

Press Release

March 30th 2009

Kentz Corporation Limited Full Year Financial Results 2008

London, 30th March 2009: Kentz Corporation Limited (the “Company”), the holding company of the Kentz engineering and construction group, today announces its unaudited group results for year ending 31st December 2008.

Financial Highlights

- Revenue in 2008 increased by 18.1% to US\$643.4m (2007: US\$544.6m) *
- Profit before tax in 2008 increased by 18.7% to US\$40.7m (2007: US\$34.3m) **
- Profit before tax margin was maintained at 6.3%, in line with 2007 **
- Cash balance at the end of 2008 increased by 24.8% to US\$154.4m (2007: US\$123.7m)
- EPS (basic and fully diluted) 25.09*** US\$ cents up 10%*** (2007: 22.81US\$ cents)
- Backlog at the end of 2008 increased by 68.3% to US\$1,003.8m (2007: US\$596.4m)
- Final dividend of 3.8 US cents per share in line with dividend policy outlined at the time of IPO.*

* Excluding JV operations

** Before flotation costs of \$4.695m in 2008.

*** For the full year 2008 year ended 31st December 2008 stated before reflecting non-recurring costs arising from the admission of Kentz Corporation Limited to AIM

Current Trading and Prospects

- Backlog at the end of January 2009 stood at US\$1,007.0m
- In addition, we have received letters of intent and orders for new projects since the end of January in excess of US\$200m, which are expected to be converted to backlog within two months

- Strong visibility of projects with approximately US\$520m of backlog to be executed in 2009 and the remaining US\$484m in the following years
- Awarded large engineering projects in Saudi Arabia with our partner Radicon Gulf by the Royal Commission for Yanbu and Jubail valued in excess of US\$60m
- Established a joint venture partnership with GPS Inc., Kentz Global Oil & Gas Process Systems Ltd.
- Future prospects for Kentz exceed US\$2.15bn. Decisions on the award of these prospects expected within the next six months

Corporate Development and Operational Highlights

- Listed on AIM on 5 February 2008, raising a total of £66.7m (US\$ 131.8m) before costs for the Company and its selling shareholders
- Global expansion of our current three business lines Specialist EPC, Construction and Technical Support Services into Global business Units (GBU's) during 2009
- Participation in the next phase of Sakhalin 1 development with ExxonMobil Neftegas and Fluor, with total contracts in excess of US\$100m
- Participation in Shell Pearl GTL in Qatar well advanced, with contracts in excess of US\$300m
- Continuation of work on the Saudi Aramco Khurais project in Saudi Arabia with value in excess of US\$60m
- Good progress with Engineering, Procurement, Construction and Maintenance projects for Sipchem in Saudi Arabia, which are valued at over US\$100m, including new awards.
- Completion of first phase production for Rio Tinto ilmenite project in Madagascar, valued in excess of US\$60m
- Completed another successful turnaround programme with both Sasol and Petronas Engen in South Africa

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Current Trading and Outlook

Kentz remains well positioned to deliver strong growth in the coming year despite the challenges presented by the poor state of the global economy. The strategic developments that we have implemented over the last two years have created robust and profitable business lines. We have entered 2009 with a backlog in excess of US\$1bn, the largest in the company's history and a pipeline of target project prospects with a value in excess of US\$2.15bn. Our strategy of focusing on oil and gas, petrochemicals and energy projects in developing regions has been highly successful, and we have continued to build on the strong foundations in our core markets.

We are encouraged by the fact that a large number of International Oil Companies (IOC's) and National Oil Companies (NOC's) increased their exploration and production capital spending to record highs in 2008. Whilst capital expenditure plans for these companies vary considerably for 2009 due to the instability of the global economy, we are seeing positive capital investment sentiments for upstream exploration and production projects from important Kentz clients, such as Shell, ExxonMobil, Chevron, BP, Abu Dhabi National Oil Company and Saudi Aramco.

We remain comparatively well insulated against the decline in oil prices as our key regional market, the Middle East, has production costs that are amongst the lowest in the world. As a result, whilst there have been some project delays there has been minimal project cancellations. For those projects that were delayed several are now starting to gain momentum again because of the reduced commodity and equipment prices that are currently available.

The other area for which we see particular future demand is the building of Liquid Natural Gas (LNG) liquefaction and re-gasification projects, particularly in the Pacific Rim. Kentz's strength is its ability to provide engineering, procurement and construction services to remote and logistically challenged projects, and is therefore well placed to service this demand. Our newly organised Global Business Units will enable us to fully service our clients' needs in these areas.

Power and Infrastructure projects have also gained momentum for Kentz in 2008, and our work in this sector in Southern Africa and the Middle East has

been particularly successful. We expect to increase 2009 revenues in this area.

We continue to expand our services in brown field projects, plant upgrades and expansions, and the provision of maintenance and shutdown services across all our regional operations. Some of our clients have also made it clear that they are assessing opportunities for “de-bottlenecking” plants as well as increasing the product quality, productivity and capacity on existing installations, which will create further opportunities for Kentz.

In addition to these established areas of expertise, the formation of Kentz Global Oil and Gas Process Systems Ltd provides us with a vehicle to access clients in the small and medium sized exploration and production company market – a new area for the Group.

Chairman’s Report

2008 saw Kentz continue its corporate growth and development by meeting and exceeding all of its financial targets. We finished the year with a strong cash position and an extremely healthy backlog, both of which give us an extremely solid foundation from which to prosper during this period of economic uncertainty.

We have all witnessed the world economy being hit by a number of significant shocks as a result of the international credit crisis. Our industry has, of course, been affected by the significant drop in the price of oil and gas, but we are heartened to note that our key blue chip clients, the international and national oil companies, have generally maintained their capital expenditure plans for the markets in which we have our strongest presence. These continuing investment programmes highlight the inescapable fact that the world’s demand for energy will renew its tenacious growth in the near future. Our largest markets, the Middle East and Africa, continue to be buoyant and as a result the Board of Kentz remains confident in its outlook for 2009 and beyond.

The formation of Kentz Global Oil & Gas Process Systems Ltd is a particularly exciting development. The new company is jointly owned by Kentz and Global Process Systems Inc (GPS), and combines the GPS process engineering expertise with Kentz’s market presence in the Middle East, Arctic and African regions.

The Board is determined to use Kentz’s strong balance sheet prudently to build an even stronger company during this period of world economic stress. To achieve this, the Board will actively support our CEO, Hugh O’Donnell, and his team to:

1. Acquire additional resources to further our growth in the upstream oil and gas market, both on and offshore;

2. Strengthen the company's international business development capabilities to seek out new opportunities;
3. Reduce significantly, non business critical expenditure to ensure we maintain healthy margins in a competitive market;
4. Maintain our total commitment to meeting our clients' needs through the expansion of our three business lines into Global Business Units: Specialist Engineering, Procurement and Construction (EPC) services, Construction, and Technical Support Services and
5. Invest in new talent and continue to train our current personnel.

The Board is delighted with the company's achievements over the past 12 months and firmly believes that, given its unique strengths and the strategic developments that are underway, there is real cause for optimism around the long term success and prosperity of Kentz.

Tan Sri Mohd Razali Abdul Rahman
Chairman

Chief Executive Officer's Report

2008 has been an exciting year for Kentz, despite the challenging global economic environment. During this year, our first as a publicly traded company, we achieved solid growth in our business. Revenue increased by 18.1% to US\$643.4m, profits before tax increased by 18.7% to US\$40.7m, our backlog increased by 68.3% to US\$1,003.8m and our profit before tax margin was maintained at 6.3%, in line with the 2007 level. Cash balance at the end of 2008 increased by 24.8% to US\$154.4m, up from US\$123.7m at the end of 2007. Approximately US\$115m of this is Kentz's own cash with the majority of the balance being customer prepayments on contracts.

The total order intake to backlog of US\$1,048.9m during 2008 is the highest in our history. The second half of the year was particularly successful, with new orders and natural growth from existing projects increasing by 43% over the first half of 2008 (H1 US\$430.9m and H2 US\$618.0m). An important feature of the order intake is the value of incremental growth from existing contracts. This was approximately US\$230.0m in new orders, a large part of which is expected to be converted to backlog in 2009.

In line with the policy indicated at the time of the IPO, Kentz expects to have a dividend payout ratio of 20% to 25% of after tax profits. The final dividend payment of 3.8 US cents per share represents two thirds of the total payment for 2008 and is scheduled to be paid in June 2009. As a result, the total dividend payment in respect of 2008 will be 5.7 US cents per share.

Whilst the world demand for oil is set to contract during 2009, the long term view on oil and gas demand remains positive. The view that capacity needs to be put in place for future demand to keep oil prices from “over-boiling” again is credible. The sharp fall in commodity prices means that there is also growth potential for marginal projects to be more viable, as overall capital investment costs have reduced significantly.

Kentz’s client base continues to comprise of well established blue-chip clients, including international oil, national oil and natural resource companies, along with leading engineering and project management companies. The current volatile global economic conditions have naturally had some impact on our industry, but to date our clients have experienced very few cancellations in the financing of upcoming developments in the areas in which Kentz operates. In locations where, for example, hydrocarbon extraction costs are high, many clients are taking a strategic long term view for future developments in order to grow scarce reserves. Several of the international oil companies have announced their intention to maintain 2009 capex plans that are broadly in line with 2008 spending, which would appear to support this view.

The global oil and gas landscape has developed significantly over the last few years, not least with the significant offshore oil discoveries in Brazil during 2008. These finds have elevated Brazil’s petroleum reserves into a new league, and have also presented Kentz with some potentially interesting project opportunities through IOC joint development activities. In addition, the recent comprehensive energy initiatives in the US have meant an increased focus on domestic US developments such as the large Alaska gas projects aimed at supporting domestic US energy demands. Kentz is well positioned to service these opportunities as several of our core clients are involved in developing these projects.

A number of our major clients are currently assessing significant developments in the LNG processing plants along with ancillary infrastructure and processes in locations throughout the Pacific Rim. This is of particular interest to Kentz because of the remote nature of the locations and our previous experience in this area.

Our pipeline of prospects for new work is currently in excess of US\$2.15bn. This pipeline, in which bids have a period of up to six months before being awarded, continues to grow. In assessing new prospects we focus on projects that we believe have the greatest probability of proceeding and where Kentz can be successful. To achieve this we maintain a continuous dialogue with our clients to ensure we understand the project’s critical success factors and their priorities.

The strong relationships that Kentz senior management have with core international and national clients continue to drive our business forward. These relationships have been built up on the successful completion of projects across the 23 countries in which we operate.

Our key priority continues to be the safety and welfare of our workforce. The total man-hours delivered on Kentz's projects during 2008 was in excess of 35 million. This was achieved with a Lost Time Incident (LTI) ratio of 0.01 - a total of 2 LTI's (LTI is calculated on the basis of one accident for every 200,000 man-hours worked). We constantly strive to promote safety leadership throughout our management and supervision structures to create a sustainable performance and a culture of awareness. During 2008 our workforce has grown to an average of approximately 10,500 employees worldwide, up from a 2007 average of 8,100 employees. We maintain an appropriate mix of contract against permanent employees to provide a flexible approach to our fixed cost base.

Effective risk management remains a governing principle for the management executive. In the current operating environment there are fluctuations in a number of the variables that make up our costs, and ensuring these are addressed at bidding stage is of paramount importance. Kentz maintains its strong focus on risk management through regular bid proposal and ongoing project reviews.

As part of the continuing growth of our business and in an effort to meet our client's demands, we have commenced the global expansion of our current three business lines into Global Business Units (GBU's). This enhancement to our organisation will be completed by the year end. The new organisation will unlock the latent synergy that exists within Kentz's business areas, and will facilitate the sharing of business unit expertise and resources across the world.

Projects in remote global locations are where Kentz's skill set can add real value to clients. The reorganisation into GBUs means we can leverage our well established regional hubs, to support work in remote locations, with the potential for greater profitability. While the Middle East remains the highest area of revenue generation for Kentz, with 63% of the overall revenue in 2008, we have seen significant growth in other regions.

Kentz is proud to be involved in some of the largest and most prestigious projects in the world: The Shell Pearl GTL in Qatar; the Khurais water injection program in Saudi; the development of the Jubail 2 infrastructure in Saudi; the Sakhalin 1 and 2 developments in Far East Russia; and the 4800MW Medupi Power Station in South Africa.

Whilst we have a strategy to expand our service offering from acquisitions, given the current market valuations and clarity on outlook we have adopted a prudent approach to any acquisition in order to ensure that any strategic investment will be value enhancing for our shareholders.

Earlier this year we announced the formation of Kentz Global Oil and Gas Process Systems Ltd; a joint venture company with our partner GPS Inc., to deliver turnkey onshore early and interim production systems. The target clients for this venture include our current large IOC's as well as medium to smaller E&P companies, which will be new clients for Kentz. This initiative

provides an effective entry into the provision of onshore turnkey oil and gas process plants in the upstream market with mutual benefits for both Kentz and GPS.

The management of Kentz believes that the company's outlook for 2009 and 2010 remains positive. We are confident that the expected long term increase in demand for oil will drive the expansion of both the onshore and offshore oil and gas markets. At the same time, the recent fall in the cost of raw materials should mean that there is more appetite for downstream oil and gas developments as well as the replenishment and modernisation of existing projects. Given the diversity of the sectors in which we are involved and our strong track record of operating in over 20 countries, we are well positioned to capitalise on these opportunities.

Hugh O'Donnell
Chief Executive Officer

Our markets and sector focus

Economic drivers

- Brent oil averaged US\$97.26/bbl in 2008 - approximately twice the February 2009 average of US\$44.13/bbl.
- The International Energy Agency (IEA) noted in February that while short term demand for oil is weaker, the medium to longer term picture indicates continued energy demand growth alongside investment needed for the future. The agency has predicted that world energy demand will continue to expand by 45% between 2007 and 2030. This equates to an average rate of increase of 1.6% per year, approximately 64mbpd of new gross capacity.
- The IEA predicts that an energy supply infrastructure investment of US\$26,000 billion, or over US\$1,000 billion per year to 2030, is needed. This figure includes US\$13,600 billion in power projects, US\$6,300 billion in oil projects (80% of which (US\$5,000 billion) will be targeted at exploration and development), and US\$5,500 billion in gas orientated projects (61% of which will be targeted at exploration and development). These are all key industries for Kentz.

Regional factors

- The Middle East region holds over 60% of the world's proven oil reserves. The Middle East Economic Digest (MEED) calculated in February 2009 that US\$1,327bn worth of industrial projects are planned or underway in the Gulf Coast Countries (GCC), which include Kuwait, Qatar, Saudi Arabia and the UAE. Of this total, US\$368bn are

oil, gas, petrochemicals, power, industrial and water projects. Revenues from the Middle East region made up 63% of total Kentz revenues in 2008.

Overview

Kentz is a fully integrated services solution provider delivering specialist EPC solutions, construction and technical support services for projects involving oil and gas upstream developments (both offshore and onshore), LNG, Gas to Liquid (GTL), refining, petrochemicals, power, metals and mining and infrastructure. Our core clients include international oil companies, national oil companies and leading engineering and project management companies. In 2008, over 10,500 Kentz employees worked in excess of 35,000,000 man-hours on our projects. Our Middle East operation is our largest, generating 63% of Group revenues.

New Initiatives

We have begun a reorganisation of the business which will entail a move from the current regional set-up to a structure comprising three Global Business Units across all regions. As part of this transition, our regional engineering, procurement and construction (EPC) business units were moved into a single Global Business Unit during 2008. In addition, we aligned our Southern Africa and Middle East construction business units together. The full roll-out of this reorganisation is expected to be completed during 2009.

We were also pleased to announce the recent formation of Kentz Global Oil and Gas Process Systems Ltd., a joint venture with GPS Inc. This was created to deliver turnkey onshore oil and gas early and interim production systems. The partnership creates cost effective opportunities to provide oil and gas process plants as well as all balance of plant services in the upstream oil and gas market. The venture gives Kentz access to a new client base in the form of small to medium sized exploration and production companies.

Oil and Gas Market

Qatar

Shell Pearl Gas to Liquids Project: Kentz continues to be involved in this prestigious project, providing a number of specialist EPC services. These include temporary power, telecommunications, waste water treatment, temporary buildings and permanent construction packages. Kentz's share of the first phase (common facilities and train 1) totalled in excess of US

\$320.0m. The project entails the development of upstream gas production facilities and an onshore GTL plant that will produce 140,000 barrels per day (bpd) of GTL products and around 120,000 bpd of associated condensate and liquefied petroleum gas. The project will be developed in two phases, with the first due to be operational at the end of the decade and the second expected to be completed one year later.

The project includes the development of a block within Qatar's vast North Field gas reserves which will produce 1.6 billion cubic feet per day of natural gas. Kentz's focus has now turned to delivering the construction of utilities packages during 2009 and 2010 which will enable the commencement of critically important process utilities commissioning, a precursor to plant-wide systems completion. In addition, Kentz has a general services contract to support project completion activities. In 2009 we expect to reach a peak of over 2,000 specialist personnel working on the project.

Sidra Project: Engineering and procurement has commenced on the Sidra project, where Kentz is carrying out a US\$208.0m contract for the design, supply and delivery of the main electrical systems on the Sidra Medical and Research Centre, which is supported by both the Qatar Foundation and Qatar Petroleum.

Kuwait

During 2008, Kentz provided technical support services to Fluor in Kuwait as part of its five year PMC support services contract. The scope includes the provision of engineering and consultancy resources and services to manage national oil and gas projects. The programme will help the national oil company, which manages the oil exploration of the world's 7th largest oil exporter, to increase production capacity and improve production reliability.

Saudi Arabia

Khurais: Kentz continued its participation on Saudi Aramco's Khurais project, which entails supporting the completion of the plant-wide electrical, controls and automation systems, as well as preparing for start-up. This is the largest crude oil increment program undertaken in Saudi Aramco's history and is one of the largest industrial projects being executed in the world today. This processing plant and water injection facility will produce 1.2mbpd of high-quality Arabian light crude for Saudi Arabia's export facility. The Khurais program will also increase the capacity of the Qurayyah seawater injection system by 4.5 million bpd of treated water for injection at Khurais and South Ghawar fields.

Jubail and Yanbu: We have recently been awarded two additional engineering and consultancy packages in partnership with Radicon Gulf for the further development of the Royal Commission's Jubail and Yanbu industrial parks. In December, we started the development of approximately

2,000 hectares of land to the West of Jubail 2. The US\$26m contract includes engineering, studies and assessments in order to develop the civil and structural infrastructure works, main roads and highways, drainage, material handling systems, mechanical, electrical and telecommunications power and transmission, fuel and feedstock systems.

In addition, we have been awarded in partnership with Radicon Gulf, a new 5 year US\$35m contract to develop a further 1,000 hectares of development to the north side of Jubail 2. This contract includes engineering, studies and assessments for the design of urban planning, design site development of Mutrafiah, Jalmudah and Regga, and infrastructure, landscaping, schools, universities, sports facilities, community buildings, clinics and power systems. Once complete, Jubail Industrial City will be the largest of its kind in the world.

Abu Dhabi

Kentz provides construction services to Bechtel for the GASCO OGDIII development. The project is designed to produce 125,000 bpd of condensate (which represents 12,000 tonnes of NLG's per day, including approximately 3,200 tonnes of ethane per day) and to recycle an equal volume of produced gas into the reservoir via a high pressure gas injection system.

Kentz have also provided EPC services on a number of projects at existing facilities for Gasco, Zadco and Adgas.

Russia/Sakhalin

We are providing technical support and construction services, including commissioning and project management services, to Exxon Neftegas Limited (an affiliate of ExxonMobil, the operator of the Sakhalin-1 project), on an oil and gas development on the northeast shelf of Sakhalin Island. The project area comprises the Chayvo, Odoptu and Arkutun-Dagi fields, where total recoverable reserves are estimated to be 2.3 billion barrels of oil and 17.1 trillion cubic feet of natural gas. The Sakhalin-1 project is one of the most ambitious and successful projects being undertaken by the international oil and gas industry today, with phase I delivering 250,000 bpd of oil. We have largely completed our services at the Chayvo location and have now mobilised the second phase of this development with our partner SakhalinMorNetfeMontazh at Odoptu. The US\$40.0m contract to provide site development, piling and construction services as well as the relocation of the Yasreb drill rig at the Odoptu well site, is nearing completion. There is only minor work left to be done, including the completion of drilling rig utility piping systems and services for the modular based interim production facility.

We have also provided multi-discipline construction, completions, commissioning and start up support for Sakhalin Energy (SEIC) Sakhalin 2 project in order to support the commissioning and start up of the onshore production facilities.

Africa

Kentz is working on the Sasol Secunda project in South Africa, providing maintenance, shutdown and turnaround services. We have been involved since 2002, when we were awarded contracts on the Sasol 2&3 developments, and have performed all synthol reactor train shutdowns since 2003. During 2008 Kentz also provided shutdown and turnaround services to PetroSA, Engen and Natref.

Trinidad & Tobago

Kentz provided construction services to Fluor for the Petrotrin Isomerisation project and to Techint for Alkylation Acid project, which is part of the Gasoline Optimisation Programme. The Isomerisation unit will produce Isomerate that improves the octane rating of light gasoline, thus enabling Petrotrin to provide a better supply to the premium markets.

Petrochemicals Market

Saudi Arabia

Kentz continues to provide Engineering, Procurement, Construction and Maintenance Services for Sipchem, currently developing one of the largest fully integrated petrochemical complexes in the Middle East. Projects include the off-plot Pipelines & Port Facilities EPC project, the Construction of Sipchem's new Acetyls Complex, including Acetic Acid (460kmtpa), Vinyl Acetate Monomer (330kmtpa) and Carbon Monoxide (345 kmtpa) plants, and the upgrade of Sipchem's operational Butanediol plant, for which Kentz has recently been awarded the engineering, procurement and construction (EPC) contract for a new Acetyls Polishing Unit. Kentz will execute this project entirely within Saudi Arabia.

EPC work on JCP, a Jubail Chevron Phillips Company has been successfully completed. This included product pipelines (from the integrated styrene facility), distribution and export facilities (port expansion) for this project located in the Al Jubail Industrial Complex.

Construction services to Linde/Linarco for two air separation units (ASU) at gas complexes in Jubail and Yanbu industrial cities are ongoing. These two new ASUs, each of which has a capacity of 3,000 metric tonnes of oxygen per day, are part of SABIC's expansion plans to bring the total annual production capacity to 60m tonnes over the next two years.

In addition, Kentz continues to provide construction and technical support services for the Sharq petrochemicals complex.

Kuwait

Completion and commissioning services are being provided for the massive Equate II Petrochemicals Complex to support plant transition from construction through to completion, start-up and production.

Mining, Metals and Power Market

Africa

The Medupi power project has a contract value to Kentz of over US\$250.0m. The power plant has six units of 800 mega watts each and is part of Eskom's US\$12bn investment programme for the next six years. The supercritical plant design is a first for Eskom, and the result will be a more efficient use of natural resources, namely coal and water.

Alstom Power is responsible for the turbine/power island, and GEA Energy Technology is responsible for the overall technology package for the air cooled condensing system. Kentz is working on the project management, supervision, and installation of the air cooled condensers and associated equipment.

Kentz assisted in the recent start up and production of the Rio Tinto QMM Ilmenite titanium dioxide mineral sands plant. We provided structural, mechanical, electrical and instrumentation construction services including the installation of a floating concentrator plant, separation plant, roaster, dredgers, barge accommodation village and related infrastructure.

The main processing plant was relocated from a former BHP Billiton plant in Western Australia. As part of our contract, Kentz provided in excess of 6,000 tonnes of steel, including pontoons, 1000 tonnes of plate and 200 Km of cabling. The plant will produce a 90% (TiO₂) chloride slag, which is suitable for global titanium feedstock markets for use in the manufacturing of pigments for paint and the plastics industries. The floating dredge and wet plant was successfully launched in November and, along with the dry mill, started initial production in December of 750,000 tonnes of ilmenite per annum.

In South Africa, Kentz Integrated Solutions is providing electrical, controls and instrumentation services on an EPC basis for Xstrata's Goedgevonden Coal Cleaning plant, and for Highveld Steel's slag crushing and milling plant in Witbank. And in Sierra Leone, Kentz Integrated Solutions is providing EPC services for the Sierra Rutile 25MW Power Plant.

Kentz Integrated Solutions was recently awarded the infrastructure control systems for the Gautrain Project – currently the largest metro rail project in the world at a cost of approximately €1.8bn. The scope includes the Station and Tunnel Management Systems (STMS), the Station Access Management Systems (SAMS), and a 15 km tunnel section (from ORTIA to Hatfield in Pretoria) with three stations, seven emergency evacuation shafts and seven

above ground stations. The ventilation control systems are also part of our scope.

Other Markets

Australia

Kentz is working on the construction of numerous power, mining and infrastructure projects across both eastern and western Australia. We are providing construction services to Anglo Coal Australia for the Dawson mine, one of Queensland's leading export coal operations. It produces over 7 Mt of coking, soft coking and thermal coal annually by using open cut and highwall mining methods. The mine also has the capacity to produce 6.5 petajoules annually of coal seam methane gas, which is sold to industrial customers throughout Queensland.

Ireland

Kentz is providing specialist EPC services for the telecommunications and design construction services for the electrical systems on the new Aviva Sports Stadium in Dublin. The stadium will have a capacity of 50,000 and will encompass state of the art stadium security, crowd controls, CCTV, public address systems (including systems to aid the hearing impaired), voice and data networks, television and outside broadcasting systems.

Kentz provides specialist EPC services for the Hermitage Medical Clinic and Waterford Regional Hospital where our responsibilities are for the selected mechanical, electrical and telecommunications systems.

Areas of Operation and Regional Management Focus

Kentz currently operates in 23 countries worldwide and as part of the continuing growth of our business we are undertaking a global expansion of our three business lines; Specialist EPC, Construction and Technical Support Services into Global Business Units (GBU's). Once complete, this new structure will facilitate the sharing of Business Unit expertise across the world to fulfil our client's demands. It will also unlock the latent synergies that exist within Kentz's business areas and ensure the sharing of skills and services across the Group is much more efficient.

The Group continues to be divided into four regions, namely:

- Middle East
- Africa

- Arctic Region and New Areas, incorporating Russia, former soviet union states, the Caspian region, Canada, offshore Brazil and Malaysia
- Australasia, Europe and the Caribbean

These regions will become management support centres for the newly formed Global Business Units.

Client Focus

During 2008, 30% of our revenue came from major international oil companies such as Shell, ExxonMobil, ChevronPhillips, Sasol, Marathon, Hess and BP, and 18% came from national oil and petrochemical companies such as Saudi Aramco, Kuwait Oil Company, Sipchem, Qatar Petroleum, Gasco and KNPC.

Kentz also works closely with most of the leading engineering and project management companies in the USA, Europe and Asia, with 52% of our total revenue coming from this sector. Fluor has a strong presence in most of Kentz's markets and therefore remains a leading client, along with the likes of Linde, Foster Wheeler, Snamprogetti, Udhe and Bechtel.

In the mining and metals sector, Mittal Steel, Rio Tinto, Kenmare Resources, Xstrata and Anglo Coal are all key Kentz clients

Global Business Units

The Kentz Global Business Units are divided into the following three service offerings:

1. Specialist Engineering, Procurement and Construction (EPC) Services
2. Construction
3. Technical Support Services

Specialist EPC Services: Manage, engineer, design, procure, construct and commission projects, including:

Onshore modular production facilities

Turnkey temporary facilities

Turnkey utilities and offsite facilities

Small capital project solutions

Controls & automation (total systems integration)

Telecommunications systems

Power projects and services

Turnkey port facilities

We have built up a credible track record in this niche area with several of our core clients. We take a task-force approach to all projects, which involves experienced personnel with proven capabilities being seconded from our local subsidiaries throughout the Group. Project methodologies and execution strategies are designed by the team on a bespoke basis in accordance with our clients' specifications and requirements. Our engineers and constructors are spread throughout the regions, whilst systems and tools are developed by the Group and centrally led. Our global procurement capability enables us to bring the strength of an international purchasing organisation to any project. Recent specialist EPC project values range from US\$50m to US\$210m.

Construction Services: Kentz manages and executes multi-discipline construction projects, including inter alia, construction and site management, field engineering and procurement, HSE and testing for our clients. We also specialise in the provision of commissioning and start-up services in conjunction with, or independent of, project construction activities. The Group's workforce has wide experience in the commissioning and start-up of large and often complex plant facilities in remote locations. Recent construction project values range from US\$30m to US\$260m.

Technical Support Services: Working in the early stages of project development at the front-end engineering and design phase (FEED) before EPC works commence. We perform specific FEED study programmes and have teams of specialist personnel engaged with the client delivering validation and budgeting. Once the project gets the go-ahead, a team then typically works as part of an integrated project management group, providing specialist services and systems to support the management of the project.

We also provide maintenance, shutdown and turnaround management services for clients on an international basis. In addition, we provide commissioning services for the upstream (offshore and onshore), refining, petrochemicals, metals and mining industries. Recent technical support project values range from US\$5m to US\$50m.

As a general rule, our specialist EPC contracts are fixed price, lump sum and are often competitively bid; construction contracts are based on a re-measurable work unit rate; and our technical support services are usually on a fully reimbursable basis. Our lump sum fixed price contracts meeting specified criteria undergo risk assessment by the Risk Review Committee prior to submission.

Backlog and revenue visibility

Backlog is defined as the future work load on our books for the EPC, construction and technical support services business lines, comprising current contracts work not yet completed and new orders received. Backlog is not an audited measure and other companies may calculate the measure differently.

The Group's backlog of work as of 31 December 2008 was US\$1,003.8m, up 68% from US\$596.4m as of 31 December 2007. Of this backlog, approximately US\$520m is expected to be executed in 2009 and the remaining US\$484m in the following years. This represents the largest order book in the Company's history.

During 2008 our total order intake to backlog was US\$1,048.9m. The second half of 2008 was highly successful, with new orders and natural growth from existing projects increasing by 43% (H1 US\$430.9m and H2 \$618.0m) over the first half of 2008. An important part of Kentz's success has been its ability not just to win new business, but to achieve growth from its existing contracts. Approximately US\$230.0m of new orders were generated from current contracts during 2008, most of which converts to backlog for 2009. The EBIT and PBT margin expectations for 2009 from this backlog are expected to be generally in line with the margins we delivered in both 2007 and 2008.

All business units have entered 2009 with an increased backlog over the previous year. Of the backlog at 31 December 2008, 31.5% came from EPC projects (31 December 2007: 33.7%), 51.5% came from construction projects (31 December 2007; 50.8%) and 17% came from technical support services (31 December 2007; 15.5%).

However, it is important to note that our projection of future work stretches beyond our backlog. At any given time we typically have a number of additional letters of intent and new orders that are waiting to be converted to contracts. The combined value of these currently sits in excess of US\$200m.

Across all our regions we have a number of prospective projects that are under development in bidding and proposals. As of January 2009, Kentz's pipeline for new work is valued in excess of US\$2.15bn. 58.4% of these prospects are EPC projects, 32.6% are construction projects and 9% are technical support projects. In addition to the above, we are also involved in a number of strategic prospects that are being developed by our clients and are in pre-investment stage.

Overall our visibility of future work has several layers, and this gives us confidence for the future.

Revenue and Backlog Performance over past 5 years

Revenues

Our revenues in 2008 grew by 18.1% despite an industry-wide slowdown in projects coming on stream, and this is a strong testament to the diversity of Kentz's business lines and its involvement in projects at numerous different levels.

The Middle East continued to be the single largest area for Kentz in 2008, with revenues of US\$405.9m, a growth of US\$26m from 2007. Also of note is the 100% increase in our Arctic and New Areas regional revenues, up from US\$45.3m in 2007 to US\$90.6m in 2008. Our African region increased revenue to US\$131.1m, up from US\$94.9m in 2007, and it enters 2009 with a backlog of US\$326m.

Kentz's manpower level increased by over 30% in 2008 in order to support multiple large scale construction projects. These projects accounted for 43% of Group revenues, up from 27% in 2007. However, we have also seen some delays in final investment decisions from some of our clients on new projects, and this is reflected by a drop in our EPC service's revenues during 2008.

Middle East

Management of Kentz's Middle East activities is based in Bahrain with operating companies in Qatar, Saudi Arabia, UAE and Kuwait. It is our largest region by revenue, making up 63% of the Group's 2008 revenues. Leading oil, gas and petrochemical end users have rolled out large scale developments, and whilst some projects have been delayed or have had their schedule extended, the pipeline of opportunities remains considerable.

The Middle East is expected to continue as the largest revenue generating region for the Group. It has a backlog that represents 57.4% of the Group's total backlog, and includes 48% of the total Kentz pipeline of projects for future work. The number of Kentz employees in the region is at an historic high, and our regionalisation programme has been successful in enabling us to maximise strategic opportunities whilst removing operational bottlenecks.

EPC projects make up 39% of regional revenues, construction projects make up 43% and technical support accounts for 18%. Oil and gas projects make up 60% of revenues in the region, with petrochemicals accounting for 37%. The Middle East is one of the lowest cost areas for the production of oil and gas, and Kentz remains in a strong position to capitalise on this.

Africa

Africa represents 20.4% of revenue for 2008. Investment in the region remains strong - especially within the power and infrastructure industries, as highlighted by the large investments being made by Eskom and Sasol. The backlog represents 32.6% of the total Group backlog and includes 20% of the total Kentz pipeline of projects for future work.

Several large oil and gas and refining projects have recently been announced in both South Africa as well as in the Sub Sahara region. This is a long-term growth market, and investment in power generation and distribution is set to grow in South Africa in the coming years.

Arctic and New Areas Region

Our Arctic and New Areas region, which consists of Russia, the Caspian region, Canada and offshore projects in Malaysia, Norway and Brazil, represents 14.1% of revenues for 2008. Investment in oil and gas projects in the region remains strong, particularly in Sakhalin and the Caspian region.

Australia and Other

In June 2004 Kentz Group entered into a joint venture agreement with Thiess Pty Ltd for an unincorporated joint venture trading as “Thiess Kentz Engineers and Constructors”. Under the joint venture, Kentz provides E&I expertise which enabled Thiess to offer single point, multi-discipline services. In October 2006, Thiess Pty Ltd and Kentz incorporated a joint venture company, Thiess Kentz Pty Ltd, which replaced the unincorporated joint venture.

Thiess Kentz has offices in Queensland and Western Australia and its sales revenues do not form part of our consolidated financial statements. 2008 sales revenue was US\$33.1m (Kentz has a 50% share of the joint venture). Thiess Kentz has had an improved performance during H2 2008 as previously indicated.

The Group also has minor operations in Europe, South East Asia and the Americas. Ireland and the UK remain important sources of management personnel for the Group.

Growth Strategy including Acquisitions and Business Opportunities

We continually monitor trends within our industry and evaluate their potential impact on our regions and sectors. Our understanding of the ever changing industrial environment means that we are able to enhance and improve the services that we offer to our clients on an ongoing basis.

One such emerging trend is the floating production storage and off-take (FPSO) market serving large oil and gas developments. Accordingly, Kentz continues to look for a suitable acquisition to enable the company to provide total solutions for the supply, hook-up and commissioning of FPSO topside modules where a combination of process, compression and utility type modules is required. This would add another key offering to Kentz’s portfolio

of services as well as providing shareholder value through earnings enhancement. Whilst we have a strategy to expand our service offering from acquisitions, given the current market valuations and clarity on outlook we have adopted a prudent approach to any acquisition in order to ensure that any strategic investment will be value enhancing for our shareholders.

We will continue to evaluate further joint venture and alliance opportunities with other industry participants where we perceive such partnerships can reduce and diversify risks, provide greater cost efficiency, increase the number of opportunities that can be pursued, and capitalise on the client relationships of each party.

Chief Financial Officer's Report

Summary of Key Financial Indicators (values and percentage changes)

For the year ended 31 December:	2008 (US\$M)	2007 (US\$M)	% Change
Sales Revenue	643.4	544.6	+18.1%
EBITDA	42.2	35.2	+19.9%
Profit before tax *	40.7	34.3	+18.7%
Profit after tax *	30.9	26.3	+17.5%
Profit after tax attributable to shareholders *	28.8	26.2	+9.8%
Cash generated from operations	21.9	92.5	-76.3%
Net Cash from operating activity	11.0	87.5	-87.4%
Cash and equivalents at year end	154.4	123.7	+24.8%
Basic earnings per share (US cents) *	25.09	22.81	+10.0%
Backlog	1,003.8	596.4	+68.3%

Group Income Statement - Overview of Trends (values and percent of sales)

Continuing Operations	For the year ended 31 December			
	2008	2007	2006	2005
(Values in US\$ millions)				
Sales Revenue	643.4	544.6	370.1	312.8
Gross Profit *	87.6	68.2	56.0	33.2
% of sales	13.6%	12.5%	15.1%	10.6%
S.G. & A. expenses *	51.4	39.7	33.0	26.9
% of sales	8.0%	7.3%	8.9%	8.6%
EBITDA *	42.2	35.2	27.2	8.9
% of sales	6.6%	6.5%	7.4%	2.8%
Profit before tax *	40.7	34.3	25.1	7.4

% of sales	6.3%	6.3%	6.8%	2.4%
Profit for the year – continuing operations *	30.9	26.3	21.4	3.9
% of sales	4.8%	4.8%	5.8%	1.2%
ROCE *	27.5%	41.4%	40.4%	15.8%

* 2008 results are before non-recurring flotation costs of US\$4.695m which were expensed during the period.

The group accounts are prepared in accordance with IFRS

Commentary on Group Income Statement Highlights

Revenue

Sales revenues increased by 18.1% in 2008 to US\$643.4m (2007: US\$544.6m) reflecting continued strong growth in our main geographical business regions - particularly in the Arctic and New Areas, Africa and the Middle East.

The breakdown of revenue by business unit shows a continuation in the pattern we saw in the first half of 2008, with the Specialist EPC unit showing a reduction and the Construction and Technical Support Services units both showing increased shares. Specialist EPC represented 29% of Group revenue (FY 2007: 48%), Construction 43% (FY 2007: 27%) and Technical Support Services 28% (2007: 25%).

A review of the composition of our order backlog at December 2008 of US\$ 1,003.8m shows that 31.5% of the total consists of Specialist EPC (31 December 2007: 33.7%). However, looking at the composition of the pipeline of the future projects that we are pursuing, which are valued at in excess of US\$2.15bn, we can see that 54.8% of that total consists of Specialist EPC projects. This indicates that this sector should account for a larger portion in future years.

Sales to the oil and gas and petrochemicals market in 2008 totalled US\$532.3m or 82.7% of Group revenues, up from US\$484m or 89% of Group revenues in 2007. Our remaining revenues have come from the mining and metals sector (11.1%) and from other sectors (6.2%).

Gross Profit

Gross profits of US\$87.6m or 13.6% of sales were recorded in 2008, an increase of US\$19.4m or 28.6% on the 2007 figure of US\$68.2m.

Selling, General & Administrative Expenses (SG&A)

SG&A expenses in 2008 increased by US\$11.7m to US\$51.4m in absolute terms (2007: US\$39.7m). In relative terms, as a percentage of sales the number is up by 0.7% to 8.0% (2007: 7.3%). This increase is due to a combination of salary realignment costs to reflect industry norms in the Middle East, increased costs associated with being a listed company, and exchange impacts arising on the translation of non-US\$ denominated costs during the year.

Other operating income

Other operating income for the year (before non-recurring flotation costs of US\$4.7m) was US\$0.6m. This figure is down US\$0.9m on the 2007 figure of US\$1.5m, which mainly related to the recovery of a doubtful debt previously provided for, which had been collected and therefore written back.

Operating profit before finance costs

Operating profit before finance costs for the year (and before non-recurring flotation costs of US\$4.7m) increased by US\$6.9m to US\$36.8m or 5.7% of sales, up from US\$29.9m or 5.5% in 2007.

Geographically, the main increase occurred in Africa (up US\$9.1m to \$12.2m despite the impact of the weaker Rand, particularly in the latter part of the year). This is mainly due to higher activity and an excellent performance on the Madagascar Ilmenite project.

In the Arctic and New Areas region profits are up US\$5.4m to US\$5.9m. The activity level in this region has doubled, and has now reached the level where profits are comfortably covering the administration and new area set-up costs.

The operating profit in the Middle East region is down US\$4.4m to US\$22.9m. This mainly reflects the temporary swing away from EPC to construction work, which typically has a lower average margin than EPC.

The Australasia, Europe and Caribbean region recorded an operating loss of US\$5.9m, up US\$3.7m on the 2007 loss of US\$2.2m. This is mainly due to the combined effect of lower activity (down 36.5%) and group administration costs which are incurred in the region.

Net finance income

Net finance income for the year was US\$4.0m, up US\$0.8m from the 2007 figure. This relates to interest income resulting from positive project cash

flows and Group cash balances, including cash proceeds from the listing of the company completed during the period.

Share of joint venture's (loss)/profit

Loss for the period from our joint venture operation was US\$0.1m (2007: profit of US\$1.2m). This has been brought about by a combination of delays in the awarding of anticipated orders in Australia, coupled with lower than expected margins on some projects. These factors have resulted in a contribution that was not sufficient to cover overheads for the period. However, a pick up in activity in the second half meant an improved performance from the loss of US\$0.8m recorded in the first half.

Profit before tax

Profit before tax for 2008 is US\$40.7m or 6.3% of sales. This represents an increase of 18.7% on the 2007 figure of US\$34.3m, which was also 6.3% of sales.

Taxation

The tax charge for the year is US\$9.8m which is an effective tax rate of 24.2%. This compares with an effective rate of 23.4% for 2007. The slightly higher percentage in 2008 reflects the fact that the group has expanded its business into new regions which have higher average tax rates.

Net Profit for the year

Profit for the year from continuing operations was US\$30.9m, up 17.5% on 2007. Net profit equates to 4.8% of revenue which is in line with the 2007 percentage.

Minority interest

Minority interest for the year is US\$2.068m or 0.32% of sales (2007: US\$0.329m or 0.06%). The minority interest relates to our Black Economic Empowerment partner in Africa and the higher percentage is due to the higher proportion of group profits contributed by Africa during the year (approximately 33% of profits in 2008 compared to 10% in 2007).

Earnings per share (Basic)

Basic earnings per share for the year were 25.09 US\$ cents (2007 22.81 US\$ cents). This calculation is based on a weighted average number of 114,801,603 shares in issue at 31 December 2008.

Dividend

The group intends to adopt a progressive dividend policy, paying out approximately 20% to 25% of profits after tax, paid on an interim (one third) and final (two thirds) basis. The interim dividend payment amounting to US\$1.9 cents per share was made in October 2008 and, the directors intend to propose a final dividend payment of US\$3.8 cents per share which would make a total dividend payment of US\$5.7 cents per share for the year ended December 2008. The final dividend payment will be made in June 2009 to shareholders on the register at the close of business on May 22nd 2009.

Summary of Group Balance Sheet Highlights

Working Capital

Working capital at year end was US\$102.5m, up 85.7% on 2007 year end (US\$55.2m).

Current assets at year end were US\$281.2m, up 10.8% on 2007 (US\$253.7m). This growth is due to increased cash (up by US\$30.5m) reflecting the cash proceeds from the listing coupled with a strong trading performance.

Current liabilities at year-end were US\$178.7m, down US\$19.9m or 10% on 2007. The reduction was mainly due to a reduction in trade and other payables, primarily a reduction of US\$16m in advance payments received from US\$53m in December 2007 to US\$37m at December 2008. This reduction occurs naturally as progress is achieved on those projects on which the advances were received and continues until new advances are received on other new projects.

Equity

Shareholders' equity at year-end was US\$114.1m, up 83.1% on 2007 (US\$62.3m). The growth is mainly due to an increase of US\$34.0m from the issue of new shares when the company was admitted to trading on AIM in February 2008, coupled with the growth of US\$16m in retained earnings due to the successful trading performance.

Total Assets

Total Assets at the end of the year were US\$312.1m, up 14% or US\$38.4m on 2007. The increase was mainly due to higher cash balances coupled with the purchase of some additional plant and equipment, mainly cranes for the Medupi project in Africa.

Summary of Group Cash Flow Highlights

Cash flow from operations

Cash generated from operations for the year was US\$21.9m, down 76.3% or US\$70.6m on 2007 levels. This is mainly attributable to an increase in the working capital requirements associated with the mobilisation of a number of new projects, including the natural growth element on some existing projects. This is very welcome but comes without advance payments. The cash flow from operations also declined due to the reduction in advance payments of US\$16m described above which occurs naturally as progress is achieved on those projects on which the advances were received. The decline also reflects the reduction in the proportion of Specialist EPC work during the year with which advance payments are more likely to be associated. We anticipate that with the increased pipeline of future prospects in Specialist EPC that the positive working capital movements seen in prior years should be restored in the future.

Cash flow used in investing activities

Net cash used in investing activities was US\$16.9m, up 176% on the 2007 year-end level and primarily related to the purchase of plant and equipment in South Africa and the Middle East.

Cash flow from financing activities

Net cash arising from financing activities for the year was US\$33.2m. This positive position is the result of the net proceeds of the share issue on the admission to AIM in February 2008, partially offset by expenses paid of US\$3.1m associated with the share issue, and dividends paid of US\$2.0m.

Net cash and equivalents

Net cash and cash equivalents amounted to US\$154.4m at year end, up US\$30.7m or 24.8% on the 2007 figure of US\$123.7m. This was mainly as a result of the cash proceeds from the new share issue on the admission to AIM.

Draft unaudited consolidated income statement

	Year ended 31 December			
			2008	2007
<i>In thousands of USD</i>	Before flotation costs	Flotation costs (Note 3)	Total	Total
<u>Continuing Operations</u>				
Revenue	643,414	-	643,414	544,650
Cost of sales	(555,773)	-	(555,773)	(476,490)
Gross profit	87,641	-	87,641	68,160
Administration expenses	(48,848)	-	(48,848)	(38,104)
Distribution & selling costs	(2,561)	-	(2,561)	(1,654)
Other operating income/(cost)	609	(4,695)	(4,086)	1,512
Operating profit/(loss) before finance costs	36,841	(4,695)	32,146	29,914
Net finance income	3,994	-	3,994	3,234
Share of joint ventures' (loss)/profit	(118)	-	(118)	1,163
Profit/(loss) before tax	40,717	(4,695)	36,022	34,311
Income tax expense	(9,845)	-	(9,845)	(8,033)
Profit/(loss) for the period – continuing operations	30,872	(4,695)	26,177	26,278
Loss on discontinued operations	-	-	-	(524)
Gain on disposal of discontinued operations	-	-	-	761
Profit/(loss) for the period	30,872	(4,695)	26,177	26,515
Attributable to:				
Equity holders of the parent	28,804	(4,695)	24,109	26,186
Minority interest	2,068	-	2,068	329
Profit/(loss) for the period	30,872	(4,695)	26,177	26,515
Basic earnings per share (US\$ cents)				
From continuing and discontinued operations	25.09	(4.09)	21.00	22.81
From continuing operations	25.09	(4.09)	21.00	22.60

Draft unaudited consolidated statement of total recognised income and expense

	Year Ended 31 December	
<i>In thousands of USD</i>	2008	2007
Profit for the financial year	26,177	26,515
Exchange translation differences		
- on employee benefits	802	(946)
- on foreign currency net investments	3,150	536
- on discontinued operations	-	(219)
Actuarial (losses)/gains on defined benefits plans	(8,316)	(1,655)
Total recognised income and expenses for the year	21,813	24,231
Attributable to:		
Equity holders of the parent	19,745	23,902
Minority interest	2,068	329
Total recognised income and expenses for the year	21,813	24,231

Draft unaudited consolidated balance sheet

Year Ended 31 December

<i>In thousands of USD</i>	2008	2007
ASSETS		
Non-current assets		
Property, plant & equipment	25,345	12,565
Goodwill	543	760
Other investments	2,902	3,929
Trade and other receivables	1,936	1,596
Deferred tax asset	184	1,045
	30,910	19,895
Current assets		
Inventories	39,157	18,194
Trade and other receivables	84,078	108,055
Amounts owed by related parties	3,412	3,436
Cash and cash equivalents	154,504	124,041
	281,151	253,726
Assets classified as held for sale	-	-
	281,151	253,726
Total assets	312,061	273,621
EQUITY		
Share capital	2,284	14
Share premium	39,568	7,796
Reserves	2,388	578
Retained earnings	69,861	53,930
Total equity attributable to equity holders of the parent	114,101	62,318
Minority interests	125	339
Total equity	114,226	62,657
LIABILITIES		
Non-current liabilities		
Interest bearing loans and borrowings	30	117
Employee benefit obligations	15,670	9,801
Amounts owed to related parties	92	92
Trade and other payables	3,278	2,327
Deferred tax liabilities	81	59
	19,151	12,396
Current liabilities		
Trade and other payables	170,464	190,614
Corporation tax payable	4,317	5,444
Interest bearing loans and borrowings	2,009	1,121
Amounts owed to related parties	1,894	1,389
	178,684	198,568
Liabilities directly associated with assets classified as held for sale	-	-
	178,684	198,568
Total liabilities	197,835	210,964
Total equity and liabilities	312,061	273,621

Draft unaudited consolidated cash flow statement

<i>In thousands of USD</i>	Year Ended 31 December	
	2008	2007
Cash flows from operating activities		
Profit before tax	36,022	34,306
Adjustments for:		
Depreciation	5,448	4,185
Net finance (income)/cost	(3,994)	(2,942)
Loss/(gain) on sale of property, plant & equipment	65	20
Share of profit from joint ventures	118	(1,163)
Current service cost	519	644
(Increase)/decrease in trade and other receivables	22,771	(17,882)
(Increase)/decrease in inventories	(20,964)	(5,372)
Increase in trade and other payables	(18,073)	80,681
Cash generated from operations	21,912	92,477
Interest paid	(202)	(515)
Income taxes paid	(10,662)	(4,464)
Net cash from operating activities	11,048	87,498
Cash flows from investing activities		
Return from joint venture	1,476	3,709
Investment in joint venture	-	(2,799)
Acquisition of minority interest	-	(246)
Disposal of subsidiary (net of cash)	1,000	856
Purchase of property, plant and equipment	(22,112)	(9,235)
Proceeds from sale of equipment	826	224
Interest received	4,182	3,212
Pension contribution	(2,311)	(1,848)
Net cash used in investing activities	(16,939)	(6,127)
Cash flows from financing activities		
Proceeds of share issue	37,114	-
Expenses associated with new share issue	(3,071)	-
Payment of finance lease liabilities	-	(126)
Proceeds of long-term borrowings	(86)	171
Payment of short-term borrowings	(168)	(3,247)
Proceeds from short-term borrowings	1,387	1,046
Dividends paid	(2,003)	(12,700)
Net cash used in financing activities	33,173	(14,856)
Net increase in cash and cash equivalents	27,282	66,515
Cash and cash equivalents at beginning of year	123,651	57,282
Exchange difference	3,426	(146)
Cash and cash equivalents at end of year	154,359	123,651

Kentz Corporation plc

Notes to the preliminary statement for the year ended 31 December 2008

1. Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) and Jersey Company law.

The Group's date of transition to IFRS is 1 January 2004, the comparative figures have been restated to reflect IFRS, except where otherwise required or permitted by IFRS 1, First Time Adoption of International Financial Reporting Standards.

The currency used in these accounts is the US Dollar.

2. Segment reporting

Segment information is presented in respect of the group's geographical and business segments. The primary format, geographical segments, is based on the group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(i) Geographical segments

The group manages its business on a worldwide basis by organising its activities into four distinct regions. The geographical areas are:

- Middle East
- Africa
- Australasia, Europe and Caribbean
- Arctic and New Areas

In presenting the information on the basis of geographical segments, segment revenue is based on the geographical location of assets.

(ii) Business segments

The group's activity comprises of the following main business segments:

- Engineering, procurement, and construction (EPC)
- Construction and
- Technical Support services

2. Segment reporting (continued)

Primary segment information by location of assets Geographical segments

<i>In thousands of USD</i>	Year ended 31 December	
	2008	2007
Revenue by location of assets		
Middle East	405,951	379,568
Africa	131,108	94,902
Australasia, Europe and Caribbean	15,787	24,858
Arctic and New Areas	90,568	45,322
Continuing operations	643,414	544,650
Discontinued operations	-	9,618
Total revenue	643,414	554,268
Revenue by business		
EPC	184,471	263,695
Construction	279,204	147,412
Technical Support Services	179,739	133,543
Continuing operations	643,414	544,650

3. Flotation Costs

On 5 February 2008, the company commenced trading on AIM. The non-recurring flotation costs associated with this amounted to \$4.695m.

4. Earnings per ordinary share

<i>In USD</i>	Year ended 31 December	
	2008	2007
Earnings per share	<u>25.09</u>	<u>22.81</u>
<i>In thousands of USD</i>		
Earnings after tax, minority Interests and preference dividends	<u>28,804</u>	<u>26,186</u>
The number of shares used for the earnings per share calculation is as follows:		
	No. '000	No. '000
Weighted average number of shares	<u>114,801,603</u>	<u>114,801,603</u>

The calculation is based on a weighted average number of 114,801,603 shares in issue at 31 December 2008. The actual number of shares in issue at 31 December 2008 is 116,371,470.