FOR IMMEDIATE RELEASE June 7, 2011

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

HMS GROUP ANNOUNCES FINANCIAL RESULTS FOR THE THREE MONTHS ENDED MARCH 31, 2011

Moscow, Russia – June 7, 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 unaudited IFRS financial results for the three months ended March 31, 2011.

FIRST QUARTER HIGHLIGHTS

- **Revenues up 84% year-on-year to RUB 7,051 million**
- **EBITDA up 269% year-on-year to RUB 1,588 million, with an EBITDA margin of 22.5%**
- **Operating profit demonstrated strong year-on-year increase to RUB 1,378 million with margin of 19.5%**
- **Interest expenses down 42% as a result of decrease in interest costs as well as debt repayments**
- **Profit for the period totalled RUB 991 million compared to net loss in the 1Q 2010**
- **Total debt down 52% year-on-year to RUB 2,688 million as of March 31, 2011**

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

"We successfully completed our initial public offering on the London Stock Exchange in February this year giving HMS access to the equity capital markets. From the proceeds of the IPO we have been able to repay more than half of our outstanding debt and we are now in a strong position to finance future M&A transactions as and when attractive opportunities arise.

We are currently working on several large infrastructure projects for our major customers in the oil extraction, transportation, power generation, water treatment and utilities sectors. Also we continue to negotiate with our key clients as to the possibilities for further participation in contracts and tenders in those market segments.

Our M&A strategy is on the right track and during the first quarter of 2011 we held negotiations with several companies and we hope to complete one deal in the near future.

We enjoyed another successful quarter of sustainable growth, which provides us with confidence that we should be able to achieve impressive results in 2011, and we expect growth to continue in 2012-2013."

FINANCIAL SUMMARY

(RUB million)	**1Q 2011**	**1Q 2010**	**Year-on-Year Change**
Revenues	**7,051**	3,835	84%
EBITDA	**1,588**	431	269%
Operating profit	**1,378**	117	1,082%
Profit/(loss) for the period	**991**	(89)	-
Basic and diluted earnings per share (RUB per share)	**8.98**	(0.94)	-

OPERATING REVIEW

Group

Our revenue increased by 84% year-on-year in the first quarter of 2011, primarily driven by recognition of revenue from large ongoing infrastructure contracts in oil transportation and oil field construction, as well as by consolidation of Giprotyumenneftegaz (GTNG) in 2010. The organic year-on-year revenue in the first quarter of 2011 was up by 70% and amounted to RUB 6,526 million.

The order backlog decreased by 31% year-on-year to RUB 15,799 million in the first quarter of 2011, due to revenue recognition from pump-integrated solutions in oil transportation. We anticipate that we will be able to replace this gap with new contracts in autumn 2011. The second reason why there was a reduction in the order backlog was low margin nature of the majority of the construction projects in the EPC segment, which the Company consciously avoids.

Cost of sales increased by 63% year-on-year to RUB 4,980 million in the first quarter of 2011, mainly due to an increase in the scale of HMS Group’s activities. Cost of sales did however decrease as a percentage of revenues from 79.8% in first quarter of 2010 to 70.6% in reporting quarter.

Selling, general and administrative and other operating expenses increased by 5% year-on-year to RUB 694 million for the first quarter of 2011. Excluding a one-off foreign exchange loss, connected to the conversion of the IPO proceeds and an increase in RUB/USD exchange rate in February, these expenses decreased by 2% year-on-year, to RUB 633 million, a relatively low amount, when taking into consideration HMS Group’s impressive revenue growth.

The Group’s EBITDA more than tripled year-on-year in the first quarter of 2011, mainly due to the execution of large high-margin infrastructure contracts in oil transportation, margin growth in other segments of the pump market, and the consolidation of GTNG, combined with a low reported EBITDA in the first quarter of 2010. The performance was also improved as a result of effective cost control by hedging the costs of raw materials and supplies, the higher-than-average profitability of construction contracts, effective SG&A cost control and economies of scale. The Group’s EBITDA margin therefore increased to 22.5% in the quarter, compared to 11.2% in the corresponding period of 2010.

As a result of the above, the Group generated a substantial year-on-year increase in operating profit in the first quarter of 2011, as a result of the above mentioned factors. The Group’s operating profit margin increased to 19.5% in the reporting period from 3% in the first quarter of 2010.

The Group's interest expenses decreased by 41.5% year-on-year to RUB 121 million in the first quarter of 2011, compared to RUB 207 million in the corresponding quarter of 2010, following the decrease in interest costs, as well as debt repayments. Interest expenses/revenue ratio decreased from 5.4% in the first quarter of 2010 to 1.7% in the reporting period.

The Group reported profit for the period of RUB 991 million in the first quarter, compared to a net loss in the corresponding period of 2010. The profit for the period is attributable to the growth of operational profit 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 integrated solutions to customers in the oil and gas, power generation and water utility sectors in Russia, the CIS and internationally. The business segment's principal products include ready-made pumps built to standard specifications, customised pumps and pump equipment and integrated pump systems. It also provides aftermarket sales, maintenance and repair services and other support for its products.

The industrial pumps business segment's revenues nearly trippled year-on-year in the first quarter of 2011 and amounted to RUB 4,427 million, compared to RUB 1,488 million in the first quarter of 2010. 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 regular contracts.

The industrial pumps business's EBITDA increased by 446% year-on-year in the first quarter of 2011 to RUB 1,285 million, compared to RUB 235 million in the corresponding period of 2010, mainly as a result of large high-margin contracts in oil transportation and power generation, growing profit margin for other types of pumping equipment, as well as a low EBITDA base in the first quarter of 2010. The EBITDA margin increased to 29.0%, compared to 15.8% in the first quarter of 2010.

Modular Equipment Business Segment

The modular equipment business segment manufactures and installs 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, as well as for the water utility sector. 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 operations.

The modular equipment business segment's revenues decreased by 7% year-on-year in the first quarter of 2011 to RUB 1,148 million, compared to RUB 1,235 million in the corresponding quarter of 2010. The segment's EBITDA increased by 3% year-on-year to RUB 143 million in the reporting quarter, compared to RUB 138 million in the first quarter of 2010. The EBITDA margin increased to 12.4%, compared to 11.2% in the first quarter of 2010. These changes reflect average quarterly fluctuations.

Engineering, Procurement and Construction (EPC) Business Segment

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

Revenues of the EPC business increased by 34% year-on-year to RUB 1,452 million in the first quarter of 2011, compared to RUB 1,086 million in the corresponding quarter of 2010, primarily due to the consolidation of GTNG.

The segment's EBITDA more than doubled year-on-year and totalled RUB 150 million in the first quarter of 2011, compared to RUB 69 million in the first quarter of 2010, following the consolidation of GTNG.

Organic revenue, excluding the impact of the GTNG acquisition, decreased by 15% year-on-year, and organic EBITDA decreased by 37% year-on-year. The decrease reflects a continuous pricing pressure in the construction component of the EPC business.

FINANCIAL REVIEW

Net cash outflow from operating activities decreased to RUB 840 million in the first quarter of 2011, compared to net cash inflow of RUB 1,986 million in the first quarter of 2010, as a result of changes in working capital.

Net cash outflow used for investing activities totalled RUB 241 million in the first quarter of 2011, compared to RUB 50 million in the first quarter of 2010, largely due to an increase in capital expenditures following a scaling down of CAPEX in the first quarter of 2010 as a result of the economic downturn. The Group spent RUB 235 million on capital expenditure, compared to RUB 58 million spent in the corresponding period of 2010.

The total debt decreased by 52% year-on-year to RUB 2,688 million in the reporting quarter, compared to RUB 5,629 million in the first quarter of 2010. The Group repaid approximately RUB 3.3 billion of its indebtedness using the proceeds, received from the IPO in February 2011. The net debt/ last twelve months EBITDA ratio to the end of the first quarter of 2011 amounted to 0.4. The Group's cash balances stood at RUB 683 million as of March 31, 2011, compared to RUB 2,960 million as of March 31, 2010.

The Group's working capital amounted to 16% of total revenue in the reporting quarter, compared to 11% in the fourth quarter of 2010. The increase is primarily attributable to the execution of large infrastructure contracts, since the advance payments for those contracts were received in the spring and summer of 2010. The remaining payment is anticipated in the summer and autumn period of 2011, which will consequently bring our working capital to its target level of 10-15% of total revenue.

Conference call information

HMS Group's management will host a conference call today at 9 am (New York) / 2 pm (London time) / 3 pm (CEST) / 5 pm (Moscow Time) to present and discuss first quarter results.

The dial-in numbers for the conference call are:

UK/ International: +44 20 8515 2302
US: +1 480 629 9818
Russia: +7 495 580 9543

The management's slide presentation will be posted at HMS Group's website in the Management Presentations section today at 7 am (New York) / 12 pm (London) / 1 pm (CEST) / 3 pm (Moscow). A replay of the conference call will be available on the Company's website www.grouphms.com following the event.

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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 7.1 billion, adjusted EBITDA of RUB 1.6 billion and profit for the period of RUB 1 billion for the three months ended March 31, 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.

UNAUDITTED CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE MONTHS ENDED 31 MARCH 2011
(Amounts in thousands of Russian roubles, unless otherwise stated)

	Three months ended 31 March 2011	Three months ended 31 March 2010
Revenue	7,051,377	3,834,974
Cost of sales	(4,979,520)	(3,060,568)
Gross profit	**2,071,857**	**774,406**
Distribution and transportation expenses	(150,620)	(152,313)
General and administrative expenses	(450,891)	(480,540)
Other operating expenses, net	(92,228)	(25,028)
Operating profit	**1,378,118**	**116,525**
Finance income	3,778	9,719
Finance costs	(133,292)	(209,948)
Share of results of associates	9,196	(4,221)
Profit/(loss) before income tax	**1,257,800**	**(87,925)**
Income tax expense	(267,293)	(1,395)
Profit/(loss) for the period	**990,507**	**(89,320)**
Profit/(loss) attributable to:		
Shareholders of the Company	996,562	(96,503)
Non-controlling interest	(6,055)	7,183
Profit/(loss) for the period	**990,507**	**(89,320)**
Currency translation differences	(289,207)	(33,607)
Currency translation differences of associates	1,540	392
Other comprehensive loss for the period	**(287,667)**	**(33,215)**
Total comprehensive income/(loss) for the period	**702,840**	**(122,535)**
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	760,160	(120,628)
Non-controlling interest	(57,320)	(1,907)
Total comprehensive income/(loss) for the period	**702,840**	**(122,535)**
Basic and diluted earnings per ordinary share for profit/(loss) attributable to the ordinary shareholders (expressed in RUB per share)	**8.98**	**(0.94)**

UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011
(Amounts in thousands of Russian Roubles, unless otherwise stated)

	31 March 2011	31 December 2010
ASSETS		
Non-current assets:		
Property, plant and equipment	5,980,920	5,948,674
Other intangible assets	285,890	310,156
Goodwill	1,783,915	1,783,915
Investments in associates	510,712	507,141
Deferred income tax assets	135,372	130,779
Other long-term receivables	26,597	27,123
Total non-current assets	**8,723,406**	**8,707,788**
Current assets:		
Inventories	3,363,911	2,840,745
Trade and other receivables and other financial assets	8,572,511	10,399,853
Current income tax receivable	62,323	38,086
Prepaid expenses	28,875	39,361
Cash and cash equivalents	683,252	351,086
Restricted cash	5,829	4,978
	12,716,701	**13,674,109**
Non-current assets held for sale	96,095	96,095
Total current assets	**12,812,796**	**13,770,204**
TOTAL ASSETS	**21,536,202**	**22,477,992**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,329	42,510
Share premium	3,523,535	210,862
Currency translation reserve	(471,187)	(234,785)
Retained earnings	3,891,200	2,897,296
Other reserves	122,852	38,987
Equity attributable to the shareholders of the Company	**7,114,729**	**2,954,870**
Non-controlling interest	**1,453,681**	**1,508,263**
TOTAL EQUITY	**8,568,410**	**4,463,133**
LIABILITIES		
Non-current liabilities:		
Long-term borrowings	2,132,174	3,864,176
Finance lease liability	-	9
Deferred income tax liability	950,249	745,762
Pension liability	267,648	262,525

Provisions for liabilities and charges	52,787	35,691
Total non-current liabilities	**3,402,858**	**4,908,163**
Current liabilities:		
Trade and other payables	7,789,261	10,799,358
Short-term borrowings	550,418	775,242
Provisions for liabilities and charges	268,106	312,213
Finance lease liability	5,247	8,446
Pension liability	25,219	24,736
Current income tax payable	21,341	115,340
Other taxes payable	905,342	1,071,361
Total current liabilities	**9,564,934**	**13,106,696**
TOTAL LIABILITIES	**12,967,792**	**18,014,859**
TOTAL EQUITY AND LIABILITIES	**21,536,202**	**22,477,992**

UNAUDITED CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2011

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

	Three months ended 31 March 2011	Three months ended 31 March 2010
Cash flows from operating activities		
Profit/(loss) before income tax	1,257,800	(87,925)
Adjustments for:		
Depreciation and amortisation	143,229	81,510
Loss/(gain) from disposal of property, plant and equipment and intangible assets	1,688	(6,221)
Finance income	(3,778)	(9,719)
Finance costs	121,082	208,528
Pension expenses	10,112	38,305
Warranty provision	(28,958)	(11,857)
Write-off of receivables	10,984	-
Interest expense related to construction contracts	(1,632)	(7,787)
Provision for impairment of accounts receivable	(34,513)	47,634
Investments impairment provision	343	-
Provision for obsolete inventories	31,435	89,595
Foreign exchange translation differences	12,210	1,420
Provision for VAT receivable	(5,819)	-
Provisions for legal claims	(69,111)	13,209
Share of results of associates	(9,196)	4,221
Other non-cash items	(179)	(2)
Operating cash flows before working capital changes	**1,435,697**	**360,911**
Increase in inventories	(607,855)	(138,274)
Decrease/(increase) in trade and other receivables	1,716,233	(1,584,048)
(Decrease)/increase in other taxes payable	(141,583)	424,768
(Decrease)/increase in accounts payable and accrued liabilities	(2,941,933)	3,182,260
Restricted cash	(851)	(298)
Cash (used in)/generated from operations	**(540,292)**	**2,245,319**
Income tax paid	(177,300)	(56,899)
Interest paid	(122,528)	(202,857)
Net cash (used in)/from operating activities	**(840,120)**	**1,985,563**
Cash flows from investing activities		
Repayment of loans advanced	453	53
Loans advanced	-	4,066
Proceeds from sale of property, plant and equipment and intangible assets	2,226	373
Interest received	-	3,323
Purchase of property, plant and equipment	(235,326)	(57,622)

Acquisition of intangible assets	(7,948)	-
Net cash used in investing activities	**(240,595)**	**(49,807)**
Cash flows from financing activities		
Repayments of borrowings	(4,176,052)	(1,131,519)
Proceeds from borrowings	2,218,829	1,431,873
Payment for finance lease	(3,208)	(3,538)
Acquisition of non-controlling interest in subsidiaries	-	(32,362)
Cash received from additional share issue of subsidiary	80	-
Proceeds from share issue, net of issue costs	3,375,240	-
Net cash from financing activities	**1,414,889**	**264,454**
Net increase in cash and cash equivalents	**334,174**	**2,200,210**
Effect of exchange rate changes on cash and cash equivalents	**(2,008)**	**1,726**
Cash and cash equivalents at the beginning of the period	**351,086**	**758,127**
Cash and cash equivalents at the end of the period	**683,252**	**2,960,063**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of Preparation

This consolidated condensed interim financial information for the three months ended 31 March 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.