HMS Hydraulic Machines & Systems Group plc
(the "Company", and together with its subsidiaries, the "HMS Group")

HMS Group announces financial results for the six months ended June 30, 2011

Moscow, Russia – October 4, 2011 – HMS Group plc (the "Group") (LSE: HMSG), the leading pump manufacturer and provider of flow control solutions and related services in Russia and the CIS, today announces its consolidated condensed interim financial information including independent review report by PricewaterhouseCoopers Limited for the six months ended June 30, 2011.

FIRST HALF 2011 HIGHLIGHTS

- Revenue up 51% year-on-year to RUB 13,857 million mainly driven by industrial pump segment growth.
- EBITDA* up 175% year-on-year to RUB 3,133 million, with an EBITDA margin of 22.6% compared to 12.5% for 6M 2010 mainly driven by industrial pumps and project and design sub-segments growth.
- Operating profit grew by solid 165% year-on-year to RUB 2,743 million with margin of 19.8% compared to 11.3% for 6M 2010.
- Debt decreased by 28% year-on-year to RUB 4,599 million with 77% share of long term debt while interest expenses declined by 60% to RUB 198 million.
- Profit for the period totaled RUB 2,082 million, up 5.4 times as compared to 1H 2010

Artem Molchanov, Managing Director (CEO) of HMS Group, commented:

«I'm pleased to say that over the first half of 2011 the company consecutively hit the goals that we set for the year and continued to strengthen our positions in the most profitable market segments.

We continued working on several large projects in oil upstream and transportation and by now have already managed to build up sound orders backlog for a mid-term perspective, having signed several significant contracts. Over the rest of the year we plan to keep it growing primarily owing to participation in large scale greenfield and brownfield projects in oil upstream, oil transportation and water utilities.

Implementing our growth strategy, this summer we completed two M&A deals. For attractive multiples we have acquired companies with complementary business profile that would allow us to enhance existing product portfolio in oil equipment, pumps for oil refineries and metals and mining.

All in all it's worth mentioning that the company demonstrated another half-year of stable growth, consecutively executing development plans that were presented to the investors during IPO process. I hope that the good results that we achieved will help to bolster investor's confidence in the company notwithstanding volatility in the global economy."

FINANCIAL SUMMARY (January – June)

(RUB million)	**1H 2011**	1H 2010	YoY Change
Revenues	**13,857**	9,149	51%
EBITDA	**3,133**	1,140	175%
Operating profit	**2,743**	1,035	165%
Profit for the period	**2,082**	388	437%
Basic and diluted earnings per share (RUB per share)	**17.44**	3.62	382%
ROCE**	**50.27**	25.53	n/a

OPERATING REVIEW

Group

The Group's revenue increased by 51% year-on-year to RUB 13,857 million in the first half of 2011, primarily driven by solid growth in industrial pumps segment as a result of infrastructure projects implementation in oil transportation and oil fields development. Revenue received from Giprotyumenneftegaz (GTNG), the largest independent R&D institute, which has been acquired in June 2010, made additional contribution to the revenue growth in the reporting period.

Overall order intake[1] during the first half of 2011 amounted to RUB 7,870 million as compared to RUB 6,236 million (excluding RUB 12,404 million of ESPO orders) in the corresponding period of the last year, up by 26% year-on-year. Orders in the oil and gas equipment segment demonstrated robust growth of 56% year-on-year from RUB 1,609 million to 2,504. Order intake in the high-margin project and design sub-segment hiked 46 times to RUB 1,258 million mainly due to acquisition of GTNG with its unique capacities to manage the most complicated projects with high R&D share. On the contrary, order intake in low-margin construction sub-segment were intentionally reduced by 47% year-on-year from RUB 976 million in the first half of 2010 to RUB 520 million for the reporting period. In the industrial pumps business order intake grew by 18% year-on-year (excluding RUB 12,404 million orders related to ESPO projects). Thus by the end of the reporting period orders backlog1 became less concentrated as compared with the first half of 2010 with 29.7% coming from oil transportation following by 11.4% in nuclear pumps and 11.1% in EPC segment. Due to seasonality the amount of bookings is stronger in the second half of the year. Given the amount of new orders received in the summer period and existing tender pipeline, the Group is on track to achieve the key indicators budgeted for the year and create stockpile going forward.

Revenue growth of 51% coupled with strict cost management resulted in cost of sales increase of 37% year-on-year to RUB 9,565 million in the first half of 2011. As a result cost of sales declined from 76.2% in the first half 2010 to 69.0% of total revenues in the reporting period.

Distribution and transportation expenses grew in line with total revenue and as a percentage of it remained flat at 2.8% level. General and administrative and other operating expenses amounted to RUB 1,163 million for the first half of 2011, down from 9.7% of revenue to 8.4% on year-on-year basis mainly thanks to economies of scale.

The Group's EBITDA hiked 2.7 times year-on-year in the first half of 2011, mainly due to the execution of large high-margin infrastructure contracts in oil transportation, margin growth in other market segments of the industrial pumps market, and the consolidation of GTNG. The robust EBITDA performance was supported by operational management improvements, hedging the costs of raw materials and supplies, the higher-than-average profitability of construction contracts. The Group's EBITDA margin therefore increased to 22.6% in the first half of 2011, compared to 13.5% in the corresponding period of 2010.

Thus the Group demonstrated solid year-on-year growth of operating profit in the first half of 2011 as a result of factors mentioned above. Operating profit amounted to RUB 2,743 million while operating profit margin increased from 11.3% in the first half of 2010 to 19.8% in the reporting period.

The Group's interest expenses contracted by 60% year-on-year to RUB 198 million in the first half of 2011, compared to RUB 495 million in the same period of 2010 as a result of the drop in interest expenses coupled with 28% contraction of outstanding debt. Total outstanding debt contracted from Rub 6,361 billion as of June 30, 2010 to 4,599 as of the end of the reporting period. The share of interest expenses in revenue decreased from 5.4% in the first half of 2010 to 1.4% in the reporting period.

The Group reported profit for the period of RUB 2,082 million in the first half, up 5.4 times as compared to the same period of the previous year. The profit for the period growth is attributable to the margin increase, strict control over SG&A expenses and a reduction in finance costs.

Industrial Pumps Business Segment

The industrial pumps business segment designs, engineers, manufactures and supplies a diverse range of pumps and pump-based integrated solutions to customers in the oil and gas, power generation and water utilities sectors in Russia, the CIS and internationally. The business segment's principal products include bare shaft pumps built to standard specifications, customized pumps and pump equipment and integrated pump systems. It also provides aftermarket maintenance and repair services and other support for its products.

The industrial pumps business segment's external revenues increased by 133% year-on-year in the first half of 2011 and amounted to RUB 8,518 million, compared to RUB 3,656 million for the same period of the previous year. The increase is primarily attributable to the ongoing execution of large-scale projects for the delivery of integrated pumping systems to major customers in the oil transportation sector, as well as a stable order intake of other contracts. Excluding revenue attributable to the integrated solutions, total revenue from industrial pumps segment increased by 8% while EBITDA grew by 25% with healthy EBITDA margin of 20.1%.

EBITDA attributable to industrial pumps business increased by 265% year-on-year in the first half of 2011 to RUB 2,574 million, compared to RUB 706 million in the corresponding period of 2010, mainly driven by large high-margin contracts in oil transportation and power generation and growing profit margin for other types of pumping equipment. The EBITDA margin demonstrated healthy performance and grew to 30.0% from 19.2% in the first half of 2010.

Oil and Gas equipment Business Segment

The oil and gas equipment business segment manufactures, installs and commissions modular pumping stations, automated metering equipment, oil, gas and water processing and preparation units and other equipment and systems for use primarily in oil extraction and transportation. The segment's products are equipment packages and systems installed inside a self-contained, free-standing structure which can be transported on trailers and delivered to and installed on the customer's site as a modular but fully integrated part of the customer's technological process.

The oil and gas equipment business segment's external revenues decreased by 12% year-on-year in the first half of 2011 to RUB 2,320 million, compared to RUB 2,623 million in the corresponding period of 2010. Main reason for this decline was impressive results achieved by the Group in the previous year due to the participation in large-scale projects on supplying modular equipment for Vankor oilfield. On the contrary, there were no orders of the same size placed over the first half of 2011 on the market. The segment's EBITDA declined by 56% year-on-year to RUB 127 million in the reporting period, compared to RUB 285 million in the first half of 2010. The EBITDA margin fell to 5.5%, compared to 10.9% in the first half of 2010.

Group's bookings are expected to grow by the end of the year driven by current talks with clients and tenders on new high-margin infrastructure projects in Eastern Siberia. Due to the market specifics, the external revenue of the segment historically rises in the second half of the year, e.g. the revenue of the second half of 2010 revenue saw over 21% growth compared to the first half of 2010.

Engineering, Procurement and Construction (EPC) Business Segment

The engineering, procurement and construction (EPC) business segment projects and designs, manages and constructs projects, including on a turn-key basis, for customers in the upstream oil and gas, oil and gas transportation and water utilities sectors.

External revenues of the EPC business remained almost flat with the slight decline of 2.1% year-on-year to RUB 2,798 million for the first half of 2011, compared to RUB 2,857 million in the corresponding period of 2010. The Group intentionally rejected the opportunities driven by low-margin construction contracts. Such approach brought the fruits and EBITDA margin in construction sub-segment (excluding project and design) almost reached pre-crisis level and stood at 5.3%, though at the expense of revenue growth. Revenue from construction sub-segment decreased by

40.7% year on year to RUB 1,637 million. Despite conclusion of several large contracts during August-September 2011 the Group still sticks to conservative projections on construction sub-segment development for the rest of the year.

On the contrary, focus on execution of high-end contracts in project and design with deep R&D contribution allowed the Group to demonstrate robust EBITDA margin of 23.1% in the project and design sub-segment for the first half of 2011 while revenue grew 10.2 times year on year to RUB 1,170 million as a result of GTNG acquisition.

Thus EBITDA growth in EPC segment amounted to 171% year-on-year, up from RUB 131 million for the first half of 2010 to RUB 356 million for the first half of 2011 with average EBITDA margin of 12.7%

FINANCIAL REVIEW

As a result of working capital increase net cash outflow from operating activities amounted to RUB 1,423 million in the first half of 2011, compared to net cash inflow of RUB 2,352 million in the first half of 2010. This difference is explained by significant advances which were received in 2010 for oil transportation contracts under the contracts that have been executing during 2011. Prefinal payments for these contracts are expected in 2012.

Net cash outflow from investing activities totaled RUB 1,726 million in the first half of 2011, compared to RUB 2,614 million in the first half of 2010. Capital expenditures increased by 46% year-on-year to RUB 438 million that is in line with our target range of 1,5-2,5 D&A while the main part of the rest of outflow from investing activities was assigned with M&A deal conducted in the reporting period.

The total debt contracted by 28% year-on-year to RUB 4,599 million in the reporting period, compared to RUB 6,361 million in the first half of 2010 due to significant debt redemptions from the funds attracted during IPO process. However during the second quarter of 2011 total debt expanded by RUB 1,912 million primarily due to acquisition of Sibneftemash for RUB 1,292 million. The rest RUB 620 million of the debt was used for working capital expansion driven by execution of existing projects. By the end of the first half of 2011 77% of total debt was represented by long-term facilities.

The net debt to EBITDA (taken for the last 12 months) ratio amounted to conservative 0.74 assuming the Group's ability to attract additional funding for business development going forward. The Group's cash balances stood at RUB 494 million by the end of the first half of 2011, compared to RUB 1,871 million by the end of the first half of 2010. Last year the Group accumulated outstanding cash position due to advances obtained ahead of the large-scale projects implementation in the first half of the previous year which could be considered as one-off. Ability of the Group to meet its debt obligation substantially improved over the reporting period with interest coverage ratio based on last 12M performance of 9.3, up from 2.0 for the first half of 2010.

The Group's net working capital amounted to 23% of total revenue for the last 12 months, compared to 13% for the first half of 2010. Net working capital is expected to keep rising over the rest of the year as a result of ongoing implementation of the orders contracted in 2010. However increase of working capital offsets by pre-final payments on the oil transportation contracts next year. Together with advance payments for contracts concluded in the second half of 2011 it could maintain our working capital in its target range of 10-15% of total revenue.

M&A Activity

In June, 2011 the Group successfully completed acquisition of Sibneftemash (SNM), an oilfield equipment manufacturer in Tyumen Region, for a total cash consideration of RUB 1,292 million funded from available debt facilities of the Group. In August, 2011 HMS Group acquired 57% as a result of purchase of primary shares of a share capital of Bobruisk Machine Building Plant (BMBP), located in Bobruisk, Belarus – one of the largest manufacturers of specialist centrifugal pumps in the CIS - for a total cash consideration of USD 9.7 million (Rub 271 million). Both deals conducted with attractive multiplies will allow to broaden product line of HMS Group with complimentary equipment manufactured by SNM and BMBP and offer good potential for revenue and margin growth.

Conference call information

HMS Group's management will host a conference call to present and discuss first half 2011 results today at

9.00 AM (EDT) / 2.00 PM (UK) / 3.00 PM (CEST) / 5.00 PM (MOSCOW)

To participate in the conference call, please dial in:

UK Local:	44 (0)20 3364 5381
UK Toll Free:	0800 279 4841
Russia Local:	7 495 213 0977
Russia Toll Free:	800 500 9311
US Local:	1 646 254 3388
US Toll Free:	1877 249 9037

Confirmation Code: 7547356

The management's slide presentation will be posted at HMS Group's website in the Presentations & Events section today. A replay of the conference call in the MP3 format will be available on the Company's website www.grouphms.com following the event.

Please, dial in 5-10 minutes prior to the scheduled start time.

For more information, please contact:

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The HMS Group is the leading pump manufacturer and provider of flow control solutions and related services to the oil and gas, nuclear and thermal power generation and water utilities sectors in Russia and the CIS. The HMS Group's products are mission-critical elements of projects across a diverse range of industries. It has participated in a number of large-scale infrastructure projects in Russia, including providing pumps and modular equipment to the Vankor oil field and pumping stations on recent trunk pipelines projects linking Russia's core oil producing areas to export ports on the Pacific Ocean and Baltic Sea. The Group reported revenues of RUB 13.9 billion, adjusted EBITDA of RUB 3.1 billion and profit for the period of RUB 2.1 billion for the 6 months ended June 30, 2011. The HMS Group's global depositary receipts ("GDRs") are listed under the symbol "HMSG" on the London Stock Exchange.

The forward-looking statements contained herein are based upon various assumptions, many of which are based, in turn, upon further assumptions, which may include without limitation, the HMS Group's examination of historical operating trends, data contained in the HMS Group's records and other data available from third parties. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The HMS Group does not intend to provide any representation or warranty and does not assume any obligation to update any forward-looking statement contained herein.

HMS Hydraulic Machines & Systems Group plc
Consolidated Condensed Interim Statement of Comprehensive Income
for the six months ended 30 June 2011 (unaudited)
(in thousands of Russian Roubles, unless otherwise stated)

	Six months ended 30 June 2011	Six months nded 30 June 2010
Revenue	13,857,464	9,149,003
Cost of sales	(9,564,991)	(6,967,040)
Gross profit	**4,292,473**	**2,181,963**
Distribution and transportation expenses	(387,385)	(260,016)
General and administrative expenses	(1,019,510)	(845,719)
Other operating expenses, net	(143,071)	(40,923)
Operating profit	**2,742,507**	**1,035,305**
Finance income	7,981	30,077
Finance costs	(206,740)	(496,684)
Share of results of associates	36,976	(13,914)
Profit before income tax	**2,580,724**	**554,784**
Income tax expense	(498,760)	(166,971)
Profit for the period	**2,081,964**	**387,813**
Profit attributable to:		
Shareholders of the Company	1,989,928	371,001
Non-controlling interest	92,036	16,812
Profit for the period	**2,081,964**	**387,813**
Currency translation differences	(238,951)	43,060
Currency translation differences of associates	(6,791)	4,839
Other comprehensive (loss)/income for the period	**(245,742)**	**47,899**
Total comprehensive income for the period	**1,836,222**	**435,712**
Total comprehensive income attributable to:		
Shareholders of the Company	1,806,767	412,211
Non-controlling interest	29,455	23,501
Total comprehensive income for the period	**1,836,222**	**435,712**
Basic and diluted earnings per ordinary share for profit attributable to the ordinary shareholders (RR per share)	**17.44**	**3.62**

UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 June 2011
(Amounts in thousands of Russian Roubles, unless otherwise stated)

	30 June 2011	31 December 2010
ASSETS		
Non-current assets:		
Property, plant and equipment	6,486,500	5,948,674
Other intangible assets	380,488	310,156
Goodwill	2,348,255	1,783,915
Investments in associates	523,324	507,141
Deferred income tax assets	98,618	130,779
Other long-term receivables	50,536	27,123
Total non-current assets	**9,887,721**	**8,707,788**
Current assets:		
Inventories	3,623,361	2,840,745
Trade and other receivables and other financial assets	8,681,888	10,399,853
Current income tax receivable	51,856	38,086
Prepaid expenses	32,448	39,361
Cash and cash equivalents	493,999	351,086
Restricted cash	5,197	4,978
	12,888,749	**13,674,109**
Non-current assets held for sale	53,850	96,095
Total current assets	**12,942,599**	**13,770,204**
TOTAL ASSETS	**22,830,320**	**22,477,992**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,329	42,510
Share premium	3,523,535	210,862
Currency translation reserve	(417,946)	(234,785)
Retained earnings	4,887,224	2,897,296
Other reserves	122,852	38,987
Equity attributable to the shareholders of the Company	**8,163,994**	**2,954,870**
Non-controlling interest	**1,532,288**	**1,508,263**
TOTAL EQUITY	**9,696,282**	**4,463,133**
LIABILITIES		
Non-current liabilities:		
Long-term borrowings	3,528,388	3,864,176
Finance lease liability	-	9
Deferred income tax liability	1,082,918	745,762
Pension liability	256,996	262,525
Provisions for liabilities and charges	45,607	35,691
Total non-current liabilities	**4,913,909**	**4,908,163**
Current liabilities:		
Trade and other payables	5,907,622	10,799,358
Short-term borrowings	1,068,698	775,242
Provisions for liabilities and charges	327,839	312,213
Finance lease liability	2,288	8,446
Pension liability	14,485	24,736
Current income tax payable	18,654	115,340
Other taxes payable	880,543	1,071,361
Total current liabilities	**8,220,129**	**13,106,696**
TOTAL LIABILITIES	**13,134,038**	**18,014,859**
TOTAL EQUITY AND LIABILITIES	**22,830,320**	**22,477,992**

UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2011

(Amounts in thousands of Russian Roubles, unless otherwise stated)

	Six months ended 30 June 2011	Six months ended 30 June 2010
Cash flows from operating activities		
Profit before income tax	2,580,724	554,784
Adjustments for:		
Depreciation and amortisation	302,546	154,840
Loss/(gain) from disposal of property, plant and equipment and intangible assets	6,364	(9,322)
Finance income	(7,981)	(29,236)
Finance costs	198,756	496,684
Pension expenses	1,102	33,207
Warranty provision	(35,738)	9,216
Interest expense related to construction contracts	2,594	3,815
Provision for impairment of accounts receivable	(83,795)	(16,681)
Investments impairment provision	341	(143)
Provision for obsolete inventories	26,183	(115,093)
Foreign exchange translation differences	7,984	(841)
Provision for VAT receivable	(11,327)	5,321
Provisions for legal claims	(18,313)	(12,492)
Share of results of associates	(36,976)	13,914
Loss from disposal of subsidiary	-	4,369
Other non-cash items	(468)	(1,456)
Operating cash flows before working capital changes	**2,931,996**	**1,090,886**
Increase in inventories	(769,019)	(184,578)
Decrease/(increase) in trade and other receivables	1,640,600	(5,983,497)
(Decrease)/increase in other taxes payable	(197,670)	803,368
(Decrease)/increase in accounts payable and accrued liabilities	(4,521,724)	7,264,719
Restricted cash	219	360
Cash (used in)/generated from operations	**(915,598)**	**2,991,258**
Income tax paid	(311,625)	(127,252)
Interest paid	(195,798)	(511,611)
Net cash (used in)/from operating activities	**(1,423,021)**	**2,352,395**
Cash flows from investing activities		
Repayment of loans advanced	-	3,033
Loans advanced	-	(2,401)
Proceeds from sale of property, plant and equipment and intangible assets	7,683	6,220
Interest received	-	4,275
Dividends received	14,002	15,288
Purchase of property, plant and equipment	(438,160)	(300,496)
Cash received from disposal of subsidiary	-	7,475
Acquisition of intangible assets	(29,888)	(8,400)
Acquisitions of subsidiaries, net of cash acquired	(1,280,000)	(2,339,457)
Net cash used in investing activities	**(1,726,363)**	**(2,614,463)**
Cash flows from financing activities		
Repayments of borrowings	(6,262,415)	(5,257,621)
Proceeds from borrowings	6,214,859	6,301,637
Payment for finance lease	(6,157)	(6,918)
Acquisition of non-controlling interest in subsidiaries	-	(33,945)
Cash received from additional share issue of subsidiary	-	428,420
Proceeds from share issue, net of issue costs	3,372,516	-
Dividends paid to non-controlling shareholders of subsidiaries	(15,863)	(145,937)
Cash received from capital contribution	-	85,817
Net cash from financing activities	**3,302,940**	**1,371,453**
Net increase in cash and cash equivalents	**153,556**	**1,109,385**
Effect of exchange rate changes on cash and cash equivalents	**(10,643)**	**3,555**
Cash and cash equivalents at the beginning of the period	**351,086**	**758,127**
Cash and cash equivalents at the end of the period	**493,999**	**1,871,067**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation

This consolidated condensed interim financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34, *Interim financial reporting*, as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2010 which have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Calculations

- EBITDA is defined as operating profit/loss adjusted for other income/expenses, depreciation and amortization, impairment of assets, provision for obsolete inventory, provision for impairment of accounts receivable, unused vacation allowance, defined benefits scheme expenses, warranty provisions, provision for legal claims, provision for VAT and other taxes receivable, other provisions, excess of fair value of net assets acquired over the cost of acquisition. This measurement basis excludes the effects of non-recurring income and expenses on the results of the operating segments.

** ROCE is calculated as EBIT divided by average total debt plus average equity.
1 - in accordance with management accounts