Integra Group Interim Management Statement and Financial Highlights for the 3M 2010

MOSCOW, June 1, 2010 – Integra Group (LSE: INTE), a leading FSU-based oilfield services provider and manufacturer of oilfield services equipment, released today its Interim Management Statement and unaudited financial highlights for the three months period ended 31 March 2010. The financial data is based on management assessment only and has not been reviewed by external auditors.

Results for the first three months of 2010 demonstrate a moderate pickup in revenues driven primarily by foreign exchange factors and stabilization of demand for oilfield services. Adjusted EBITDA margin slightly improved due to cost optimization, better product mix and was expectedly affected by seasonality.

3M 2010 Financial Highlights

- Sales increased by 9.7% to US$ 209.5 million (vs. US$ 191.0 million in 3M 2009)
- Adjusted EBITDA[1] increased by 18.8% to US$ 23.4 million (vs. US$ 19.7 million in 3M 2009) Adjusted EBITDA margin was 11.2% (vs. 10.3% in 3M 2009)
- Net cash flow provided by operating activities was negative US$ 15.7 million (vs. US$ 10.1 million in 3M 2009)
- Capital expenditures were US$ 13.5 million (vs. US$ 6.9 million in 3M 2009)
- Free cash flow[2] was negative US$ 29.2 million (vs. US$ 3.2 million in 3M 2009)
- Net Debt as of June 1, 2010 amounted to US$ 177.5 million (vs. US$ 175.4 million as of December 31, 2009)

3M 2010 Operating Highlights

- 33,300 meters drilled (vs. 35,600 meters during 3M 2009)
- 632 workover operations conducted (vs. 775 workover operations during 3M 2009)
- 368,334 seismic shot points made (vs. 291,343 seismic shot points during 3M 2009)
- 116 downhole motors and no turbines produced (vs. 98 downhole motors and 8 turbines produced in 3M 2009)
- 34 coil tubing operations (vs. 74 operations during 3M 2009)
- 161 cementing operations (vs. 125 operations during 3M 2009)
- 41 wells completed with directional drilling service (vs. 13 wells during 3M 2009)
- 1 heavy drilling rig and 12 heavy drilling rig assembly units in production at the end of 3M 2010 (vs. 11 heavy drilling rigs and 14 heavy drilling rig assembly units in production at the end of 3M 2009)
- 5 new heavy drilling rigs commissioned (vs. 2 heavy drilling rigs in 3M 2009)
- 4 new cementing complexes produces (no complexes produced in 3M 2009)

[1] Adjusted EBITDA represents profit (loss) before interest income (expense), foreign exchange translation differences, income taxes, depreciation and amortization, goodwill impairment, share-based compensation, share of results in associates and minority interest.
[2] Free Cash flow defined as net cash flow provided by operating activities less capital expenditures.

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

"In the first quarter, we saw decent year-on-year increases both in revenue and Group's margin. This is a reflection of better product mix, a stronger Ruble and continued strict cost control. We are particularly pleased by the growth in our Technology Services and Formation Evaluation segments which underlines our strategic focus on the development of the Group's businesses with higher marginality.

We see continued stabilization in the oilfield services industry, however, some uncertainties, particularly unclear greenfield taxation outlook, cause an overall delay in a full-scale market recovery."

Conference Call Dial-In Details

Date:	Tuesday, June 1, 2010
Time:	17.00 Moscow / 14.00 London / 9.00 New York
Title:	Integra Group 1Q 2010 Interim Management Statement
Conference ID:	78081750
UK international tel.:	+44 (0) 1452 569 335
USA international tel.:	+1 866 655 1591

There will also be a playback facility available until June 14, 2010. The details are:

UK international tel.:	+44 (0) 1452 550 000
USA international tel.:	+1 866 247 4222
Access code:	78081750#

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Discussion of the Market and Competitive Environment

Market conditions in 3M 2010 demonstrated a moderate improvement relative to 2009. Higher and more stable oil price environment against recovering global economic backdrop resulted in a pickup in oil and gas industry spending. Although demand for exploration and development services stabilized and there are distinct areas of growth, in absolute terms the OFS demand remains significantly below its peak levels of 2008. This creates market overcapacity in select services which puts a ceiling on pricing increases. Ongoing uncertainty over the long term taxation in Russian greenfield areas limits respective exploration activities in such areas in 2010.

The OFS Industry in 2010 is expected to demonstrate only moderate signs of growth, provided no sharp deterioration in the outlook for energy prices.

Discussion of the Group's Financial Results

Consolidated sales during 3M 2010 increased by 9.7% to US$ 209.5 million compared to US$ 191.0 million during 3M 2009. The increase in revenue resulted from the appreciation of the Ruble (the Group's functional currency), pickup in volumes for select oilfield services, which was partially offset by lower IPM, workover and coil tubing volumes.

Adjusted EBITDA increased by 18.8% to US$ 23.4 million from US$ 19.7 million. The absolute increase in 3M 2010 adjusted EBITDA reflects higher revenues as discussed above, increased contribution to cash earnings from higher margin segments like Technology Services and Formation Evaluation and continued reduction of corporate overheads. Adjusted EBITDA margin increased to 11.2% in 3M 2010 compared to 10.3% in 3M 2009. 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	Tech. Services	Formation Evaluation	Equipment Manufacturing	Other revenue, overheads and eliminations	Total Group
Revenue (in US$ million)						
3M 2009	76.9	24.9	58.6	27.1	3.5	191.0
3M 2010	**70.6**	**33.4**	**80.3**	**26.9**	**(1.7)**	**209.5**
chg %	(8.2)	34.1	37.0	(0.7)	n/a	9.7
Adj. EBITDA (in US$ million)						
3M 2009	4.3	8.7	12.8	5.0	(11.1)	19.7
3M 2010	**3.8**	**10.5**	**16.8**	**2.5**	**(10.2)**	**23.4**
chg %	(11.6)	20.7	31.3	(50.0)	n/a	18.8
Adj. EBITDA Margin (%)						
3M 2009	5.6%	34.9%	21.8%	18.5%	n/m	10.3%
3M 2010	**5.4%**	**31.4%**	**20.9%**	**9.3%**	**n/m**	**11.2%**

Drilling, Workover & IPM

- In the Drilling, Workover & IPM segment, 3M 2010 revenue declined by 8.2% compared to 3M 2009. The decline in sales was primarily driven by lower IPM volumes due to completion of a sizable contract and lower workover volumes. Revenues from drilling were roughly flat in ruble terms despite a slight drop in drilled meters. Adjusted EBITDA margin slightly decreased to 5.4% from 5.6% in 3M 2009 primarily due to lower profitability in the Workover subsegment, which was partially offset by higher profitability in the Drilling subsegment. 3M 2010 adjusted EBITDA margin decreased sequentially from 7.3% in 4Q 2009 due to seasonal mobilizations and reduction in profitability in the Workover subsegment.

Technology Services

- In the Technology Services segment, 3M 2010 revenue increased by 34.1% compared to 3M 2009. The growth resulted primarily from an increase in volumes of rendered services such as cementing, directional drilling, as well as slight increase in the volume of produced drilling tools. 3M 2010 Adjusted EBITDA margin declined slightly to 31.4% compared to 34.9% in 3M 2009 due to moderate decline in the profitability of the drilling tools manufacturing. Sequentially, adjusted EBITDA margin recovered from 18.3% in 4Q 2009, which was distorted by certain year-end charges.

Formation Evaluation

- In the Formation Evaluation segment, 3M 2010 revenue increased by 37.0% compared to 3M 2009. The growth resulted from pickup in the volume of seismic surveys primarily in Kazakhstan due to significant recent capacity expansion in the region. Adjusted EBITDA margin slightly declined to 20.9% in 3M 2010 from 21.8% in 3M 2009 and was virtually flat sequentially relative to 20.7% margin in 4Q 2009.

Equipment Manufacturing

- In the Equipment Manufacturing segment, 3M 2010 revenue declined by 0.7% compared to 3M 2009 due to lower rig production volumes which was offset by higher volumes of produced cementing complexes and Ruble appreciation. Adjusted EBITDA margin decreased to 9.3% compared to 18.5% in 3M 2009 and 21.2% in 4Q 2009 due to a significant decline in the rig manufacturing order book.

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

Net cash generated from operating activities before working capital increased to US$ 25.0 million in 3M 2010, from US$ 11.7 million in 3M 2009 which primarily resulted from higher cash earnings. This increase was offset by an outflow to working capital triggered by the overall growth in volume. Cashflow from operating activities (after working capital changes) in 3M 2010 was negative US$ 15.7 million compared to positive US$10.1 million in 3M 2009.

Free cash flow (defined as net cash generated from operating activities, less purchases of property, plant and equipment, plus proceeds from the disposal of property, plant and equipment) was negative at US$ 29.2 million in 3M 2010, compared to positive US$ 3.2 million in 3M 2009.

Since December 31, 2009, the Group has repaid or refinanced a total of US$ 110.8 million of borrowings through new loan facilities and cash flow generation. As of June 1, 2010 the Group had about US$ 234.9 million of gross debt, including US$ 46.8 million of debt payable in the next 12 months.

Order book update

As of May 31, 2010, the Group had signed contracts in the amount of US$ 684.7 million (RR 21.2 billion) in revenue for services and equipment to be delivered to customers during 2010. The total order book, which in addition to the signed contracts includes the value of business won in tenders but not yet contracted, is US$ 763.7 million (RR 23.7 billion). Share of customers unaffiliated with state or major Russian and international oil and gas producers is 15.5%.

2010 Order book (as of May 31, 2010)

FX 31RR/$	**Contracts signed***		**Tenders won, contracts not yet signed**		**Total order book**	
	US$ (m)	**RR (bn)**	**US$ (m)**	**RR (bn)**	**US$ (m)**	**RR (bn)**
Drilling, Workover, IPM	300	9.3	46	1.4	346	10.7
Technology Services	139	4.3	9	0.3	148	4.6
Formation Evaluation	158	4.9	20	0.6	178	5.5
Equipment Manufacturing	80	2.5	3	0.1	83	2.6
Other	8	0.3	0	0.0	8	0.3
TOTAL	**685**	**21.2**	**79**	**2.4**	**764**	**23.7**

*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.

Risks and uncertainties for the next six months:

- We depend on a small number of key customers for a significant percentage of our revenues. The loss of one or more of our key customers could have a material adverse effect on our business, financial condition and results of operations. To the extent that industry consolidation continues within the Russian oil and gas sector, we expect that the percentage of sales attributable to our largest customers will continue to increase, making us more dependent on these key customer relationships.
- Factors outside of our control such as market and weather conditions may result in the delay or cancellation of projects in our order book. If we are unable to perform our work within the time frame agreed or at all, our work flow may be interrupted and our financial position and results of operations may be materially adversely affected.

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.