



HMS Hydraulic Machines & Systems Group plc

**Extracts from the Consolidated Condensed Interim
Financial Information (unaudited)**

31 March 2011

[prepared in accordance with IAS 34 “Interim Financial Reporting”]

	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

Approved for issue and signed on behalf of the Board of Directors on 3 June 2011.

Artem V. Molchanov
Director

Kirill V. Molchanov
Director

	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)

	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