

IBS Group Reports its Operating Results for the Second Quarter and First Half of the Fiscal Year 2011 and Increases Guidance for the End of the Fiscal Year 2011.

Ramsey, the Isle of Man, 30 November, 2011 – IBS Group Holding (IBSG:GR; IBSGq.DE), a leading IT services provider in Eastern Europe, today announces its preliminary unaudited operating results for the second quarter (1 July – 30 September 2011) and first half (1 April – 30 September 2011) of the fiscal year 2011.

Highlights

- Consolidated revenues for the second quarter of 2011 increased by 17.6% year-over-year to US\$179.9 million. For the first half of the fiscal year 2011 consolidated revenues increased by 25.3% year-over-year to US\$356.3 million.
- Software Development segment revenues for the second quarter of 2011 increased by 37.4% year-over-year to US\$65.8 million. For the first half of the fiscal year 2011 consolidated revenues increased by 44.8% year-over-year to US\$127.3 million.
- Share of revenues generated in Europe and North America in the first half of the fiscal year 2011 increased by 42.1% year-over-year to US\$123.6 million and reached 34.7% of consolidated total revenues.
- Group headcount surpassed 8,000 employees as of the end of the second quarter of 2011.
- IBS Group upgrades its guidance for consolidated revenue for the 2011 fiscal year ending 31 March 2012 to US\$835 million - US\$850 million, up from the previous guidance of US\$805 million - US\$820 million based on current market trends and business visibility.

Consolidated Revenues, Net of Intercompany Sales*

US\$ million	2Q FY'2011	2Q FY'2010	Change	1H FY'2011	1H FY'2010	Change
Consolidated revenues	179.9	153.0	17.6%	356.3	284.3	25.3%
IT Services segment	97.9	89.2	9.8%	197.5	164.2	20.3%
Software Development segment	65.8	47.9	37.4%	127.3	87.9	44.8%
Corporate, other and eliminations	16.2	15.9	1.9%	31.5	32.2	-2.2%

* Based on the preliminary unaudited management accounts; "Corporate, other and eliminations" line now includes results that were previously reported under the Online Software Delivery segment

- Consolidated revenues for the second quarter of the fiscal year 2011 increased by 17.6% year-over-year (y-o-y) to US\$179.9 million, driven primarily by strong growth in the Software Development segment. Consolidated revenues for the first half of the fiscal year 2011 increased 25.3% y-o-y to US\$356.3 million.
- IT Services segment (IBS IT Services) demonstrated a 9.8% y-o-y revenue growth in the second quarter of the fiscal year 2011, supported by its broad customer base and project pipeline as well as by on-going growth in demand for IT services in Russia. Segment revenues for the first half of the fiscal year 2011 increased by 20.3% y-o-y.
- Software Development segment (Luxoft) demonstrated a 37.4% y-o-y revenue growth in the second quarter the fiscal year 2011, driven by the continued strong global demand for sophisticated software

engineering and its focus on the fastest growing IT market segments: application outsourcing and custom application development. Segment revenues for the first half of the fiscal year 2011 increased by 44.8% y-o-y.

Consolidated Revenues by Geographies*

US\$ million	1H FY'2011	Share of total revenue	1H FY'2010	Share of total revenue	Change in absolute result , y-o-y
Revenues generated in Russia and the CIS	232.7	65.3%	197.3	69.4%	17.9%
Revenues generated in Europe	89.7	25.2%	57.2	20.1%	56.8%
Revenues generated in North America	33.9	9.5%	29.8	10.5%	13.8%

* Based on the preliminary unaudited management accounts; geography of a client is determined based on a customer's billing location

- During the first half of the fiscal year 2011 IBS Group's share of international revenues increased to 34.7% of consolidated total from 30.6% in the first half of the fiscal year 2010 - a reflection of continued diversification of the Group's business and strong growth in the Software Development segment, which is primarily focused on international client base.
- The share of revenues generated in Europe reached 25.2% of consolidated total in the first half of the fiscal year 2011 compared to 20.1% in the first half of the fiscal year 2010 reflecting, among other factors, success of expansion strategy among Western European accounts over the past year. Revenues from Europe reached US\$89.7 million in the first half of the fiscal year 2011, a 56.8% y-o-y increase.
- The share of revenues generated in North America reached 9.5% of consolidated total in the first half of the fiscal year 2011 compared to 10.5% in the first half of the fiscal year 2010, with revenues in the region remaining stable in absolute terms y-o-y.
- The share of revenues generated in Russia and the CIS reached 65.3% of consolidated total in the first half of the fiscal year 2011 compared to 69.4% in the first half of the fiscal year 2010. Revenues from Russia and the CIS reached US\$232.7 million in the first half of the fiscal year 2011, a 17.9% y-o-y increase.

Group Headcount*

Number of employees	End 2Q FY'2011 (30.9.2011)	End 2Q FY'2010 (30.9.2010)	Change y-o-y	End 1Q FY'2011 (30.6.2011)	Change q-o-q
Group headcount	8,062	6,771	19.1%	7,631	5.7%

* Based on the preliminary unaudited management accounts

As of 30 September 2011, the headcount of IBS Group exceeded the 8,000 employee milestone for the first time in the Company's history and has reached 8,062 employees, a 19.1% increase y-o-y. During the second quarter of 2011, IBS Group had a net personnel increase of 431 employees, a 5.6% gain compared to its headcount at the end of first quarter of the fiscal year 2011. Headcount growth was associated primarily with rapid expansion of the

Software Development segment, which continued to actively hire personnel in most of its regional development centres.

Debt Position*

US\$ million	End 2Q FY'2011 (30.9.2011)	End 2Q FY'2010 (30.9.2010)	Change y-o-y	End 1Q FY'2011 (30.6.2011)	Change q-o-q
Total debt, including	71.7	79.4	-7.7	65.0	6.7
Short-term debt	42.0	38.7	3.3	33.1	8.9
Long-term debt, including	29.7	40.7	-11.0	31.9	-2.2
Current portion of long-term debt	6.0	13.1	-7.1	7.0	-1.0
Non-current portion of long-term debt	23.7	27.6	-3.9	24.9	-1.2
Cash and cash equivalents	18.7	27.2	-8.5	25.3	-6.6
Net debt	53.0	52.2	0.8	39.7	13.3

* Based on the preliminary unaudited management accounts

IBS Group uses debt instruments primarily to finance working capital requirements stemming from the seasonal fluctuation of revenues and receivables in the IT Services segment. As of the end of the second quarter of the fiscal year 2011, total debt stood at US\$71.7 million, a decrease of US\$7.7 million, or 9.7%, y-o-y. Net debt as of the end of the second quarter of the fiscal year 2011 stood at US\$53.0 million, up US\$0.8 million, or 1.5%, y-o-y and a marginal increase in the context of 25.3% consolidated y-o-y revenue growth during the first half of the fiscal year 2011.

Outlook

On the basis of current business visibility and overall positive market trends both in IT Services and Software Development segments, IBS Group upgrades its previous guidance for consolidated revenue for the 2011 fiscal year ending 31 March 2012 from the range of US\$805 million - US\$820 million to US\$835 million - US\$850 million, compared to US\$656 million in 2010 fiscal year. This forecast is subject to certain risks and the stated revenue goal assumes continued and growing demand for software and applications development outsourcing services, a continued recovery of the Russian IT services market, generally sound economic environment, and stable financial conditions.

Comment from President

Commenting on the results, President of IBS Group Anatoly Karachinsky said: "We continued to successfully execute our organic growth strategy in the first half of 2011 fiscal year, reporting strong results across major operational segments and geographical markets. In particular, the Software Development segment delivered 44.8% revenue growth year-over-year, with most of revenue growth coming from the new projects for the existing global client base. At the same time, the continued trend towards virtualization and use of cloud technologies in the Russian IT space creates new growth opportunities for IBS IT Services, which in August 2011 was ranked for the fifth consecutive year as the largest Russian IT company by market share in the influential IDC survey. We are also proud that our achievements in innovation had been recognized by numerous recent industry



awards, including the Frost & Sullivan 2011 European Telematics and Infotainment Competitive Strategy Innovation Award. We are pleased to see the momentum building from our continued investment into delivery of innovative software engineering and business transformation solutions for our clients. Along with our continuous new customer wins, we believe we are building a solid foundation for future growth of our business in the coming years.”

About IBS Group

IBS Group is a leading software development and IT services provider in Eastern Europe. Through its two principal subsidiaries, Luxoft and IBS IT Services, it offers a wide variety of information technology services, such as software development, IT outsourcing, business and IT consulting, business applications implementation. IBS Group is headquartered in Russia and has business operations in Russia, Ukraine, Romania, Poland, Germany, Switzerland, the UK, the USA, Canada, Vietnam and Singapore. IBS Group employs more than 8,000 people worldwide. In 2010 financial year, IBS Group reported US GAAP revenues of US\$656 million.

IBS Group's Global Depositary Receipts are listed on the Regulated Market (General Standard) at the Frankfurt Stock Exchange (Bloomberg: IBSG:GR; Reuters: IBSGq.DE). IBS Group is majority owned by management, with portfolio investors holding 37% of the Group's share capital.

For more information about IBS Group please visit www.ibsgr.com or contact

Investor Relations:

Dmitry Ivanov
Investor Relations Director
tel: +7 (495) 967 8000
fax: +7 (495) 967 8099
mob: +7 (916) 618 4034
dvivanov@ibs.ru

The information contained in this press release is not intended for distribution, publication or disclosure in or within the United States of America, Canada, Australia or Japan.

Disclaimer

The information contained in this press release is not for publication, distribution or release, directly or indirectly, in the United States of America (including its territories and possessions, any states of the United States and the District of Columbia) or any other jurisdiction where such distribution is unlawful. Such press release does not constitute an offer for the sale of securities in the United States of America, Canada, Australia, Japan or in any other jurisdiction in which an offer is subject to legal restrictions.

The information communicated in this document contains certain statements that are or may be projections or forward looking. These statements typically contain the words “anticipate”, “believe”, “intend”, “estimate”, “expect”, “plan”, “project” and words of similar meaning. By their nature, forward-looking statements are not statements of historical fact and reflect the current assessments, views, assumptions and beliefs made by the Company’s management according to the information available at the time made about future events, operating performance, financial condition, business strategy, the Company’s plans and objectives for future operations and the industry in which the Company operates. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors, any of which can lead to the actual results



of operations, profitability, performance, profits or achievements of the Company to be materially different from the results of operations, profitability, performance, profits or achievements of the Company expressed or implied by these forward-looking statements. Factors that could cause the actual results to differ materially from those contained in projections or forward-looking statements of the Company may include, among others, general economic and competitive environment conditions in the markets in which the Company operates as well as many other risks affecting the Company and its operations. In view of these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements.

The Company undertakes no obligation to review, update, amend or revise any of its forward-looking statements, whether as a result of new information, future events or developments or otherwise, or to reflect actual results, changes in assumptions or changes in factors affecting these statements. There may be additional material risks that are currently not considered to be material or of which the Company and its advisors or representatives are unaware. All subsequent written and oral forward-looking statements attributable to the Company, and those acting on its behalf, are expressly qualified in their entirety by the foregoing.