

**X5 RETAIL GROUP N.V. PUBLISHES  
REVIEWED FINANCIAL RESULTS FOR THE FIRST HALF 2008**

**Amsterdam, 25 September 2008** - X5 Retail Group N.V., Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), published today its reviewed IFRS results for the six months ended 30 June 2008.

Today the Company has published its reviewed results for the first half 2008. While P&L numbers remained unchanged versus preliminary financial results released on 29 August 2008, certain reclassifications have been applied to the Balance Sheet and the Cash Flow Statement:

- Cash in the amount of USD 82 million reserved under a Letter of Credit for completion of a large-scale project in logistics, was reclassified from cash and cash equivalents to PP&E as the Company approached the closing stage of the transaction. This adjustment applied to both the Balance Sheet and the CF Statement.
- The Company reclassified USD 14 million of payments associated with tactical M&A deals completed in 2007 from Operating Cash Flow (Change in Working Capital) to Investing Cash Flow on the CF Statement.
- Due to liquidity constraints in the Russian financial market, X5 took a more prudent approach towards reporting its debt and reclassified certain obligations in the amount of USD 151 million from long-term to short-term liabilities on the Balance Sheet. This amount is mostly represented by Karusel Finance ruble bonds (USD 128 million) that were puttable on 18 September 2008. As the Company announced on that day, it fulfilled its obligations to Karusel bond holders in full by repurchasing 100% of the outstanding bonds from them. Consequently, the Company has entered into a financing arrangement, whereby the bonds have been placed with a bank and X5 has an obligation to repurchase them before the end of 2008.

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

*"We are pleased to reconfirm that our first half financial results were very strong, which puts us in a more comfortable position in the current market environment. We carefully monitor the situation in the financial markets and closely track X5's operating cash flows and available credit resources to ensure that these are sufficient to meet the Company's ongoing obligations and finance current operations as well as planned 2008 store openings and future year projects at advanced stage of construction. At the same time, our investments in longer-term capital intensive projects are being deferred as we want to consolidate resources to capitalize in full from anticipated decrease in real estate prices, lower construction costs and emergence of attractive M&A opportunities."*

**Liquidity Position and Interest Rate Exposure**

As of 30 June 2008, the Company's total debt amounted to USD 2,318 million (at RUR/USD rate of 23.4573), out of which 30% was short-term (USD 713 million). This short-term amount includes USD 128 million of Karusel Finance ruble bonds discussed above. The balance is primarily represented by renewable credit lines with the largest Russian and international banks. Maturity/refinancing dates of these short-term borrowings are evenly spread throughout the 12 months following the reporting date (*for more details on X5's debt please see Note 10 to the Financial Statements*).

X5 intends to refinance this short-term indebtedness through existing and new credit lines, other debt instruments and operating cash flow. At 30 June 2008 the Company had undrawn committed credit lines with banks of USD 258 million which expire in up to one year. In September 2008, the Company also registered two issues of ruble bonds in the total amount of RUR 16 billion with a 7 year maturity.

The Company's interest rate exposure arises from its borrowings at variable rates. It is X5's policy to manage cash flow interest rate risk by using floating-to-fixed interest rate swaps. Thus, over 60% of the Company's debt portfolio is not exposed to interest rate fluctuations due to LIBOR hedge on USD 1.1 billion syndicated loan and the fact that RUR 9 billion bonds have a fixed coupon of 7.6%.

### **Counterparty Risk Exposure**

To minimize its exposure to counterparty risks, X5 has tightened control over its relationships with suppliers and developers – the Company has taken actions to minimize its prepayments and closely tracks financial standing of the parties to its purchasing and construction agreements. It is the intention of the Company to limit its counterparty risk to only highly reliable and financially sound companies.

*The full set of X5 Retail Group reviewed IFRS results for the first half 2008 is available on our website at [http://www.x5.ru/en/investors/financial\\_reports/](http://www.x5.ru/en/investors/financial_reports/).*

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*For further details please contact*

**Anna Kareva**  
IR Director  
Tel.: +7 (495) 980-2729, ext. 22 162  
e-mail: [anna.kareva@x5.ru](mailto:anna.kareva@x5.ru)

**Elena Cherkalova**  
PR Manager  
Tel.: +7 (495) 950-5577  
e-mail: [elena.cherkalova@x5.ru](mailto:elena.cherkalova@x5.ru)

**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. The Company further strengthened its leadership on 26 June 2008 by completing the acquisition of Karusel hypermarket chain.

As at 30 June 2008, X5 operated 991 store located in Moscow, St. Petersburg, other regions of European Russia and the Urals, as well as in Ukraine. X5's multiformat store network comprises 762 soft discount stores under "Pyaterochka" brand, 190 supermarkets under "Perekrestok" brand and 39 hypermarkets under "Karusel" and "Perekrestok" brands.

As of 30 June 2008, X5's franchisees operated 710 stores across Russia and in 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 sales for the first half 2008 surged 60% in USD terms and reached USD 3,766 mln (excluding Karusel). Gross profit for the period totaled USD 978 mln, EBITDA amounted to USD 351 mln, net income reached USD 161 mln.

Including Karusel on pro-forma basis the Company's net sales for the first half 2008 totaled USD 4,326 mln, gross profit amounted to USD 1,115 mln, EBITDA – to USD 388 mln and net income – to USD 153 mln.

***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.*