

IBS Group Reports Operating Results for the 1Q FY'2011 ending June 30, 2011

The Isle of Man, 07 September, 2011 – IBS Group Holding (IBSG:GR; IBSGq.DE) announces today its preliminary unaudited operating results for the 1Q FY'2011 (1 April 2011 – 30 June 2011).

Consolidated Revenues by business segments

US\$ million	1Q FY'2011	1Q FY'2010	Change
IT Services	99.6	74.9	+33.0%
Software Development	61.5	38.0	+61.8%
Online Software Delivery	13.6	14.4	-5.5%
Other, corporate and eliminations	1.6	4.0	n/a
Consolidated revenues, net of intercompany sales*	176.3	131.3	+34.3%

* Based on the preliminary unaudited management accounts for the 1Q FY'2011 and for the 1Q FY'2010

- First quarter FY'2011 consolidated revenues increased by 34.3% year-over-year to US\$176.3 million from US\$ 131.3 million driven by increase of sales in IT Services and Software Development segments.
- IT Services segment (IBS IT Services) demonstrated a 33.0% year-over-year growth, driven by the general Russian IT services market recovery.
- Software Development segment (Luxoft) demonstrated a 61.8% year-over-year growth supported by the continued global demand for sophisticated software programming and engineering services.
- The Online Software Delivery (Softkey) demonstrated a 5.5% year-over-year decrease, as a result of an on-going business restructuring to increase effectiveness and profitability of this segment.

Consolidated Revenues by Geographies*

	1Q FY'2011	% of total revenue	1Q FY'2010	% of total revenue	Change in absolute result, Y-O-Y
Revenues generated in Russia and the CIS	115.9	65.7%	91.9	70.0%	+26.1%
Revenues generated in Europe	44.1	25.0%	25.7	19.6%	+71.6%
Revenues generated in North America	16.3	9.3%	13.7	10.4%	+19.0%

* Based on the preliminary unaudited management accounts for the 1Q FY'2011 and for the 1Q FY'2010

- As a result of its continued international expansion IBS Group's share of revenues generated in Europe and North America increased from 30.0% to 34.3% year-over-year. Consequently, the share of revenues generated in Russia and CIS declined by 4.3% year-over-year to 65.7% of total revenues.

- The share of revenues generated in Europe increased by 5.4%, a 71.6% growth in absolute terms, due to a rapid expansion in the European markets and new development centers in the UK and Poland gaining momentum.
- The share of revenues generated in North America declined by 1.1% to 9.3% year-over-year, although this geographic segment registered a 19.0% revenue growth in absolute terms.

Group Headcount*

Number of employees	30.06.2011	30.06.2010	Change from previous year	31.03.2011	Change from previous quarter
Group headcount	7,631	6,329	+20.6%	7,355	+3.8%

* Based on the preliminary unaudited management accounts for the 1Q FY'2011 and for the 1Q FY'2010

As of 30 June 2011, the headcount of IBS Group reached 7,631 employees, an increase of 20.6% year-over-year and a 3.7% over the previous quarter. Most of the personnel growth was due to the expansion of the Software Development segment, where number of employees increased by 39.3%, to 4,560 from 3,273 a year ago, a reflection of strong demand for services provided by Luxoft.

Debt Position*

US\$ million	30.06.2011	31.03.2011	Change	
Total debt, including	65.0	58.2	+6.8	+11.7%
Short-term debt	33.1	22.6	+10.5	+46.5%
Long-term debt, including	31.9	35.6	-3.7	-10.4%
Current portion of long-term debt	7.0	10.0	-3.0	-30.0%
Non-current portion of long-term debt	24.9	25.6	-0.7	-2.7%
Cash and cash equivalents	25.3	26.5	-1.2	-4.5%
Net debt	39.7	31.7	+8.0	+25.2%

* Based on the preliminary unaudited management accounts for the 1Q FY'2011 and for the audited FY'2010

Total debt increased by 11.7% during the first quarter. Net debt increased by 25.2% to US\$39.7 million, while long-term debt has decreased by 10.4%. Debt financing is used by IBS Group primarily to cover short-term cash requirements. Due to seasonality of revenues in the IT Services segment, where a large share of the contracts is paid for in the third and fourth calendar quarters, IBS Group has to periodically borrow funds to finance its working capital requirements. That was the main reason for the increase in the short-term debt in the first quarter.

Outlook

Today, the management of IBS Group expects consolidated revenues for the year ending March 31, 2012 to be in the range of US\$805 million - US\$820 million, compared to US\$656.0 million in the previous year. This forecast is subject to certain risks and the stated revenue goal assumes continued and growing demand for software and



applications development outsourcing, continued recovery of the Russian IT services market, generally sound economic environment.

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 has business operations in Russia, Canada, Germany, Romania, Poland, Switzerland, the UK, Ukraine, the USA, Vietnam and Singapore. IBS Group employs more than 7,600 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 35% of the Group's share capital. For more information on IBS Group, please visit www.ibsgr.com.

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