Integra Group Interim Management Statement and Financial Highlights for the 3M 2011

MOSCOW, June 20, 2011 – Integra Group (LSE: INTE), a leading independent provider of diversified oilfield services, released today its Interim Management Statement and unaudited financial highlights for the three months period ended March 31, 2011. The financial data is based on management assessment only and has not been reviewed by external auditors.

Higher volume of offered services in the first three months of 2011 was the main factor contributing to the steady growth in revenues and improvement in Adjusted EBITDA. Pricing factors also had a small positive effect together with continued efficiency improvements in the drilling and IPM services but were offset by increases in energy, fuel and social tax costs and late contracting of seismic services. The period under review was affected by typical seasonality which should be taken into account for sequential comparison.

Following the divestments of the heavy drilling rig manufacturing business in August 2010 and cementing and road construction equipment manufacturing business in April 2011, the financial results of the divested businesses were excluded from the following financial highlights and a corresponding restatement of historical results was made for comparison purposes.

3M 2011 Financial Highlights

- Sales increased by 19.6% to US$ 223.0 million (vs. US$ 186.4 million in 3M 2010)
- Adjusted EBITDA[1] increased by 3.1% to US$ 23.3 million (vs. US$ 22.6 million in 3M 2010) Adjusted EBITDA margin was 10.5% (vs. 12.1% in 3M 2010)
- Net cash flow provided by operating activities was negative US$ 28.1 million (vs. negative US$ 15.7 million in 3M 2010)
- Capital expenditures were US$ 19.7 million (vs. US$ 13.9 million in 3M 2010)
- Net Debt as of June 15, 2011 amounted to US$ 143.6 million (vs. US$ 111.7 million as of December 31, 2010)

3M 2011 Operating Highlights

- 63,507 meters drilled (vs. 33,300 meters during 3M 2010)
- 669 workover operations conducted (vs. 632 workover operations during 3M 2010)
- 65 coil tubing operations (vs. 34 operations during 3M 2010)
- 75 wells completed with directional drilling service (vs. 41 wells during 3M 2010)
- 207 cementing operations (vs. 161 operations during 3M 2010)
- 112 downhole motors and 23 turbines produced (vs. 116 downhole motors and no turbines produced in 3M 2010)
- 401,069 seismic shot points made (vs. 368,334 seismic shot points during 3M 2010)

[1] Adjusted EBITDA is calculated as profit (loss) from continuing operations before effects from business combinations, net finance expense, foreign exchange translation differences, income taxes, depreciation, amortization and impairment of assets, share-based compensation, share of results in associates, results from disposal of property, plant and equipment, intangible assets and subsidiaries and non-controlling interest.

Antonio Campo, Integra Group's Chief Executive Officer, commented,

"Integra's earnings reflect a continued upturn in the oilfield services market during a period of robust commodity prices. Our revenues were up strongly, driven by an increase in volumes of services demanded by our customers. As in 2010, excess capacity, still existent in our markets, restricts material price increases and as a result puts pressure on margin expansion.

We are pleased that our Drilling, Workover and IPM division demonstrates positive margin dynamics compared to last year as a result of continued overhaul of this business. In our seismic business, margins were negatively affected by late contracting, which we believe to be non-recurring in nature. Overall, the first quarter was seasonally weak, which was fully anticipated as our business is subjected to equipment mobilization and active contracting early in the year.

Our top line outlook for 2011 is optimistic which is supported by 18% growth in our order book and exciting new business won for 2011."

Conference Call Dial-In Details

Date:	Monday, June 20, 2011
Time:	17:00 Moscow / 14:00 London / 9:00 New York
Title:	Integra Group 3M 2011 Results
Conference ID:	74052386
UK international tel.:	+44 1452 560 304
USA international tel.:	+1 866 926 5708

There will also be a playback facility available until July 3, 2011. The details are:

UK international tel.:	+44 1452 550 000
USA international tel.:	+1 866 247 4222
Access code:	74052386#

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Discussion of the Market Environment

Demand for oilfield services improved in 3M 2011 driven by higher oil prices and overall recovery in local and global economies. Despite the upturn in the OFS industry, excess capacity in certain services remains a significant deterrent to any material price growth. Contracting trends in 2011 have demonstrated a continued improvement in the upstream spending plans of our key customers with a stronger emphasis on exploration activities despite the ongoing uncertainty over the long term taxation in Russian green field areas. The first three months were expectedly affected by seasonality which resulted from active contracting for services and extensive mobilization of equipment in the field.

Discussion of the Group's Financial Results

Group sales during 3M 2011 increased by 19.6% to US$ 223.0 million compared to US$ 186.4 million during 3M 2010. The increase was primarily due to higher volume of operations, specifically in drilling, technology services and seismic services (Russia only) driven by increased exploration and development spending by our key customers. Adjusted EBITDA increased by 3.1% to US$ 23.3 million from US$ 22.6 million due to overall higher volume of operations being partially offset by increasing cost of sales such as energy and fuel, materials (metal), payroll (social tax increase). Adjusted EBITDA margin decreased slightly to 10.5% in 3M 2011 compared to 12.1% in 3M 2010 primarily due to improved efficiency in Drilling, Workover and IPM being offset by moderate cost increase in cost of sales across all segments and by weaker profitability in the Formation Evaluation segment due to replacement of large high-margin projects in Kazakhstan with lower-margin high intensity projects in Russia. Historically, our first quarter is the weakest of the year in terms of both absolute volumes and margins due to the need for seasonal mobilizations in drilling and select technology services.

Discussion of Segment Financial Results

	Drilling, Workover & IPM	Technology Services	Formation Evaluation	Other revenue, overheads and eliminations	Total Group
Revenue (in US$ million)					
3M 2010	70.6	36.8	80.3	(1.3)	186.4
3M 2011	**90.4**	**42.8**	**91.5**	**(1.7)**	**223.0**
Chg (%)	28.0	16.3	13.9	n/m	19.6
Adj. EBITDA (in US$ million)					
3M 2010	3.0	10.1	16.3	(6.8)	22.6
3M 2011	**7.4**	**10.7**	**12.6**	**(7.4)**	**23.3**
Chg (%)	146.7	5.9	(22.7)	n/m	3.1
Adj. EBITDA Margin (%)					
3M 2010	4.2%	27.4%	20.3%	n/m	12.1%
3M 2011	**8.2%**	**25.0%**	**13.8%**	**n/m**	**10.5%**

Drilling, Workover & IPM

- In the Drilling, Workover & IPM segment, 3M 2011 revenue increased by 28.0% compared to 3M 2010. The increase in sales was driven by higher volumes of drilling services provided due to higher demand and minor contribution from higher IPM volumes. Adjusted EBITDA margin almost doubled to 8.2% from 4.2% in 3M 2010 primarily due to higher efficiency of the drilling subsegment where major changes in the process management were implemented in 2H 2010. Sequentially, 1Q 2011 adjusted EBITDA margin decreased from 22.4% in 4Q 2010 due to traditional seasonal factors (mobilization, active contracting), completion of several high-margin wells in 4Q 2010, as well as an increase in non-productive time in the workover subsegment and higher cost of sales (fuel, energy, transportation and social tax).

Technology Services

- In the Technology Services segment, 3M 2011 revenue increased by 16.3% compared to 3M 2010. The increase in sales was driven by higher volumes of offered cementing and directional drilling services due to the recent addition of capacity and by higher demand for coil tubing services. Revenue from production of drilling tools (downhole motors and turbines) was flat year-on-year. Adjusted EBITDA margin in 3M 2011 decreased slightly to 25.0% from 27.4% in 3M 2010 due to higher operating costs consisting primarily of energy, fuel, social tax and metal costs. Sequentially, 1Q 2011 adjusted EBITDA margin was generally flat compared to 25.9% in 4Q 2010 despite higher operating costs as described above.

Formation Evaluation

- In the Formation Evaluation segment, 3M 2011 revenue increased by 13.9% compared to 3M 2010. The increase in sales was driven by higher volumes of seismic surveys conducted in Russia, which was partially offset by a drop in volumes in Kazakhstan, late contracting in Russia and resulting shift of the production program to the next seismic season. Adjusted EBITDA margin declined to 13.8% in 3M 2011 from 20.3% in 3M 2010 due to replacement of large high-margin projects in Kazakhstan with lower-margin projects and transfer of some of the projects in Russia to the next season. Sequentially, 1Q 2011 adjusted EBITDA decreased from 19.1% in 4Q 2010 due to increasing operating costs, primarily fuel, energy, transportation and social tax.

Discussion of Group's Current Financial Position, Cash Flows and Liquidity

Net cash generated from operating activities in 3M 2011 was negative US$ 28.1 million compared to negative US$ 15.7 million in 3M 2010 which primarily resulted from higher cash earnings of the business being offset by a higher outflow to working capital which was triggered by the overall growth in business volumes.

Free cash flow (defined as net cash generated from operating activities, less purchases of property, plant and equipment) was negative at US$ 47.8 million in 3M 2011, compared to negative US$ 29.6 million in 3M 2010 primarily due to a 42% increase in capex and outflow to working capital aimed to support the growth of business volumes.

As of June 15, 2011 the Group had approximately US$ 180.4 million of gross debt (up from US$ 166.5 million of gross debt as of December 31, 2010) driven primarily by 8.7% appreciation of ruble against the US dollar. Net debt as of June 15, 2011 amounted to US$ 143.6 million, up from US$ 111.7 million as of December 31, 2010 due to financing of the completed GDR buyback program, ruble appreciation against the US dollar and cash outflows to capex, working capital.

On May 13, 2011 the Group announced the completion of a GDR buyback program launched on October 28, 2010 (the "Program"). As part of the Program, the Company had purchased a total of 7,260,054 GDR's for US$ 25 million at an average price of US$3.44/GDR. The amount of GDRs bought back represents 3.9% of currently outstanding underlying ordinary Class A and B shares in issue and will be cancelled in accordance with the terms of the Program approved by the Board of Directors.

Order book update

As of June 20, 2011, the total order book, which includes the value of business to be delivered in 2011 contracted and won in tenders, was US$ 841.0 million (RR 25.2 billion). Of this amount, estimated value of signed contracts was US$ 722.5 million (RR 21.7 billion) and US$ 223.0 million had already been recognized in 3M 2011 as revenue. 2011 total order book (contracts signed and tenders won) is 18% higher in Ruble terms compared to 2010 order book calculated on June 15, 2010 (adjusted for historic order book of divested businesses) and already exceeds 2010 full year revenue by 6%.

2011 Order book (as of June 20, 2011)

FX 30RR/US$	**Contracts signed***		**Tenders won, contracts to be signed**		**Total order book**	
	US$ (m)	**RR (bn)**	**US$ (m)**	**RR (bn)**	**US$ (m)**	**RR (bn)**
Drilling, Workover & IPM	378.3	11.3	39.2	1.2	417.4	12.5
Technology Services	161.6	4.8	21.7	0.6	183.3	5.5
Formation Evaluation	182.6	5.5	57.8	1.7	240.3	7.2
TOTAL	**722.5**	**21.7**	**118.6**	**3.6**	**841.0**	**25.2**

*Signed contracts may be subject to renegotiation of volumes and/or other terms or even cancellation, and both signed contracts and tenders won may not proceed as originally planned at all.