

IBS Group announces its audited US GAAP results for FY'2008 and interim results for the first half of FY'2009 (April 1 – September 30, 2009)

Moscow, November 13, 2009

Main Results for FY'2008 (April 1, 2008 – March 31, 2009)

- Consolidated revenue grew 8.5% compared with FY'2007 and reached \$656.7 million¹.
- Operating Income Before Depreciation and Amortisation (OIBDA), exclusive of non-recurring items, was \$26.2 million, which reaffirms that the business of the Group is operationally sound in the challenging market environment. OIBDA margin was at 4.0%.
- Hardware Manufacturing segment (Depo Computers) results are reported in one line as discontinued operations due to the sale of the business. FY'2007 statements have been changed accordingly to ensure data consistency.
- The total financial result was substantially affected by non-recurring items due to the sharp change in the market situation in the course of the year, including:
 - losses due to impairment and amortisation of intangible assets received in consolidating the Borlas and ITC Networks acquisitions;
 - losses from foreign exchange contracts;
 - and loss from Hardware Manufacturing segment operations reported as discontinued operations.

Main Results for the First Half of FY'2009 (April 1 – September 30, 2009)

- The dollar value of the Group's sales decreased 29% compared with the first half of FY'2008 to 225.4 million, while the dollar value of the revenue of the Software Development segment grew 13% compared with the respective period of FY'2008.
- Profitability of both service companies (IBS IT Services and Luxoft) being part of the Group improved substantially due to efforts by the management to reduce costs and additional risk management measures. As the result, the consolidated Operating Income Before Depreciation and Amortisation (OIBDA) for the first half of the year increased nearly 12-fold and reached \$17.1 million (cf. 1.5 million the year before).
- The total debt burden on the business decreased significantly from \$129 million as of September 30, 2008 to \$70 million as of September 30, 2009.

¹ The consolidated revenue excludes the revenue of the Hardware Manufacturing segment (Depo Computers) due to the sale of the business. In this connection, Hardware Manufacturing segment (Depo Computers) results are reported in one line as discontinued operations. FY'2007 statements have been changed accordingly to ensure data consistency.

Comments by Anatoly Karachinsky, President, IBS Group on the audited FY'2008 results and the current market situation:

"The Group member companies managed to achieve positive operating results in a very challenging economic environment.

The management responded fast as the changes occurred, which was important. Measures taken caused a one-time increase in operating expenses but yielded tangible results as early as the beginning of the calendar year of 2009. Tight control over spending and a comprehensive approach to assessment of project risks served to reduce the working capital financing requirements of the business and improve the business profitability despite falling sales and market pressure on pricing for services.

The challenging period in the market coincided with the next step in consistent implementation of our strategy, which was obviously a factor that contributed to the results as the business of the Group was focused on the IT services and outsourcing, software development and software implementation segments, which offer the best sustainability and allow to retain profitability in the crisis environment.

I should note that those key lines of the business of IBS Group have become even more relevant in the current situation as outsourcing enables customers to achieve substantial cost reduction and manage the amount of services and support in an efficient way depending on the internal situation while applications implemented improve enterprise management and business processes, dramatically improve asset management and speed up generation of reports.

Recovery and improvement of business profitability remain the key objective for IBS Group in the current financial year."

IBS Group audited results for FY'2008 ended March 31, 2009 (\$ million)

	FY'2008-09	FY'2007-08	Change
Consolidated revenue	656.7	605.4	+9%
IT Services (IBS IT Services)	472.2	441.1	+7%
Software Development (Luxoft)	119.0	97.4	+22%
OIBDA ²	26.2	44.7	-41%
OIBDA margin	4.0%	7.4%	

IBS Group unaudited interim results for the first half (April – September) of FY'2009 (\$ million)

	H1 FY'2009E	H1 FY'2008	Change
Consolidated revenue	225.4	317.9	-29%
OIBDA	17.1	1.5	+1031%
OIBDA margin	7.6%	0.5%	

² OIBDA is the operating income before amortization, depreciation and loss from impairment of intangible assets received in consolidating the Borlas and ITC Networks acquisitions.

IT Services (IBS IT Services)

IT Services segment unaudited interim results for the first half (April – September) of FY'2009 (\$ million)

	H1 FY'2009E	H1 FY'2008	Change
Revenue	136.2	224.0	-39%
OIBDA	4.1	-4.1	n/a
OIBDA margin	3.0%	-1.85%	

Software Development (Luxoft)

Software Development segment unaudited interim results for the first half (April – September) of FY'2009 (\$ million)

	H1 FY'2009E	H1 FY'2008	Change
Revenue	71.0	62.8	+13%
OIBDA	15.0	5.0	+197%
OIBDA margin	21.1%	7.9%	

About IBS Group:

IBS Group is the largest IT services provider on the Russian hi-tech market with strong positions in consulting, business applications implementation, IT outsourcing and software development. The Group pursues two principal lines of business, i. e. IT services (IBS IT Services) and software development (Luxoft). In September 2009 the Group sold its hardware manufacturing unit (Depo Computers).

IBS Group has business operations in Russia, the CIS, Europe, USA, Canada and Vietnam and is among Russia's Top-100 companies by sales of products and services. The total headcount approximates 6,000 employees. 36% of the Group's share capital is held by institutional investors. Shares of the Group are listed on one of Europe's biggest stock exchanges in the form of global depository receipts (GDRs).

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