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**X5 RETAIL GROUP N.V. REPORTS
USD 427 MILLION IN OPERATING CASH FLOW FOR 2007
ON THE BACK OF STRONG OPERATIONAL RESULTS
AND WORKING CAPITAL IMPROVEMENT**

Amsterdam, 17 April 2008 - X5 Retail Group N.V. ("X5" or the "Company"), Russia's largest food retailer in terms of sales (LSE ticker: "FIVE"), published today its audited IFRS results for the full year ended 31 December 2007.

FY 2007 Highlights

In accordance with its audited full year 2007 results X5 confirms:

- Net sales of USD 5,320 mln, an increase of 53%* year-on-year;
- Gross profit of USD 1,404 mln, an increase of 51% year-on-year; and
- EBITDA of USD 479 mln, an increase of 62% year-on-year.

X5's audited net profit for 2007 totaled USD 144 mln, an increase of 41% year-on-year.

X5's audited operating cash flow totaled USD 427 mln, an increase of 35% year-on-year.

Evgeny Kornilov, X5 Retail Group CFO, commented:

"Our strong operational performance in 2007, supported by rigorous working capital management, resulted in healthy cash flow generation, enabling the Company to finance almost half of its capital expenditure program from its own resources. These results also provide a solid foundation for the implementation of our ambitious expansion program throughout 2008 and beyond".

* 2006 P&L numbers represent final pro-forma results for 2006 as if the merger between *Perekrestok* and *Pyaterochka* took place on January 1, 2006 and take into account only two months (November and December) of *Mercado* operations. These numbers also include reclassification of product handling and delivery expenses from SG&A to Cost of Sales. For your convenience, Appendix IV to this press release contains detailed information on final pro-forma P&L for 2006.

2007 P&L numbers include one month (December) of *Korzinka* operations.

For your convenience, Appendix V to this press release contains full year revenue numbers for *Mercado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007).

P&L Highlights

USD mln	FY 2007	FY 2006*	% change y-o-y
Net Sales, incl.	5,320.4	3,485.4	53%
Retail	5,284.3	3,460.4	53%
Gross Profit	1,403.9	928.9	51%
<i>Gross Margin, %</i>	26.4%	26.7%	
EBITDA	479.3	296.7	62%
<i>EBITDA Margin, %</i>	9.0%	8.5%	
EBIT	336.9	210.3	60%
<i>EBIT Margin, %</i>	6.3%	6.0%	
Net Profit	143.7	102.2	41%
<i>Net Margin, %</i>	2.7%	2.9%	

For detailed discussion on X5 P&L trends please see our press release dated 28 February 2008.

Selected Balance Sheet Data (please see Appendix I for detailed BS information)

USD mln	31 December 2007	31 December 2006	% change, y-o-y
ASSETS			
Non-Current Assets, incl.	5,660.9	4,460.5	27%
Property, plant and equipment & investment property	2,117.4	1,305.8	62%
Goodwill	2,934.2	2,629.0	12%
Intangible assets	523.5	492.3	6%
Current Assets, incl.	861.5	632.0	36%
Inventories of goods for resale	325.0	208.6	56%
Cash	179.5	168.0	7%
Total Assets	6,522.4	5,092.5	28%
EQUITY AND LIABILITIES			
Total Equity	3,243.7	2,890.1	12%
Non-Current Liabilities, incl.	1,726.4	1,133.9	52%
Long-term borrowings	1,464.7	949.1	54%
Current Liabilities	1,552.3	1,068.5	45%
Short-term borrowings	253.7	218.0	16%
Total Liabilities	3,278.7	2,202.4	49%
Total Equity and Liabilities	6,522.4	5,092.5	28%
Net Debt	1,538.9	999.1	54%
Net Debt/EBITDA	3.2x	3.4x	
Net Working Capital (Net of Short Term Debt)	(437.1)	(218.5)	100%

* 2006 P&L numbers represent final pro-forma results for 2006 as if the merger between *Perekrestok* and *Pyaterochka* took place on January 1, 2006 and take into account only two months (November and December) of *Mercado* operations. These numbers also include reclassification of product handling and delivery expenses from SG&A to Cost of Sales. For your convenience, Appendix IV to this press release contains detailed information on final pro-forma P&L for 2006.

2007 P&L numbers include one month (December) of *Korzinka* operations.

For your convenience, Appendix V to this press release contains full year revenue numbers for *Mercado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007).

Balance Sheet – Key Trends and Developments

Non-Current Assets

At the end of 2007 PP&E and investment property amounted to USD 2,117 mln, an increase of 62% year-on-year. This increase is attributable to organic expansion and tactical M&A transactions closed during 2007.

At the end of 2007 goodwill totaled USD 2,934 mln versus USD 2,629 mln at the end of 2006. The majority of the amount reported at 31 December 2006 was associated with the reverse acquisition of Pyaterochka, while USD 305 mln increase in 2007 was generated from tactical acquisitions in the amount of USD 116 mln and FX revaluation adjustment in the amount of USD 189 mln.

Current Assets

Current assets increased by 36% to USD 862 mln. The increase was lower than revenue growth and was attributable to higher VAT and other taxes recoverable as well as an increase in inventories in line with sales growth.

Non-Current Liabilities

Non-current liabilities totaled USD 1,726 mln, an increase of 52% year-on-year, mainly due to higher amount of long-term outstanding debt (USD 1,465 mln as of 31 December 2007).

During 2007 X5 focused on optimization of its debt portfolio for the purpose of improving the Company's financing terms and debt structure. As a result, at the end of 2007 over 85% of X5's outstanding debt was long-term, while the effective interest rate was 7.1%.

Current Liabilities

Current liabilities grew 45% year-on-year to USD 1,552 mln. This increase is primarily explained by growth in trade and other accounts payable as X5 managed to improve its payment terms with suppliers and other counterparties in 2007.

Cash Flow – Key Trends and Developments

USD mln	31 December 2007	31 December 2006*
Net Cash from Operating Activities	427.5	316.9
Net Cash Used in Investing Activities	(898.8)	(40.9)
Net Cash from / (Used in) Financing Activities	470.0	(138.1)
Effect of Exchange Rate Changes on Cash	12.8	0.2
Net Increase in Cash	11.5	138.1

* 2006 cash flow numbers take into account Pyaterochka's cash flow only since the date of the merger – 18 May 2006.

Cash Flow from Operating Activities

Net cash from operating activities totaled USD 427 mln on the back of strong operating performance as well as working capital improvement.

USD mln	31 December 2007	31 December 2006*
Increase in trade and other accounts receivable	(65.1)	(61.9)
Increase in inventories	(77.0)	(76.8)
Increase in trade payable	330.1	235.6
(Decrease) / Increase in other accounts payable	(48.2)	52.7
Changes in Working Capital	139.8	149.6

The increase in trade and other accounts receivable is explained by growth in X5's scale of business and, as a result, higher supplier bonuses and allowances.

The increase in inventories is explained by the same factor, however, going forward, as X5 continues to develop its logistics infrastructure and increase its levels of supply centralization, these initiatives should have positive impact on inventories turnover and, hence, the Company's working capital.

The increase in trade accounts payable is a result of two key factors: higher volume of purchases from suppliers and better supplier terms reflecting an improvement of X5's purchasing power.

The decrease in other accounts payable is mainly attributable to cancellation fees in respect of Pyaterochka's Employee Stock Option Program (ESOP) in the amount of approximately USD 65 mln that were reported in the 2006 P&L but paid in 2007.

Cash Flow from Investing Activities

Net cash used in investing activities totaled USD 899 mln, as the Company continued to add selling space and invested in its distribution infrastructure development.

USD mln	31 December 2007	31 December 2006*
Cash Flows from Investing Activities, incl.		
Purchase of property, plant and equipment & investment property	(629.4)	(256.6)
Acquisition of subsidiaries, including loans issued, net of cash acquired	(231.6)	227.9
Net Cash Used in Investing Activities	(898.8)	(40.9)

In total, X5 added 31% in net selling space during 2007. The total net selling area increased by 143.1 thousand sq.m. This takes into account 3.6 thousand sq.m. that were closed during the year (8 soft discounters and 2 supermarkets) and includes stores acquired through tactical M&A transactions. Net addition of stores totalled 249, of which 223 were in soft discount format, 23 were supermarkets and 3 were hypermarkets.

* 2006 cash flow numbers take into account Pyaterochka's cash flow only since the date of the merger – 18 May 2006.

USD 227.9 million positive impact on the investing cash flow in 2006 was a one-off item attributable to the reverse acquisition of Pyaterochka and associated with the accounting treatment of the transaction.

As a result, at 31 December 2007, X5 operated 868 company-managed stores (consisting of 674 soft discounters, 179 supermarkets, 14 compact hypermarkets and one full-size hypermarket store), with the total net selling space of 609.2 thousand sq. m.

During 2007 X5 also added net five distribution centers (DCs) (one DC in Moscow was closed), increasing its storage capacity by 78.1 thousand sq.m. As a result, at the end of 2007 the Group had 10 DCs with the total storage area of 143.7 thousand sq.m., including four DCs in Moscow (total storage space of 88.0 thousand sq.m.), three DCs in St. Petersburg (total storage space of 37.2 thousand sq.m.), one DC in Nizhniy Novgorod (storage space of 13.5 thousand sq.m.), one DC in Chelyabinsk (2.5 thousand sq.m.) and one DC in Yekaterinburg (2.5 thousand sq.m.).

A step-up in 2007 CapEx is explained by USD devaluation against RUR (9%), inflation in real estate and construction prices as well as the fact that a bigger than planned amount (about 20% of full year CapEx) was spent on stores to be opened in 2008 and further, including purchasing of landplots for future hypermarket construction.

Cash Flow from Financing Activities

Net cash from financing activities amounted to USD 470 mln as the Company raised funds to finance its capital expenditure program.

USD mln	31 December 2007	31 December 2006*
Cash Flows from Financing Activities, incl.		
Proceeds from loans	2,042.2	674.3
Repayment of loans	(1,563.3)	(432.4)
Distribution to shareholders	-	(300.0)
Net Cash from / (used in) Financing Activities	470.0	(138.1)

During 2007 X5 optimized its debt portfolio and as a result decreased its cost of funding and improved its debt structure.

The steps undertaken by the Company in 2007 to optimize its debt portfolio included ruble debt restructuring whereby X5 replaced three outstanding bonds previously issued by Pyaterochka and Perekrestok in the total amount of RUR 6 bln with one 7-year bond (puttable in 3 years) with an interest of 7.6% and a notional amount of RUR 9 bln (USD 352 mln). Additionally, X5 has replaced its previous syndicated loan with a USD 1.1 bln facility bearing interest of LIBOR + 225 basis points p.a. during the first year. Starting from the second year, spread over LIBOR on this facility will decrease to 200 bps or lower depending on the company's Net Debt/EBITDA ratio.

As a result of these measures, at the end of 2007 over 85% of X5's outstanding debt was long-term, while the effective interest rate was 7.1%.

* 2006 cash flow numbers take into account Pyaterochka's cash flow only since the date of the merger – 18 May 2006.

USD 300 million negative impact on the financing cash flow in 2006 was a one-off item attributable to the reverse acquisition of Pyaterochka and associated with the accounting treatment of the transaction.

Appendices

- I. Consolidated Balance Sheet at 31 December 2007
- II. Consolidated Income Statement for the Year Ended 31 December 2007
- III. Consolidated Statement of Cash Flows for the Year Ended 31 December 2007
- IV. Final Pro-Forma P&L for 2006
- V. Full Year *Merkado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007) Net Sales with Quarterly Breakdown
- VI. Financial Calendar for 2008

The full version of X5's audited financial statements for 2007 is available on the Company's web site at www.x5.ru.

Note to Editors:

X5 Retail Group N.V. is Russia's largest food 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.

As of 31 March 2008, X5 had 731 Company managed soft discount stores located in Moscow (321), St. Petersburg (249) and other Russian areas (161), 183 Company managed supermarkets across Central Russia and Ukraine, including 108 stores in Moscow (Moscow region and Yaroslavl region), and 16 Company managed hypermarkets.

As of 31 March 2008, X5's franchisees operated 711 stores across Russia and Kazakhstan.

X5's net sales for the full year 2007 reached USD 5,320 mln, an increase of 53% year-on-year. Gross profit for the period totaled USD 1,404 mln, EBITDA amounted to USD 479 mln. Full year 2007 net income reached USD 144 mln.

X5 Retail Group N.V.'s net retail sales for the first quarter 2008 surged 61% in USD terms and reached USD 1,775 mln.

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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.

Appendix I: CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2007
(expressed in thousands of US Dollars, unless otherwise stated)

	31 December 2007	31 December 2006
ASSETS		
Non-current assets		
Property, plant and equipment	1,988,391	1,265,833
Investment property	129,006	40,020
Goodwill	2,934,216	2,629,046
Intangible assets	523,533	492,259
Prepaid leases	54,846	9,440
Loan originated to related parties	-	5,250
Other non-current assets	2,534	-
Deferred tax assets	28,357	18,626
	5,660,883	4,460,474
Current assets		
Inventories of goods for resale	325,036	208,576
Available for sale financial assets	-	623
Derivative financial assets	1,500	-
Loans originated	248	10,985
Current portion of non-current prepaid lease	5,766	-
Trade and other accounts receivable	149,137	148,225
Current income tax receivable	4,622	6,161
VAT and other taxes recoverable	195,752	89,434
Cash	179,496	167,988
	861,557	631,992
Total assets	6,522,440	5,092,466
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	70,883	70,936
Share premium	2,896,355	2,901,350
Cumulative translation reserve	294,169	79,459
Accumulated deficit	(17,960)	(161,708)
Minority interests	220	-
Total equity	3,243,667	2,890,037
Non-current liabilities		
Long-term borrowings	1,464,684	949,123
Long-term finance lease payable	1,181	2,913
Deferred tax liabilities	214,101	177,604
Long-term deferred revenue	3,221	4,117
Share-based payments liability	43,208	-
Other non-current liabilities	-	159
	1,726,395	1,133,916
Current liabilities		
Trade accounts payable	968,505	552,060
Short-term borrowings	253,733	218,013
Share-based payments liability	2,389	69,990
Short-term finance lease payables	2,145	2,271
Interest accrued	2,763	13,544
Short-term deferred revenue	4,943	414
Current income tax payable	33,303	11,511
Provisions and other liabilities	284,597	200,710
	1,552,378	1,068,513
Total liabilities	3,278,773	2,202,429
Total equity and liabilities	6,522,440	5,092,466

Appendix II

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007 (expressed in thousands of US Dollars, unless otherwise stated)

	31 December 2007	31 December 2006 Pro-forma*
Revenue	5,320,424	3,485,412
Cost of sales	(3,916,493)	(2,556,504)
Gross profit	1,403,931	928,908
Selling, general and administrative expenses	(1,135,046)	(759,401)
Lease/sublease and other income	68,032	40,834
Operating profit	336,917	210,341
Finance costs (net)	(125,789)	(71,762)
Net foreign exchange gain	31,545	14,762
Profit before tax	242,673	153,305
Income tax expense	(98,925)	(51,066)
Profit for the year	143,748	102,239

* 2006 P&L numbers represent final pro-forma results for 2006 as if the merger between *Perekrestok* and *Pyaterochka* took place on January 1, 2006 and take into account only two months (November and December) of *Mercado* operations. These numbers also include reclassification of product handling and delivery expenses from SG&A to Cost of Sales. For your convenience, Appendix IV to this press release contains detailed information on final pro-forma P&L for 2006.

2007 P&L numbers include one month (December) of *Korzinka* operations.

For your convenience, Appendix V to this press release contains full year revenue numbers for *Mercado* (2006), *Korzinka* (2007) and *Strana Gerkulesia* (2007)

Appendix III: CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2007* (expressed in thousands of US Dollars, unless otherwise stated)

	31 December 2007	31 December 2006
Profit before tax	242,673	120,274
Adjustments for:		
Depreciation and amortisation	142,376	79,097
Loss / (gain) on disposal of property, plant and equipment	137	(4,241)
Loss on disposal of intangible assets	35	38
Finance costs, net	125,789	61,520
Impairment of trade and other accounts receivable	1,369	4,073
Loss on disposal of subsidiaries	-	110
Share-based payments expense	43,208	27,702
Amortisation of deferred expenses	2,929	1,535
Loss on write-off of other long-term investments	-	400
Net foreign exchange gain	(67,195)	(14,083)
Net cash from operating activities before changes in working capital	491,321	276,425
Increase in trade and other accounts receivable	(65,107)	(61,855)
Increase in inventories	(77,041)	(76,773)
Increase in trade payable	330,154	235,617
(Decrease) / Increase in other accounts payable	(48,234)	52,694
Net cash generated from operations	631,093	426,108
Interest paid	(109,177)	(63,843)
Interest received	3,380	687
Income tax paid	(97,824)	(46,076)
Net cash from operating activities	427,472	316,876
Cash flows from investing activities		
Purchase of property, plant and equipment	(620,233)	(250,706)
Purchase of investment property	(9,173)	(5,936)
Non-current prepaid lease	(46,543)	(6,836)
Acquisition of subsidiaries, net of cash acquired	(211,412)	227,932
Acquisition of other long-term investments	(211)	(389)
Short-term loans issued in connection with acquisitions	(20,157)	-
Loans originated	-	(11,608)
Proceeds from sale of property, plant and equipment	10,949	13,125
Proceeds from sale of investments available for sale	-	66
Purchase of intangible assets	(1,987)	(6,594)
Net cash used in investing activities	(898,767)	(40,946)
Cash flows from financing activities		
Proceeds from short-term loans	583,917	204,060
Repayment of short-term loans	(396,016)	(207,232)
Proceeds from long-term loans	1,458,306	470,208
Repayment of long-term loans	(1,167,265)	(225,186)
Distribution to shareholders	-	(300,000)
Acquisition of treasury shares	(5,048)	(76,534)
Principal payments on finance lease obligations	(3,872)	(3,491)
Net cash from / (used in) financing activities	470,022	(138,175)
Effect of exchange rate changes on cash	12,781	166
Net increase in cash	11,508	137,921
Movements in cash		
Cash at the beginning of the year	167,988	30,067
Net increase in cash	11,508	137,921
Cash at the end of the year	179,496	167,988

* 2006 cash flow numbers take into account Pyaterochka's cash flow only since the date of the merger – 18 May 2006.

Appendix IV

FINAL PRO-FORMA P&L FOR 2006

P&L						
	FY 2006	Step 1	Step 2	Step 3	FY 2006	Q4 2006
USD mln	Initial	Logistics	D&A	Merkado	Final	Final
	Pro-Forma*	Reclass		Jan-Oct 06	Pro-Forma	Pro-Forma
Net Sales, incl.	3,551.5			(66.1)	3,485.4	1,074.0
Cost of Sales	(2,562.0)	-42.3		47.8	(2,556.5)	(763.4)
Gross Profit	989.5			(18.3)	928.9	310.6
<i>Gross Margin, %</i>	27.9%				26.7%	28.9%
SG&A	(808.8)	42.3	(17.9)	25.0	(759.4)	(219.4)
Lease/sublease and other income	43.8			(3.0)	40.8	10.1
EBITDA before ESOP	360.0			1.3	361.3	124.1
<i>EBITDA Margin, %</i>	10.1%			n/a	10.4%	11.6%
EBITDA	295.4			1.3	296.7	121.5
<i>EBITDA Margin, %</i>	8.3%			n/a	8.5%	11.3%
EBIT	224.5		(17.9)	3.7	210.3	101.3
<i>EBIT Margin, %</i>	6.3%			n/a	6.0%	9.4%
Profit Before Tax	159.5		(17.9)	11.7	153.3	79.4
<i>Income Tax Expense</i>	(56.7)		4.3	1.3	(51.1)	(13.3)
Net Profit	102.8		(13.6)	13.0	102.2	66.1
<i>Net Margin, %</i>	2.9%			n/a	2.9%	6.2%

* as reported in the Company's Annual Report for 2006

Step 1: Product delivery and handling expenses were reclassified from SG&A to Cost of Sales.

Step 2: In line with IFRS requirements for pro-forma reporting, additional depreciation and amortization (D&A) charge was reported as if merger between Perekrestok and Pyaterochka took place on January 1, 2006, hence Pyaterochka's assets were revalued at market price as of January 1, 2006 and not May 18, 2006.

Step 3: 10 months of Merkado operations (January through October) were excluded from final 2006 pro-forma P&L. The management believes that for the purposes of financial reporting pro-forma approach should be applied to strategic large size acquisitions only, while small tactical M&A transactions are reported on consolidation basis as of the date of the purchase.

Appendix V

FULL YEAR SALES DATA FOR *MERKADO* (2006), *KORZINKA* (2007) AND *STRANA GERKULESIA* (2007)

2006 Pyaterochka, Perekrestok & Mercado Net Sales

USD mln	Q1 2006	Q2 2006	Q3 2006	Q4 2006	FY 2006
Perekrestok & Pyaterochka*	762.3	818.5	830.5	1,057.4	3,468.8
Mercado	19.8	18.8	19.7	24.4	82.7
Total Net Sales	782.1	837.3	850.2	1,081.8	3,551.5

2007 X5 Retail Group, Korzinka & Strana Gerkulesia Net Sales

USD mln	Q1 2007	Q2 2007	Q3 2007	Q4 2007	FY 2007
X5 Retail Group**	1,106.2	1,241.4	1,270.1	1,682.6	5,300.4
Korzinka	29.2	37.3	45.0	52.7	164.1
Strana Gerkulesia	19.5	20.4	20.1	21.6	81.6
Total Net Sales	1,154.9	1,299.1	1,335.2	1,756.9	5,546.1

* Excluding two months (November & December) of *Mercado* operations

** Excluding one month (December) of *Korzinka* operations

Appendix VI: Financial Calendar for 2008

Date	Event
April 17, 2008	Audited FY 2007 IFRS Results Release
May 29, 2008, TBC	Q1 2008 Unaudited Financial Results Release
July 10, 2008, TBC	Q2 & H1 2008 Trading Update Release
September 23, 2008, TBC	Q2 & H1 Audited IFRS Results Release
October 9, 2008, TBC	Q3 2008 Trading Update Release
November 25, 2008, TBC	Q3 2008 Unaudited Financial Results Release