IBS Group Holding Limited
(a limited liability company incorporated in the Isle of Man)

Supplement No. 1
pursuant to Section 16 para. 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*)

dated 28 July 2011

to the prospectus of IBS Group Holding Limited dated 5 November 2010 for the public offering in Germany and Austria and for the admission to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange *(General Standard)*

of 9,197,244

Global Depositary Receipts ("GDRs"),
with one GDR representing an interest in one ordinary share with a nominal value of GBP 0.01 (each a "**Share**" and together the "**Shares**")

of

IBS Group Holding Limited (the "Company")
Isle of Man

- International Securities Identification Number (ISIN) US4509391037
- Securities Identification Number (WKN) A0MJ2Z
- Common Code 023855370
- Trading Symbol IBSG

Listing Agent
equinet Bank AG

On 8 November 2010, the Frankfurt Stock Exchange admitted 9,197,244 GDRs of IBS Group Holding Limited to trading on the regulated market (General Standard) on the basis of the prospectus dated 5 November 2010 (the "**Prospectus**"). On 21 July 2011, application was made for admission of up to 15,658,000 additional GDRs to trading on the regulated market (General Standard) of the Frankfurt Stock Exchange to be issued from time to time against the deposit of Shares with The Bank of New York Mellon (the "**Depositary**"). Such number equals the number of issued Shares of the Company after deduction of the number of Shares underlying the 9,197,244 GDRs which are already admitted to trading on the regulated market.

It is expected that the admission of the up to 15,658,000 additional GDRs to trading on the regulated market (General Standard) of the Frankfurt Stock Exchange will be granted on 28 July 2011 and that the inclusion for trading will occur on 29 July 2011.

In light of the above, the Prospectus dated 5 November 2010 is supplemented as follows:

- The front page of the Prospectus is amended as follows:

"Prospectus

of 5 November 2010

for the public offering in Germany and Austria

of 9,197,244

Global Depositary Receipts ("GDRs"),
with one GDR representing an interest in one ordinary share with a nominal value of GBP 0.01 (each a "**Share**" and together the "**Shares**")

and

for the admission to trading on the regulated market (*Regulierter Markt*) of the Frankfurt Stock Exchange *(General Standard)*

of 9,197,244 GDRs in issue at the date of this Prospectus

and

of up to 15,658,000 GDRs to be issued from time to time
against the deposit of Shares with The Bank of New York Mellon (the "**Depositary**")

of

IBS Group Holding Limited (the "Company")
Isle of Man"

The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010 and the Frankfurt Stock Exchange admitted the 9,197,244 GDRs in issue at the date of this Prospectus on 8 November 2010 to trading on the regulated market (General Standard).

- In the section "*Summary – Summary of the Offering*", the first paragraph of the item "*The Offering*" on page 14 of the Prospectus is replaced by the following:

  "The subject matter of this Prospectus is the public offering in Germany and Austria of 9,197,244 Global Depositary Receipts ("***GDRs***"), with one GDR representing an interest in one Share with a nominal value of GBP 0.01 per Share of IBS Group Holding Limited (the "***Company***") (the "***Offering***") and the relevant admission of such GDRs to trading on the regulated market (*Regulierter Markt/ General Standard*) of the Frankfurt Stock Exchange (the "***Listing***") as well as the admission of up to 15,658,000 GDRs to be issued from time to time against the deposit of Shares with The Bank of New York Mellon in its capacity as depositary (the "***Depositary***")."

  The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010 and the Frankfurt Stock Exchange admitted the 9,197,244 GDRs in issue at the date of this Prospectus on 8 November 2010 to trading on the regulated market (General Standard).

- In the section "*Summary – Summary of the Offering*", the item "*Offer Period*" on page 15 of the Prospectus is replaced by the following:

  "The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010."

- In the section "*Summary – Summary of the Offering*", the first sentence of the third paragraph of the item "*Dividends and Dividend Policy*" on page 16 of the Prospectus is replaced by the following:

  "At present, the Group does not have a long term dividend policy; however, the Company will introduce a dividend policy in this financial year ending 31 March 2012."

- In the section "*Summary – Summary of the Offering*", the fourth paragraph of the item "*Dividends and Dividend Policy*" on page 16f. of the Prospectus is deleted.

- In the section "*Summary – Summary of the Offering*", the fifth paragraph of the item "*Dividends and Dividend Policy*" on page 17 of the Prospectus is replaced by the following:

  "The Company has paid a dividend of USD 0.15 per Share for the year ended 31 March 2010 but it has not paid dividends to its shareholders for the years ended 31 March 2009 and 2008."

- In the section "*Summary – Summary of the Offering*", the first and the second paragraphs of the item "*Recent Development and Outlook*" on page 17 of the Prospectus are replaced by the following:

  "In December 2010, the Company settled the loans the Company had previously extended to BXA, in the aggregate outstanding amount of USD 24,302,000. In April 2011, the Company completed the sale of the Company's wholly-owned subsidiary OOO IBS Distribution Center.

  The Group has recently established delivery centers for its Software Development segment in Poland and Singapore."

- In the section "*Summary – Summary of the Offering*", the third sentence of the item "*Controlling Interest and Conflict of Interests*" on page 17 of the Prospectus is replaced by the following:

  "Beneficiaries of this trust are, inter alia, also Mr. Anatoly Karachinsky and Mr. Sergey Matsotsky."

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the first paragraph of the item "*Das Angebot*" on page 33 of the Prospectus is replaced by the following:

"Gegenstand dieses Prospekts ist das öffentliche Angebot in Deutschland und Österreich von 9.197.244 Global Depositary Receipts ("**GDRs**"), wobei ein GDR sich auf eine Stammaktie der IBS Group Holding Limited (die "**Gesellschaft**") mit einem Nennwert von GBP 0,01 je Aktie bezieht (das "**Angebot**") und die entsprechende Zulassung der jeweiligen GDRs zum Handel im regulierten Markt (General Standard) der Frankfurter Wertpapierbörse (die "**Börsennotierung**") sowie die Zulassung von weiteren bis zu 15.658.000 GDRs, die im Austausch für eine Hinterlegung der Aktien bei The Bank of New York Mellon in ihrer Eigenschaft als Depositary (der "**Depositary**") von Zeit zu Zeit emittiert werden."

Das öffentliche Angebot in Deutschland und Österreich von 9.197.244 GDRs endete am 16. November 2010 und die Frankfurter Wertpapierbörse hat am 8. November 2010 die zu diesem Zeitpunkt ausstehenden 9.197.244 GDRs zum Handel im regulierten Markt (General Standard) zugelassen.

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the item "*Angebotszeitraum*" on page 34 of the Prospectus is replaced by the following:

  "Das öffentliche Angebot in Deutschland und Österreich von 9.197.244 GDRs endete am 16. November 2010."

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the first sentence of the third paragraph of the item "*Dividenden und Dividendenpolitik*" on page 35f. of the Prospectus is replaced by the following:

  "Gegenwärtig verfügt die Gesellschaft über keine langfristige Dividendenpolitik; jedoch wird die Gesellschaft in dem zum 31. März 2012 endenden Geschäftsjahr eine Dividendenpolitik einführen."

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the fourth paragraph of the item "*Dividenden und Dividendenpolitik*" on page 36 of the Prospectus is deleted.

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the fifth paragraph of the item "*Dividenden und Dividendenpolitik*" on page 36 of the Prospectus is replaced by the following:

  "Für das zum 31. März 2010 endende Geschäftsjahr hat die Gesellschaft eine Dividende in Höhe von USD 0,15 pro Aktie gezahlt; für die zum 31. März 2009 und 2008 endenden Geschäftsjahre hat die Gesellschaft ihren Aktionären keine Dividenden gezahlt."

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the first and the second paragraphs of the item "*Jüngster Geschäftsgang und Aussichten*" on page 36 of the Prospectus are replaced by the following:

  "Im Dezember 2010 hat die BXA ihre Kredite von insgesamt USD 24.302.000 zurückgeführt, die ihr zuvor von der Gesellschaft gewährt wurden. Im April 2011 hat die Gesellschaft den Verkauf ihrer hundertprozentigen Tochtergesellschaft OOO IBS Distribution Center abgeschlossen.

  Die Gesellschaft hat vor kurzem neue Auslieferungszentren für das Segment Software Development in Polen und Singapur errichtet."

- In the section "*Zusammenfassung – Zusammenfassung des Angebots*", the third sentence of the item "*Mehrheitsbeteiligung und Interessenkonflikte*" on page 36 of the Prospectus is replaced by the following:

  "Begünstigte dieses Treuhandvermögens sind unter anderem auch Herr Anatoly Karachinsky und Herr Sergey Matsotsky."

- In the section "*Risk Factors – Risks relating to the Group's Financial Position*" on page 52 of the Prospectus, the first paragraph of the item "*Future dividend payments of the Company are uncertain and restricted"* is replaced by the following:

  "The Company has paid a dividend of USD 0.15 per Share for the year ended 31 March 2010 but it has not paid dividends to its shareholders for the years ended 31 March 2009 and 2008."

- In the section "*Risk Factors – Risks relating to the Group's Financial Position*" on page 52 of the Prospectus, the second sentence of the item "*The Group's indebtedness or the enforcement of certain provisions of its financing arrangements and related pledges could adversely affect the Group's operational and financial condition"* is replaced by the following:

  "As at 31 March 2011, the Group had approximately US$ 58 Million of aggregate outstanding borrowings (short-term borrowings and long-term debt, non-current and current portions) according to its preliminary unaudited results for the year ended 31 March 2011."

- In the section "*General Information – Subject Matter of this Prospectus*" on page 69 of the Prospectus, the first paragraph is replaced by the following:

  "This prospectus (the "**Prospectus**") relates to the admission to the regulated market (*Regulierter Markt/ General Standard*) of the Frankfurt Stock Exchange of the Company's 9,197,244 existing Global Depositary Receipts (the "**GDRs**") issued pursuant to a deposit agreement dated 14 November 2005 (the "**Deposit Agreement**") and made between the Company and The Bank of New York Mellon, New York, United States of America, as depositary (the "**Depositary**") and previously included for trading under ISIN US4509391037 in the Open Market of the Frankfurt Stock Exchange and to the public offering of such GDRs in Germany and Austria as well as to the admission of up to 15,658,000 GDRs to be issued from time to time against the deposit of Shares with the Depositary."

  The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010 and the Frankfurt Stock Exchange admitted the 9,197,244 GDRs in issue at the date of this Prospectus on 8 November 2010 to trading on the regulated market (General Standard).

- The first sentence of the section "*The Offering – General*" on page 73 of the Prospectus is replaced by the following:

  "The subject matter of this Prospectus is the public offering in Germany and Austria of 9,197,244 GDRs, with one GDR representing an interest in one Share of the Company with a nominal value of GBP 0.01 per Share (the "**Offering**") and the relevant admission of such GDRs to trading on the regulated market (*Regulierter Markt/ General Standard*) of the Frankfurt Stock Exchange (the "**Listing**") as well as the admission of up to 15,658,000 GDRs to be issued from time to time against the deposit of Shares with the Depositary."

  The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010 and the Frankfurt Stock Exchange admitted the 9,197,244 GDRs in issue at the date of this Prospectus on 8 November 2010 to trading on the regulated market (General Standard).

- The first sentence of the section "*The Offering – Time Period of the Offering*" on page 74 is replaced by the following:

  "The public offering of 9,197,244 GDRs in Germany and Austria ended on 16 November 2010."

- The fourth sentence of the section "*Market Overview – Russian IT Market – Russian IT Services and Sofware Market Sectors – Tax incentives for the IT sector*" on page 111 of the Prospectus is replaced by the following:

"The aggregate rate of social insurance contributions was 26% and has been increased to 34% by 1 January 2011."

- In the section "*Market Overview – Russian IT Market – Russian IT Services and Sofware Market Sectors – Tax incentives for the IT sector*" on page 111 of the Prospectus, the sentences sixth through tenth are replaced by the following:

  "However, new legislative amendments adopted in 2010 reinstated the incentives for IT companies. The transitional period in which the incentives apply has been extended to 2019, and the rates have been reduced. From 2010–2017, the aggregate rate of insurance contributions will be 14%, in 2018 they will reach 21%, and in 2019 they will be 28%. At the same time, one more condition was added to the list of requirements (in addition to 90% of turnover being software and having at least 50 employees): the IT company should be accredited by the state. These changes apply with retroactive effect from January 2010."

- The second paragraph of the section "*Business – Business Segments – IT Services segment - Overview*" on page 124 of the Prospectus is replaced by the following:

  "Geographically, the IT Services segment offers its products and services mainly in Russia as well as in Belarus, where the Group operates through joint ventures established with local partners."

- In the section "*Business – Property and Tangible Assets – Property and Rented Premises – Property*" on page 139 of the Prospectus after the fifth paragraph the following sentence is inserted:

  "OOO IBS Distribution Center was sold in April 2011."

- Below the table on page 140 of the Prospectus of the section "*Business – Property and Tangible Assets – Property and Rented Premises – Rented Premises*" a new paragraph is inserted:

  "The Group, in addition, leases a building (344 square meters) in the Moscow region, which is used by the Group for administrative purposes."

- In the section "*Business – Litigation"* the first sentence on page 141 of the Prospectus is replaced by the following:

  "On 30 June 2011, the Group received from one of its customers a pre-arbitration notice stating a repudiation of payment for work performed in the amount of USD 2,255 thousand and a claim for completion of work and payment of penalties in the amount of USD 657 thousand. Other than as described in the preceding sentence, the Company is not aware of any threatened proceedings nor of any circumstances that could be expected to give rise to such legal or arbitration proceedings or official investigations."

- The first sentence of the section "*Business – Employees"* on page 141 of the Prospectus is replaced by the following:

  "As of 30 June 2011, the number of employees of the Group amounted to 7,631. There have been no material changes in the number of employees since that date."

- At the end of the section "*Business – Material Agreements – Credit Agreements (long-term) – UniCredit Loans – Loan Agreement dated 21 July 2010*" on page 142 of the Prospectus the following sentences are inserted:

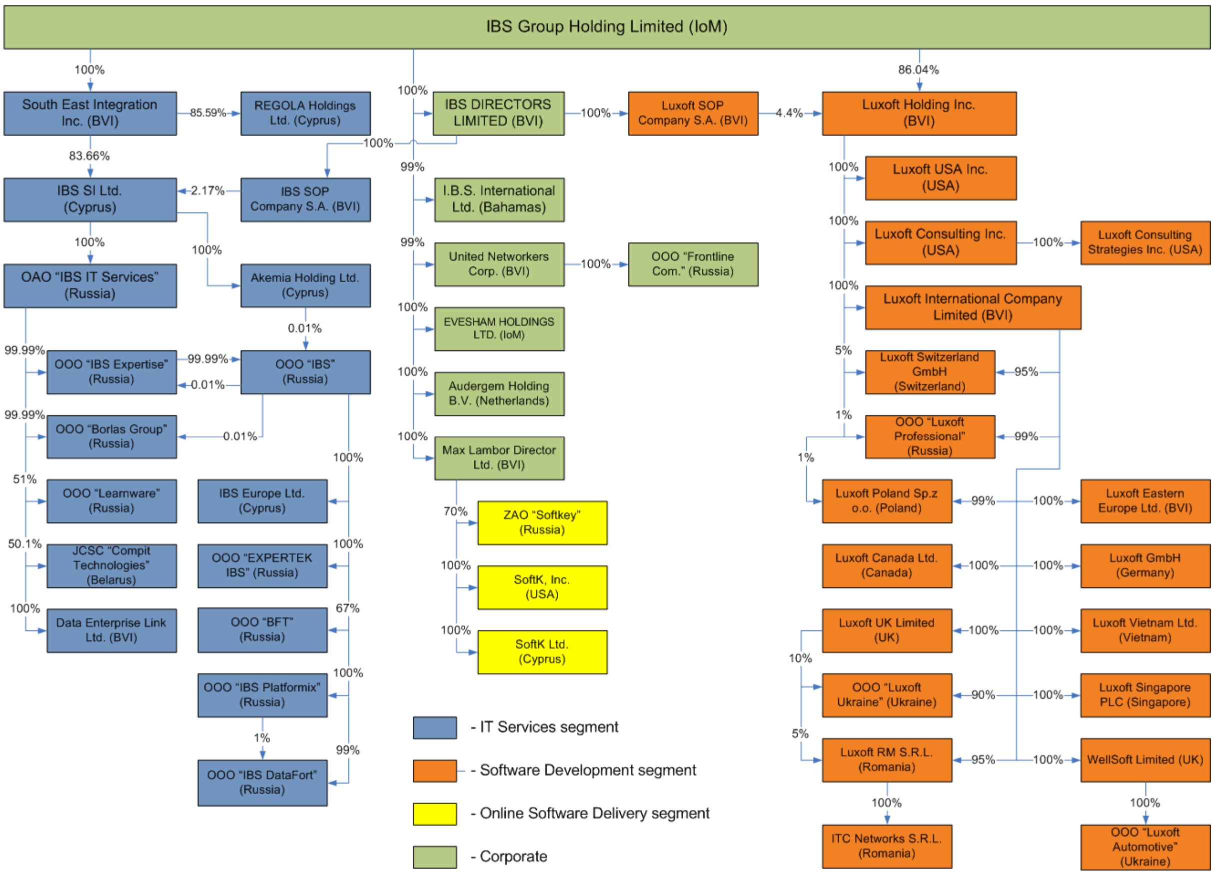
  "The loan is no longer secured by a mortgage provided by OOO IBS Distribution Center. The mortgage has been replaced by a share pledge by the Company of 25% plus one share in the share capital of Luxoft Holding Inc."

- The third sentence in the section "*Business – Material Agreements – Credit Agreements (long-term) – UniCredit Loans – Loan Agreement dated 14 August 2009*" on page 142 of the Prospectus is deleted.

- At the end of the section "*Business – Material Agreements – Credit Agreements (long-term) – UniCredit Loans – Loan Agreement dated 15 July 2008*" on page 142f. of the Prospectus the following sentence is inserted:

  "The loan has been fully repaid in June 2011."

- The diagram showing the most important companies of the Group in the section "*General Information on the Company – Group Structure*" on page 146 of the Prospectus is replaced by the following:



- The last paragraph of the section "*General Information on the Company – Notices by and to the Company, Paying Agent*" on page 148 of the Prospectus is replaced by the following:

  "The paying agent is Bankhaus Neelmeyer AG, Am Markt 14-16, 28195 Bremen, Germany."

- The first sentence of the sixth paragraph of the section "*Information about the Underlying Shares – Applicable Provisions and Articles of Association – Dividends and Dividend Policy*" on page 153 of the Prospectus is replaced by the following:

  "At present, the Group does not have a long term dividend policy; however, the Company will introduce a dividend policy in this financial year ending 31 March 2012."

- The eighth and ninth paragraph of the section "*Information about the Underlying Shares – Applicable Provisions and Articles of Association – Dividends and Dividend Policy*" on page 153 of the Prospectus are replaced by the following:

  "The Company is subject to certain restrictions to make dividend payments to its shareholders under a loan agreement between the Company and EBRD dated 21 July 2010, as long as a default under, and as specified in the loan agreement has occurred and is continuing the Company shall not declare or pay any dividend, or make any distribution on its share capital, redeem or otherwise acquire any shares of its own capital or any option over the same, or make any payment of principal or interest on any subordinated debt, unless EBRD otherwise agrees in writing."

- The tenth paragraph of the section "*Information about the Underlying Shares – Applicable Provisions and Articles of Association – Dividends and Dividend Policy*" on page 153 of the Prospectus is replaced by the following:

  "The Company has paid a dividend of USD 0.15 per Share for the year ended 31 March 2010 but it has not paid dividends to its shareholders for the years ended 31 March 2009 and 2008."

- At the end of the section "*Information about the Underlying Shares"* the following new chapter is inserted on page 154 of the Prospectus:

  "**LOCK-UP UNDERTAKINGS**

  The Company's shareholders BXA Investment Ltd, Croyton Limited and Esther Dyson in July 2011 signed a lock-up undertaking for the benefit of the Listing Agent and the Company which foresees that no Shares will be deposited with the Depositary against delivery of GDRs before 5 February 2012 unless the Listing Agent has granted its prior written consent."

- The third sentence of the footnote no. 2 below the table in the section "*Shareholder Structure*" on page 177 of the Prospectus is replaced by the following:

  "The majority of the beneficial interests belong to Mr. Anatoly Karachinsky and Mr. Sergey Matsotsky."

- The section "*Related Party Transactions – Material Business Relations with Related Companies - BXA*" on page 178f. of the Prospectus is replaced by the following:

  "BXA holds 36.98% of the Shares in the Company; BXA is controlled by Mr. Karachinsky.

  In December 2010, the Company settled the loans the Company had previously extended to BXA, in the aggregate outstanding amount of USD 24,302,000 as of 31 December 2010, including accrued and unpaid interest (collectively the "**BXA Loans**"), consistent with the Company's plan to convert the BXA Loans into non-current assets of equivalent fair value of the Company. Following approval of the Board of Directors of the Company, BXA and the Company agreed in the Share Purchase Agreement dated as of 10 December 2010 between such parties (the "**BXA/IBS Share Purchase Agreement**"), to settle and extinguish the BXA Loans in consideration of BXA transferring to the Company, directly or indirectly, portions of BXA's equity interests in the following companies: NewspaperDirect, Inc., a Delaware corporation ("**ND**"), and Internet Technology Networks, Inc., a British Virgin Islands company ("**ITN**"). This transaction was completed on 10 December 2010 in accordance with the BXA/IBS Share Purchase Agreement. In consideration of extinguishment and settlement of the BXA Loans, the Company received shares of Oradell Equities, Inc., a British Virgin Islands company and the parent of ND and ITN ("**Oradell**"), representing approximately 15% of the issued capital of Oradell. For these purposes, the issued equity interests of ND and ITN were valued in accordance with an independent third-party value analysis of ND and OOO Medialogia, a Russian company comprising ITN's principal operating asset.

In order to induce the Company to effect the foregoing, BXA guaranteed (the "**BXA Guarantee**") to the Company (for itself and as trustee for its subsidiary Nanuet Capital, Inc.), the performance of (1) the payment obligations of Exelwood Trading Limited ("**Exelwood**") under an agreement among the Company as seller, Exelwood as purchaser and OAO DEPO Computers as guarantor dated 1 September 2009 (the "**First Agreement**"), for the purchase of 50% of issued share capital of SouthWest Manufacturing, Inc. from the Company by Exelwood; and (2) the payment obligations of Seascale International Limited ("**Seascale**") under an agreement among Nanuet Capital, Inc. as seller, Seascale as purchaser and OAO DEPO Computers as guarantor dated 1 September 2009 (the "**Second Agreement**" and together with the First Agreement, the "**Southwest Agreements**"), for the purchase of the remaining 50% of issued share capital of SouthWest Manufacturing, Inc. from Nanuet Capital, Inc. by Seascale (see also section "*Related Party Transactions – Material Business Relations with Related Companies – Depo Group*" of the Prospectus). The BXA Guarantee had the term ending on 1 September 2012, and the performance obligation of BXA thereunder was limited to the guarantee cap determined by reference to the market value of 844,929 Shares held by BXA in the Company. In May 2011 the BXA Guarantee was terminated.

In the past, BXA has also granted certain security interests for certain liabilities of the Group."

- The third sentence of the first paragraph of the section "*Related Party Transactions – Material Business Relations with Related Companies - Croyton*" on page 179 of the Prospectus is replaced by the following:

  "The majority of the beneficial interests belong to Mr. Anatoly Karachinsky and Mr. Sergey Matsotsky."

- In the section "*Related Party Transactions – Material Business Relations with Related Companies*" the following new subsection is inserted on page 183 of the Prospectus:

  "Exelwood and Seascale

  In April 2011, the Company completed the sale to Exelwood and Seascale of the Company's wholly-owned subsidiary OOO IBS Distribution Center, a Russian limited liability company whose assets substantially consisted of a warehouse and related buildings (collectively, the "**Assets**") located in Krasnogorsk, Moscow province. The Board of Directors and management of the Company determined that this subsidiary and its Assets represent non-core assets of the Company. The Company received an offer from Exelwood and Seascale to purchase all of the Company's participation interest in OOO IBS Distribution Center for the aggregate purchase price of USD 14.3 Million, which the Company determined was consistent with the appraised value of the Assets in the range of USD 14.2-14.4 Million according to two recent independent appraisals obtained by the Company.

  Following an intergroup restructuring, the ownership of OOO IBS Distribution Center was transferred to the Company's subsidiary Avatar Industries Limited, a British Virgin Islands company ("**Avatar**"), with 199 issued shares of Avatar held by I.B.S. International Limited and the remaining 1 share of Avatar held by Nanuet Capital, Inc. On 28 April 2011, the above subsidiaries of the Company sold all their respective ownership interests in Avatar to Exelwood and Seascale according to the following agreements each dated 7 March 2011 and recording an agreement reached by the parties on 28 February 2011, as amended (collectively, the "**Avatar Agreements**"):

  - Agreement for the sale and purchase of 199 issued shares of Avatar between I.B.S. International Limited as seller and Exelwood as purchaser, as amended, for the aggregate purchase price of USD 14,228,500, payable as follows: (i) USD 1,000,000 no later than ten business days after 28 April 2011; (ii) USD 6,000,000 on the first anniversary of the date of the Agreement; and (iii) USD 7,228,500 on the second anniversary of the date of the Agreement; with unpaid consideration subject to interest at the rate of 7% per annum; and

- Agreement for the sale and purchase of 1 issued share of Avatar between Nanuet Capital, Inc. as seller and Seascale as purchaser, as amended, for the purchase price of USD 71,500, payable no later than the second anniversary of the date of the Agreement, with unpaid consideration subject to interest at the rate of 7% per annum.

Following completion of these transactions, the Company agreed to assume the respective rights of I.B.S. International Limited and Nanuet Capital, Inc. to receive payment from Exelwood and Seascale under the Southwest Agreements and the Avatar Agreements (collectively, the "**Relevant Agreements**"), provided that (1) its shareholder BXA assumes the payment obligations of Exelwood and Seascale under the Avatar Agreements and also under the Southwest Agreements, and (2) its shareholder Croyton Limited, as trustee of the Glory Fund Capital Trust, guarantees to the Company the performance of these obligations. As a result of a series of assignments, on 28 April 2011, BXA assumed all of the payment obligations of Exelwood and Seascale under the Relevant Agreements, currently owing to the Company. On the same date, Croyton Limited guaranteed to the Company the performance by BXA of its obligations under (1) the Southwest Agreements to pay USD 8,750,000; and (2) the Avatar Agreements to pay USD 14,300,000, in each case plus all interest, fees, costs and liabilities of any kind, which amounts are currently due from BXA to the Company. The management believes that this transaction improved the position of the Company as a creditor in respect of the obligations due to it under the Relevant Agreements.

At the request of BXA, the Company agreed to adjust to 7% per annum the original interest rate of 12% applicable to unpaid consideration owing by BXA to the Company under the Southwest Agreements, in view of the improved market conditions for borrowing funds in comparable transactions. The interest rate change was effective from 29 April 2011."

- In the section "*Related Party Transactions – Relations with Related Persons – Dmitry Loschinin*" on page 183 of the Prospectus the last sentence is replaced by the following:

  "Luxoft UK Limited, an indirect subsidiary of the Company, bought the relevant shares (5% in Luxoft RM S.R.L.) from Mr. Loschinin and the sale and transfer became effective in January 2011."

- In the section "*Additional Information regarding the GDRs – Taxation – Taxation of GDRs in Austria*", after the last paragraph on page 209 of the Prospectus the following subsection is inserted:

  "**Planned tax law changes**

  With the passing of the Budget Accompanying Act of 2011 (*Budgetbegleitgesetz 2011*), the Austrian legislator intended to comprehensively realign – with legal effect as of 1 October 2011 – the taxation of financial instruments, in particular with regard to capital gains. In the meantime, the Austrian Constitutional Court (*Verfassungsgerichtshof*) has decided that the above mentioned implementation date is unconstitutional. The current draft bill (*Beschluss des Nationalrats*) of a Tax Amendments Act of 2011 (*Abgabenänderungsgesetz 2011*) provides for a postponement of the implementation date by six months, *i.e.* until 1 April 2012. As the next steps in the legislative procedure are expected to be finalized soon, the comments below already take into consideration the expected changes under the Tax Amendments Act of 2011.

  Under the new rules, the term investment income (*Einkünfte aus Kapitalvermögen*) will also comprise income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*), including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital (*cf.* sec. 27(3) of the Austrian Income Tax Act). Such income will in general be subject to a withholding tax of 25%, irrespective of the holding period and the extent of the participation. Detailed rules on the entry into force apply, on which prospective investors are advised to obtain professional advice."

- At the end of the section "*Taxation – Taxation in Austria*" on page 220 of the Prospectus the following new subsection is inserted:

  "**Planned tax law changes**

  With the passing of the Budget Accompanying Act of 2011 (*Budgetbegleitgesetz 2011*), the Austrian legislator intended to comprehensively realign – with legal effect as of 1 October 2011 – the taxation of financial instruments, in particular with regard to capital gains. In the meantime, the Austrian Constitutional Court (*Verfassungsgerichtshof*) has decided that the above mentioned implementation date is unconstitutional. The current draft bill (*Beschluss des Nationalrats*) of a Tax Amendments Act of 2011 (*Abgabenänderungsgesetz 2011*) provides for a postponement of the implementation date by six months, *i.e.* until 1 April 2012. As the next steps in the legislative procedure are expected to be finalized soon, the comments below already take into consideration the expected changes under the Tax Amendments Act of 2011.

  Under the new rules, the term investment income (*Einkünfte aus Kapitalvermögen*) will also comprise income from realised increases in value (*Einkünfte aus realisierten Wertsteigerungen*), including gains from the sale, redemption and other realisation of assets that lead to income from the letting of capital (*cf.* sec. 27(3) of the Austrian Income Tax Act). Such income will in general be subject to a withholding tax of 25%, irrespective of the holding period and the extent of the participation. Detailed rules on the entry into force apply, on which prospective investors are advised to obtain professional advice."

- After the fourth paragraph of the section "*Taxation – Taxation in the Isle of Man*" on page 221 of the Prospectus, the following new paragraph is inserted:

  "On 25 February 2010, the Isle of Man Government commenced a public consultation as part of a review of the Island's business tax regime (the so called Zero/Ten regime). This review was in the context of concerns apparently being raised by the European Union (EU) regarding the Island's business tax regime. In February 2011, the EU Code of Conduct Group on Business Taxation found that ARI, when combined with the Zero/Ten taxation system for companies, was harmful. In anticipation of that announcement, the Isle of Man Government stated that the ARI would be abolished and that the Government considered that there was no basis for changing the Zero/Ten taxation system itself."

- The paragraphs three through seven of the section "*Recent Developments and Outlook*" on page R-1 of the Prospectus are replaced by the following paragraphs:

  "In December 2010, the Company settled the loans the Company had previously extended to BXA, in the aggregate outstanding amount of USD 24,302,000 as of 31 December 2010, including accrued and unpaid interest in consideration of BXA transferring to the Company, directly or indirectly, portions of BXA's equity interests in NewspaperDirect, Inc., a Delaware corporation, and Internet Technology Networks, Inc., a British Virgin Islands company.

  In April 2011 the Company completed the sale of the Company's wholly-owned subsidiary OOO IBS Distribution Center, a Russian limited liability company whose assets substantially consisted of a warehouse and related buildings located in Krasnogorsk, Moscow province.

  The Group has recently established delivery centers for its Software Development segment in Poland and Singapore.

  On 31 May 2011, the Group announced the following preliminary unaudited operating results for the financial year ended 31 March 2011 based on the preliminary unaudited management accounts:

In the financial year ended 31 March 2011, the Group generated total revenues of USD 656 Million (net of intercompany sales) (year ended 31 March 2010: USD 505 Million). The contribution of the IT Services, the Software Development and the Online Software Delivery segment to the total revenues of the Group (net of intercompany sales) amounted to USD 388 Million, USD 205 Million and USD 61 Million, respectively, in the year ended 31 March 2011 (year ended 31 March 2010: USD 309 Million, USD 148 Million and USD 46 Million, respectively).

As at 31 March 2011, the Group had approximately USD 58 Million of aggregate outstanding borrowings (short-term borrowings and long-term debt, non-current and current portions).

On the basis of the customer orders received and the business development in the first four months of the current financial year, and the estimations based on current negotiations with customers, the Company expects its consolidated revenues for the financial year ending 31 March 2012 to be in a range between USD 800 Million and USD 820 Million. The future business development of the Company is subject to certain risks and the achievement of this revenue goal requires, inter alia, a continuing and growing demand for software and application development outsourcing, a continued recovery of the Russian IT services market and an overall stable economic environment including stable financial markets.

On 30 June 2011, the Group received from one of its customers a pre-arbitration notice stating a repudiation of payment for work performed in the amount of USD 2,255 thousand and a claim for completion of work and payment of penalties in the amount of USD 657 thousand.

Other than as described above, there have been no significant changes in the financial or trading position of the Group since 31 March 2010."

The Company's Prospectus was published on the Company's website (www.ibsgr.com), subject to certain restrictions, on 5 November 2010. The Supplement No. 1 to the Prospectus will also be published on the Company's website (www.ibsgr.com), subject to certain restrictions, on 28 July 2011. Printed copies of the Prospectus and the Supplement No. 1 are available free of charge during regular business hours at the office of equinet Bank AG at Gräfstraße 97, 60487 Frankfurt am Main, Germany.

Pursuant to Section 16 (3) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), investors who submitted a declaration of intent to acquire or subscribe to the GDRs representing the Shares in the Company prior to the publication of this Supplement No. 1 are entitled to revoke such declaration within two business days after publication of this Supplement No. 1 provided that settlement has not yet occurred.

The revocation does not need to stipulate any grounds and must be declared in writing to the body to which the investor in question made his declaration of intent to acquire the GDRs. Revocations shall be deemed timely if dispatched before the notice period expires.

SIGNATURES

Frankfurt, New York, Ramsey in July 2011

IBS Group Holding Limited

Signed: Ivan Rodionov Signed: Glen Granovsky

equinet Bank AG

Signed: Arne Laaveld Signed: Thomas Howe

The Bank of New York Mellon

The responsibility of the Depositary for the content of the Prospectus is limited to specific sections (see "*General Information – Responsibility for the Contents of this Prospectus*" of the Prospectus).

Signed: James Green Signed: Neil Atkinson