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Integra Group Reports 1H 2008 Financial Results

MOSCOW, August 28, 2008 – Integra Group (LSE:INTE), a leading Russian oilfield service provider and manufacturer of oilfield services equipment, released today its Unaudited Interim Condensed Consolidated Financial Statements, prepared in accordance with IAS 34 Interim Financial Reporting, for the six month period ended 30 June 2008. Reported financial results demonstrate a strong, predominately organic, growth of the business and improvement in operating profitability. Amongst the key factors driving this performance are: growth of our seismic operations, new product rollouts in technology services, strengthening of customer relationships, positive restructuring progress in the drilling business, expansion of the order book in oilfield equipment manufacturing and consolidation of our recent acquisitions in the workover business

1H 2008 Financial Highlights

- Sales increased 61.0% to USD 785.5 million (vs. USD 487.9 million in 1H 2007)
- Adjusted EBITDA⁽¹⁾ rose by 70.4% to USD 128.8 million (vs. USD 75.6 million in 1H 2007)
- Adjusted EBITDA margin was 16.4% (vs. 15.5 % in 1H 2007)
 - Adjusted EBITDA margin by segment was:
 - Drilling, workover, IPM and technology services segment: 17.1% in 1H 2008 (vs. 21.3%⁽²⁾ in 1H 2007)
 - Formation evaluation segment: 30.7% in 1H 2008 (vs. 25.9%⁽²⁾ in 1H 2007)
 - Equipment manufacturing segment: 16.2% in 1H 2008 (vs. 12.9%⁽²⁾ in 1H 2007)
- Net loss for the period (excluding minorities) amounted to USD 4.5 million (vs. net loss of USD 51.5 million in 1H 2007)
- Operating cash flow after income tax and interest paid and before working capital changes was USD 74.7 million (vs. USD 34.5 million in 1H 2007)
- Net cash flow provided by operating activities was USD 2.7 million (vs. net cash flow of USD 70.7 million in 1H 2007)
- Capital expenditures incurred during 1H 2008 amounted to USD 114.0 million (vs. USD 70.4 million in 1H 2007)
- Net cash used in investing activities during 1H 2008 amounted to USD 125.8 million (vs. USD 121.3 million in 1H 2007)
- Gearing⁽³⁾ was 35.4 % at the end of 1H 2008 (vs. 31.7% as at December 31, 2007)

⁽¹⁾ Adjusted EBITDA represents profit (loss) before interest income (expenses), foreign exchange translation differences, income taxes, depreciation and amortization, share-based compensation, share of results in associates and minority interest.

⁽²⁾ Segment margins previously disclosed for 1H2007 were 15.8%, 20.6% and 10.5%, respectively, prior to reclassification of segment results to exclude corporate management expenses.

⁽³⁾ Gearing defined as (short term debt + long term debt)/(short term debt + long term debt + equity).



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1H 2008 Operating Highlights⁽⁴⁾

- 202,846 meters drilled (vs. 216,300 meters in 1H 2007)
- 90 wells were completed (vs. 101 wells in 1H 2007)
- 1,420 workover operations conducted (vs. 477 workover operations in 1H 2007)
- 331 thousand workover crew hours billed (vs. 121 thousand crew hours billed in 1H 2007)
- 14,055⁽⁴⁾ km of two-dimensional (2D) seismic surveys carried out (vs. 11,011 km of 2D seismic surveys in 1H 2007)
- 6,627⁽⁴⁾ sq. km of three-dimensional (3D) seismic surveys carried out (vs. 5,111 sq. km of 3D seismic surveys in 1H 2007)
- 603 thousand seismic shot points made in 1H 2008 (vs. 506 thousand seismic shot points made in 1H 2007)
- 489 downhole motors and 28 turbines produced in 1H 2008 (vs. 382 downhole motors and 12 turbines produced in 1H 2007)
- 11 cementing units produced in 1H 2008 (vs. 3 in 1H 2007)
- Number of heavy drilling rigs in production at the end of 1H 2008 was 23 rigs (vs. 22 in production at the end of 1H 2007), while 6 new rigs were commissioned (vs. nil in 1H 2007)

⁽⁴⁾ Including associates our seismic units carried 16,696 km of 2D seismic surveys (13,299 km of surveys in 1H 2007), 6,732 sq. km of 3D seismic surveys (5,404 sq. km of surveys in 1H 2007)

Felix Lubashevsky, Integra's Chief Executive Officer, commented,

"During the first six months of 2008, Integra managed to demonstrate strong revenue and operating profitability growth across almost all the business. The reported results clearly demonstrate the benefits of our product depth and diversity that we laid in the foundation of Integra. We believe this balanced platform has provided us with solid growth which is now almost entirely organic.

Demand for our key services remains strong and we continue to grow much faster than the market. Our adjusted EBITDA for 1H 2008 alone had already exceeded our full year EBITDA for 2006, highlighting a more than twofold organic increase within 18 months. More specifically, we see robust growth in our seismic and technology services businesses, while in equipment manufacturing, although growth is evident as well, we see competition increasing.

The performance of our drilling subsegment in 1H 2008 was disappointing. We had the biggest optimization effort in progress and yet still undershot our margin expectations. However, I can say that we are close to a turning point as an encouraging profitability trend emerged in the second quarter. I anticipate that our strategy of consistent application of new business processes and further efficiency focus should yield improved margins in land drilling during the second half of 2008.

This year on top of new business development and capacity expansion we have launched extensive cost reduction and working capital efficiency programs. We kept our corporate overheads flat which had resulted in the share of SG&A expenses as a proportion of revenue declining from 19.6% to 16.3%.

Our adjusted EBITDA margins for 1H 2008 have materially improved relative to the first quarter of 2008. We remain confident that continued overall strong market conditions, leadership position in the seismic markets, our know-how in technology services, valuable human capital and overall seasonal trends will lead us to higher profitability this year."



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Conference Call Dial-In Details

Integra's management will host a conference call for investors and analysts followed by a Q&A session. The dial-in details are:

Date: Thursday, 28 August 2008
Time: 18.00 Moscow / 15.00 London / 10.00 New York

Title: Integra Group – 1H 2008 Results
UK local rate tel: 0845 146 2004
UK international tel: +44 (0)1452 569 393
US tel: 1866 434 1089

There will also be a playback facility available until 12 September 2008. The details are:

UK local rate tel: 0845 245 5205
International tel: +44 (0)1452 550 000
Access code: 60975492

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Discussion of Market and Competitive Environment

No material changes to the key oilfield services market trends were observed in 1H 2008. Despite weakening in Russian oil production output we continue to see demand for exploratory and development drilling, seismic services and high-tech well construction and well management services. However, in the equipment manufacturing markets, we see increasing competition from domestic, Chinese and certain North American and Western European manufacturers of oilfield equipment.

Management sees potential for further improvement of market conditions once new legislation on upstream taxation takes effect in 2009. Management has not yet observed any significant shifts in demand for oilfield services related to the tax changes or the recent sharp movements in global hydrocarbon prices, as a majority of our 2008 services have been hired under pre-2008 tax and pricing assumptions of our customers. We are in early stage of our contracting period for 2009 and thus do not yet have full visibility of potential demand impact.

Discussion of Consolidated Financial Results

Consolidated sales during 1H 2008 increased by 61.0% to USD 785.5 million compared to USD 487.9 million during 1H 2007 and all of our segments contributed to this increase. The majority of the increase, USD 241.3 million or 81.1%, was related to organic increase in sales of companies which Integra Group fully or partially consolidated at the end of 1H 2007. This represents an estimated 49.5% organic growth rate in revenue in 1H 2008 from 1H 2007 and was primarily driven by higher capacity utilization of our seismic units, launch of new technology services, substantial completion progress from our largest manufacturing contracts and favorable pricing across all segments. The remaining sales increase of USD 56.3 million, or 18.9%, was attributable to incremental sales from the consolidation of companies which Integra did not own during 1H 2007 (primarily Obnefteremont, Nizhnevartovsk KRS, Sibirtransservice and Geotechsystem).

The cost of sales reduced to 80.2% of sales in 1H 2008 compared to 82.1% of sales in 1H 2007 which is attributed to our strategic focus on controlling costs and realizing operating leverage. In 1H 2008, employee costs represented 31.8% of the cost of sales vs. 30.1% in 1H 2007, services from third parties were equal to 31.4% of the cost of sales vs. 27.5% in 1H 2007, and materials and supplies were equal to 24.3% of the cost of sales during 1H 2008 vs. 25.7% in 1H 2007. Of the USD 228.9 million increase in cost of sales for 1H 2008, USD 49.7 million was attributable to the consolidation of our subsidiaries acquired during 2H 2007 and 1H 2008. The remaining USD 179.2 million increase was attributable to inflation and the growth in volume of products and services.

Consolidated adjusted EBITDA for 1H 2008 was USD 128.8 million, a 70.4% increase when compared to USD 75.6 million realized in 1H 2007. The majority of the increase, USD 47.0 million or 88.3%, was related to organic growth from assets owned at the end of 1H 2007. This represents an estimated 62.2% growth rate in organic EBITDA in 1H 2008 from 1H 2007.

The net loss for 1H 2008 substantially decreased by USD 47.0 million from the 1H 2007 levels resulting in a loss for the period of USD 4.5 million compared to a loss of 51.5 million in 1H 2007. This reduction in net loss for the period was primarily due to increased cash earnings of the business, a significant decrease in interest expenses and the diminishing share of historical non-cash expenses related to the formation of the Group its acquisition and compensation strategies.



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The net loss of USD 4.5 million in 1H 2008 was significantly affected by the following:

- Continued amortization of intangible assets linked to our past acquisitions of USD 15.3 million, which had decreased from USD 17.0 million in 1H 2007.
- Non-cash share-based compensation expense related to management stock option plan of USD 9.6 million, compared to USD 16.1 million in 1H 2007.

Excluding these items, 1H 2008 showed an underlying net profit of USD 25.2 million vs. a net loss of USD 13.0 million in 1H 2007.

Discussion of Operating Highlights

Our Drilling, Workover, IPM and Technology Services segment drilled 202,846 meters (216,300 meters in 1H 2007), a total of 90 wells (101 wells in 1H 2007) were completed and 1,420 workover operations were conducted (477 workover operations in 1H 2007).

Our Formation Evaluation subsidiaries (excl. associates) carried out 14,055 km of two-dimensional (2D) seismic surveys (11,011 surveys in 1H 2007), 6,627 sq. km of three-dimensional (3D) seismic surveys (5,111 sq. km of surveys in 1H 2007). Unlike the 2006-2007 seismic season, our first half operations were not negatively affected by an early spring in Siberia allowing for a longer operating period in 1H 2008. Our further integration effort and launch of the summer seismic operations, albeit on a minor scale, have both contributed to a further increase in seismic volumes and improvement in efficiency.

During 1H 2008 our Equipment Manufacturing segment commissioned a total of 6 heavy drilling rigs compared to none in 1H 2007. This significant increase reflects the completion of the production cycle of rigs from contracts signed in mid 2007 with Rosneft, Gazprom and Tyazhmashmarket. Number of heavy drilling rigs in production increased to 23 rigs in comparison with the 22 rigs in production at the end of 1H 2007 and declined from 28 rigs in production at the end of 2007. This is explained by rigs being commissioned and several postponements of new rig tenders by our target customers.

In addition, during 1H 2008, 3 rigs were modernized, compared to 8 during the first half of 2007. This is driven by irregularity of demand for rig upgrades which is triggered by availability of rig upgrade candidates and their service time in the field.

Following the launch of the new-generation cementing complexes, we have seen additional demand for this equipment and production of cementing units increased to 11 in 1H 2008 from 3 in 1H 2007.

Discussion of Segment Results

Drilling, Workover, IPM and Technology Services Segment

Drilling, workover, IPM and technology services sales represented 52.1% of our total sales in 1H 2008 (before inter-segment eliminations), compared to 52.4% in 1H 2007. Sales in this segment increased by USD 153.9 million, or 60.3%, to USD 409.3 million in 1H 2008 from USD 255.4 million in 1H 2007. Of this increase, USD 97.6 million, was due to : improved pricing for drilling services, increased volumes of newly launched technology services and increased volumes of drilling tools output, therefore implying an organic growth rate of 38.2%. The remaining increase in the segment's sales of USD 56.3 million relates to our acquisitions of Obnetheremont, Nizhnevartovsk KRS, Sibirtransservice in 2H 2007 and 1H 2008.

The cost of sales for this segment increased by USD 125.7 million to USD 338.5 million in 1H 2008. Of this increase in cost of sales, USD 76.5 million was attributable to organic growth, implying an organic growth rate of 35.9%. The remaining increase was related to consolidation of recently

acquired entities Obnefteremont, Nizhnevartovsk KRS, Sibirtransservice. The organic growth in costs of sales was attributed to continued cost pressures coming from wage inflation, transportation and fuel charges, and continued optimization expenses, the majority of which are related to opening of new drilling bases and inaugural costs for newly launched technology services. Our key cost components and their share in this segment's cost of sales for 1H 2008 were as follows: services procured from third parties – 44.0%; employee costs – 30.7%; depreciation – 12.7%, material costs – 12.5%, and other – 0.1%.

Adjusted EBITDA in the Drilling, Workover, IPM and Technology Services segment increased by 29.1% to USD 70.1 million from USD 54.3 million in 1H 2007. Adjusted EBITDA margin decreased from 21.3% in 1H2007 to 17.1% in 1H 2008. The year-on-year decline in margin is reflective of the following factors:

- Transition to long-term contract relationships with some of our largest customers. This triggered an initially lower profitability of such long term volumes as they are subject to substantial preparatory cost (i.e. establishment of new drilling bases). In 1H 2008, we moved one of our largest drilling bases from Nyagan to Nizhnevartovsk.
- Presence of several unsustainably high profitability contracts in 1Q 2007 in our drilling tools manufacturing sub-segment (a technology service).
- Expansion of our workover business (through acquisitions) which, in addition to integration expenses, also generated a margin below the average for the entire Drilling, Workover, IPM, and Technology Services segment. This had a thinning effect on the overall margin.
- Launch of new technology services (coil tubing, directional drilling) generated EBITDA margins which while being high are lower than margins in our drilling tools manufacturing (the core technology service in 1H 2007) thus having a thinning effect on the average technology services margin.

Formation Evaluation Segment

Formation Evaluation services sales comprised 26.4 % of our total sales in 1H 2008 (before inter-segment eliminations) compared to 29.3% in 1H 2007. Sales in this segment increased by USD 64.0 million, or 44.7%, to USD 207.1 million in 1H 2008 from USD 143.1 million in 1H 2007. The increase was entirely organic. This growth stems predominately from strong growth in volumes and price increases.

The cost of sales for this segment increased by USD 39.2 million to USD 158.5 million in 1H 2008 from USD 119.3 million in 1H 2007. This increase in the cost of sales was primarily attributable to increased volume of activity and wage inflation which were offset slightly by a reduced reliance on third party services for transport of crews and seismic equipment. Our key cost components and their share in this segment's cost of sales for 1H 2008 were as follows: employee costs – 48.1%; depreciation – 16.1%; services procured from third parties – 22.9%; material costs – 10.9%; and other – 2.0%.

Adjusted EBITDA in the Formation Evaluation segment increased by 71.2% to USD 63.5 million in 1H 2008 from USD 37.1 million in 1H 2007. The adjusted EBITDA margin for the segment increased to 30.7% in 1H 2008 from 25.9% in 1H 2007, benefitting from:

- Favorable pricing conditions in the market.
- Continued strong performance of our Kazakh seismic operations.
- Better weather conditions, colder spring and thus longer operating season.
- Particular benefits were also derived by shifting key operating personnel from Labytnangi (former head office of Yamalgeophysika) to Tyumen, creating a more efficient platform for coordinating the work of our Russian seismic crews.



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Equipment Manufacturing Segment

Equipment Manufacturing sales represented 23.0% of total sales in 1H 2008 (before inter-segment eliminations) compared to 19.3% in 1H 2007. Sales in this segment increased by USD 86.3 million, or 91.8%, to USD 180.3 million in 1H 2008 from USD 94.0 million in 1H 2007. This increase is primarily related to increased construction and commissioning of heavy drilling rigs during 1H 2008 that were contracted in mid-2007, particularly with Gazprom, Rosneft and Novatek. Sales were also impacted by increased demand for new cementing complexes.

The cost of sales in this segment increased by USD 70.4 million, to USD 143.6 million in 1H 2008 from USD 73.2 million in 1H 2007. This increase is broadly comparable to the increased volume of rig construction, with some additional cost drivers related to salaries, material supplies and services procured from third parties. The key cost components and their share in this segment's cost of sales in 1H 2008 were as follows: material costs – 71.9%, employee costs – 14.1%, services procured from third parties – 9.0%, depreciation – 4.8%, and other – 0.2%.

Adjusted EBITDA in this segment increased 141.3% to USD 29.2 million from USD 12.1 million in 1H 2007. Adjusted EBITDA margin for the segment improved to 16.2% in 1H 2008 from 12.9% in 1H2007 and is primarily explained by the following factors:

- Improved margins in our facility in Kostroma where we produce our cementing complexes.
- Growing contribution from our higher-margin rig service business.
- Substantial completion progress on the largest rig manufacturing contracts that demonstrated consistent or slightly better margin levels relative to 1H 2007.

Selling, General and Administrative Expenses

Selling, general and administrative expenses (“SG&A”) increased by USD 32.7 million to USD 128.1 million in 1H 2008 from USD 95.4 million in 1H 2007. The increase was largely due to the inclusion of new subsidiaries in our consolidated results and the overall expansion of our business, as well as these expenses being partially offset by lower non-cash charges related to share based compensation expense. SG&A expenses as a proportionate share of revenues declined to 16.3% in 1H 2008 from 19.6% in 1H 2007 indicating a realization of operating leverage. SG&A expenses, net of share based compensation expenses, as a proportionate share of revenues declined to 15.1% in 1H 2008 from 16.3% in 1H 2007.



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Important events and M&A update

In June 2008, Dmitry Avdeev joined Integra Group in the role of Chief Financial Officer.

During 1H 2008, we considered a number of acquisition opportunities in different segments of the OFS market in order to find what we believed to be the most attractive targets which would be the best fit for Integra's strategy.

In May 2008, the Group purchased a 100 percent interest in both Nizhnevartovsk KRS ("NKRS") and Sibirtransservice ("STS"), companies that provide workover and transportation services to the petroleum industry in the Khanty Mansiysk Autonomous Region of the Russian Federation. This acquisition is expected to increase the Group's workover capacity and marketing power.

Integra management continues to review potential acquisition opportunities that would be value enhancing for our three core business segments, however this focus is secondary to organic development of the business.

Outlook, key risks and uncertainties for 2008

As of August 26, 2008, Integra Group had signed contracts in the amount of USD 1,319 million in revenue for services and equipment to be delivered to customers during the 2008 calendar year, of which USD 785 million had already been executed and delivered to the customers as services and equipment in the first half of the year. On top of this Integra Group had won tenders, which are not yet contracted, for USD 157 million. Beyond the 2008 calendar year, we have contracted and won tenders for over USD 545 million, of which USD 203 million relate to signed contracts.

2008 Order book

USD million	Contracts signed	Tenders won, contracts not yet signed	Total order book
Drilling, Workover, IPM, Tech. services	709	125	834
Formation Evaluation	320	29	349
Equipment manufacturing	290	3	293
TOTAL	1,319	157	1,476

Management expects positive earnings trends to continue into the rest of the year given the seasonal pattern of our earnings. Full year 2008 adjusted EBITDA margin is expected to be stronger relative to that observed in 1H 2008, driven primarily by seasonal trends, an improved performance in our land drilling subsegment and continued strength in seismic business. The outlook for 2008 is supported by the strong order book, the planned reduction of corporate overheads and the positive market environment.

Management believes that the Group has sufficient working capital and undrawn financing facilities to service its operating activities and ongoing capital investment programs.

Key uncertainties and downward risks to our full year 2008 performance are:

- Pressure on our cash flow liquidity over the coming 12 months that will be impacted by our ability to refinance our maturing loan obligations;
- Trickle down effect of challenging global market conditions (the 'credit crunch') that could potentially impact market confidence in Russia, translating into cash flow constraints of our major customers and increased costs associated with managing our working capital;
- Failure to significantly improve the performance of our land drilling subsegment in 2H 2008, resulting in it offsetting the positive momentum in our technology and seismic services exerting pressure on the overall group margin;
- Further postponement, cancellation or loss in rig manufacturing tenders with our targeted customers which could potentially impact the number of new rigs we place in production in 2008.
- The recent strengthening of the US Dollar against the Russian ruble (as well as against other major global currencies) highlights the potential impact significant exchange rate movements between these two currencies could have on our reported financial results.

Director's responsibility statement

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for ensuring that management prepares the interim report in accordance with the Listing Rules of the Financial Services Authority and the requirements of IAS 34 which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

The following set of tables comprises a balance sheet, income statement and cash flow statement of Integra Group as of and for the six months ended 30 June, 2008. The full text of Unaudited Interim Condensed Consolidated Financial Statements is available through Integra Group web site at <http://www.integra.ru/eng>



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Integra Group
Interim Condensed Consolidated Statements of Income for the six month period ending 30 June 2008
(expressed in thousands of US Dollars, except as indicated)

	Six months ended 30 June:	
	2008	2007
Sales	785,484	487,892
Cost of sales	(629,611)	(400,699)
Gross profit	155,873	87,193
Selling, general and administrative expenses	(128,061)	(95,419)
Gain from disposal of property, plant and equipment	5,499	256
Other		597
Operating (loss) profit	33,311	(7,373)
Interest income	3,816	5,170
Interest expense	(24,239)	(40,189)
Exchange (loss) gain	5,934	(896)
Share of results of associates	665	1,352
Profit (loss) before taxation	19,487	(41,936)
Income tax expense	(23,982)	(9,606)
	(4,495)	(51,542)
(Loss) profit attributable to:		
- Minority interest	7,432	(1,246)
- Shareholders of Integra Group	(11,927)	(50,296)
Loss per share, basic and diluted (in US Dollars per share)	(1.92)	(9.56)
Weighted average shares outstanding, basic and diluted	6,214,617	5,262,651



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Integra Group
Interim Condensed Consolidated Balance Sheet as of 30 June 2008
(expressed in thousands of US Dollars, except as indicated)

	30 June	31 December
	2008	2007
Assets		
Cash and cash equivalents	98,765	101,998
Trade and other receivables	530,966	405,221
Inventories	213,935	176,794
Restricted cash	93	7,962
Total current assets	843,759	691,975
Goodwill and intangible assets	420,907	379,818
Property, plant and equipment	633,021	561,649
Investments in associates	22,625	19,920
Deferred tax assets	6,076	2,916
Loans provided and other assets	50,683	56,906
Total non-current assets	1,133,312	1,021,209
Total assets	1,977,071	1,713,184
Liabilities and shareholders' equity		
Accounts payable and accrued liabilities	299,783	273,662
Income taxes payable	20,776	20,434
Other taxes payable	60,061	29,871
Current financial liabilities	396,762	203,011
Total current liabilities	777,382	526,978
Non-current financial liabilities	138,545	210,215
Deferred tax liability	83,909	83,584
Other non-current liabilities	974	63
Total non-current liabilities	223,428	293,862
Total liabilities	1,000,810	820,840
Shareholders' equity:		
Share capital	875,665	831,223
Cumulative translation reserve	110,350	66,553
Accumulated deficit	(87,275)	(75,521)
Total equity attributable to Integra Group shareholders	898,740	822,255
Minority interest	77,521	70,089
Total equity	976,261	892,344
Total liabilities and equity	1,977,071	1,713,184



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Interim Condensed Consolidated Statement of Cash Flows for the six month period ending 30 June 2008
(expressed in thousands of US Dollars)

	Six months ended 30 June:	
	2008	2007
Cash flows from operating activities		
Profit (loss) before taxation	19,487	(41,936)
Adjustments for:		
Depreciation and amortization	85,845	67,461
Interest income	(3,816)	(5,170)
Interest expense	24,239	40,189
Share-based compensation	9,649	16,075
Share of results of associates	(665)	(1,352)
Other	(6,466)	313
Operating cash flows before working capital changes	128,273	75,580
Change in trade and other receivables	(91,059)	(91,031)
Change in inventories	(28,743)	(29,959)
Change in accounts payable and accrued liabilities	21,243	153,045
Change in other taxes payable	26,592	4,075
Operating cash flows before interest and income taxes	56,306	111,710
Income tax paid	(29,543)	(19,707)
Interest paid	(24,017)	(21,326)
Net cash generated from operating activities	2,746	70,677
Cash flows from investing activities:		
Purchase of property, plant and equipment	(113,975)	(70,409)
Proceeds from the disposal of property, plant and equipment	11,690	2,801
Settlements for purchases of interests in companies, net of cash acquired	(34,103)	(58,367)
Loans provided	(367)	(1,972)
Proceeds from repayment of loans	11,489	3,213
Interest received	1,820	3,410
Other	(2,364)	(4)
Net cash used in investing activities	(125,810)	(121,328)
Cash flows from financing activities:		
Proceeds from issuance of shares, net of transaction costs	-	562,352
Proceeds from exercise of warrants connected with Senior Notes and Facility Agreement	-	17,167
Proceeds from borrowings	198,027	15,862
Repayment of borrowings	(90,131)	(408,093)
Reimbursement of IPO costs from a depository bank	6,238	-
Exercise of share options for cash	1,555	-
Net cash generated from financing activities	115,689	187,288
Net increase (decrease) in cash and cash equivalents	(7,375)	136,637
Cash and cash equivalents at the beginning of the period	101,998	87,821
Effect of exchange differences on cash balances	4,142	7,474
Cash and cash equivalents at the end of the period	98,765	231,932



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Notes to editors:

Integra Group 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, cementing equipment and certain specialized equipment used in the exploration, development and production of oil and gas.

Integra Group operates in the drilling, workover, seismic and geophysics sectors and manufactures oilfield services equipment. Integra Group has oilfield services operations in all major oil and gas producing regions in Russia and in many other CIS countries. Its customer base includes major Russian and international oil and gas companies operating in Russia and CIS.

Established in March 2004, Integra Group has, through 17 strategic acquisitions, become one of the leading companies in the oilfield services and equipment manufacturing sectors of the Russian market and employs over 23 000 people.

Since February 27, 2007, Integra Group has been traded on the London Stock Exchange under the ticker symbol "INTE".

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Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Integra Group. You can identify forward-looking statements by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might," or the negative of such terms or other similar expressions. These statements are only predictions and actual events or results may differ materially. Integra Group does not intend to or undertake any obligation to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Many factors could cause the actual results to differ materially from those contained in Integra Group's projections or forward-looking statements, including, among others, general economic and market conditions, Integra Group's competitive environment, risks associated with operating in Russia, rapid technological and market change, and other factors specifically related to Integra Group and its operations.

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