

CHAIRMAN'S AND CHIEF EXECUTIVE'S STATEMENT

Highlights: We are pleased to report continuing good progress, with first half earnings substantially ahead of those for the same period last year.

Strong growth has been delivered by all three business streams, building on the momentum established in the second half of last year.

The resurgence in client capital spending on new deepwater field developments has been a key driver, leading to an increase in demand for our subsurface products and services.

The results for the six months to 30th September 2001 compared with the same period last year:

- Turnover increased 37% to £103.6m*
- Operating Profit increased 61% to £13.2m*
- Profit before Tax increased 74% to £10.5m*
- Earnings per Share increased 37% to 9.3p
- Interim dividend of 3.7p up 9%

*Results exclude discontinued operations

Dividend: The Board is increasing the interim dividend by 9% to 3.7p per share. This will be payable on 31st January 2002 to shareholders on the register at 31st December 2001.

Overview

Cased Hole Services, which focus on production optimisation solutions, saw turnover increase 28% to £42.0m compared with this period last year. North America was a key driver of growth through the expanding activities of Tripoint, Production Wireline and Kinley. We have discontinued our operations in Venezuela as we have been unable to sustain acceptable rates of return. Our business in North Africa and Kazakhstan continues to build on contracts established towards the end of last year including those with BHP, bp and Baker Hughes.

Supply of new equipment for the major well services contract with Santos in Australia is now complete, with full deployment taking place during the second half of the year. Utilisation rates are high in the North Sea and there are increasing opportunities to use our new specialist tooling to secure superior margins in this competitive market place.

Subsurface Systems, our deepwater field development business increased turnover by 41% to £25.6m relative to the first half of last year.

Strong growth was achieved in all four of our geographic markets. Significant projects included Shell's Malampaya deepwater gas to power project in the Philippines; Kerr McGee's North Sea Leadon development; Kerr McGee's Boomvang

and Mariner's King Kong field developments in the Gulf of Mexico and Chevron's Kuito development along with that of Total Fina Elf's Girassol project in Angola.

The increasing population of ageing deepwater wells is leading to an increase in the number of interventions required for maintenance purposes, very often associated with the use of our cased hole and surface and environmental services. Demand continues at a healthy level for our Permanent Monitoring systems and Tronic's new range of connectors, both linked to introduction of new deepwater wells.

The **Surface and Environmental** business, which provides products and services for the production of marginal fields, well clean-up and reservoir characterisation, increased turnover 39% to £36.2m, compared with the same period last year.

Significant progress has been made in Asia Pacific driven by our activities in China, the Philippines and Indonesia, the latter resulting from the PTI acquisition made last year. We commissioned two major early production systems during the latter part of the first half, one for Coparex, offshore Tunisia, and the other for Shell, offshore Iran. We are also mobilising equipment to perform an extended test on the oil rim for Shell's Malampaya project. In Europe, the North Sea remains relatively static but elsewhere business is more buoyant, the highlight being ENI's Gaggiano project in Italy, where we are providing production and environmental services, to assist in continuing the programme of reservoir assessment.

Outlook: The long-term outlook for the services sector remains positive, as clients strive to reach their production growth targets of 3-5% per annum. With existing assets in inexorable decline this will require both production enhancements and new fields to be brought into production. In the short-term however, with volatile commodity prices and economic slowdown, clients are reviewing their activity levels.

In the US, Expro's focus is on the high-value deepwater projects in the Gulf of Mexico which are unaffected by short-term swings in commodity prices. Shallow water and onshore gas activity has been affected by lower gas prices but a strong recovery is expected in the second half of next year as lower drilling activity and steep decline rates create a supply response. Expro's positioning and growth in the important US market has provided increased profitability and reinforces our involvement as a global player in important niche markets, particularly in the deepwater area. Outside of North America, there continues to be steady increases in demand for services, supported by a significant project backlog.

During the second half, we expect the rate of growth in the US to decline, which may reduce the extent of bias in activity towards the second half, which has been a feature of the Group's performance in prior years. However, the Group is in an excellent position to respond strongly when economic recovery returns.

With a product and service portfolio focussed on the more stable development and production phase activities, a bias towards the key deepwater growth markets and wide geographic coverage, Expro has resilience to short term commodity price weakness. This is evidenced by our order book, which remains high relative to the start of the year.

In view of the Group's strength and diversity, the directors continue to look to the future with confidence.

Dr Chris Fay, CBE
Chairman

John Dawson
Chief Executive Officer

5 December 2001

UNAUDITED GROUP PROFIT AND LOSS ACCOUNT

for the six months ended 30 September 2001

		Six months ended 30 September 2001			Six months ended	Year ended
	Note	Continuing operations	Discontinued operations	Total	30 September 2000 (restated note 2) £000's	31 March 2001 (restated note 2) £000's
		£000's	£000's	£000's		
Turnover: <i>Group and share of joint ventures</i>		103,619	199	103,818	77,025	174,256
<i>Less share of joint ventures</i>		(3,740)	-	(3,740)	-	(2,559)
<i>Group turnover</i>	3	99,879	199	100,078	77,025	171,697
Operating profit/(loss): <i>Group</i>		12,037	(447)	11,590	7,557	20,510
<i>Share of joint ventures</i>		1,144	-	1,144	-	356
<i>Total</i>		13,181	(447)	12,734	7,557	20,866
Loss on termination of discontinued operations	7	-	(1,964)	(1,964)	-	-
Profit/(loss) on ordinary activities before finance charges		13,181	(2,411)	10,770	7,557	20,866
Finance charges (net)		(2,694)	-	(2,694)	(2,193)	(4,932)
Profit/(loss) on ordinary activities before tax		10,487	(2,411)	8,076	5,364	15,934
Tax on profit on ordinary activities	4	(3,169)	-	(3,169)	(1,770)	(5,013)
Profit/(loss) on ordinary activities after tax		7,318	(2,411)	4,907	3,594	10,921
Minority equity interests		(6)	-	(6)	(10)	(1)
Profit/(loss) for the period		7,312	(2,411)	4,901	3,584	10,920
Dividends paid and proposed	5	(2,434)	-	(2,434)	(2,192)	(6,394)
Retained profit/(loss) for the period		4,878	(2,411)	2,467	1,392	4,526
Earnings per ordinary share:						
Basic	6	11.1p		7.5p	5.6p	17.0p
Diluted	6	11.1p		7.4p	5.5p	16.9p
Basic before goodwill amortisation	6	13.0p		9.3p	6.8p	19.7p

Total recognised gains and losses for the six months ended 30 September 2001 comprise the profit for the period of £4,901,000 and a net gain of £562,000 on foreign currency translation and overseas borrowings (six months ended 30 September 2000 – gain of £143,000; year ended 31 March 2001 loss of £1,455,000).

UNAUDITED GROUP BALANCE SHEET

at 30 September 2001

	30 September 2001 £000's	30 September 2000 £000's	31 March 2001 £000's
Intangible fixed assets and goodwill	44,492	33,034	46,541
Tangible fixed assets and investments	74,141	66,369	72,393
Investments in joint ventures	2,149	–	1,164
Fixed assets	120,782	99,403	120,098
Stocks and work-in-progress	13,309	10,937	11,759
Debtors	82,062	62,659	73,457
Cash at bank and in hand	9,342	8,889	6,272
Current assets	104,713	82,485	91,488
Creditors due within one year	(104,703)	(65,611)	(93,320)
Net current assets/(liabilities)	10	16,874	(1,832)
Total assets less current liabilities	120,792	116,277	118,266
Creditors due after more than one year	(39,270)	(45,789)	(40,270)
Provisions for liabilities and charges	(2,910)	(3,182)	(2,911)
Net assets	78,612	67,306	75,085
Called-up share capital	6,579	6,447	6,575
Share premium account and capital reserve	60,447	54,341	60,465
Profit and loss account	11,592	6,521	8,057
Shareholders' funds being equity interests	78,618	67,309	75,097
Minority interest	(6)	(3)	(12)
Total capital and reserves	78,612	67,306	75,085

UNAUDITED GROUP CASH FLOW STATEMENT

for the six months ended 30 September 2001

		Six months ended 30 September 2001 £000's	Six months ended 30 September 2000 £000's	Year ended 31 March 2001 £000's
Cash inflow from operating activities	8	4,423	6,611	25,479
Finance charges (net)		(2,122)	(1,565)	(4,785)
Taxation		(4,121)	(976)	(4,603)
Capital expenditure and financial investment		(11,071)	(4,914)	(25,272)
Acquisitions and disposals		2,979	(5,793)	(8,780)
Equity dividends paid		(4,203)	(4,105)	(6,297)
Net cash outflow before financing		(14,115)	(10,742)	(24,258)
Financing		(5,281)	9,875	5,771
Decrease in cash in the period		(19,396)	(867)	(18,487)

NOTES TO THE INTERIM RESULTS

1. The results for the six months to 30 September 2001 and the comparative results for the six months to 30 September 2000 are unaudited and have been prepared on a basis consistent with the accounting policies set out in the statutory accounts for the year ended 31 March 2001 with the exception of Financial Reporting Standard 19 'Deferred Tax' which was implemented in the period without material effect. The comparative figures for the year ended 31 March 2001 do not constitute statutory accounts for the purpose of section 240 of the Companies Act 1985 and have been extracted from the Company's published accounts, a copy of which has been delivered to the Registrar of Companies and on which an unqualified audit report has been made by the auditors under Section 235 of the Companies Act 1985.

2. Restatement of prior period results

Prior period comparative figures have been restated to separately disclose the results of operations discontinued in the current period as follows;

	Six months ended 30 September 2000 £000's	Year ended 31 March 2001 £000's
Turnover		
Continuing operations	75,848	169,305
Discontinued operations	<u>1,177</u>	<u>2,392</u>
Group turnover	<u>77,025</u>	<u>171,697</u>
Operating profit/(loss)		
Continuing operations	8,216	22,098
Discontinued operations	<u>(659)</u>	<u>(1,232)</u>
Total	<u>7,557</u>	<u>20,866</u>

3. Analysis of turnover

	Six months ended 30 September 2001 £000's	Six months ended 30 September 2000 £000's	Year ended 31 March 2001 £000's
Cased Hole Services	41,998	32,779	71,220
Subsurface Systems	25,603	18,124	39,856
Surface & Environmental Systems	<u>32,477</u>	<u>26,122</u>	<u>60,621</u>
Group turnover	100,078	77,025	171,697
Surface & Environmental Systems Joint Ventures	<u>3,740</u>	<u>-</u>	<u>2,559</u>
Total turnover	<u>103,818</u>	<u>77,025</u>	<u>174,256</u>

4. Taxation

Tax on profits on ordinary activities has been calculated based on an estimated weighted average tax rate for the year ended 31 March 2002 and includes overseas tax of £3,539,000 (six months ended 30 September 2000 £1,981,000; year ended 31 March 2001 £5,806,000). The weighted average tax charge for the period on profit on ordinary activities is 39.2% and on profit on ordinary activities before exceptional item (see note 7) is 31.5%. This is compared to the weighted average standard rate of UK and overseas tax of 30.2% with the difference largely attributable to expenses not deductible for tax purposes.

5. Dividends

An interim dividend of 3.7 pence per ordinary share is declared for payment on 31 January 2002 (six months ended 30 September 2000, 3.4p; year ended 31 March 2001, 9.8p).

NOTES TO THE INTERIM RESULTS (CONTINUED)

6. Earnings per ordinary share

Basic earnings per share are based on the Group's profit on ordinary activities after taxation. For the six months to 30 September 2001 the earnings per share are calculated on a weighted average number of ordinary shares in issue during the period of 65,692,870 shares. The earnings per share for the six months to 30 September 2000 and for the year ended 31 March 2001 are based on 64,146,434 and 64,384,050 shares respectively.

Diluted earnings per share are calculated in accordance with FRS14. The basic earnings per share before goodwill amortisation is calculated by adjusting earnings for £1,238,000 goodwill amortisation in the period (six months ended 30 September 2000 goodwill amortisation of £749,000; year ended 31 March 2001 goodwill amortisation of £1,733,000).

7. Exceptional item

	Six months ended 30 September 2001 £000's	Six months ended 30 September 2000 £000's	Year ended 31 March 2001 £000's
Loss on termination of operations	1,581	-	-
Goodwill previously eliminated against reserves	506	-	-
Capitalised goodwill	(266)	-	-
Loss on disposal of fixed assets	143	-	-
	1,964	-	-

The exceptional item represents the costs associated with the closure of the Group's Venezuelan operation.

8. Cash flow information

Reconciliation of operating profit to net cash flow from operating activities

	Six months ended 30 September 2001 £000's	Six months ended 30 September 2000 £000's	Year ended 31 March 2001 £000's
Operating profit	11,590	7,557	20,510
Depreciation and amortisation	8,888	7,765	16,003
Profit on sale of tangible fixed assets	-	(5)	(5)
Increase in stocks and work-in-progress	(1,550)	(2,660)	(1,261)
Increase in debtors	(8,682)	(12,511)	(12,616)
(Decrease)/increase in creditors and provisions	(5,823)	6,465	2,848
Net cash inflow from operating activities	4,423	6,611	25,479

Analysis of net debt

	1 April 2001 £000's	Cash flow £000's	Other non-cash changes £000's	30 September 2001 £000's
Cash at bank and in hand	6,272	3,070	-	9,342
Bank overdrafts	(32,246)	(22,466)	-	(54,712)
Debt due within one year	(12,866)	5,267	228	(7,371)
Debt due after one year	(38,106)	-	877	(37,229)
	(76,946)	(14,129)	1,105	(89,970)

Visit our Website for more information about the Group:

www.exprogroup.com

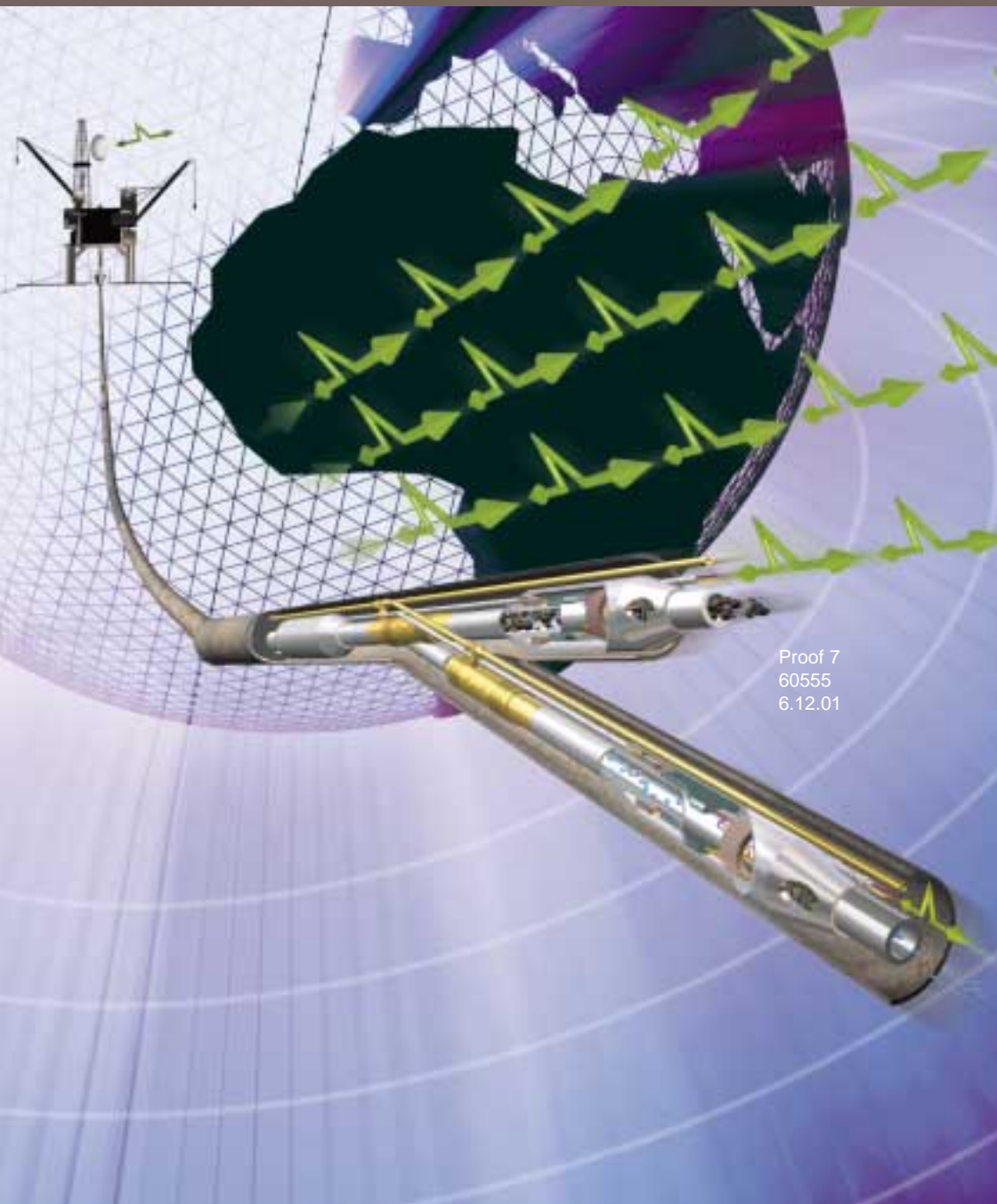


Copies of these unaudited interim results will be sent to registered shareholders.

Further copies can be obtained from the Company Secretary,
Expro International Group PLC, Reading Bridge House, Reading, Berkshire RG1 8PL

Interim Results

for the six months ended 30 September 2001



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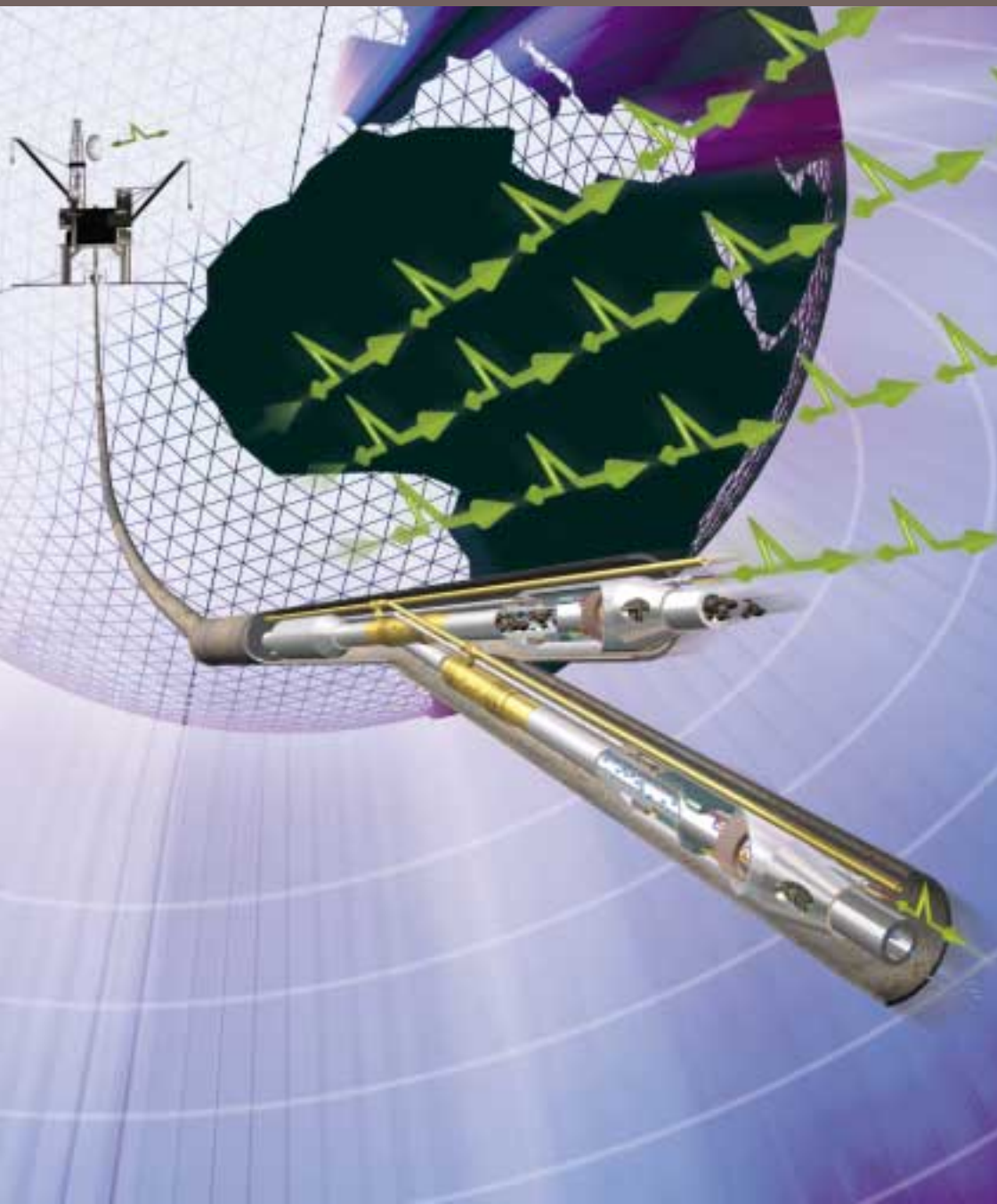


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