

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

August 6, 2003
Date of Report (date of earliest event reported)

NATURAL GAS SERVICES GROUP, INC.
(Exact name of registrant as specified in its charter)

Colorado

1-31398

75-2811855

(State or other jurisdiction
of incorporation)

(Commission File No.)

(I.R.S. Employer
Identification No.)

2911 SCR 1260, Midland, Texas

79706

(Address of principal executive offices)

(Zip Code)

(915) 563-3974 (Registrant's telephone
number, including area code)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements

None

(b) Pro Forma Financial Information

None

(c) Exhibits

Exhibit 99 News Release issued by Natural Gas Services
Group, Inc. on August 6, 2003

ITEM 9. REGULATION FD DISCLOSURE.

and

ITEM 12. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On August 6, 2003, Natural Gas Services Group, Inc. issued a news release announcing its unaudited financial results for the six months ended June 30, 2003. The news release is being furnished pursuant to Items 9 and 12.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 6, 2003

NATURAL GAS SERVICES GROUP, INC.

By: /s/ Wayne L. Vinson

Wayne L. Vinson
President

EXHIBIT INDEX

EXHIBIT NUMBER

99

EXHIBIT

News Release dated August 6, 2003

FOR IMMEDIATE RELEASE
August 6, 2003

NEWS
Amex - NGS, NGS.WS

NATURAL GAS SERVICES GROUP ANNOUNCES SECOND QUARTER
AND SIX MONTHS FINANCIAL RESULTS

33% Increase In Revenue For The Three Months to \$3.2 Million
9% Increase In Revenue For The Six Months to \$5.6 Million

MIDLAND, Texas, August 6, 2003 - Natural Gas Services Group, Inc. (AMEX:NGS), a leading provider of equipment and services to the natural gas and oil industry, announced its financial results for the second quarter and six months ended June 30, 2003.

Revenue for the second quarter ended June 30, 2003, increased 33% to \$3,220,815 as compared to \$2,429,160 for the same period in 2002. Revenues for the six months ended June 30, 2003 increased 9% to \$5,564,560, as compared to \$5,119,556 for the same period in 2002. The increase in revenue during the second quarter and six months reflects an increase in revenue from the rental of natural gas compressor units and also additional revenue recognized from the sale of our irrigation pump engines.

Net income for the three months ended June 30, 2003, increased 30% to \$ 315,152 or \$.06 per share (diluted), as compared to net income of \$242,933 or \$.05 per share (diluted) for the same period in 2002. Net income for the six months ended June 30, 2003, increased 28% to \$433,035 or \$.07 per share (diluted), as compared to net income of \$339,109 or \$.06 per share (diluted) for same period in 2002.

EBITDA (see discussion of EBITDA at the end of this release) increased 16% to \$1,146,194 for the three months ended June 30, 2003, versus \$982,609 for the same period in 2002. EBITDA increased 11% to \$1,863,982 for six months ended June 30, 2003 versus \$1,679,112 for the same period in 2002.

NGS's rental fleet grew by 15% during the six months ended June 30, 2003. The Company ended the quarter with 353 compressor packages in its rental fleet, up from 254 units at June 30, 2002 and 308 units at December 31, 2002.

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Wayne Vinson, President and CEO of Natural Gas Services Group, Inc. said, "We are extremely pleased with our quarter-to-quarter growth. With a 67% increase in revenue for the three months and 53% increase in revenue for the six months in our core leasing business, the second quarter and six months were significant accomplishment for Natural Gas Services Group. As the second quarter financial results show, our core leasing business remains quite profitable. We have been able to do this by delivering a high-value product to the small to mid-sized compressor market that meets their critical needs. Historically, our equipment utilization rate remains around 90% and our operating margins are well above the industry norms. As we move into our third quarter we will continue with our strategic initiatives. While the economy continues to firm up, our goal is to continue to meet the market demand for our products."

About Natural Gas Services Group, Inc. (NGS)
NGS manufactures, fabricates, sells, leases and services natural gas compressors that enhance the production of oil and gas wells. The Company also manufactures and sells flare systems and flare ignition systems for plant and production facilities.

For More Information, Contact: Wayne Vinson, CEO or Wallace Sparkman
800-580-1828
Jim Drewitz, Investor Relations
972-355-6070

Or

visit the Company's website at www.ngsgi.com

"EBITDA" reflects net income or loss before interest, taxes, depreciation and amortization. EBITDA is a measure used by analysts and investors as an indicator of operating cash flow since it excludes the impact of movements in working capital items, non-cash charges and financing costs. Therefore, EBITDA gives the investor information as to the cash generated from the operations of a business. However, EBITDA is not a measure of financial performance under accounting principles generally accepted in the United States of America ("GAAP"), and should not be considered a substitute for other financial measures of performance. EBITDA as calculated by NGS may not be comparable to EBITDA as calculated and reported by other companies. The most comparable GAAP measure to EBITDA is net income. The reconciliation of EBITDA to net income is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2003	2002	2003	2002
EBITDA	\$ 1,146,194	\$ 982,609	\$ 1,863,982	\$ 1,679,112
Adjustments to reconcile EBITDA to net income:				
Amortization and depreciation	(417,589)	(283,196)	(779,555)	(537,600)
Interest expense	(175,706)	(265,480)	(329,789)	(522,840)
Provision for income tax	(237,747)	(191,000)	(321,603)	(279,563)
Net income	\$ 315,152	\$ 242,933	\$ 433,035	\$ 339,109

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Except for historical information contained herein, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties, which may cause NGS's actual results in future periods to differ materially from forecasted results. Those risks include, among other things, the loss of market share through competition or otherwise; the introduction of competing technologies by other companies; a prolonged, substantial reduction in oil and gas prices which could cause a decline in the demand for NGS's products and services; and new governmental safety, health and environmental regulations which could require NGS to make significant capital expenditures. The forward-looking statements included in this press release are only made as of the date of this press release, and NGS undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances. A discussion of these factors is included in the Company's Annual Report on Form 10-KSB filed with the Securities and Exchange Commission.

Natural Gas Services Group, Inc.
Consolidated Income Statements
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2003	2002	2003	2002
Revenue:				
Sales	\$ 939,838	\$ 962,252	\$ 1,505,110	\$ 2,311,269
Service and maintenance	516,573	410,158	893,883	752,020
Leasing income	1,764,404	1,056,750	3,165,567	2,056,267
	3,220,815	2,429,160	5,564,560	5,119,556
Cost of revenue:				
Cost of sales	713,624	472,567	1,146,797	1,561,452
Cost of service and maintenance	335,928	348,634	671,229	658,049
Cost of leasing	406,867	303,764	767,784	586,299
	1,456,419	1,124,965	2,585,810	2,805,800
Gross Margin	1,764,396	1,304,195	2,978,750	2,313,756
Operating Cost:				
Selling expense	185,604	119,003	324,551	243,670
General and administrative expense	410,838	326,946	791,004	600,487
Amortization & depreciation	417,589	283,196	779,555	537,600
	1,014,031	729,145	1,895,110	1,381,757
Operating income	750,365	575,050	1,083,640	931,999
Interest expense	(175,706)	(265,480)	(329,789)	(522,840)
Equity in earnings of joint venture	--	124,151	--	207,603
Other income	(21,760)	212	787	1,910
	552,899	433,933	754,638	618,672
Income before income taxes	552,899	433,933	754,638	618,672
Income tax expense	237,747	191,000	321,603	279,563
	315,152	242,933	433,035	339,109
Net income	315,152	242,933	433,035	339,109
Preferred dividends	31,010	31,430	62,020	75,614
	\$ 284,142	\$ 211,503	\$ 371,015	\$ 263,495
Net income available to common shareholders	\$ 284,142	\$ 211,503	\$ 371,015	\$ 263,495
Earnings per share:				
Basic	\$ 0.06	\$ 0.06	\$ 0.08	\$ 0.08
Diluted	\$ 0.06	\$ 0.05	\$ 0.07	\$ 0.06
Weighted average Shares:				
Basic	4,875,324	3,357,632	4,866,527	3,357,632
Diluted	5,024,774	4,193,490	5,116,332	4,163,710

Natural Gas Services Group, Inc.
Consolidated Balance Sheet
(unaudited)
June 30, 2003

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 976,004
Accounts receivable - trade	1,482,762
Inventory	2,292,196
Prepaid expenses	81,156

Total current assets	4,832,118
Lease equipment, net	16,709,633
Other property, plant and equipment, net	2,616,661
Goodwill, net	2,589,655
Patents, net	127,684
Other assets	114,605

Total assets	\$26,990,356 =====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:	
Current portion of long term debt and capital lease	\$ 2,278,951
Accounts payable and accrued liabilities	973,025
Unearned Income	588,007

Total current liabilities	3,839,983
Long term debt and capital lease, less current portion	6,708,947
Subordinated notes, net	1,376,865
Deferred income tax payable	1,492,573

Total liabilities	13,418,368
SHAREHOLDERS' EQUITY	
Preferred stock	\$ 3,577
Common stock	49,816
Paid in capital	11,167,733
Retained earnings	2,350,862

Total shareholders' equity	13,571,988

Total liabilities and shareholders' equity	\$26,990,356 =====

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