



Integrated Geophysics Worldwide

IG Seismic Services PLC

IG SEISMIC SERVICES ANNOUNCES UNAUDITED IFRS RESULTS FOR THE SIX MONTHS OF 2013

Moscow, 19 September 2013

IG Seismic Services PLC (“IGSS” or the “Company”, LSE: IGSS), the leading pure-play land and transition zone seismic company in Russia and the CIS and one of the largest land seismic companies globally, announces unaudited consolidated financial results for the six months ended 30 June 2013.

Select Financial Information

	1H 2013	1H 2012	Change
<i>in thousand US\$, unless otherwise stated</i>			
Revenue	345,536	391,487	-11.7%
EBITDA	74,312	66,478	11.8%
EBITDA margin	21.5%	17.0%	450 bp
Net Profit / (loss)	2,554	(1,352)	--
Operating cash flow	152,657	112,615	35.6%
Capital Expenditures	52,510	23,837	120.3%
Net Debt	308,721	287,864	7.2%
Average exchange rate for the period (RUB/USD)	31.01	30.64	1.2%
Exchange rate at the end of the period (RUB/USD)	32.71	32.82	-0.3%

Key Financial Results for the First Six Months of 2013

- Revenue decreased by 11.7% year-on-year and amounted to USD 345.5 mln.;
- EBITDA increased by 11.8% year-on-year and amounted to USD 74.3 mln. EBITDA margin increased by 450 bp year-on-year to 21.5% of sales compared to 17.0% of sales for the same period of 2012;
- Net Profit for the first half of 2013 amounted to USD 2.6 mln with a Net Margin of 0.7% compared to a net loss of USD 1.4 mln for the same period of 2012;
- Operating Cash Flow for the first half of 2013 increased by 35.6% over the same period of 2012 to USD 152.7 mln.;

- Capital Expenditures for the first half of 2013 amounted to USD 52.5 mln.;
- As of 30 June 2013, net debt amounted to USD 308.7 mln. Gross debt amounted to USD 316.4 mln, cash and cash equivalents amounted to USD 7.7 mln.;
- Total debt as of 30 June 2013 amounted to USD 316.4 million, of which USD 96.0 million matures in second half of 2013, USD 73.7 million matures in 2014, USD 113.1 million in 2015, USD 3.7 million in 2016 and USD 29.9 mln in subsequent years.

Key Operating Results for the First Six Months of 2013

- IGSS seismic crews performed 1,132 thousand shot points, out of which 177 thousand related to 2D surveys, 687 thousand to 3D surveys, and 268 thousand to HD (high density) surveys; of which 1,066 thousand shot points were performed in Russia, 61 thousand - in Kazakhstan, and 5 thousand - in Azerbaijan.
- Total of 7 thousand linear kilometers related to 2D surveys, 11 thousand square kilometers related to 3D survey, 1 thousand linear kilometers related to HD and 500 square kilometers related to HD were performed.
- As of 30 June 2013 the Company operated 75 field crews in Russia, Kazakhstan and certain other countries with 308,990 channels, 142 vibroseis sources, 158 pulse sources and 581 drilling units.
- As of 30 June 2013 the Company employed 11,133 employees.
- In the first half of 2013, top 10 customers accounted for 84% of field seismic revenue, of which Gazprom Neft accounted for 18%, Rosneft combined with TNK-BP for 14%, Bashneft for 13%, Rosnedra for 10%, Gazprom for 9%, LUKOIL for 8%, Novatek for 3%, Slavneft for 3%, Surgutneftegaz for 3% and SPD for 2%.
- As of **30 June 2013**, the Company's seismic services order book increased in RUR terms by **51%** compared to the order book as of 30 June 2012 and amounted to USD **686** million (inclusive of VAT).
- As of **13 September 2013**, the Company's seismic services order book increased in RUR terms approximately by **49%** compared to the order book as of 13 September 2012 and amounted to approximately USD **809** million (inclusive of VAT).

6 months 2013 Operating Highlights

Kilometers	1H 2013	1H 2012	Change, %
2D (km)	7,289	8,612	-15%
3D (sq.km)	11,060	16,493	-33%
HD (km)	1,001	0	--
HD (sq.km)	522	0	--
Shot Points performed by IGSS crews			
2D	176,903	187,980	-6%
3D	687,214	912,487	-25%
HD	268,011	0	--
TOTAL performed by IGSS crews	1,132,128	1,100,467	3%
<i>including</i>			
Russia	1,066,232	1,036,161	3%
Kazakhstan	61,189	54,415	12%
Other	4,707	9,891	-52%
TOTAL subcontracted	20,351	88,576	-77%

Order Book as of 30 June 2013

- As of 30 June 2013, the Company's seismic services order book amounted to USD **686** million (inclusive of VAT), of which USD **592** million (inclusive of VAT) accounted for signed contracts and USD **94** million (inclusive of VAT) represented tenders won.
- The seismic services order book as of 30 June 2013 increased in RUR terms **by 51%** compared to the order book as of 30 June 2012.
- The Company started releasing data processing & interpretation (DPI) order book from 2013. Accordingly, comparable DPI order book information for earlier periods is not available. As of 30 June 2013, the Company's DPI order book amounted to USD **16** million (inclusive of VAT) of which USD **15** million (inclusive of VAT) accounted for signed contracts and USD **1** million (inclusive of VAT) represented tenders won.
- The Group is still in the process of contracting for 2013-2014 and 2014-2015 seasons which implies that current order book does not yet provide an accurate indication of revenues in 2013 and current order book trends could change.

SEISMIC SERVICES

Order Book as of 30 June 2013 (including VAT)*

	As of 30.06.2013		As of 30.06.2012		Ch.
	RUR mln	USD mln	RUR mln	USD mln	RUR, %
Western Siberia	6,020	184	5,272	161	14%
Eastern Siberia	7,827	239	4,248	129	84%
Timano-Pechora	4,307	132	2,695	82	60%
South of Russia	2,183	67	2,352	72	-7%
Kazakhstan	288	9	250	8	15%
Other (India, Azerbaijan, Uzbekistan)	1,798	55	0	0	--
TOTAL, including	22,423	686	14,817	452	51%
Contracts signed**	19,367	592	11,922	364	62%
Tenders won, contracts to be signed	3,056	94	2,895	88	6%

Order Book as of 30 June 2013 Breakdown by Year (including VAT)*

	As of 30.06.2013	
	RUR mln	USD mln
2013	6,542	200
2014	11,064	338
2015	4,817	148
TOTAL	22,423	686

SEISMIC DATA PROCESSING AND INTERPRETATION

Order Book as of 30 June 2013 (including VAT)*

	RUR mln	USD mln
Contracts signed**	476	15
Tenders won, contracts to be signed	44	1
TOTAL	520	16

*FX rate as of 30 June 2013 is 32.71 RUR/USD and 32.82 RUR/USD as of 30 June 2012.

**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.

Order Book Update as of 13 September 2013

- As of 13 September 2013, the Company's seismic services order book amounted to USD **809** million (inclusive of VAT), of which USD **607** million (inclusive of VAT) accounted for signed contracts and USD **202** million (inclusive of VAT) represented tenders won.
- The seismic services order book as of 13 September 2013 increased in RUR terms by **49%** compared to the order book as of 13 September 2012.
- As of 13 September 2013, the Company's DPI order book amounted to USD **11** million (inclusive of VAT) which accounts for signed contracts.
- The Group is still in the process of contracting for 2013-2014 and 2014-2015 seasons which implies that current order book does not yet provide an accurate indication of revenues in 2013 and current order book trends could change.

SEISMIC SERVICES

Order Book as of 13 September 2013 (including VAT)*

	As of 13.09.2013		As of 13.09.2012		Ch.
	RUR mln	USD mln	RUR mln	USD mln	RUR, %
Western Siberia	7,295	223	5,461	173	34%
Eastern Siberia	11,627	356	6,285	200	85%
Timano-Pechora	4,080	125	2,786	88	46%
South of Russia	1,404	43	3,050	97	-54%
Kazakhstan	226	7	142	5	59%
Other (India, Azerbaijan, Uzbekistan)	1,805	55	0	0	--
TOTAL, including	26,437	809	17,724	563	49%
Contracts signed**	19,835	607	13,375	425	48%
Tenders won, contracts to be signed	6,602	202	4,349	138	52%

Order Book as of 13 September 2013 Breakdown by Year (including VAT) *

	As of 13.09.2013	
	RUR mln	USD mln
2013	5,537	170
2014	13,409	410
2015	7,491	229
TOTAL	26,437	809

SEISMIC DATA PROCESSING AND INTERPRETATION

Order Book as of 13 September 2013 (including VAT)*

	RUR mln	USD mln
Contracts signed**	365	11
Tenders won, contracts to be signed	0	0
TOTAL	365	11

*FX rate as of 13 September 2013 is 32.67 RUR/USD and 31.48 RUR/USD as of 13 September 2012.

**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.

Nikolay Levitskiy, IGSS Chief Executive Officer, commented:

“The results for the first half of 2013 show a noticeable improvement in gross profit, net profit and EBITDA margins. This is a reflection of not only the continued streamlining of our operations, but also our increasing focus on a newly established, highly technological market segment. We firmly adhere to the strategy of retaining our technological edge in the area of seismic exploration.

We have successfully completed the first season of the project at the Vakunayskiy oil field in the Irkutsk Region, where, for the first time in Russia, we are employing the innovative UniQ high density seismic acquisition technology. In the first four months (January-April) of 2013 we performed 142,000 shot points over an area of 350 square kilometers. Such an area corresponds in size to a conventional 3D seismic crew, but we managed to record 16 times more field seismic data in such a short period of time.

The positive trend continues. We have signed an additional agreement on UniQ for seismic exploration at the North-Russkoye license area at Yamal. The UniQ technology will help solve a specific geological challenge that cannot be solved by means of conventional seismics. We see great potential in the UniQ technology for the Russian seismic market, and believe that this cutting-edge technology is the answer to the rising complexity of exploration of oil fields, both brownfields and greenfields.

As the next logical step in the IGSS development strategy, we have signed a two-year international contract for 3D seismic exploration in India with one of the largest private Indian companies. Having won the contract in a competition with well-known international companies from India, the United States, Poland, and Kazakhstan, we have once again proved our ability to meet the highest world-level standards.

Our orders book is steadily increasing – as of September 13, 2013, the IGSS seismic orders book has increased by 49% on the same period of the last year.

We are very pleased with the results of the first half of 2013, and expect even more success in the future.”

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