these consolidated financial statements notwithstanding the material uncertainty discussed below.

The Group incurred a loss before tax of USD 59.9 million during the year ended 31 December 2021 (31 December 2020: USD 53.4 million) and was in a Net Cash position of USD 52.9 million on 31 December 2021 (2020: Net Cash position of USD 112.4 million). Of the Net Cash position on 31 December 2021, USD 47.1 million was restricted. The level of net unrestricted cash on 31 December 2021 was therefore USD 5.8 million (2020: USD 56.8 million). At 30 June 2022 the level of net unrestricted cash was USD 6.5 million and the Group faces acute liquidity challenges as outlined further below.

<u>Balance sheet recapitalisation</u>
In 2021, the Group launched a balance sheet recapitalisation programme to fulfil its near-term working capital needs and to meet medium term strategic objectives with the intention of completing a new funding arrangement of USD 120 -150 million by the end of Q3 2021.

In order to temporarily address the most immediate capital requirements, the Group entered a USD 45 million Export Credit Agency ("ECA") backed revolving trade loan facility (“ECI Facility”) with two regional banks in October 2021 and raised gross proceeds of approximately USD 30.1 million through a placing of new Lamprell shares.

The Group intended to secure further capital in the form of a second working capital facility of USD 45 million by the end of Q1 2022, with additional funding to be put in place by the end of H1 2022.

Accordingly, during H1 2022 the Directors continued to explore a number of potential financing and strategic options, including equity financing, debt financing, the potential sale of the Group’s oil and gas business, asset monetisation and project-specific financing with a view to delivering the required funding by the end of H1 2022 in line with the Group’s working capital requirements.

Despite significant efforts by the Group to secure this additional finance, prior to the developments outlined below these discussions had not resulted in new financing for the Group. As a result, the Group now faces urgent and severe liquidity constraints and in the absence of reaching an immediate alternative funding solution, the Group will not be able to meet its funding obligations.

<u>Recommended Cash Offer for Lamprell plc (“the Offer”)</u>
On 21 July 2022, the Board of Directors of the Company and the Board of Directors of Thunderball Investments Limited (a newly formed company owned by Blofeld Investment Management Limited and AlGihaz Holding Closed Joint-Stock Company) (collectively referred to as “Thunderball”) announced a recommended all-cash offer of 9p per share to be made by Thunderball for the Company's issued share capital. The Offer includes provision of a secured USD 145 million Bridge Loan Facility on the terms and conditions summarised below.

Bridge Loan Facility
On 21 July 2022, the Group entered into the bridge loan facility agreement (the "Bridge Loan Facility Agreement") with Maverick Investment Holding Ltd ("Maverick"), a company under the control of a member of the AlSayed family, and AlGihaz Holding Closed Joint-Stock Company (“AlGihaz”). Pursuant to this Maverick and AlGihaz each agreed to make available a total loan facility of up to USD145 million to the Group. The Bridge Loan Facility is available for drawdown in tranches, of which USD 85 million has already been drawn down and a further USD 10 million has been requested and is expected to be paid on or around 8 August 2022. Further amounts of USD 35 million and USD 15 million are forecast to be drawn down at the end of August and September 2022 respectively. The Bridge Loan Facility is secured on the majority of the Group’s assets.

The Bridge Loan Facility is being made available (i) to repay the ECI Facility described above in full, which occurred on 5 August 2022; and (ii) to fund expenditures projected to fall due after 21 July 2022, in accordance with a schedule of expenditures agreed between the parties. The Bridge Loan Facility is repayable on the earlier of (i) the date falling three months after the date on which the Offer becomes wholly unconditional; or (ii) the date falling three months after the date on which the Offer lapses or is withdrawn. Interest will accrue at the rate of 12 per cent per annum.

The Directors believe the Offer and Bridge Loan Facility are the only viable funding solutions available to the Group and as a result this forms the basis of the forecast cash flows used in performing their assessment of going concern. The Directors have considered the forecast cashflows for the Group for the 15 months to October 2023 which include key assumptions detailed below:

- **The Offer proceeds to completion:** The Offer is subject to more than 50 per cent of shareholders approving the Offer. Based on the current shareholdings of Thunderball, which in aggregate represent approximately 45.18% of the Company’s issued share capital, and irrevocable undertakings by certain other shareholders to vote in favour of the Offer representing an additional 4.82% of issued share capital, the Directors have forecast that the Offer will be accepted by the Shareholders. The Offer is subject to certain additional conditions precedent which are considered usual and customary for this type of transaction.

- **Sufficiency of the Bridge Loan Facility:** The Directors have assumed that the Bridge Loan Facility will be timely paid following draw-down requests and sufficient to cover the funding requirements for the time required to conclude the Offer. After repayment of the ECI facility, USD 101 million of the Bridge Loan Facility remains to pay the Group’s other creditors, which amounted to USD 176 million as of 30 June 2022, and to partially meet the ongoing funding requirements of the Group. A significant proportion of the Group’s creditors at 30 June 2022 were many months overdue and, whilst it is anticipated that the Bridge Loan Facility will enable a number of these to be settled in the period prior to the completion of the Offer, the Directors expect payment to certain overdue key suppliers on the IMI Rigs projects (who were owed USD 51 million at 30 June 2022) will need to be extended in line with the expected timing of milestone receipts on these projects in late 2022 and early 2023. The Directors have assumed that the Group will be able to achieve this based on its track record of doing so, but its ability to do this is critical and dependent on the reaction of the key suppliers as the payables are unsecured and contractual credit terms are exceeded, which is outside the Group's control. The level of creditor deferral in the period prior to completion of the Offer is also dependent on the outcome of contract claims and the extent of new contract awards as discussed below.

- **Post completion funding:** The Directors do not have visibility of Thunderball's plans for the business after the Offer is completed, including the extent and terms of any funding that will be provided post completion. The intentions statement in the 21 July announcement indicates that Thunderball is aware that Lamprell must be recapitalised and that this would be most effectively undertaken after the Company's shares are de-listed such that Lamprell can execute its strategy, with appropriate support, capital and assistance from Thunderball. The Directors have therefore assumed that upon conclusion of the Offer, Thunderball continues to support the business, and in particular:

    - That Thunderball will extend or waive the repayment of the Bridge Loan Facility as the Group will be unable to repay the loan when it falls due (which is forecast to be in December 2022).

    - That significant additional funding will be provided by Thunderball during the 15 months to October 2023 in order that the business may continue to trade. The level and timing of funding required will depend on a number of factors, including the outcome of Thunderball's review of the business, successful execution of the Group's ongoing contracts, the speed with which they are required to settle overdue creditors, and (as discussed below) the outcome of contract claims and extent of new contract awards, but may be up to approximately USD 100 million.

- **Contract claims:** The Directors assume that settlement of contract claims on certain major contracts will result in significant cash inflows in the forecast period. These are not yet agreed and the amount and timing of such settlements is not wholly within the control of the Directors.

- **New contract awards:** The Directors assume conversion of a portion of the bid pipeline in line with the expected timing of awards, including achieving similar historical levels of revenue for the contracting services and rig refurbishment businesses. These contract awards are not committed and there is therefore some uncertainty as to their commencement.

In preparing the forecasts, the Directors have further considered broader economic factors including the ongoing pandemic, conflict in Ukraine and the effects of climate change. Technological improvements or innovations that support the transition to a lower carbon economy, and customer preferences or regulatory incentives that alter fuel or power choices, could impact demand for oil and gas. Depending on the nature and speed of any such changes and our response, these changes could increase costs, reduce our profitability, reduce demand for certain products, limit our access to new opportunities, require us to write down certain assets or curtail or cease certain operations, and affect investor sentiment, our access to capital markets, our competitiveness and financial performance. On the contrary, these risks provide a significant opportunity to our Renewables segment which would benefit from the increased demand and accelerated award of projects to meet the net zero emission targets.

If the Offer does not proceed and the Bridge Loan Facility falls due for repayment within its current terms, there can be no guarantee that the Group will be able to implement any alternative funding in the available timeframe. In such an event, the Directors believe that the Group will be unable to meet its financial commitments as they fall due and consequently will be unable to continue to operate as a going concern resulting in the appointment of receivers, liquidators or administrators. Accordingly, the Directors consider that the Offer represents the only executable funding solution available to the Group given that Thunderball has procured the Bridge Loan Facility and there is no present viable alternative.

The Directors believe that : (1) the risk that the Offer does not complete; (2) the requirement for significant levels of ongoing creditor deferral during the period prior to the completion of the Offer; and (3) the lack of visibility of Thunderball's plans for the business after the Offer is completed, all of which depend on factors outside management's control, constitute in aggregate a material uncertainty that may cast significant doubt upon the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Impact of climate change on going concern

Technological improvements or innovations that support the transition to a lower carbon economy, and customer preferences or regulatory incentives that alter fuel or power choices, could impact demand for oil and gas. Depending on the nature and speed of any such changes and our response, these changes could increase costs, reduce our profitability, reduce demand for certain products, limit our access to new opportunities, require us to write down certain assets or curtail or cease certain operations, and affect investor sentiment, our access to capital markets, our competitiveness and financial performance. On the contrary, these risks provide a significant opportunity to our Renewables segment which would benefit from the increased demand and accelerated award of projects to meet the net zero emission targets.

3 Basis of accounting

The accounting policies used are consistent with those set out in the audited financial statements for the year ended 31 December 2020 except for the adoption of new standards and interpretations effective 1 January 2021 as stated in the reviewed interim financial information for the period ended 30 June 2021. These financial statements are available on the Company's website, www.lamprell.com.

4 Critical accounting judgements and key sources of estimation uncertainty

The Group makes certain critical judgements, estimates and assumptions concerning the future. These 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. The resulting accounting estimates will, by definition, seldom equal the related actual results. The judgements, 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:

4.1 Critical judgements in applying accounting policies

Apart from those involving estimation (see Note 4.2), the Group has made following critical judgements in applying accounting policies in the process of preparing these consolidated financial statements.

4.1.1 Contract claims

A claim is an amount that the Group seeks to collect from the customer or another party as reimbursements for costs not included in the contract price. A claim may arise from, for example, customer caused delays, prolongation cost, cost of acceleration of project, program errors in specifications or design, and disputed variations in contract work. The measurement of the amounts of revenue arising from claims is subject to a high level of uncertainty and often depends on the outcome of negotiations. Therefore, claims are only included in contract revenue when the amount has been accepted by the customer or the customer's representative, there is a clear contractual entitlement, and / or negotiations have reached a stage that it is highly probable that a significant reversal of revenue will not occur.

As at 31 December 2021, the balance due from customers on construction contracts includes an amount of USD 22.1 million (2020: USD 5.0 million) unapproved contract claims as negotiations continue with our clients on the Seagreen and IMI projects.

4.1.2 Liquidated damages (LDs)

The Group recognises liquidated damages where there have been significant delays against defined contractual delivery dates or unfulfilled contractual obligations and it is considered probable that the customer will successfully pursue these penalties. This requires management to make a judgement where the amount of liquidated damages payable under the contract will be incurred based on a combination of an assessment of the contractual terms, the reasons for any delays and evidence of cause of the delays to assess who is liable under the contract for the delays and consequently whether the Group is liable for the liquidated damages or not.

While certain contracts have been subject to delays and/or unfulfilled contractual obligations in 2021, based on a review of the status of and risk on ongoing projects, the current status of discussions with customers and information at hand, no provision for LDs have been made in the financial statements as at 31 December 2021 (2020: nil).

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Revenue and margin recognition

The Group uses the input method in accounting for its contract revenue. Use of the input method requires the Group to estimate the stage of completion of the contract to date based on costs incurred as a proportion of the total contract costs that will be incurred over the life of the contract. As a result, the Group is required to estimate the total cost to completion of all outstanding projects at each period end. These cost estimates will often include a contingency relating to identified risks which are adjusted throughout the life of a project to reflect the remaining risk profile.

The Group uses a 5% sensitivity to assess the effect a change in estimate of this magnitude would have on the revenue and margin recognised. A 3% cost increase is considered to be the minimum figure that could turn a project onerous where margins are low.

If the estimated total costs to completion of all outstanding projects were to decrease by 5% this would either result in contract assets increasing by USD 6.8 million (2020: USD 5.4 million) or contract liabilities decreasing by USD 6.8 million (2020: USD 5.4 million).

If the estimated total costs to completion of all outstanding projects were to increase by 5%, contract assets would either decrease by USD 7.8 million (2020: USD 5.8 million) or contract liabilities would increase by USD 7.8 million (2020: USD 5.8 million). Based on this scenario, contract liabilities would include an onerous contract provision of USD 4.2 million on the Group's two newbuild projects where the margin is lower than average, as they were bid at competitive levels to monetise existing inventory.

5 Segment information

In January 2021, as part of the Lamprell reimagined strategy the Group was re-organised into three strategic markets it seeks to address i.e., 'Oil and Gas', 'Renewables' and 'Digital'. Accordingly, this has changed how the business is reported and viewed by the Executive Directors, the chief operating decision-maker, and therefore the make up of the reportable segments.

The segments are based on strategic objectives, similar nature of the products and services, type of customer and economic characteristics.
During 2020, the segments were reported as Rigs, EPC(I) and Contracting services and as a result, comparatives have been restated.

The Oil and Gas segment contains business from New Build Jack Up rigs, land rigs, refurbishment and engineering and construction (excluding site works) used by customers operating in the Oil and Gas business. The Renewables segment contains business from foundations and offshore platforms mainly used by customers operating offshore wind power projects. The Digital segment comprises business from use of proprietary technologies for industrial application.

	Oil and Gas USD'000	Renewables USD'000	Digital USD'000	Total USD'000
Year ended 31 December 2021				
Revenue from external customers	247,467	141,341	-	388,808
Gross operating profit before absorptions	27,447	6,244	-	33,691

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Year ended 31 December 2020 (restated)				
Revenue from external customers	188,311	150,312	-	338,623
Gross operating profit before absorptions	25,330	21,262	-	46,592

The Executive Directors assesses the performance of the operating segments based on a measure of gross profit. The labour, project management and equipment costs in this gross profit measure are measured based on standard cost. Standard cost is based on an estimated or predetermined cost rates for performing an operation under normal circumstances. Standard costs are developed from historical data analysis adjusted with expected changes in the future circumstances. The difference between total cost charged to the projects at standard rate and the actual cost incurred are reported as under or over absorption. 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 operating profit is provided as follows:

	2021 USD'000	2020 USD'000
Gross operating profit for Oil and Gas segment as reported to the Executive Directors	27,447	25,330
Gross operating profit for the Renewables segments as reported to the Executive Directors	6,244	21,262
Gross operating profit for the Digital segments as reported to the Executive Directors	-	-
Gross operating profit before absorptions	33,691	46,592
Under absorbed employee and equipment costs	(5,544)	(2,893)
Provision for slow moving and obsolete inventories	(21)	(294)
Reversal of impairment losses shown as part of operating profit (Note 10)	148	97
Project related bank guarantee charges shown as part of operating profit	(1,500)	(1,237)
Gross operating profit	26,774	42,265
Unallocated:		
Unallocated operational overheads	(6,497)	(10,743)
Repairs and maintenance	(5,006)	(3,464)
Yard rent and depreciation	(6,969)	(7,323)
Others	(10,408)	(7,325)
Add back:		
Reversal of impairment losses shown as part of general and administrative expenses (Note 10)	(148)	(97)

Project related bank guarantee charges shown as part of finance costs	1,500	1,237
Gross (loss)/profit	(753)	14,550
Selling and distribution expenses (Note 8)	(239)	(298)
General and administrative expenses- excluding impairment and restructuring costs (Note 10)	(34,282)	(37,070)
Other gains – net (Note 13)	687	1,009
Finance costs (Note 12)	(7,122)	(5,980)
Finance income (Note 12)	51	370
Share of loss of investment accounted for using the equity method (Note 20)	(17,013)	(15,697)
Reversal/(charge) of impairment losses - net (Note 39)	471	(4,548)
Restructuring costs (Note 29)	(1,720)	(5,597)
Loss before income tax	(59,920)	(53,261)

The breakdown of revenue from all services is as disclosed in Note 6.

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 income statement.

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.

The Group's principal place of business is in the UAE. The revenue recognised in the UAE with respect to external customers is USD 386.3 million (2020: USD 336.5 million), and the revenue recognised from other countries is USD 2.5 million (2020: USD 2.1 million).

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

	2021 USD'000	2020 USD'000
External customer A	148,542	99,156
External customer B	140,491	87,193
External customer C	28,069	51,152
	317,102	237,501

In 2021, revenue from customers A and C is attributable to the Oil and Gas segment, and revenue from customer B to the Renewables segment, whereas in 2020, revenue from customers A and C relates to Renewable segment and customer B to the Oil and Gas segment. Customers A, B and C are not the same in the two years presented.

6 Disaggregation of revenue

Major value streams

	Year ended 31 December 2021			Year ended 31 December 2020 (restated)		
	Oil and Gas	**Renewables**	**Total**	**Oil and Gas**	**Renewables**	**Total**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
New build jackups, refurbishment and land rigs	186,221	-	186,221	128,727	-	128,727
Platforms	7,448	-	7,448	-	-	-
Foundations	-	141,341	141,341	-	150,312	150,312
Operations and maintenance, site work and safety services	53,798	-	53,798	59,584	-	59,584
	247,467	141,341	388,808	188,311	150,312	338,623

Timing of revenue recognition

	Year ended 31 December 2021			**Year ended 31 December 2020** (restated)		
	Oil and Gas	**Renewables**	**Total**	**Oil and Gas**	**Renewables**	**Total**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Recognised over time	247,467	141,341	388,808	188,311	150,312	338,623

There was no revenue recognised at a point in time during the years ended 31 December 2021 and 31 December 2020.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied), to be recognised over time, as at 31 December are, as follows:

Performance Obligations (unsatisfied)

	Year ended December 2021			**Year ended December 2020** (restated)		
	Oil and Gas	**Renewables**	**Total**	**Oil and Gas**	**Renewables**	**Total**
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Within one year	326,978	14,317	341,295	314,332	142,872	457,204
More than one year	1,596	-	1,596	64,760	-	64,760
	328,574	14,317	342,891	379,092	142,872	521,964

7 Cost of Sales

	2021 USD'000	2020 USD'000
Materials and related costs	147,324	131,921
Staff costs (Note 11)	124,708	107,692
Subcontract labour	38,295	16,376
Subcontract costs - including warranty provisions	33,958	30,803
Depreciation (Note 17)	14,858	17,986
Equipment hire	14,071	9,620

Write-down of inventory to net realisable value (Note 21)	-	6,934
Utilities	6,122	3,439
Repairs and maintenance	5,006	3,464
Warranty provision released	(257)	(9,039)
Recruitment costs	499	555
Others	4,977	4,322
	389,561	324,073

8 Selling and distribution expenses

	2021 USD'000	2020 USD'000
Advertising and marketing	162	72
Travel	48	214
Entertainment	21	11
Others	8	1
	239	298

9 Share-based payments

	2021 USD'000	2020 USD'000
Amount of share-based charge (Note 11):		
- relating to retention share plan	896	1,230
- relating to performance share plan	1,514	3,210
	2,410	4,440

10 General and administrative expenses

	2021 USD'000	2020 USD'000
Staff costs (Note 11)	18,959	25,574
Legal, professional and consultancy fees	4,504	2,126
Depreciation (Note 17)	1,950	2,045
Auditor's remuneration (Note 15)	1,944	1,326
IT support and maintenance	1,857	1,543
Restructuring costs (Note 29)	1,720	5,597
Insurance	1,422	916
Utilities and communication	1,279	1,135
Non-executive director fees	452	439
Office maintenance	450	513
Bank charges	101	105

Amortisation of intangible assets	9	9
Digital initiatives	-	550
Reversal of impairment losses, net of amounts recovered	(148)	(97)
(Reversal)/charge of impairment losses of non-financial assets – net (Note 39)	(471)	4,548
Others	1,503	886
	35,531	47,215

11 Staff costs

	2021 USD'000	2020 USD'000
Wages and salaries	112,404	100,209
Employees' end of service benefits (Note 28)	4,618	5,251
Share-based payments – value of services provided (Note 9)	2,410	4,440
Other benefits	24,235	23,366
	143,667	133,266
Staff costs are included in:		
Cost of sales (Note 7)	124,708	107,692
General and administrative expenses (Note 10)	18,959	25,574
	143,667	133,266
Number of employees at 31 December	5,688	5,346
Sub-contracted employees at 31 December	1,060	1,275
Total number of employees (staff and subcontracted) at 31 December	6,748	6,621

Staff costs for the year ending 31 December 2021 is net of the COVID-19 savings realised from payroll deductions implemented at the onset of the pandemic amounting to USD 8.7 million (31 December 2020: 7.7 million). This contributes USD 6.2 million (31 December 2020: USD 5.4 million) to cost of sales and USD 2.5 million (31 December 2020: USD 2.3 million) to general and administrative expenses.

The other benefits primarily consist of non-cash benefits for employees such as insurance, air fare, VISA costs and rental of villas and apartments.

During the year, the average head count for administrative employees was 5,780 (2020: 5,552) while the average head count for subcontracted employees was 1,875 (2020: 717).

12 Finance costs and income

	2021 USD'000	2020 USD'000
Finance costs		
Interest expense on leases (Note 18)	4,949	4,627
Bank guarantee charges	1,526	1,147
Interest on bank borrowings	34	129
Commitment fees	-	42
Others	613	35
	7,122	5,980

Finance income

Finance income comprises interest income of USD 0.1 million (2020: USD 0.4 million) from bank deposits.

13 Other gains – net

	2021 USD'000	2020 USD'000
Exchange loss – net	(140)	(454)
(Loss)/profit on disposal of assets	(73)	267
Discounts received	-	892
Insurance claim received against previous year expenses	723	-
Others	177	304
	687	1,009

14 Loss per share

(a) Basic

Loss per share is calculated by dividing the loss 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 26).

(b) Diluted

Diluted loss 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 retention and performance share plans, a calculation is performed 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 share awards.

	2021 USD'000	2020 USD'000
The calculations of loss per share are based on the following loss and numbers of shares:		
Loss for the year	(60,048)	(53,386)
Weighted average number of shares for basic loss per share	353,506,890	341,710,302
Adjustments for:		
- Assumed vesting of performance share plan	-	-
- Assumed vesting of retention share plan	-	-
Weighted average number of shares for diluted loss per share	353,506,890	341,710,302

Assumed vesting of performance and retention share plans amounting to 3,813,324 (2020: 3,199,269) shares and 1,817,370 (2020: 2,880,301) shares respectively have been excluded in the current period as these are anti-dilutive.

Loss per share:		
Basic	(16.98)c	(15.63)c
Diluted	(16.98)c	(15.63)c

15 Operating loss

(a) Operating loss

Operating loss is stated after charging/recognising:

	2021 USD'000	2020 USD'000
Depreciation (Note 17)	16,808	20,031
(Reversal)/charge of impairment losses – net (Note 39)	(471)	4,548
Write-down of inventory to net realisable value (Note 21)	-	6,934

(b) Auditor's remuneration

Services provided by the Group's auditor and its associates comprised:

	2021	2020

	USD’000	USD’000
Audit of parent company and consolidated financial statements	1,306	966
Audit of Group companies pursuant to legislation	71	71
Total audit fee	1,377	1,037
Interim review of parent company and consolidated financial statements	554	289
Corporate finance services	494	-
Total non-audit fee	1,048	289

The above fees exclude non-recoverable UK VAT amounting to USD 0.3 million.

16 Financial instruments by category

Assets as per balance sheet

	Classification	2021 USD’000	2020 USD’000
Trade receivables – net of provision (Note 22)	Amortised cost	27,010	51,903
Other receivables (Note 22)	Amortised cost	12,609	10,871
Due from related parties (Note 25)	Amortised cost	13,470	8,602
Cash and bank balances (Note 24)	Amortised cost	72,833	113,265
		125,922	184,641

Liabilities as per balance sheet

	Classification	2021 USD’000	2020 USD’000
Trade payables (Note 30)	Liabilities at amortised cost	112,943	26,586
Other payables (Note 30)	Liabilities at amortised cost	9,090	1,353
Accruals (Note 30)	Liabilities at amortised cost	49,549	42,810
Due to a related party (Note 25)	Liabilities at amortised cost	235	117
Borrowings (Note 33)	Liabilities at amortised cost	19,942	880
		191,759	71,746

17 Property, plant and equipment

	Buildings & infrastructure	**Operating Equipment**	**Fixtures and office Equipment**	**Motor Vehicles**	**Right of use assets**	**Capital work-in-Progress**	**Total**
	USD’000	USD’000	USD’000	USD’000	USD’000	USD’000	USD’000
Cost							

At 1 January 2020	172,764	173,551	19,417	3,230	56,758	5,104	430,824
Additions	337	5,705	173	-	13,569	7,691	27,475
Disposals	(95)	(6,367)	(1)	(347)	-	-	(6,810)
Remeasurements	-	-	-	-	(1,824)	-	(1,824)
Transfers	-	4,825	102	-	-	(4,927)	-
Retirements*	(27,166)	(6,428)	(10,279)	(39)	-	-	(43,912)
At 31 December 2020	145,840	171,286	9,412	2,844	68,503	7,868	405,753
Additions	2,321	7,567	905	-	-	2,486	13,279
Disposals	(122)	(862)	(3)	(25)	-	-	(1,012)
Remeasurements	-	-	-	-		-	
Transfers	4,925	2,693	128	-	-	(7,746)	-
At 31 December 2021	152,964	180,684	10,442	2,819	68,503	2,608	418,020
Depreciation							
At 1 January 2020	(122,596)	(122,809)	(18,019)	(2,937)	(4,386)	-	(270,747)
Charge for the year	(4,264)	(10,648)	(872)	(149)	(4,098)	-	(20,031)
Impairment (Note 39)	(311)	(3,172)	(76)	-	-	-	(3,559)
Disposals	68	6,281	-	347	-	-	6,696
Retirements*	27,166	6,428	10,279	39	-	-	43,912
At 31 December 2020	(99,937)	(123,920)	(8,688)	(2,700)	(8,484)	-	(243,729)
Charge for the year	(3,746)	(8,004)	(782)	(63)	(4,213)	-	(16,808)
Impairment reversal /(charge) – net (Note 39)	(2,225)	2,708	(12)	-	-	-	471
Disposals	122	732	2	25	-	-	881
At 31 December 2021	(105,786)	(128,484)	(9,480)	(2,738)	(12,697)	-	(259,185)
Net book value							
At 31 December 2021	47,178	52,200	962	81	55,806	2,608	158,835
At 31 December 2020	45,903	47,366	724	144	60,019	7,868	162,024

* relates to the retirement of assets associated with the Sharjah yard, which was vacated during 2020 as part of the Group's restructuring plan.

Buildings have been constructed on land, leased on a renewable basis from various Government Authorities. The remaining lives of the leases range between two to twenty-one years.

Property, plant and equipment with a carrying amount of USD 39.3 million (2020: USD 58.4 million) are under lien against the bank facilities (Note 33).

A depreciation expense of USD 14.9 million (2020: USD 18.0 million) has been charged to cost of sales; USD 1.9 million (2020: USD 2.0 million) to general and administrative expenses (Notes 7 and 10). This includes depreciation charge on right-of-use assets of USD 4.2 million (2020: USD 4.1 million). A net reversal of an impairment loss of USD 0.5 million (2020: impairment charge USD 3.6 million) has been recorded based on the impairment tests performed at year end. Refer to Note 39 for details of the impairment assessments performed at year end and key assumptions.

Capital work-in-progress represents the cost incurred towards construction and upgrade of infrastructure and operating equipment.

18 Lease liabilities

The following is the movement in lease liabilities during the year ended 31 December 2021:

	2021 USD'000	2020 USD'000
At 1 January	70,985	57,373
Additions during the year	-	13,569
Interest expense on leases	4,949	4,627
Repayment of lease liability	(2,792)	(618)
Repayment of interest expense on leases	(7,434)	(2,142)
Remeasurements	-	(1,824)
At 31 December	65,708	70,985
Non-current	63,411	68,849
Current	2,297	2,136
	65,708	70,985

19 Events after balance sheet date

Recommended Cash Offer for Lamprell plc ("the Offer")
On 21 July 2022, the Board of Directors of Lamprell plc and the Board of Directors of Thunderball Investments Limited (a newly formed company owned by Blofeld Investment Management Limited and AlGihaz Holding Closed Joint-Stock Company) (collectively referred to as "Thunderball") announced a recommended all-cash offer of 9p per share to be made by Thunderball for the Company's issued and to be issued share capital. It is intended that the Offer will be implemented by way of a takeover offer - refer Note 2.1.

Bridge Loan Facility
On 21 July 2022, the Group entered into the bridge loan facility agreement (the "Bridge Loan Facility Agreement") with Maverick Investment Holding Ltd ("Maverick"), a company under the control of a member of the AlSayed family, and AlGihaz Holding Closed Joint-Stock Company ("AlGihaz"). Pursuant to this Maverick and AlGihaz each agreed to make available a total loan facility of up to USD145 million to the Group - refer Note 2.1.

Repayment of ECI facility
On 4 August 2022, the Group repaid the full amount outstanding on the ECI facility amounting to USD 44 million as of that date.

Capacity reservation agreement for major renewables contract
On 22 March 2022, the Group signed a capacity reservation agreement for the Moray West Offshore Wind Farm for a very large contract. The reservation agreement secures capacity in Hamriyah yard for the work as the project moves towards financial close and full contract award. The base scope of work is for the supply of 62 transition pieces, which

includes 60 wind turbine generator transition pieces and two transition pieces for the two offshore substations, as well as for the shipping of the 62 transition pieces to a marshalling harbour in the UK.

Limited Notice to Proceed pending new contract award ("LNTP")
On 18 February 2022, the Group received a limited notice to proceed from the Saudi-based contractor, Bas Global Marine Services (BGMS), in anticipation of the full award in H2 2022. The full scope of work on this contract relates to the delivery and construction of multiple jack-up lift barges to BGMS. The scope of work under the LNTP is for early works, including the procurement of materials and mobilisation of the Group's project management team. All project activities will be undertaken in the Group's Hamriyah facilities and work will start immediately, with project completion planned for 2H 2023.

20 Investment accounted for using the equity method

	2021 USD'000	2020 USD'000
At 1 January	55,888	44,420
Investment in associate and joint venture	1,750	25,814
Share of loss of investments accounted for using the equity method – net	(17,013)	(15,697)
Impairment (Note 39)	-	(792)
Excess loss reclassified to other liabilities (MISA)	-	2,123
Excess loss reclassified to other liabilities (LSAL)	325	372
Share of other comprehensive loss accounted for using the equity method	-	(352)
At 31 December	40,950	55,888

21 Inventories

	2021 USD'000	2020 USD'000
Raw materials, consumables and finished goods	15,710	16,995
Work in progress	-	-
Less: Provision for slow moving and obsolete inventories	(2,482)	(2,743)
	13,228	14,252

The cost of inventories recognised as an expense amount to USD 18.7 million (2020: USD 19.6 million) and this includes nil (2020: 6.9 million) in respect of write-down of inventory to net realisable value. The net realisable value for finished goods was determined by an independent valuer based on a fair valuation of the components making up the finished goods.

22 Trade and other receivables

	2021 USD'000	2020 USD'000

Trade receivables	30,233	55,275
Other receivables	12,609	10,871
Prepayments	6,062	2,320
Advance to suppliers	277	194
Receivables from a related party (Note 25)	13,470	8,602
	62,651	77,262
Less: Provision for impairment losses	(3,224)	(3,372)
	59,427	73,890

An analysis of trade receivables is as follows:

	2021 USD'000	2020 USD'000
Fully performing	21,126	43,760
Past due	5,884	8,143
Impaired	3,223	3,372
	30,233	55,275

23 Contract Assets

	2021 USD'000	2020 USD'000
Amounts due from customers on contracts	26,211	30,859
Contract work in progress	73,181	54,567
	99,392	85,426

24 Cash and bank balances

(a) Cash and cash equivalents

	2021 USD'000	2020 USD'000
Cash at bank and on hand	25,860	57,625

(b) Term and margin deposits

	2021 USD'000	2020 USD'000
Margin deposits – under lien (with original maturity less than three months)	6,844	3,040
Margin deposits – under lien (with original maturity more than three months)	40,129	52,600
Term and margin deposits (restricted cash) (Note 33)	46,973	55,640

Non-Current	530	447
Current	46,443	55,193
	46,973	55,640

At 31 December 2021, the cash at bank and short-term deposits were held with ten banks (2020: eleven banks). The effective interest rate on short-term deposits was 0.10% (2020: 0.77%) per annum. Margin and short-term deposits of USD 6.8 million (2020: USD 3.0 million) and deposits with an original maturity of more than three months amounting to USD 40.1 million (2020: USD 52.6 million) are held under lien against bank guarantees (Note 37).

Cash and cash equivalents are assessed to have low credit risk as further detailed in Note 3.1c. Therefore, management does not estimate the loss allowance on cash and cash equivalents at the end of reporting period as material.

25 Related party balances and transactions

Related parties comprise of substantial shareholders who own 10% or more of the issued share capital and voting rights of the Company, certain legal shareholders of the Group companies, Directors and key management personnel of the Group and entities controlled by Directors and key management personnel. Key management includes the Directors and members of the executive committee. Related parties, for the purpose of the parent company financial statements, also include subsidiaries owned directly or indirectly and joint ventures. Other than those disclosed elsewhere in the financial statements, the Group entered the following significant transactions during the year with related parties at arm’s length prices. The Group’s other related party transactions were the remuneration of Non-Executive Directors.

	2021 USD’000	2020 USD’000
Key management compensation	5,419	8,441
Sales to associates*	146,904	90,351
Purchases from associates	118	117
Re-chargeable expenses to associates	1,638	2,369
Sponsorship fees and commissions paid to legal shareholders of subsidiaries (Note 1)	337	329

**Sales to associates includes contract revenue earned from the IMI rigs USD 141.9 million (2020: USD 88.2 million). Contract liabilities on the balance sheet includes an amount of USD 8.2 million (2020: USD 97.3 million) related to these rigs in line with IFRS 15 accounting.*

Key management compensation comprises:

	2021	2020
	USD'000	USD'000
Salaries and other short-term benefits	3,380	3,912
Bonus and share-based payments – value of services provided	1,374	3,874
Post-employment benefits	217	216
Non-Executive Directors fee (Note 11)	448	439
	5,419	8,441

The terms of the employment contracts of the key management include reciprocal notice periods of between three to twelve months.

Due from related parties

	2021	2020
	USD’000	USD’000
MISA (in respect of sales to associate*)*	1,006	698
IMI (In respect of expenses on behalf of associate)	4,411	6,852
LSAL (In respect of expenses on behalf of joint venture)	8,050	1,049
Mada Al Sharq Company LLC (in respect of joint venture expenses)	3	3
	13,470	8,602

Due to a related party

	2021	2020
	USD’000	USD’000
MISA (in respect of purchases) *(associate)* (Note 30)	235	117

26 Share capital and share premium

Issued and fully paid ordinary shares

	Equity	**Share capital**	**Share premium**
	Number	USD’000	USD’000

At 1 January 2021	341,726,570	30,346	315,995
Shares issued during the year	68,345,313	4,558	24,608
Share issue costs	-	-	(2,509)
At 31 December 2021	410,071,883	34,904	338,094

The total authorised number of ordinary shares is 500 million shares (2020: 500 million shares) with a par value of 5 pence per share (2020: 5 pence per share).

During the year, the Company successfully carried out a non-pre-emptive placing through an accelerated bookbuild and the direct subscription with the Company by certain Directors (together, the “Capital Raising”). The capital raising represented 19.99% of the Company’s issued share capital at the time equal to 68,345,313 ordinary shares at an issue price of 32 pence per share. An aggregate of 67,900,313 shares were placed with institutional investors, while the remaining 445,000 shares were directly subscribed by the directors. The gross proceeds from the capital raising amounted to USD 29.2 million.

27 Other reserves

	Legal reserve USD’000	**Merger reserve** USD’000	**Translation reserve** USD’000	**Total** USD’000
At 1 January 2020	98	(18,572)	(861)	(19,335)
Currency translation differences	-	-	43	43
At 31 December 2020	98	(18,572)	(818)	(19,292)
Currency translation differences	-	-	(12)	(12)
At 31 December 2021	98	(18,572)	(830)	(19,304)

28 Post-employment benefits liabilities

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its obligations at 31 December 2021 and 2020, using the projected unit credit method, in respect of employees’ end of service benefits payable under the Labour Laws of the countries in which the Group operates. Under this method, an assessment has been made of an employee’s expected service life with the Group and the expected basic salary at the date of leaving the service. The obligation for end of service benefit is not funded.

The movement in the employees' end of service benefit liability over the periods is as follows:

	2021 USD'000	2020 USD'000
At 1 January	37,848	36,863
Current service cost	4,046	4,308
Interest cost	572	943
Remeasurements	(305)	1,676
Benefits paid	(3,706)	(5,942)
At 31 December	38,455	37,848

Remeasurements consist of actuarial gain from a change in financial assumptions USD 1.2 million (2020: loss of USD 2.2 million) and an actuarial loss from a change in other experiences USD 0.9 million (2020: gain of USD 0.5 million).

29 Restructuring costs

As part of the reorganisation mentioned in Note 5, the Group restructured some of its functional departments and has outsourced IT services to an external party. A one-off charge of USD 1.7 million (2020: USD 5.6 million) relating to process transitions and staff redundancies has been recorded because of these changes and are included in General and Administrative expenses. Previous year expenses were related to staff redundancies and costs of closing down Sharjah yard.

30 Trade and other payables

	2021 USD'000	2020 USD'000
Trade payables	112,943	26,586
Other payables	9,090	1,353
Accruals	49,549	42,810
Payables to a related party (Note 25)	235	117
	171,817	70,866

The Group considers that the carrying amount of trade and other payables approximates to their fair value. The increase in trade payables is due to deferral of creditors payments – see Note 2.1. As at 31 December 2021, trade payables amounting to USD 97.1 million (2020: USD 15.1 million) were not within current aging.

31 Contract Liabilities

	2021 USD'000	2020 USD'000
Amounts due to customers on contracts	15,149	159,991

Amounts due to customers on contracts comprise:		
Progress billings	271,287	343,734
Less: Cost incurred to date	(248,111)	(168,790)
Less: Recognised profit	(8,027)	(14,953)
	15,149	159,991

32 Provision for warranty costs and other liabilities

	USD’000
At 1 January 2020	11,440
Charge during the year	1,154
Released/utilised during the year	(9,039)
At 31 December 2020	3,555
Charge during the year	1,191
Released/utilised during the year (Note 7)	(257)
At 31 December 2021	4,489

Warranty costs charged during the year relates to management’s assessment of potential claims under contractual warranty provisions. The charge during the year is included in subcontract cost in Note 7. During the year ended 31 December 2021, an amount of USD 0.2 million (2020: USD 0.6 million) was utilised and USD 0.1 million (2020: USD 8.4 million) released against the provision for warranty costs. These provisions are expected to be utilised if claims are received within the warranty periods which can range between one to five years. If not utilised, these are released at the end of the warranty periods.

33 Borrowings

	2021 USD’000	2020 USD’000
Trade credit facility	-	880
Revolving trade loan facility	19,942	-

The borrowings are payable within one year (2020: within one year).

At 31 December 2021, the Group has separate bilateral unfunded facilities of USD 38.8 million (2020: USD 321.3 million) with commercial banks. The facilities include letters of guarantees and letters of credit and there has been no change in the nature of security pledged against these facilities as at 31 December 2021. These are summarised below:

	Facility **USD’000**	**Amount utilised** **USD’000**	**Amount available to be used** **USD’000**
Funded facilities			
Trade loan facility	45,006	19,942	25,064
Unfunded facilities			

Bank guarantees (Note 37)	124,627	85,787	38,840
Total	169,633	105,729	63,904

During the year, the Group secured a USD 45 million UAE Export Credit Agency backed revolving trade loan facility from First Abu Dhabi Bank and Emirates Development Bank (the "Initial Facility"). The Initial Facility will assist with the working capital requirements on the IMI rigs which are currently under construction at the Group's Hamriyah yard. As part of the terms of the Initial Facility, there is an option of an additional accordion facility of USD 45 million subject to the provision of additional security to the banks similar to that for the Initial Facility.

The facility is repayable in stages linked to the timing of milestone receipts under the IMI rigs contracts and will terminate two business days after the milestone three payment is received, or on 31 December 2022, whichever comes first. The facility has been fully repaid subsequent to the balance sheet date – refer Note 19.

The Group's debt facility is subject to covenant clause, whereby the Group must ensure that its net worth, calculated as net tangible assets, does not fall below USD 100 million at any time.

The revolving trade loan facility carries interest at EIBOR plus margins, which must be paid on maturity/rollover dates. The borrowings include accrued interest of USD 0.1 million (2020: Nil).

Bank facilities are secured by liens over term deposits of USD 47.0 million (2020: USD 55.6 million) (Note 24), the Group's counter indemnities for guarantees issued on their behalf, the Group's corporate guarantees, letter of undertakings, letter of credit payment guarantees, cash margin held against letters of guarantees, shares of certain subsidiaries, certain movable assets and certain contract related receivables.

The carrying amounts of borrowings in the year approximated to their fair value and were denominated in USD or UAE Dirhams, which are pegged to the USD.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flows as cash flows from financing activities.

Year ended 31 December 2021

	1 January	Draw-down during the year (cash)	Repayment during the year (cash)	Additions to lease liabilities (non-cash)	Remeasurements/ Finance cost (non-cash)	31 December

	USD’000	USD’000	USD’000	USD’000	USD’000	USD’000
Trade credit facility	880	-	(894)	-	14	-
Trade loan facility	-	19,924	-	-	18	19,942
Lease liabilities	70,985	-	(10,226)	-	4,949	65,708
	71,865	19,924	(11,120)	-	4,981	85,650

Year ended 31 December 2020

Trade credit facility	-	880	-	-	-	880
Term loans	20,058	-	(20,058)	-	-	-
Lease liabilities	57,373	-	(2,760)	13,569	2,803	70,985
	77,431	880	(22,818)	13,569	2,803	71,865

34 Income tax expense

	2021 USD'000	2020 USD'000
Current tax expense:		
Current year charge	128	125
Adjustments in respect of prior years	-	-
Income tax expense as reported in consolidated income statement	128	125

Corporate income tax is not applicable in the UAE where the Group’s principal place of business is located. The Group accounts for corporate tax for its operations in Qatar and Kurdistan.

35 Dividends

There were no dividends declared or paid during the year ended 31 December 2021 or 31 December 2020.

36 Commitments

(a) International Maritime Industries Commitments

In 2017, the Group entered commitments associated with the investment in International Maritime Industries. Under the Shareholders’ Agreement, the Group, via its subsidiary Maritime Offshore Limited, will invest up to a maximum of USD 140.0 million in relation to its commitment over the course of construction of the Maritime Yard between 2017 and 2023 with USD 84.8 million already paid to date. The forecast contributions are as follows:

	2021	2020
	USD’000	USD’000

Within one year	37,000	17,000
Later than one year but not later than four years	18,200	38,200
	55,200	55,200

As part of this investment, the Company provided a guarantee, of the obligations, commitments, undertakings, representations, warranties, indemnities and covenants of Maritime Offshore Limited under the Shareholders' Agreement (capped at its aggregate maximum commitment of USD 140 million). Should the Group not be in the position to honour its outstanding investment commitments, it is likely that this would result in the Group's stake in the IMI joint venture being diluted below 20 percent.

(b) Other commitments

	2021 USD'000	2020 USD'000
Capital commitments for restructuring programme	60	1,304
Capital commitments for construction of facilities	85	883
Capital commitments for purchase of operating equipment and computer software	258	2,433

37 Bank guarantees

	2021 USD'000	2020 USD'000
Performance/bid bonds	81,935	84,673
Advance payment, labour visa and payment guarantees	3,818	8,754
	85,753	93,427

The various bank guarantees, as above, were issued by the Group's bankers in the ordinary course of business. Certain guarantees are secured by cash margins, assignments of receivables from some customers and in respect of guarantees provided by banks to the Group companies, they have been secured by parent company guarantees (Note 33). In the opinion of the management, the above bank guarantees are unlikely to result in any liability to the Group.

38 Cash (used in)/generated from operations

		Year ended 31 December	
		2021	2020
	Notes	USD'000	USD'000

Operating activities			
Loss before income tax		(59,920)	(53,261)
Adjustments for:			
Share-based payments – value of services provided	9	2,410	4,440
Depreciation	17	16,808	20,031
Amortisation of intangible assets		9	9
(Reversal)/charge of impairment losses of non-financial assets - net	39	(471)	4,548
Share of loss of investments accounted for using the equity method – net	20	17,013	15,697
Provision/(release) for warranty costs and other liabilities - net	32	934	(7,885)
Loss/(profit) on disposal of property, plant and equipment		73	(267)
(Release)/provision for slow moving and obsolete inventories	21	(261)	155
Release for impairment of trade receivables, net of amounts recovered		(148)	(97)
Charge for employees' end of service benefits	28	4,618	5,251
Finance costs	12	7,122	5,980
Finance income	12	(51)	(370)
Operating cash flows before payment of employees' end of service benefits and changes in working capital		(11,864)	(5,769)
Payment of employees' end of service benefits		(3,706)	(5,942)
Changes in working capital:			
Inventories before movement in provision	21	1,285	75,351
Trade and other receivables before movement in Provision for impairment losses	22	17,885	(36,362)
Contract assets	23	(13,966)	(45,042)
Trade and other payables	30	99,120	(25,098)
Contract liabilities	31	(144,842)	156,165
Cash (used in)/generated from operations		(56,088)	113,303

39 Impairment of non-financial assets

Impairment comprise of the following:	2021 USD'000	2020 USD'000
Impairment of property, plant and equipment (Note 17)	3,163	3,559
Impairment of intangible assets	-	197
Impairment of an investment accounted for using equity method (Note 20)	-	792

Reversal of an impairment loss (Note 17)	(3,634)	-
	(471)	4,548

40 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 2021 will be annexed to the Company's annual return for 2021. Consistent with prior years, the full financial statements for the year ended 31 December 2021 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 to the Companies Registration Office in respect of the year ended 31 December 2020 has been annexed to the Company's annual return for 2020.

41 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.

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

Alternative performance measures

We use a range of financial and non-financial measures to assess our performance. The tables below set out the definitions of such measures, reconciliations to amounts presented in the financial statements and the reason for their inclusion in the report. The metrics presented are consistent with those presented in our previous annual report and there has been no change to the bases of calculation.

Adjusted EBITDA

In addition to measuring financial performance of the Group based on operating profit, we also measure performance based on adjusted EBITDA. Adjusted EBITDA is defined as the Group profit/(loss) for the year from continuing operation before depreciation, amortisation, impairment, net finance expense, taxation, one off items and share of loss of investments accounted for using the equity method.

We consider adjusted EBITDA to be a useful measure of our operating performance because it provides an indication of our ability to generate cash from profit by excluding non-cash items and one-off items that are non-recurring in nature, such as restructuring costs (Note 29). Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement, and needs to be considered in the context of our financial commitments. Adjusted EBITDA margin is calculated as a percentage of revenue.

Reconciliation from Group loss for the year, the most directly comparable IFRS measure, to adjusted EBITDA is set out below:

Year ended 31 December

	2021 USD'000	2020 USD'000
Loss for the year	(60,048)	(53,386)
Depreciation (Note 17)	16,808	20,031
Amortisation	9	9
Interest on bank borrowings and leases (Note 12)	4,983	4,756
Finance income (Note 12)	(51)	(370)
Income tax expense	128	125
(Reversal)/charge of impairment losses - net (Note 39)	(471)	4,548
Inventory write down (Note 21)	-	6,934
Restructuring costs (Note 29)	1,720	5,597
Share of loss of investments accounted for using the equity method – net (Note 20)	17,013	15,697
Adjusted EBITDA	(19,909)	3,941
Adjusted EBITDA margin	(5.1%)	1.2%

Net cash

Net cash measures financial health after deduction of liabilities such as borrowings. A reconciliation from the cash and cash equivalents per the consolidated cash flow statement, the most directly comparable IFRS measure, to reported net cash, is set out below:

	2021 USD'000	2020 USD'000
Cash and cash equivalents (Note 24)	25,860	57,625
Margin deposits – under lien (with original maturity less than three months) (Note 24)	6,844	3,040
Margin deposits – under lien (with original maturity more than three months) (Note 24)	40,129	52,600
Borrowings (Note 33)	(19,942)	(880)
Net cash	52,891	112,385

Of net cash at 31 December 2021, USD 47 million is restricted (31 December 2020: USD 55.6 million) – see Note 24.

Overheads

Overheads are costs required to run our business, but which cannot be directly attributed to any specific project or service. A reconciliation from unallocated expenses per the segment note in the consolidated financial statements to reported overheads, is set out below:

	2021 USD'000	2020 USD'000
General and administrative expenses (Note 10)	35,531	47,215
Selling and distribution expenses (Note 8)	239	298
Direct overheads included in cost of sales:		
Unallocated operational overheads (Note 5)	6,497	10,743
Yard rent and depreciation (Note 5)	6,969	7,323
Repairs and maintenance (Note 5)	5,006	3,464
Interest expense on leases (Note 12)	4,949	4,627
Other	9,842	6,783
Overheads	69,033	80,453
Restructuring costs (Note 10)	(1,720)	(5,597)
Reversal/(charge) of impairment losses – net (Note 39)	471	(4,548)
Covid-19 related salary reductions	8,684	7,736
Underlying overheads	76,468	78,044

An analysis of overheads nature is as follows:

	2021	2020
Overhead nature:	USD'000	USD'000
Fixed	27,741	27,169
Semi variable	9,848	6,167
Variable	38,879	44,708
Underlying overhead	76,468	78,044

An analysis of overheads types is as follows:

	2021	2020
Overhead type:	USD'000	USD'000
Cash	58,312	53,214
Non-cash	18,156	24,830
Underlying overhead	76,468	78,044