

**X5 REPORTS FULL YEAR 2008 RESULTS:****CONSOLIDATED\* NET SALES UP 57% YEAR-ON-YEAR IN USD TERMS****ON PRO-FORMA BASIS\*\*****GROSS SALES EXCEED USD 10 BLN, NET SALES REACH USD 8.9 BLN;****EBITDA MARGIN EQUALS 9%;****NET DEBT/EBITDA DECLINES TO 2.2x**

**Amsterdam, 14 April 2009** - X5 Retail Group N.V., Russia's largest retailer in terms of sales (LSE ticker: "FIVE"), today announced its audited IFRS results for the fourth quarter and full year ended 31 December 2008.

**Q4 2008 Highlights**

- Consolidated net sales increased 41% year-on-year in USD terms to USD 2.4 bln;
- Pro-forma net sales grew 20% year-on-year to USD 2.4 bln;
- Pro-forma gross profit increased by 15% year-on-year to USD 605 mln, for a gross margin of 25.5%;
- Pro-forma EBITDA reached USD 225 mln, a year-on-year increase of 19%; EBITDA margin totaled 9.5%;
- X5 recorded USD 2.3 bln of non-cash goodwill impairment charge, resulting in a net loss for the fourth quarter 2008;
- Adjusted net loss<sup>\*\*\*</sup> totalled USD 27 mln due to mainly non-cash foreign exchange loss;

**FY 2008 Highlights**

- Consolidated net sales increased 57% year-on-year to USD 8.4 bln;
- Pro-forma net sales surged 45% year-on-year to USD 8.9 bln;
- Pro-forma gross profit increased by 41% year-on-year to USD 2.3 bln, for a gross margin of 25.6%;
- Pro-forma EBITDA reached USD 803 mln, a year-on-year increase of 47%; EBITDA margin totaled 9.0%;
- X5 reported a USD 2.1 bln net loss for the full year 2008 on the back of non-cash goodwill impairment charge recorded in the fourth quarter;
- Adjusted net profit<sup>\*\*\*</sup> for the full year 2008 totalled USD 112 mln, as strong operating performance was partially offset by non-cash foreign exchange loss;

- In 2008 the Company generated USD 629 mln of operating cash flow;
- Net debt/EBITDA decreased from 3.2x at the beginning of the year to 2.2x as at 31 December 2008;
- 2009 sales growth and CapEx outlook as announced on 6 March 2009 reiterated.

\* Including the results of the acquired Karusel business from 30 June 2008, when the acquisition was completed (excluding them in 2007)

\*\* Including the results of the acquired Karusel business from 1 January 2007 and 2008, respectively

\*\*\* Adjusted operating profit and adjusted net profit/(loss) are defined as operating profit and net profit/(loss) before non-cash goodwill impairment charge.

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

*“2008 marks a year of milestones for X5 Retail Group. The Company strengthened its number one position in the Russian retail sector and delivered on all of its promises for growth and profitability. In 2009, we will work to further enhance X5’s value proposition to win customers and drive increases in sales and market share, while building financial strength. Our ultimate goal is long-term outperformance, and we believe focused execution of X5’s multi-format strategy offers our shareholders the best opportunities for durable, profitable growth.”*

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

*“In 2008 X5 again delivered robust growth in sales and EBITDA, our key indicator of profitability. Our strong finish in the fourth quarter 2008 was driven by X5’s rapid and effective response to changes in the financial and economic situation as we scaled back CapEx and used healthy cash generation to improve short-term liquidity. We entered 2009 with a solid financial position, and during the year we expect this to strengthen further through cash flow management, cost control, disciplined investment and deleveraging.”*

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

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

USD mln	Q4 2008	Q4 2007	% change y-o-y	FY 2008	FY 2007	% change y-o-y
<b>Net Sales</b>	<b>2,376.3</b>	<b>1,980.2</b>	<b>20%</b>	<b>8,892.4</b>	<b>6,151.5</b>	<b>45%</b>
incl. Retail	2,365.1	1,965.3	20%	8,843.8	6,109.6	45%
<b>Gross Profit</b>	<b>604.8</b>	<b>527.3</b>	<b>15%</b>	<b>2,278.5</b>	<b>1,610.7</b>	<b>41%</b>
Gross Margin, %	25.5%	26.6%		25.6%	26.2%	
<b>EBITDA</b>	<b>225.2</b>	<b>188.9</b>	<b>19%</b>	<b>803.2</b>	<b>547.6</b>	<b>47%</b>
EBITDA Margin, %	9.5%	9.5%		9.0%	8.9%	
<b>Adjusted Operating Profit**</b>	<b>159.2</b>	<b>153.8</b>	<b>4%</b>	<b>552.5</b>	<b>370.7</b>	<b>49%</b>
Adjusted Operating Margin, %	6.7%	7.8%		6.2%	6.0%	
Impairment of Goodwill	(2,257.0)	-	n/a	(2,257.0)	-	n/a
<b>Operating (Loss)/Profit</b>	<b>(2,097.8)</b>	<b>153.8</b>	<b>n/a</b>	<b>(1,704.5)</b>	<b>370.7</b>	<b>n/a</b>
Operating Margin, %	n/a	7.8%		n/a	6.0%	
<b>Adjusted Net (Loss)/Profit**</b>	<b>(26.7)</b>	<b>95.2</b>	<b>n/a</b>	<b>111.5</b>	<b>155.7</b>	<b>(28%)</b>
Adjusted Net Margin, %	n/a	4.8%		1.3%	2.5%	
<b>Net (Loss)/Profit</b>	<b>(2,283.7)</b>	<b>95.2</b>	<b>n/a</b>	<b>(2,145.5)</b>	<b>155.7</b>	<b>n/a</b>
Net Margin, %	n/a	4.8%		n/a	2.5%	

\* Profit & Loss figures in this press-release are presented on pro-forma basis, unless otherwise stated. Pro-forma figures include results of the acquired Karusel hypermarket chain from 1 January 2007 and 2008, 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, which include Karusel’s results only as from 30 June 2008, when the acquisition was completed (available on our website at [http://www.x5.ru/en/investors/financial\\_reports/](http://www.x5.ru/en/investors/financial_reports/)).

\*\* Adjusted operating profit and adjusted net profit/(loss) are defined as operating profit and net profit/(loss) before non-cash goodwill impairment charge

## Net Sales & Gross Margin Performance

USD mln	Q4 2008	Q4 2007	% change y-o-y	FY 2008	FY 2007	% change y-o-y
<b>Net Sales</b>	<b>2,376.3</b>	<b>1,980.2</b>	<b>20%</b>	<b>8,892.4</b>	<b>6,151.5</b>	<b>45%</b>
incl. Retail	2,365.1	1,965.3	20%	8,843.8	6,109.6	45%
Hypermarkets	449.0	405.3	11%	1,678.0	1,218.0	38%
Supermarkets	709.0	618.2	15%	2,701.8	1,944.7	39%
Soft Discounters	1,207.1	941.8	28%	4,464.0	2,946.8	51%
<b>Gross Profit</b>	<b>604.8</b>	<b>527.3</b>	<b>15%</b>	<b>2,278.5</b>	<b>1,610.7</b>	<b>41%</b>
<i>Gross Margin, %</i>	<i>25.5%</i>	<i>26.6%</i>		<i>25.6%</i>	<i>26.2%</i>	

In 2008 X5 reported net revenue growth of 45% in USD terms on a pro-forma basis, meeting its target for the year, despite trading down trends that became evident in the fourth quarter. Discounters delivered outstanding results across all regions consistently throughout 2008. Supermarkets' performance was very strong in the first three quarters, while fourth quarter results in certain regions were negatively affected by weaker trading conditions as a result of the financial crisis. Hypermarkets' performance in the second half of the year was affected by Karusel integration.

For detailed discussion on Q4 and FY 2008 retail sales dynamics, please see our Trading Update dated 20 January 2009 at [http://www.x5.ru/en/investors/operational\\_results/](http://www.x5.ru/en/investors/operational_results/).

Fourth quarter 2008 gross margin totalled 25.5% translating into 25.6% gross margin for the full year – a 60 bp decline versus full year 2007 result. This gross margin evolution is the result of X5's decision to invest in its value propositions in line with the Company's "closer-to-the-customer" pricing strategy, which drove industry-leading LFL sales growth this year. It also reflects the planned reduction in Karusel's gross margin as part of X5's value repositioning strategy as well as the change in the format mix in favour of hypermarkets.

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

USD mln	Q4 2008	Q4 2007	% change y-o-y	FY 2008	FY 2007	% change y-o-y
<b>Staff Costs, incl.</b>	(212.6)	(185.2)	15%	(839.5)	(602.7)	39%
<i>% of Net Sales</i>	<i>8.9%</i>	<i>9.4%</i>		<i>9.4%</i>	<i>9.8%</i>	
ESOP	2.4	(12.1)	n/a	2.5	(47.7)	n/a
<i>% of Net Sales</i>	<i>-0.1%</i>	<i>0.6%</i>		<i>0.0%</i>	<i>0.8%</i>	
<b>Lease Expenses</b>	(70.1)	(53.9)	30%	(271.3)	(179.9)	51%
<i>% of Net Sales</i>	<i>2.9%</i>	<i>2.7%</i>		<i>3.1%</i>	<i>2.9%</i>	
<b>Other Store Costs</b>	(33.3)	(32.0)	4%	(129.5)	(97.3)	33%
<i>% of Net Sales</i>	<i>1.4%</i>	<i>1.6%</i>		<i>1.5%</i>	<i>1.6%</i>	
<b>D&amp;A</b>	(66.0)	(35.1)	88%	(250.7)	(176.9)	42%
<i>% of Net Sales</i>	<i>2.8%</i>	<i>1.8%</i>		<i>2.8%</i>	<i>2.9%</i>	
<b>Utilities</b>	(35.5)	(36.3)	(2%)	(149.0)	(103.6)	44%
<i>% of Net Sales</i>	<i>1.5%</i>	<i>1.8%</i>		<i>1.7%</i>	<i>1.7%</i>	
<b>Third Party Services</b>	(31.6)	(26.5)	19%	(102.2)	(80.7)	27%
<i>% of Net Sales</i>	<i>1.3%</i>	<i>1.3%</i>		<i>1.1%</i>	<i>1.3%</i>	
<b>Other Expenses</b>	(21.4)	(28.2)	(24%)	(86.4)	(78.1)	11%
<i>% of Net Sales</i>	<i>0.9%</i>	<i>1.4%</i>		<i>1.0%</i>	<i>1.3%</i>	
<b>Total SG&amp;A</b>	<b>(470.5)</b>	<b>(397.3)</b>	<b>18%</b>	<b>(1,828.7)</b>	<b>(1,319.3)</b>	<b>39%</b>
<i>% of Net Sales</i>	<i>19.8%</i>	<i>20.1%</i>		<i>20.6%</i>	<i>21.4%</i>	

Both in the fourth quarter and in 2008, SG&A costs increased in absolute terms but declined as percentage of revenue as a result of tighter cost controls and smooth integration of Karusel, helped by lower costs associated with Employee Stock Option Programme (ESOP). The absolute increase was mainly due to higher staff costs resulting from business expansion and wage inflation, higher leasing expenses and utility costs.

X5 revised salaries throughout 2008 to reflect changes in the labour market - the average salary increase was 13% year-on-year in RUR terms. X5 also implemented administrative staff headcount reduction of approximately 30% of Moscow-based and regional offices' personnel in the fourth quarter of 2008 in response to deteriorating market conditions. At the same time, the Company continued to hire store personnel for new openings. End of year number of employees totalled 60,467 compared to 44,092 as at 31 December 2007.

### **Impairment of Goodwill**

With the recent substantial weakening of global equity markets and increased cost of capital, X5 recorded a non-cash goodwill impairment charge in the fourth quarter of 2008. Based on the goodwill impairment test conducted in accordance with IAS 36, X5 took a non-cash charge of USD 2,257 mln against total goodwill amount on the Company's balance sheet of USD 2,732 mln (as at 31 December 2008 at year-end exchange rate). Over 80% of the total goodwill amount relates to goodwill created through the accounting treatment of the 2006 merger of Perekrestok and Pyaterochka as a reverse acquisition under IFRS 3\*.

The impairment charge is a non-cash item that does not affect X5's EBITDA, adjusted operating profit\*\* or its adjusted net profit/(loss)\*\* , i.e. the key metrics that the Company uses to evaluate its financial performance. The charge was triggered by change in the Company's stock price, but does not impact the strategic value of X5's assets and is not indicative of the Company's ability to generate cash flow. The write-down of goodwill also has no impact on bank credit arrangements or bonds.

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\* Over 80% of the Company's goodwill was created as a result of the merger between Pyaterochka and Perekrestok in 2006, which was treated as a reverse acquisition (IFRS 3). In accordance with reverse acquisition accounting, goodwill amounted not to the actual price paid for Pyaterochka less fair value of its identifiable net assets, but to the total market capitalization of Pyaterochka at that time less fair value of its identifiable net assets, i.e. was several times larger than under regular acquisition accounting. Recent weakening in the Company's stock price was a technical trigger for this goodwill impairment.

\*\* Adjusted operating profit and adjusted net profit/(loss) are defined as operating profit and net profit/(loss) before non-cash goodwill impairment charge.

## Non-Operating Gains and Losses

USD mln	Q4 2008	Q4 2007	% change y-o-y	FY 2008	FY 2007	% change y-o-y
<b>Adjusted Operating Profit*</b>	<b>159.2</b>	<b>153.8</b>	<b>4%</b>	<b>552.5</b>	<b>370.7</b>	<b>49%</b>
Impairment of Goodwill	(2,257.0)	-	n/a	(2,257.0)	-	n/a
<b>Operating (Loss)/Profit</b>	<b>(2,097.8)</b>	<b>153.8</b>	<b>n/a</b>	<b>(1,704.5)</b>	<b>370.7</b>	<b>n/a</b>
Finance Costs (net)	(46.1)	(27.0)	71%	(163.7)	(138.1)	19%
Net FX (Loss)/Gain	(227.2)	19.3	n/a	(267.2)	31.4	n/a
Share of Loss of Associates	(0.6)	-	n/a	(0.6)	-	n/a
<b>Profit before Tax</b>	<b>(2,371.7)</b>	<b>146.0</b>	<b>n/a</b>	<b>(2,136.0)</b>	<b>264.1</b>	<b>n/a</b>
Income Tax, incl.	88.0	(50.9)	n/a	(9.4)	(108.4)	-91%
Current & Deferred Income Tax	47.1	(50.9)	n/a	(50.4)	(108.4)	-54%
Deferred Tax Income Resulting from Reduction in Tax Rate	40.9	-	n/a	40.9	-	n/a
<b>Net (Loss)/Profit</b>	<b>(2,283.7)</b>	<b>95.2</b>	<b>n/a</b>	<b>(2,145.5)</b>	<b>155.7</b>	<b>n/a</b>
<i>Net Margin, %</i>	<i>n/a</i>	<i>4.8%</i>		<i>n/a</i>	<i>2.5%</i>	
<b>Adjusted Net (Loss)/Profit*</b>	<b>(26.7)</b>	<b>95.2</b>	<b>n/a</b>	<b>111.5</b>	<b>155.7</b>	<b>-28%</b>
<i>Adjusted Net Margin, %</i>	<i>n/a</i>	<i>4.8%</i>		<i>1.3%</i>	<i>2.5%</i>	

### Finance Costs

As a result of the financial crisis, interest rates on RUR funding increased significantly. However, more than 65% of the Company's debt portfolio has no exposure to interest rate fluctuations, due to a LIBOR hedge on USD 1.1 bln syndicated loan (effective interest of appr. 4.2% p.a.) and the fact that RUR 9 bln bonds have a fixed coupon (7.6% p.a.). This limits the effects of rising interest rates on the Company's cost of debt, and the effective interest rate on X5's total debt for the full year 2008 was approximately 7.5%.

### Foreign Exchange (FX) Loss

Due to the significant depreciation of the Russian ruble versus the U.S. dollar in the second half of the year (RUR/USD rate at 31 December 2008 reached 29.38 versus 24.55 at 31 December 2007), the Company reported FX loss of USD 267 mln for 2008. This is a primarily non-cash item, resulting from revaluation of the Company's USD-denominated debt.

### **Income Tax**

Income tax for the full year 2008 amounted to USD 9 mln, which includes:

- USD 41 mln deferred tax income resulting from the reduction in the corporate income tax rate from 24% to 20% effective 1 January 2009;
- USD 50 mln current and deferred income tax expense.

Normalized full year effective tax rate (adjusted for goodwill impairment charge) amounted to 41.7%, which is higher than the statutory tax rate for two main reasons: inventory shrinkage is not tax deductible in Russia; and second, the reported FX revaluation loss was not 100% tax deductible.

\* Adjusted operating profit and adjusted net profit/(loss) are defined as operating profit and net profit/(loss) before non-cash goodwill impairment charge.

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

<b>USD mln</b>	<b>FY 2008</b>	<b>FY 2007</b>	<b>% change y-o-y</b>
Net Cash from Operating Activities	629.3	427.5	47%
Net Cash Used in Investing Activities	(1,656.0)	(898.8)	84%
Net Cash from Financing Activities	1,194.2	470.0	154%
Effect of Exchange Rate Changes on Cash	(70.2)	12.8	n/a
<b>Net Increase in Cash</b>	<b>97.3</b>	<b>11.5</b>	<b>746%</b>

FY 2008 net cash from operating activities totaled USD 629 mln versus USD 427 mln a year ago on the back of strong operating performance and working capital improvement.

Net cash used in investing activities totaled USD 1,656 mln. This includes the purchase of Karusel (24 operating hypermarkets, two stores under construction and eight land plots) in the amount of USD 659 mln and USD 997 mln of organic CapEx, including store openings, tactical acquisitions, development of logistics infrastructure (in 2008 the Company added organically 127 thousand square meters of selling space and 47 thousand square meters of warehouse capacity), and IT and maintenance projects.

Net cash from financing activities amounted to USD 1,194 mln as the Company raised equity capital to finance the acquisition of Karusel and sold Treasury Shares.

## **Liquidity Update**

<b>USD mln</b>	<b>31-Dec-2008</b>	<b>% in total</b>	<b>31-Dec-2007</b>	<b>% in total</b>	<b>% change y-o-y</b>
<b>Total Debt</b>	<b>2,059.4</b>		<b>1,718.4</b>		<b>20%</b>
Short-Term Debt	578.4	28%	253.7	15%	128%
Long-Term Debt	1,481.0	72%	1,464.7	85%	1%
<b>Net Debt</b>	<b>1,782.6</b>		<b>1,538.9</b>		<b>16%</b>
<b>Net Debt/EBITDA</b>	<b>2.2x</b>		<b>3.2x</b>		

As at 31 December 2008, the Company's total debt amounted to USD 2,059 mln (at RUR/USD exchange rate of 29.38), out of which 28% was short-term (USD 578 mln), mainly represented by revolving credit lines with the largest Russian and international banks. As at 31 December 2008 X5 had a cash balance of USD 277 mln and undrawn credit lines totaling USD 367 mln (denominated in RUR). Thus, taking into account X5's cash flow generating capacity and available cash, supported by credit lines, the Company has adequate resources to meet or refinance current obligations and fund its expansion programme.

In late 2008 and early 2009 X5 has used healthy cash generation to strengthen its financial position. Thanks to strong EBITDA performance and deleveraging efforts, the Company's net debt/EBITDA ratio decreased from 3.2x at the beginning of 2008 to 2.2x as at 31 December 2008. Additionally, since the beginning of 2009 the Company has repaid USD 200 mln of short-term U.S. dollar-denominated debt, completely eliminating its short-term FX exposure. Thus, the Company's FX exposure is limited to the USD 1.1 bln syndicated loan with maturity in December 2010, which, nevertheless, does not expose X5 to short-term liquidity risks.

For the remainder of 2009, we expect that our cash flow generation and prudent approach to financial management will enable the Company to improve its debt maturity profile and further reduce leverage.

\* Including the results of the acquired Karusel business from 30 June 2008, when the acquisition was completed (excluding them in 2007)

## **Update on 2009 Trends and Outlook**

- X5 Retail Group reiterates its guidance for 2009 net sales growth of above 25% in ruble terms on a pro-forma basis
- In the changing market environment when consumers become increasingly focused on price, which is especially evident in the regions, we believe it is critical to ensure affordability of products on our shelves. Thus, in 2009 we will continue to implement our pricing policy with continued gross margin investment in our customer value proposition in order to enhance X5's advantage over competition and drive customer traffic. At the same time, the Company will further reinforce its cost controls and pursue every opportunity to compensate for gross margin investment through increased operational efficiencies and savings at the SG&A level.
- We confirm our intention to invest not more than RUR 14 bln as capital expenditure during the year. Our approach towards CapEx remains very conservative: first, we focus on projects with the highest returns and shortest paybacks. Second, our CapEx is largely discretionary and the Company has the flexibility and is committed to adjusting its expansion plans in response to the situation in the financial markets.

## **Appendices**

- I. Pro-Forma Income Statement for the Three Months and Year Ended 31 December 2008**
- II. Consolidated Income Statement for the Three Months and Year Ended 31 December 2008**
- III. Consolidated Balance Sheet at 31 December 2008**
- IV. Consolidated Statement of Cash Flows for the Year Ended 31 December 2008**
- V. 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 31 March 2009, X5 had 1,144 Company-managed stores located in Moscow, St. Petersburg and other regions of European Russia, Urals and Ukraine, including 886 soft discount stores, 209 supermarkets and 49 hypermarkets.

As at 31 March 2009, X5's franchisees operated 586 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 quarter 2009, pro-forma net retail sales totalled USD 1,859 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\* INCOME STATEMENT FOR THE THREE MONTHS AND YEAR ENDED 31 DECEMBER 2008 (expressed in thousands of US Dollars, unless otherwise stated)

	Three months ended		Year ended	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
<b>Revenue</b>	<b>2,376,266</b>	<b>1,980,197</b>	<b>8,892,390</b>	<b>6,151,540</b>
Cost of sales	(1,771,476)	(1,452,930)	(6,613,866)	(4,540,881)
<b>Gross profit</b>	<b>604,790</b>	<b>527,267</b>	<b>2,278,524</b>	<b>1,610,660</b>
Selling, general and administrative expenses	(470,479)	(397,256)	(1,828,655)	(1,319,268)
Lease/sublease and other income	24,913	23,739	102,610	79,346
<b>Adjusted operating profit**</b>	<b>159,224</b>	<b>153,751</b>	<b>552,479</b>	<b>370,738</b>
Impairment of goodwill	(2,257,020)	-	(2,257,020)	-
<b>Operating (loss)/ profit after impairment</b>	<b>(2,097,796)</b>	<b>153,751</b>	<b>(1,704,541)</b>	<b>370,738</b>
Net finance costs	(46,068)	(26,999)	(163,660)	(138,065)
Net foreign exchange (loss)/gain	(227,176)	19,264	(267,193)	31,421
Share of loss of associates	(647)	-	(647)	-
<b>Adjusted (loss)/profit before tax**</b>	<b>(114,667)</b>	<b>146,015</b>	<b>120,979</b>	<b>264,094</b>
<b>(Loss)/Profit before tax</b>	<b>(2,371,687)</b>	<b>146,015</b>	<b>(2,136,041)</b>	<b>264,094</b>
Income tax	88,006	(50,859)	(9,448)	(108,381)
<b>Adjusted net (loss)/profit**</b>	<b>(26,661)</b>	<b>95,156</b>	<b>111,531</b>	<b>155,713</b>
<b>(Loss)/Profit for the period</b>	<b>(2,283,680)</b>	<b>95,156</b>	<b>(2,145,489)</b>	<b>155,713</b>

\* Including the results of the acquired Karusel business from 1 January 2007 and 2008, respectively

\*\* Adjusted operating profit, adjusted profit/(loss) before tax and adjusted net profit/(loss) are defined as operating profit / profit/(loss) before tax / net profit/(loss) before non-cash goodwill impairment charge

## Appendix II:

### CONSOLIDATED\* INCOME STATEMENT FOR THE THREE MONTHS AND YEAR ENDED 31 DECEMBER 2008 (expressed in thousands of US Dollars)

	Three months ended		Year ended	
	31-Dec-08	31-Dec-07	31-Dec-08	31-Dec-07
<b>Revenue</b>	<b>2,394,426</b>	<b>1,702,683</b>	<b>8,353,250</b>	<b>5,320,424</b>
Cost of sales	(1,785,203)	(1,245,025)	(6,206,324)	(3,916,493)
<b>Gross profit</b>	<b>609,223</b>	<b>457,658</b>	<b>2,146,926</b>	<b>1,403,931</b>
Selling, general and administrative expenses	(472,319)	(335,527)	(1,698,524)	(1,135,046)
Lease/sublease and other income	25,177	19,986	94,776	68,032
<b>Adjusted operating profit**</b>	<b>162,081</b>	<b>142,117</b>	<b>543,178</b>	<b>336,917</b>
Impairment of goodwill	(2,257,020)	-	(2,257,020)	-
<b>Operating (loss)/ profit after impairment</b>	<b>(2,094,939)</b>	<b>142,117</b>	<b>(1,713,842)</b>	<b>336,917</b>
Net finance costs	(46,578)	(25,485)	(148,505)	(125,789)
Net foreign exchange (loss)/gain	(227,176)	19,308	(267,187)	31,545
Share of loss of associates	(647)	-	(647)	-
<b>Adjusted (loss)/profit before tax**</b>	<b>(112,321)</b>	<b>135,939</b>	<b>126,839</b>	<b>242,673</b>
<b>(Loss)/Profit before tax</b>	<b>(2,369,341)</b>	<b>135,939</b>	<b>(2,130,181)</b>	<b>242,673</b>
Income tax	85,083	(46,395)	(8,106)	(98,925)
<b>Adjusted (loss)/net profit**</b>	<b>(27,238)</b>	<b>89,544</b>	<b>118,733</b>	<b>143,748</b>
<b>(Loss)/Profit for the period</b>	<b>(2,284,257)</b>	<b>89,544</b>	<b>(2,138,287)</b>	<b>143,748</b>

\* Including the results of the acquired Karusel business from 30 June 2008, when the acquisition was completed (excluding them in 2007)

For consolidation purposes, Karusel's results in the fourth quarter 2008 were translated into USD using average USD/RUR exchange rate for the full year 2008

\*\* Adjusted operating profit, adjusted profit/(loss) before tax and adjusted net profit/(loss) are defined as operating profit / profit/(loss) before tax / net profit/(loss) before non-cash goodwill impairment charge

**Appendix III:**  
**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2008**  
(expressed in thousands of US Dollars)

	31 December 2008	31 December 2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	3,097,540	1,990,558
Investment property	125,693	129,006
Goodwill	475,377	2,955,625
Intangible assets	499,188	524,246
Prepaid leases	80,677	54,846
Investment in associates	10,054	-
Other non-current assets	2,716	2,534
Deferred income tax assets	96,185	31,621
	4,387,430	5,688,436
<b>Current assets</b>		
Inventories of goods for resale	482,158	325,240
Derivative financial assets	765	1,500
Loans originated	359	145
Current portion of non-current prepaid lease	10,154	5,766
Trade and other accounts receivable	188,986	148,646
Current income tax receivable	60,866	4,628
VAT and other taxes recoverable	253,264	195,752
Cash and cash equivalents	276,837	179,496
	1,273,389	861,173
<b>Total assets</b>	<b>5,660,819</b>	<b>6,549,609</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	93,712	70,883
Share premium	2,049,144	2,896,355
Cumulative translation reserve	(520,184)	294,169
Retained earnings/(accumulated deficit)	33,941	(17,960)
Hedging reserve	(18,180)	-
<b>Equity attributable to equity holders of the parent</b>	<b>1,638,433</b>	<b>3,243,447</b>
Minority interests	-	220
<b>Total equity</b>	<b>1,638,433</b>	<b>3,243,667</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,480,968	1,464,684
Long-term finance lease payable	1,843	1,280
Deferred income tax liabilities	232,224	213,322
Long-term deferred revenue	3,482	3,221
Share-based payments liability	30,665	43,208
	1,749,182	1,725,715
<b>Current liabilities</b>		
Trade accounts payable	1,174,144	971,570
Short-term borrowings	578,433	253,733
Share-based payments liability	7,256	2,389
Derivative financial liabilities	18,180	-
Short-term finance lease payables	2,197	2,280
Interest accrued	9,089	2,763
Short-term deferred revenue	4,872	4,943
Current income tax payable	21,095	33,303
Provisions and other liabilities	457,938	309,246
	2,273,204	1,580,227
<b>Total liabilities</b>	<b>4,022,386</b>	<b>3,305,942</b>
<b>Total equity and liabilities</b>	<b>5,660,819</b>	<b>6,549,609</b>

**Appendix IV: CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR  
ENDED 31 DECEMBER 2008**  
(expressed in thousands of US Dollars)

	31 December 2008	31 December 2007
<b>(Loss)/Profit before income tax</b>	(2,130,181)	242,673
<u>Adjustments for:</u>		
Depreciation and amortisation	225,238	142,376
Goodwill impairment	2,257,020	-
Loss on disposal of property, plant and equipment	835	137
Loss on disposal of intangible assets	245	35
Finance costs, net	148,505	125,789
Impairment of trade and other accounts receivable	7,350	1,369
Share-based options (income)/expense	(7,647)	43,208
Amortisation of deferred expenses	5,087	2,929
Net foreign exchange loss/(gain)	267,187	(67,195)-
Other	647	-
<b>Net cash from operating activities before changes in working capital</b>	<b>774,286</b>	<b>491,321</b>
Decrease/(Increase) in trade and other accounts receivable	39,043	(65,107)
Increase in inventories	(164,858)	(77,041)
Increase in trade payable	239,744	330,154
Increase/(Decrease) in other accounts payable	130,007	(48,234)
<b>Net cash generated from operations</b>	<b>1,018,222</b>	<b>631,093</b>
Interest paid	(150,493)	(109,177)
Interest received	12,078	3,380
Income tax paid	(250,460)	(97,824)
<b>Net cash from operating activities</b>	<b>629,347</b>	<b>427,472</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(883,020)	(620,233)
Purchase of investment property	(3,034)	(9,173)
Non-current prepaid lease	(57,384)	(46,543)
Acquisition of subsidiaries and associate, net of cash acquired	(711,072)	(211,412)
Acquisition of other long-term investments	-	(211)
Short-term loans issued in connection with acquisitions	-	(20,157)
Proceeds from sale of property, plant and equipment	6,826	10,949
Purchase of intangible assets	(8,361)	(1,987)
<b>Net cash used in investing activities</b>	<b>(1,656,045)</b>	<b>(898,767)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans	2,061,428	583,917
Repayment of short-term loans	(1,999,787)	(396,016)
Proceeds from long-term loans	-	1,458,306
Repayment of long-term loans	-	(1,167,265)
Proceeds from issue of share capital	999,454	-
Proceeds from sale of treasury shares	144,217	-
Acquisition of treasury shares	(9,102)	(5,048)
Principal payments on finance lease obligations	(2,017)	(3,872)
<b>Net cash from financing activities</b>	<b>1,194,193</b>	<b>470,022</b>
Effect of exchange rate changes on cash and cash equivalents	(70,154)	12,781
<b>Net increase in cash and cash equivalents</b>	<b>97,341</b>	<b>11,508</b>
<b>Movements in cash</b>		
Cash and cash equivalents at the beginning of the year	179,496	167,988
Net increase in cash and cash equivalents	97,341	11,508
<b>Cash and cash equivalents at the end of the year</b>	<b>276,837</b>	<b>179,496</b>

## Appendix V:

### Financial Calendar for 2009

<b>Date</b>	<b>Event</b>
28 May 2009, TBC	Q1 2009 Financial Results Reviewed by Auditors
10 July 2009, TBC	Q2 & H1 2009 Trading Update
27 August 2009, TBC	Q2 & H1 2009 Financial Results Reviewed by Auditors
9 October 2009, TBC	Q3 & 9M 2009 Trading Update
30 November 2009, TBC	Q3 & 9M 2009 Financial Results Reviewed by Auditors