



## PRESS RELEASE

FOR IMMEDIATE RELEASE

31 January 2007

### INTEGRA GROUP

#### Financial information for the nine month period ended 30 September 2006

Integra Group ("Integra") is a leading Russian independent provider of onshore oilfield services and is also a leading manufacturer in the Russian Federation of drilling rigs with heavy lifting capacity, cement pumping equipment and certain specialized equipment used in the exploration, development and production of oil and gas. Integra offers a diversified range of products and services to local and international oil and gas and other oilfield services companies primarily in Russia and other countries of the CIS.

Integra's business is divided into two main segments, oilfield services and equipment manufacturing. The company's internal business units are organized accordingly, with the oilfield services division further divided into two primary lines of business: drilling, workover and integrated project management services and formation evaluation services.

#### FINANCIAL HIGHLIGHTS:

- § Sales increased to US\$324.9 million (9M05: US\$42.0 million)
- § Operating profit increased to US\$8.6 million (9M05: US\$3.8 million)
- § Adjusted EBITDA increased to US\$54.5 million (9M05: US\$32 thousand)
- § Adjusted EBITDA margin increased to 17% (9M05: 0.1%)

#### *Drilling, workover and IPM:*

- § Sales of drilling, workover and IPM services increased to US\$195.2 million (9M05: US\$39.0 million)
- § Segment result increased to US\$16.9 million (9M05: US\$0.3)
- § Adjusted EBITDA increased to US\$38.5 million (9M05: US\$3.1 million)
- § Adjusted EBITDA margin increased to 19.7% (9M05: 8.0%)

#### *Formation Evaluation:*

- § Sales increased to US\$66.8 million (9M05: US\$3.1 million)
- § Segment result increased to US\$1.4 million (9M05: US\$0.4 million)
- § Adjusted EBITDA increased to US\$13.8 million (9M05: US\$0.7 million)
- § Adjusted EBITDA margin declined to 20.6% (9M05: 21.7%)

*Manufacturing:*

- § Sales were US\$66.1 million
- § Segment result was US\$11.6 million
- § Adjusted EBITDA was US\$16.2 million
- § Adjusted EBITDA margin was 24.5%

*Financing Activities:*

Equity financing:

- § Private placement of Class A common shares raising US\$100 million

Debt financing:

- § Placement of a Ruble bond issue for a total amount of US\$74.7 million
- § Total short-term borrowings, including current portion of long-term borrowings, were US\$ 244.0 million and US\$11.7 million as of 30 September 2006 and 31 December 2005, respectively
- § Total long-term financial liabilities were US\$217.9 million and US\$ 115.1 million as of 30 September 2006 and 31 December 2005, respectively
- § Subsequent to September 30, 2006, we entered into several borrowing arrangements including issuing a Ruble bond for a total amount of US\$114.5 million
- § Under an agreement with Renaissance Securities Trading Limited ("Renaissance"), the Group was subject to multiple covenants, including certain notification requirements and the obligation to obtain prior consent for all additional borrowings and pledges of its assets. From October 2006 through December 2006, the Group entered into several borrowing arrangements without obtaining the required consent from Renaissance. In January 2007, in consideration for certain amendments being made to the terms of the facility agreement, the Group obtained a waiver from Renaissance for the covenant violations.

**Consolidated Interim Condensed Financial Information  
(Unaudited)**

**As of and for the Nine Months Ended 30 September 2006**

The following set of tables comprises a balance sheet, income statement, cash flow statement and statement of changes in shareholder's equity of Integra Group as of and for the nine months ended 30 September 2006.

**Integra Group**  
**Consolidated Interim Condensed Balance Sheets (Unaudited)**  
**(expressed in thousands of US Dollars, except as indicated)**

	30 September 2006	31 December 2005
<b>Assets</b>		
Cash and cash equivalents	67,326	21,471
Receivables and other current assets	182,108	57,941
Inventories	89,361	27,221
<b>Total current assets</b>	<b>338,795</b>	<b>106,633</b>
Goodwill and other intangible assets	325,001	34,329
Property, plant and equipment	334,916	139,419
Investments in associates	15,133	13,913
Deferred tax assets	1,838	290
Loans provided and other assets	35,160	2,162
<b>Total non-current assets</b>	<b>712,048</b>	<b>190,113</b>
<b>Total assets</b>	<b>1,050,843</b>	<b>296,746</b>
<b>Liabilities and shareholders' equity</b>		
Accounts payable and accrued liabilities	184,576	50,186
Income taxes payable	19,080	4,159
Other taxes payable	21,486	9,737
Short-term borrowings and current portion of long-term borrowings	244,860	11,684
<b>Total current liabilities</b>	<b>470,002</b>	<b>75,766</b>
Long-term financial liabilities	217,897	115,098
Deferred tax liability	73,118	21,067
Other non-current liabilities	1,644	1,790
<b>Total non-current liabilities</b>	<b>292,659</b>	<b>137,955</b>
<b>Total liabilities</b>	<b>762,661</b>	<b>213,721</b>
<b>Shareholders' equity:</b>		
Ordinary shares (1,895,693 and 1,125,000 shares issued and outstanding at 30 September 2006 and 31 December 2005, respectively; nominal value one ten thousandth of one US Dollar)	-	-
Convertible preferred shares (1,926,471 shares issued and outstanding at 30 September 2006 and 31 December 2005; nominal value one ten thousandth of one US Dollar)	-	-
Cumulative translation adjustment	6,806	637
Warrants	116	136
Share premium	209,316	46,577
Treasury shares, at cost (7,100 and nil shares at 30 September 2005 and 31 December 2005, respectively)	(1,598)	-
Retained earnings (accumulated deficit)	(6,540)	10,530
<b>Total equity attributable to Integra Group shareholders</b>	<b>208,100</b>	<b>57,880</b>
Minority interest	80,082	25,145
<b>Total equity</b>	<b>288,182</b>	<b>83,025</b>
<b>Total liabilities and equity</b>	<b>1,050,843</b>	<b>296,746</b>

**Integra Group**  
**Consolidated Interim Condensed Statements of Income (Unaudited)**  
**(expressed in thousands of US Dollars, except as indicated)**

	<b>Nine months ended 30 September:</b>	
	<b>2006</b>	<b>2005</b>
Sales	324,941	41,993
Cost of sales	(253,736)	(36,083)
<b>Gross profit</b>	<b>71,205</b>	<b>5,910</b>
Selling, general and administrative expenses	(62,848)	(10,132)
Gain on acquisition of subsidiaries	-	8,931
Gain from disposal of Quest	225	-
Impairment of goodwill	-	(921)
<b>Operating profit</b>	<b>8,582</b>	<b>3,788</b>
Interest income	1,194	152
Interest expense	(27,927)	(3,025)
Exchange gain (loss)	8,707	(345)
Share of results of associates, net of income tax	708	1,961
<b>(Loss) profit before taxation</b>	<b>(8,736)</b>	<b>2,531</b>
Current income tax (expense) benefit	(10,783)	159
Deferred income tax benefit (expense)	3,950	(261)
<b>Total tax expense</b>	<b>(6,833)</b>	<b>(102)</b>
<b>(Loss) profit for the period</b>	<b>(15,569)</b>	<b>2,429</b>
(Loss) profit attributable to:		
- Minority interest	1,501	(209)
- <b>Shareholders of Integra Group</b>	<b>(17,070)</b>	<b>2,638</b>
(Loss) earnings per share (in US Dollars per share)		
- Basic	(5.28)	1.41
- Diluted	(5.28)	1.40
Weighted average shares outstanding		
- Basic	3,232,762	1,875,000
- Diluted	3,232,762	1,878,125

**Integra Group**  
**Consolidated Interim Condensed Statements of Cash Flows (Unaudited)**  
**(expressed in thousands of US Dollars, except as indicated)**

	<b>Nine months ended 30 September:</b>	
	<b>2006</b>	<b>2005</b>
<b>Cash flows from operating activities</b>		
(Loss) profit before taxation	(8,736)	2,531
Adjustments for:		
Gain from/on disposal/acquisition of subsidiaries	(225)	(8,931)
Depreciation and amortization	38,451	3,073
Interest income	(1,194)	(152)
Interest expense	27,927	3,025
Share-based compensation	7,015	1,116
Share of results of associates	(708)	(1,961)
Loss from disposal of assets	692	65
Other	3,003	826
<b>Operating cash flows before working capital changes</b>	<b>66,225</b>	<b>(408)</b>
Change in receivables and other current assets	(42,836)	(1,560)
Change in inventories	(33,699)	(1,108)
Change in accounts payable and accrued liabilities	21,863	(883)
Change in other taxes payable	(6,140)	(2,425)
<b>Cash flows from (used in) operations before interest and income taxes</b>	<b>5,413</b>	<b>(6,384)</b>
Income tax paid	(11,701)	(176)
Interest paid	(15,155)	(1,601)
<b>Net cash used in operating activities</b>	<b>(21,443)</b>	<b>(8,161)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(91,459)	(6,618)
Proceeds from the disposal of property, plant and equipment	1,427	-
Cash paid for acquisitions, net of cash acquired	(206,188)	(68,351)
Disposal of subsidiary	1,727	-
Loans provided	(3,995)	-
Repayment of loans	1,697	-
Interest received	719	152
Dividends received from associates	325	-
Other	576	-
<b>Net cash used in investing activities</b>	<b>(295,171)</b>	<b>(74,817)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of shares, net of associated costs	95,388	-
Proceeds from exercise of warrants, net transaction costs	336	-
Proceeds from borrowings	323,158	105,489
Repayment of borrowings	(50,898)	(903)
Purchases of treasury shares	(1,598)	-
<b>Net cash provided by financing activities</b>	<b>366,386</b>	<b>104,586</b>
<b>Net increase in cash and cash equivalents</b>	<b>49,772</b>	<b>21,608</b>
Cash and cash equivalents at the beginning of the period	21,471	730
Effect of exchange differences on cash balances	(3,917)	125
<b>Cash and cash equivalents at the end of the period</b>	<b>67,326</b>	<b>22,463</b>

**Integra Group**  
**Consolidated Interim Statements of Changes in Shareholders' Equity (Unaudited)**  
(expressed in thousands of US Dollars, except as indicated)

	<u>Preferred shares:</u>					Share premium	Cumulative translation adjustment	Retained earnings (accumulated deficit)	Equity attributable to Integra Group shareholders	Minority interest	Total equity
	Common shares	Series A	Series B	Treasury shares	Warrants						
<b>Balance at 31 December 2004</b>	-	-	-	-	-	4,125	-	6,641	10,766	-	10,766
Issuance of warrants	-	-	-	-	136	-	-	-	136	-	136
Fair value of minority interests acquired	-	-	-	-	-	-	-	-	-	15,902	15,902
Share-based compensation	-	-	-	-	-	1,116	-	-	1,116	-	1,116
<b>Recognized income</b>											
Translation adjustment							85	-	85	-	85
Profit (loss) for the period							-	2,637	2,637	(209)	2,428
Total recognized income (loss)									2,722	(209)	2,513
<b>Balance at 30 September 2005</b>	-	-	-	-	136	5,241	85	9,278	14,740	15,693	30,433
<b>Balance at 31 December 2005</b>					136	46,577	637	10,530	57,880	25,145	83,028
Exercise of warrants	-	-	-	-	(20)	336	-	-	316	-	316
Acquisition of Smith Eurasia	-	-	-	-	-	60,000	-	-	60,000	-	60,000
Acquisition of Class A common shares as treasury shares	-	-	-	(1,598)	-	-	-	-	(1,598)	-	(1,598)
Issuance of shares in private placement	-	-	-	-	-	95,388	-	-	95,388	-	95,388
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	53,454	53,454
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	(18)	(18)
Share-based compensation	-	-	-	-	-	7,015	-	-	7,015	-	7,015
<b>Recognized income</b>											
Translation adjustment							6,169	-	6,169	-	6,169
Profit (loss) for the period							-	(17,070)	(17,070)	1,501	(15,569)
Total recognized income (loss)							6,169	(17,070)	(10,901)	1,501	(9,400)
<b>Balance at 30 September 2006</b>	-	-	-	(1,598)	116	209,316	6,806	(6,540)	208,100	80,082	288,182

**Note to editors:**

Integra is a leading Russian independent diversified oilfield services company. Integra operates in the following sectors - drilling, workover, integrated project management and formation evaluation and manufactures oilfield services equipment. Integra is present in all major oil and gas producing regions in Russia and in many regions of the CIS. The company's customer base includes Russian and international oil and gas majors operating in Russia.

Established in 2004, Integra comprises over 40 oilfield services and oilfield equipment manufacturing companies serving the Russian oil and gas sector. As of September 30, 2006, Integra employed approximately 15, 600 people.

**For additional information please contact:****For additional information please contact:****Financial Dynamics:**

Jonathon Brill  
Anna Shumaylova

Tel. +44 (0) 20 7269 7170  
Tel. +7 (495) 795 0623

***Forward-Looking Statements:***

*Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Company or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates," "plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcome to differ materially from those suggested by any such statements.*

*These forward-looking statements speak only as of the date of this document. We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any forward-looking statement is based.*