

**X5 REPORTS Q2 & H1 2009 RESULTS:****SOLID TOP LINE GROWTH AND EFFICIENCY FOCUS  
SUPPORT EBITDA MARGIN AT 8.7%**

**Amsterdam, 27 August 2009** - X5 Retail Group N.V., Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), today published its interim report for the second quarter and first half of 2009. Full version of the report including condensed consolidated interim financial statements for the six months ended 30 June 2009 is available on our corporate website at [http://www.x5.ru/en/investors/financial\\_reports/](http://www.x5.ru/en/investors/financial_reports/).

**Q2 2009 Highlights**

- Consolidated\* net sales increased 46% year-on-year in RUR terms to RUR 68,202 mln or 7% in USD terms to USD 2,111 mln;
- On a pro-forma basis\*\*, net sales grew 26% year-on-year in RUR terms and declined 8% in USD terms (due to negative RUR devaluation effect);
- Gross profit totaled USD 521 mln, for a gross margin of 24.7%;
- EBITDA amounted to USD 184 mln, for an EBITDA margin of 8.7%;
- X5 reported a net profit of USD 130 mln on the back of strong operational performance and a non-cash foreign exchange (FX) gain;

**H1 2009 Highlights**

- Consolidated\* net sales increased 46% year-on-year in RUR terms to RUR 131,548 mln or 6% in USD terms to USD 3,978 mln;
- On a pro-forma basis\*\*, net sales grew 27% year-on-year in RUR terms and declined 8% in USD terms (due to negative RUR devaluation effect);
- Gross profit totaled USD 979 mln, for a gross margin of 24.6%;
- EBITDA amounted to USD 347 mln, for an EBITDA margin of 8.7%;
- X5 reported a net profit of USD 48 mln, affected by quarter-on-quarter fluctuations in non-cash FX result;

- 2009 sales growth and CapEx outlook, as announced on 6 March 2009, reiterated.

X5 Retail Group CEO **Lev Khasis** commented:

*"In the first half of the year X5 delivered the highest like-for-like sales growth among Russian peers thanks to our "close-to-the-customer" approach and flexibility of X5's multi-format business model. We continue to fine-tune our formats' strategies to achieve clear distinction between value propositions and ensure long-term multi-format success and leadership. One of our current priorities is private label development, which includes realignment of X5's private label strategy across formats with a focus on building own brands and creating wider choice to drive sales and support margins.*

\* Consolidated figures include the results of the acquired Karusel business from 30 June 2008 (i.e. include them in Q2 and H1 2009 and exclude them in Q2 and H1 2008).

\*\* Pro-forma figures include the results of the acquired Karusel business in Q2 and H1 2009, as well as in Q2 and H1 2008.

*"Another important area of our focus is efficiency of operations. X5 has launched a multi-year Strategic Efficiency Program to drive long-term operational excellence in line with international benchmarks. The Program covers virtually every area of X5's operations and includes: creation of a fully integrated supply chain; upgrade and integration of the Company's IT systems on the basis of a best-in-class ERP system; new initiatives to improve labour productivity and asset efficiency in areas such as property leasing and energy consumption; and business simplification to standardize processes and increase organizational effectiveness."*

X5 Retail Group CFO **Evgeny Kornilov** added:

*"We are quite happy with the achieved cost savings in the past several quarters - our aggressive cost controls enabled continuous reduction in SG&A expense as percentage of sales: second quarter 2009 SG&A accounted for 19.6% of net revenue, 150 bp down from 21.1% on pro-forma basis a year ago. In line with our "close-to-the-customer" policy we reinvested these savings in prices, which enabled X5 to deliver the best like-for-like performance in Russian food retail. Now, to achieve long-term sustainability, we need to bring our efficiency focus to a new level, which will be done through our Strategic Efficiency Program."*

### **Profit & Loss – Key Trends and Developments**

Profit & loss figures in this Interim Management Report are presented on a pro-forma basis, unless otherwise stated. Pro-forma figures include results of the acquired Karusel hypermarket chain from 1 January 2008 and 2009, respectively. We believe pro-forma numbers are useful because they allow investors to evaluate X5's operating results and financial performance for different periods on a more comparable basis. These figures should be used in addition to, but not as a substitute for, the consolidated financial statements.

### **Pro-Forma\* P&L Highlights\*\***

USD mln	Q2 2009	Q2 2008	% change y-o-y	H1 2009	H1 2008	% change y-o-y
<b>Net Sales</b>	<b>2,111.2</b>	<b>2,287.2</b>	<b>(8%)</b>	<b>3,978.1</b>	<b>4,325.8</b>	<b>(8%)</b>
incl. Retail	2,099.6	2,274.2	(8%)	3,959.0	4,301.6	(8%)
<b>Gross Profit</b>	<b>520.8</b>	<b>596.0</b>	<b>(13%)</b>	<b>979.0</b>	<b>1,114.9</b>	<b>(12%)</b>
Gross Margin, %	24.7%	26.1%		24.6%	25.8%	
<b>EBITDA</b>	<b>184.3</b>	<b>210.8</b>	<b>(13%)</b>	<b>347.0</b>	<b>387.5</b>	<b>(10%)</b>
EBITDA Margin, %	8.7%	9.2%		8.7%	9.0%	
<b>Operating Profit</b>	<b>129.1</b>	<b>142.7</b>	<b>(10%)</b>	<b>246.0</b>	<b>265.8</b>	<b>(7%)</b>
Operating Margin, %	6.1%	6.2%		6.2%	6.1%	
<b>Net Profit</b>	<b>130.4</b>	<b>69.6</b>	<b>87%</b>	<b>48.3</b>	<b>152.9</b>	<b>(68%)</b>
Net Margin, %	6.2%	3.0%		1.2%	3.5%	

\* Pro-forma figures include the results of the acquired Karusel business in Q2 and H1 2009, as well as in Q2 and H1 2008.

\*\* Please note that in this and other tables of the Interim Management Report immaterial deviations in calculation of % change, subtotals and totals are explained by rounding

**Effect on RUR/USD Exchange Rate Movements on Presentation of X5's Results and Their Dynamics**

X5's operational currency is the Russian Ruble (RUR), while our presentation currency is the U.S. Dollar (USD). As RUR/USD rate has substantially changed in the past twelve months, comparisons of the Company's financial results either with the corresponding period a year ago (for profit & loss statement) or with the beginning of the year (for balance sheet statement) have been substantially affected by these movements. For more details please see page 7 of this Interim Management Report.

**Net Sales & Gross Margin Performance**

USD mln			% change		% change	
	Q2 2009	Q2 2008	y-o-y	H1 2009	H1 2008	y-o-y
<b>Net Sales</b>	<b>2,111.2</b>	<b>2,287.2</b>	<b>(8%)</b>	<b>3,978.1</b>	<b>4,325.8</b>	<b>(8%)</b>
incl. Retail	2,099.6	2,274.2	(8%)	3,959.0	4,301.6	(8%)
Hypermarkets	394.8	441.1	(10%)	747.9	822.1	(9%)
Supermarkets	573.7	696.3	(18%)	1,113.7	1,334.9	(17%)
Soft Discounters	1,131.1	1,136.8	(1%)	2,097.3	2,144.6	(2%)
<b>Gross Profit</b>	<b>520.8</b>	<b>596.0</b>	<b>(13%)</b>	<b>979.0</b>	<b>1,114.9</b>	<b>(12%)</b>
Gross Margin, %	24.7%	26.1%		24.6%	25.8%	

For the second quarter 2009 X5 reported net sales of USD 2,111 mln - a year-on-year decline of 8% in USD terms. In RUR terms net revenue for the quarter increased 26% year-on-year. For the first half 2009 net sales totaled USD 3,978 mln - a year-on-year decline of 8% in USD terms and 27% growth in RUR terms thanks to 12% growth in like-for-like (LFL)\* sales with the rest coming from expansion.

In the first half 2009 X5 reported solid like-for-like sales growth despite weaker consumer confidence and persisting trading down trends. The clearest gains came from our soft discounter format, which is benefiting in the current macro environment thanks to Pyaterochka's offer of lowest price on 100% of assortment. Supermarket performance underscored the resilience of Moscow and St. Petersburg, offset by weaker consumer confidence in the regions. We continue to adjust our hypermarket format, promoting Karusel's brand across regions of its presence in order to educate consumers about our "wide choice at low price" promise. This comes along with our efforts to build brand loyalty via every day low pricing initiatives as well as promotions and special actions.

Second quarter 2009 gross margin totaled 24.7% - a 140 bp decline versus second quarter 2008, translating into the first half gross margin of 24.6% (120 bp decline year-on-year). The decline is attributable to our continuous investment in prices across formats, including change in Pyaterochka's pricing policy to offer lowest price in the market on every item; a managed reduction in Karusel's gross margin; and the change of product mix in favour of staples on the back of trading down trends.

\* Like-for-like (LFL) comparisons of retail sales between two periods are comparisons of retail sales in local currency (including VAT) generated by the relevant stores. The stores that are included in LFL comparisons are those that have operated for at least twelve full months preceding the beginning of the last month of the reporting period. Their sales are included in LFL calculation starting from the first day of the month following the month of the store opening

**Selling, General and Administrative Expenses (SG&A)**

USD mln	Q2 2009	Q2 2008	% change, y-o-y	H1 2009	H1 2008	% change, y-o-y
<b>Staff Costs, incl.</b>	(178.6)	(229.5)	(22%)	(342.4)	(430.6)	(20%)
<i>% of Net Sales</i>	8.5%	10.0%		8.6%	10.0%	
ESOP	(7.3)	(6.9)	6%	(5.2)	(10.0)	(48%)
<i>% of Net Sales</i>	0.3%	0.3%		0.1%	0.2%	
<b>Lease Expenses</b>	(63.2)	(66.1)	(4%)	(124.4)	(128.9)	(4%)
<i>% of Net Sales</i>	3.0%	2.9%		3.1%	3.0%	
<b>Other Store Costs</b>	(27.2)	(34.1)	(20%)	(51.0)	(62.2)	(18%)
<i>% of Net Sales</i>	1.3%	1.5%		1.3%	1.4%	
<b>D&amp;A</b>	(55.2)	(68.1)	(19%)	(101.0)	(121.6)	(17%)
<i>% of Net Sales</i>	2.6%	3.0%		2.5%	2.8%	
<b>Utilities</b>	(36.5)	(37.5)	(3%)	(72.3)	(68.9)	5%
<i>% of Net Sales</i>	1.7%	1.6%		1.8%	1.6%	
<b>Third Party Services</b>	(17.6)	(26.6)	(34%)	(32.5)	(45.5)	(28%)
<i>% of Net Sales</i>	0.8%	1.2%		0.8%	1.1%	
<b>Other Expenses</b>	(34.9)	(20.2)	73%	(55.6)	(43.9)	27%
<i>% of Net Sales</i>	1.7%	0.9%		1.4%	1.0%	
<b>Total SG&amp;A</b>	<b>(413.2)</b>	<b>(482.1)</b>	<b>(14%)</b>	<b>(779.2)</b>	<b>(901.6)</b>	<b>(14%)</b>
<i>% of Net Sales</i>	<b>19.6%</b>	<b>21.1%</b>		<b>19.6%</b>	<b>20.8%</b>	

Second quarter 2009 SG&A expenses decreased as a percentage of revenue by 150 bp year-on-year to 19.6%. First half 2009 SG&A also totaled 19.6% of revenue - a year-on-year decrease of 120 bp. Net of ESOP expense, SG&A accounted for 19.3% of sales in Q2 2009 and 19.5% for H1 2009 (a year-on-year decrease of 150 bp and 110 bp, respectively).

SG&A decline as a percentage of revenue was achieved through cost control initiatives implemented in response to the tougher economic environment. Key savings were obtained as a result of administrative expense and staff cost optimization. As at 30 June 2009 the Company employed 61,055 people compared to 60,467 as at 31 December 2008 despite new store openings (in the first half 2009 X5 opened 63 new stores, including 7 hypermarkets) and distribution network expansion, which reflects headcount optimization at both head office and store levels.

**Non-Operating Gains and Losses**

USD mln	Q2 2009	Q2 2008	% change, y-o-y	H1 2009	H1 2008	% change, y-o-y
<b>Operating Profit</b>	<b>129.1</b>	<b>142.7</b>	<b>(10%)</b>	<b>246.0</b>	<b>265.8</b>	<b>(7%)</b>
Finance Costs (Net)	(40.7)	(35.0)	16%	(76.0)	(73.1)	4%
Net FX Result	86.0	2.4	3425%	(77.8)	44.9	n/a
Share of Loss of Associates	0.3	-	n/a	(2.5)	-	n/a
<b>Profit before Tax</b>	<b>174.6</b>	<b>110.2</b>	<b>59%</b>	<b>89.8</b>	<b>237.7</b>	<b>(62%)</b>
Income Tax Expense	(44.2)	(40.6)	9%	(41.5)	(84.8)	(51%)
Current Income Tax	(26.1)	(58.8)	(56%)	(68.8)	(111.9)	(39%)
Deferred Income Tax	(18.1)	18.3	n/a	27.3	27.1	1%
<b>Net Profit</b>	<b>130.4</b>	<b>69.6</b>	<b>87%</b>	<b>48.3</b>	<b>152.9</b>	<b>(68%)</b>
<i>Net Margin, %</i>	<b>6.2%</b>	<b>3.0%</b>		<b>1.2%</b>	<b>3.5%</b>	

### Finance Costs

First half 2009 net finance costs increased 4% year-on-year in USD terms and 44% in RUR terms due to higher interest rates on short-term RUR funding. Over 85% of the Company's debt portfolio has a fixed interest rate: LIBOR is hedged on the USD 1.1 bln syndicated loan, resulting in an effective interest rate of appr. 4.2% p.a., the Company's RUR 9 bln bonds placed in 2007 have a fixed coupon of 7.6% p.a. until put in July 2010, while RUR 8 bln bonds issued in June 2009 have a fixed coupon of 18.46% p.a. until put in June 2011. The Company is thus largely protected against fluctuations in interest rates. The effective interest rate on X5's total debt for the first half 2009 was approximately 8.15%.

### Foreign Exchange (FX) Gain/(Loss)

The Company posted USD 78 mln of foreign exchange (FX) loss in the first half of 2009, which is a result of USD 164 mln FX loss in the first quarter on the back of sharp RUR devaluation and USD 86 mln FX gain in the second quarter due to partial RUR recovery. This is a primarily non-cash item, resulting from revaluation of the Company's long-term USD-denominated debt.

### **Income Tax**

In the second quarter 2009 X5 reported income tax expense in the amount of USD 44 mln, translating into first half 2009 income tax expense of 41 mln, as in the first quarter 2009 X5 reported income tax benefit of USD 3 mln. Effective tax rate for the first half 2009 was affected by the fluctuations in the FX result, which reversed from loss in Q1 2009 to gain in Q2 2009. Net of FX, normalized effective tax rate for the first half 2009 was 35%.

### **Consolidated\* Cash Flow – Key Trends and Developments**

USD mln	Q2 2009	Q2 2008	% change, y-o-y	H1 2009	H1 2008	% change, y-o-y
Net Cash Flows from Operating Activities	77.9	77.8	0%	39.5	112.1	(65%)
<i>Net Cash from Operating Activities before Changes in Working Capital</i>	210.2	200.2	5%	380.1	369.8	3%
<i>Change in Working Capital</i>	(56.1)	(9.1)	514%	(182.9)	(69.6)	163%
<i>Net Interest and Income Tax Paid</i>	(76.2)	(113.2)	(33%)	(157.8)	(188.1)	(16%)
Net Cash Used in Investing Activities	(55.8)	(1,074.6)	(95%)	(99.0)	(1,226.7)	(92%)
Net Cash (Used in)/Generated from Financing Activities	23.9	1,221.6	(98%)	(61.4)	1,299.8	n/a
Effect of Exchange Rate Changes on Cash & Cash Equivalents	17.3	5.7	201%	(11.0)	12.3	n/a
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>63.2</b>	<b>230.6</b>	<b>(73%)</b>	<b>(132.0)</b>	<b>197.5</b>	<b>n/a</b>

First half 2009 net cash from operating activities totaled USD 40 mln versus USD 112 mln a year ago. Strong cash generation from operations (3% growth in USD terms and 42% growth in RUR terms) was offset by three major factors that affected working capital:

\* Including Karusel results from 30 June 2008 (i.e. including in Q2&H1 2009 and excluding them in Q2&H1 2008)

- Typical for the first half of the year decrease in inventories was offset by stocking up for extensive store openings, particularly hypermarkets (7 hypermarkets opened in H1 2009) and for new DCs (X5 expanded DC space by 37 thousand sq. m. in H1 2009);
- Decrease in trade and other accounts payable on the back of a) seasonality, as in the first quarter the Company paid suppliers for inventories accumulated in the fourth quarter 2008 for New Year and Christmas sales; and b) shortening of payment days for agricultural and some other products aimed at supporting suppliers affected by the crisis, ensuring product availability and negotiating better prices;
- Increase in trade and other accounts receivable on the back of business growth.

Net cash used in investing activities totaled USD 99 mln compared to USD 559 mln of organic CapEx spent in the first half of last year (net of Karusel acquisition). Such CapEx saving was achieved due to decrease in construction and repair costs as a result of the economic crisis and focus on renting versus owning in terms of new openings (almost 70% of selling space added or 60% of new stores opened in the first half 2009 were leased). In the first half 2009 X5 expanded its selling space by 62 thousand sq.m. (net addition of 63 stores including 7 hypermarkets) compared to 51 thousand sq.m. added organically in the first half 2008 (100 stores including one hypermarket). The Company also continued to invest in logistics and IT infrastructure development.

Net cash used in financing activities in the first half 2009 amounted to USD 61 mln as the Company used available cash to reduce outstanding debt.

### **Liquidity Update**

USD mln	30-Jun-09	% in total	31-Mar-09	% in total	31-Dec-08	% in total
<b>Total Debt</b>	<b>1,962.4</b>		<b>1,863.9</b>		<b>2,059.4</b>	
Short-Term Debt	272.1	14%	440.7	24%	578.4	28%
Long-Term Debt	1,690.3	86%	1,423.2	76%	1,481.0	72%

As at 30 June 2009, the Company's total debt amounted to RUR 61.4 bln or USD 1,962 mln (at RUR/USD exchange rate of 31.29). Net debt totaled RUR 56.9 bln or USD 1,818 mln - flat since 31 March 2009 in comparable terms (excluding FX revaluation effects).

USD mln	30-Jun-09	% in total	31-Mar-09	% in total	31-Dec-08	% in total
<b>Net Debt</b>	<b>1,817.6</b>		<b>1,782.2</b>		<b>1,782.6</b>	
Denominated in USD	1,061.8	58%	1,081.5	61%	1,170.0	66%
Denominated in RUR	755.8	42%	700.7	39%	612.6	34%
FX, EoP	31.3		34.0		29.4	
<b>Net Debt/EBITDA</b>	<b>2.38x</b>		<b>2.26x</b>		<b>2.22x</b>	

On 11 June 2009 X5 completed placement of RUR 8 bln of corporate ruble bonds with a 7-year maturity and a put option for debt holders in 2 years. The coupon rate for the first two years (until put) was fixed at 18.46% p.a. (paid semiannually), coupon rates for years 3 – 7 will be set by the issuer prior to the put option exercise date.

This issue was aimed at improving the Company's maturity profile, and proceeds from the placement were used for repayment of the Company's short-term obligations, which decreased from RUR 15 bln or USD 441 mln as at 31 March 2009 to RUR 8.5 bln or USD 272 mln as at 30 June 2009. Remaining short-term debt is RUR-denominated and represents primarily revolving credit lines with major Russian and international banks. Please note that X5's short-term debt will increase in Q3 2009 due to the fact that the Company's RUR 9 bln bonds with a put option in July 2010 (issued in July 2007) will be reclassified from long-term to short-term obligations because of the put option in July 2010, as the Company applies a conservative approach.

As at 30 June 2009, the Company had access to RUR-denominated credit facilities of over RUR 23 bln (over USD 700 mln), out of which RUR 15 bln (approximately USD 484 mln) are available undrawn credit lines. This puts X5 in a very flexible and comfortable position with respect to short-term liquidity.

### **Effect on RUR/USD Exchange Rate Movements on Presentation of X5's Results and Their Dynamics**

X5's operational currency is the Russian Ruble (RUR), while our presentation currency is the U.S. Dollar (USD). As RUR/USD rate has substantially changed in the past twelve months, comparisons of the Company's financial results either with the corresponding period a year ago (for profit & loss statement) or with the beginning of the year (for balance sheet statement) have been substantially affected by these movements:

- Comparisons of profit & loss figures with respective periods last year reflect a negative translational effect from RUR/USD rate movements, resulting in a difference between year-on-year change in RUR and the respective change in USD of approximately 38% for Q2 and 39% for H1 2009. For reference, to translate its profit & loss figures from RUR to USD for reporting purposes, the Company applied RUR/USD rate of 23.94 for H1 2008 (average for the period) and RUR/USD rate of 33.07 for H1 2009 (average for the period). Reported USD-denominated profit & loss figures for Q2 2009 and 2008 represent difference between reported H1 and Q1 figures for respective years.
- Comparisons of balance sheet figures as at 30 June 2009 to balance sheet figures as at 31 December 2008 reflect a negative translational effect from RUR/USD rate movement, resulting in a difference between change in RUR and the respective change in USD of approximately 7%. For reference, to translate its balance sheet figures from RUR to USD for reporting purposes, the Company applied RUR/USD rate of 29.38 as at 31 December 2008 and RUR/USD rate of 31.29 as at 30 June 2009.

### **Risks and Uncertainties**

X5's system of internal control procedures and risk management techniques provides Management Board with understanding and ongoing monitoring of key business risks and management practices in place to mitigate these risks. X5 recognizes strategic, compliance (legal and regulatory), operational, financial and financial reporting risks categories. The principal risks faced by the Company during first half of 2009 were the same as those identified at the 2008 year end. Management of X5 does not presently anticipate any material changes to the nature of the risks affecting its business over the second half of the financial year. A description of X5 risk management practices, principal risks and how they impact X5 business is provided in X5's 2008 Annual Report.

**Appendices**

- I. Pro-Forma Income Statement for the Three and Six Months Ended 30 June 2009**
- II. Consolidated Income Statement for the Three and Six Months Ended 30 June 2009**
- III. Consolidated Statement of Comprehensive Income for the Three and Six Months Ended 30 June 2009**
- IV. Consolidated Statement of Financial Position (Balance Sheet) at 30 June 2009**
- V. Consolidated Statement of Cash Flows for the Three and Six Months Ended 30 June 2009**
- VI. Financial Calendar for 2009**

**Note to Editors:**

X5 Retail Group N.V. is Russia's largest retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006. In June 2008, X5 acquired Karusel hypermarket chain and substantially strengthened its position in hypermarket format.

As at 30 June 2009, X5 had 1,164 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 900 soft discount stores, 211 supermarkets and 53 hypermarkets.

As at 30 June 2009, X5's franchisees operated 605 stores across Russia.

For the full year 2008, X5's net sales including acquired Karusel business on a pro-forma basis totalled USD 8,892 mln, EBITDA reached USD 803 mln, and net profit adjusted for non-cash goodwill impairment charge amounted to USD 112 mln.

For the first half 2009 X5's net sales totalled USD 3,978 mln, EBITDA reached USD 347 mln, and net profit amounted to USD 48 mln.

X5 Shareholder structure is as follows: Alfa Group – 47.9%, founders of Pyaterochka – 23.1%, X5 Management – 1.9%, treasury shares – 0.1%, free float – 27.0%.

***Forward looking statements:***

*This announcement includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the fact that they do not only relate to historical or current events. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "expected", "plan", "goal" believe", or other words of similar meaning.*

*By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, a number of which are beyond X5 Retail Group N.V.'s control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward-looking statements.*

*Any forward-looking statements made by or on behalf of X5 Retail Group N.V. speak only as at the date of this announcement. Save as required by any applicable laws or regulations, X5 Retail Group N.V. undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of this document.*

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**Appendix I:**

**PRO-FORMA\* INTERIM INCOME STATEMENT  
FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2009**  
(expressed in thousands of US Dollars, unless otherwise stated)

	Three months ended		Six months ended	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
<b>Revenue</b>	<b>2,111,205</b>	<b>2,287,211</b>	<b>3,978,108</b>	<b>4,325,830</b>
Cost of sales	(1,590,389)	(1,691,198)	(2,999,122)	(3,210,940)
<b>Gross profit</b>	<b>520,816</b>	<b>596,014</b>	<b>978,986</b>	<b>1,114,890</b>
Selling, general and administrative expenses	(413,240)	(482,090)	(779,215)	(901,591)
Lease/sublease and other income	21,513	28,768	46,253	52,543
<b>Operating profit</b>	<b>129,089</b>	<b>142,691</b>	<b>246,024</b>	<b>265,842</b>
Net finance costs	(40,689)	(34,979)	(75,972)	(73,063)
Net foreign exchange result	85,958	2,439	(77,790)	44,929
Share of loss of associate	253	-	(2,500)	-
<b>Profit before tax</b>	<b>174,611</b>	<b>110,151</b>	<b>89,762</b>	<b>237,708</b>
Income tax expense	(44,224)	(40,562)	(41,510)	(84,810)
<b>Profit for the period</b>	<b>130,387</b>	<b>69,589</b>	<b>48,252</b>	<b>152,898</b>

\* Including the results of the acquired Karusel business in both Q2&H1 2009 and Q2&H1 2008

**Appendix II:**

**CONSOLIDATED\* INTERIM INCOME STATEMENT  
FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2009**  
(expressed in thousands of US Dollars)

	Three months ended		Six months ended	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
<b>Revenue</b>	<b>2,111,205</b>	<b>1,980,390</b>	<b>3,978,108</b>	<b>3,766,171</b>
Cost of sales	(1,590,389)	(1,460,322)	(2,999,122)	(2,787,888)
<b>Gross profit</b>	<b>520,816</b>	<b>520,068</b>	<b>978,986</b>	<b>978,283</b>
Selling, general and administrative expenses	(413,240)	(410,399)	(779,215)	(769,061)
Lease/sublease and other income	21,513	24,975	46,253	44,411
<b>Operating profit</b>	<b>129,089</b>	<b>134,644</b>	<b>246,024</b>	<b>253,633</b>
Net finance costs	(40,689)	(25,556)	(75,972)	(57,331)
Net foreign exchange result	85,958	2,418	(77,790)	44,935
Share of loss of associate	253	-	(2,500)	-
<b>Profit before tax</b>	<b>174,611</b>	<b>111,506</b>	<b>89,762</b>	<b>241,237</b>
Income tax expense	(44,224)	(37,121)	(41,510)	(80,527)
<b>Profit for the period</b>	<b>130,387</b>	<b>74,385</b>	<b>48,252</b>	<b>160,710</b>

\* Including the results of the acquired Karusel business from 30 June 2008 (i.e. including them in Q2&H1 2009 and excluding them in Q2&H1 2008)

**Appendix III:**

**CONSOLIDATED\* INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX AND THREE MONTHS ENDED 30 JUNE 2009**  
(expressed in thousands of US Dollars)

	Three months ended		Six months ended	
	30-Jun-09	30-Jun-08	30-Jun-09	30-Jun-08
<b>Profit for the period</b>	<b>130,387</b>	<b>74,385</b>	<b>48,252</b>	<b>160,710</b>
<b>Other comprehensive (loss)/income</b>				
Exchange differences on translation from functional to presentation currency	127,094	24,414	(98,395)	169,275
Changes in fair value of financial instruments	47	17,256	1,385	12,141
<b>Other comprehensive (loss)/income for the period</b>	<b>127,141</b>	<b>41,670</b>	<b>(97,010)</b>	<b>181,416</b>
<b>Total comprehensive (loss)/income for the period</b>	<b>257,528</b>	<b>116,055</b>	<b>(48,758)</b>	<b>342,126</b>
<b>Total comprehensive (loss)/income for the period attributable to:</b>				
Equity holders of the parent	257,528	116,055	(48,758)	342,126

\* According to the changes to IAS 1, *Presentation of Financial Statements*, the Income Statement should be replaced or complimented by a Statement of Comprehensive Income which will also include all non-owner changes in equity, such as the revaluation of available-for-sale financial assets. For your convenience, X5 Retail Group chose to provide both statements.

**Appendix IV: CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

(expressed in thousands of US Dollars)

	30 June 2009	Revised* 31 December 2008
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,826,737	3,040,843
Investment property	115,685	125,693
Goodwill	537,923	552,823
Intangible assets	467,686	499,188
Prepaid leases	84,681	80,677
Investment in associate	6,799	10,054
Other non-current assets	1,191	2,446
Deferred tax assets	105,901	96,185
	4,146,603	4,407,909
<b>Current assets</b>		
Inventories of goods for resale	439,361	476,742
Derivative financial assets	666	765
Loans originated	949	350
Current portion of non-current prepaid lease	12,071	10,154
Trade and other accounts receivable	176,735	177,462
Current income tax receivable	71,295	60,866
VAT and other taxes recoverable	195,343	239,418
Cash and cash equivalents	144,862	276,837
	1,041,282	1,242,594
<b>Total assets</b>	<b>5,187,885</b>	<b>5,650,503</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	93,712	93,712
Share premium	2,049,144	2,049,144
Cumulative translation reserve	(618,579)	(520,184)
Accumulated profit	82,193	33,941
Hedging reserve	(16,795)	(18,180)
<b>Total equity</b>	<b>1,589,675</b>	<b>1,638,433</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,690,343	1,480,968
Long-term finance lease payable	5,252	1,843
Deferred tax liabilities	193,039	219,308
Long-term deferred revenue	2,041	3,482
Share-based payments liability	30,182	30,665
	1,920,857	1,736,266
<b>Current liabilities</b>		
Trade accounts payable	889,648	1,176,249
Short-term borrowings	272,085	578,433
Share-based payments liability	12,975	7,256
Derivative financial liabilities	16,795	18,180
Short-term finance lease payables	2,849	2,197
Interest accrued	17,550	9,089
Short-term deferred revenue	3,822	4,872
Current income tax payable	10,587	20,887
Provisions and other liabilities	451,042	458,641
	1,677,353	2,275,804
<b>Total liabilities</b>	<b>3,598,210</b>	<b>4,012,070</b>
<b>Total equity and liabilities</b>	<b>5,187,885</b>	<b>5,650,503</b>

According to IFRS 3 the Company has finalized purchase price allocation of *Karusel* hypermarket chain (revised provisional values assigned to *Karusel* balances and adjusted goodwill at the date of the acquisition).

**Appendix V: CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 30 JUNE 2009**  
 (expressed in thousands of US Dollars)

	Six months ended	
	30-Jun-09	30-Jun-08
<b>Profit before tax</b>	<b>89,762</b>	<b>241,237</b>
<u>Adjustments for:</u>		
Depreciation and amortisation	100,968	98,021
Loss/(Gain) on disposal of property, plant and equipment	504	(27)
Finance costs, net	75,972	57,331
Impairment of trade and other accounts receivable	10,339	4,827
Share-based option expense	5,236	9,992
Amortisation of deferred expenses	4,610	2,511
Other non-cash items	14,944	890
Net foreign exchange loss/(gain)	77,790	(44,935)
<b>Net cash from operating activities before changes in working capital</b>	<b>380,125</b>	<b>369,847</b>
Increase in trade and other accounts receivable	(7,859)	(68,158)
Decrease in inventories	7,834	32,603
Decrease in trade accounts payable	(203,255)	(81,004)
Increase in other accounts payable and deferred revenue	20,406	46,967
<b>Net cash generated from operations</b>	<b>197,251</b>	<b>300,255</b>
Interest paid	(65,700)	(43,301)
Interest received	2,204	4,377
Income tax paid	(94,278)	(149,217)
<b>Net cash flows from operating activities</b>	<b>39,477</b>	<b>112,114</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(76,273)	(501,762)
Proceeds from sale of property, plant and equipment	1,457	1,017
Non-current prepaid lease	(3,499)	(15,944)
Investments in subsidiaries	(12,710)	(706,259)
Short-term loans issued	-	(898)
Purchase of intangible assets	(7,936)	(2,892)
<b>Net cash used in investing activities</b>	<b>(98,961)</b>	<b>(1,226,738)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term loans	139,938	1,184,508
Repayment of short-term loans	(424,849)	(1,034,314)
Proceeds from long-term bonds	241,881	-
Repayment of long-term loans	(15,675)	-
Proceeds from issue of share capital	-	1,007,592
Proceeds from sale of treasury shares	-	143,336
Acquisition of derivative financial assets	(2,410)	-
Principal payments on finance lease obligations	(328)	(1,358)
<b>Net cash (used in)/generated from financing activities</b>	<b>(61,443)</b>	<b>1,299,764</b>
Effect of exchange rate changes on cash and cash equivalents	(11,048)	12,345
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(131,975)</b>	<b>197,485</b>
<b>Movements in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the period	276,837	179,496
Net (decrease)/increase in cash and cash equivalents	(131,975)	197,485
<b>Cash and cash equivalents at the end of the period</b>	<b>144,862</b>	<b>376,981</b>

**Appendix VI:**

**Financial Calendar for 2009**

<b>Date</b>	<b>Event</b>
9 October 2009, TBC	Q3 & 9M 2009 Trading Update
30 November 2009, TBC	Q3 & 9M 2009 Financial Results Reviewed by Auditors