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**PYATEROCHKA HOLDING N.V. Q2 2006 TRADING UPDATE**

***LIKE-FOR-LIKE SALES UP +10% FOR THE GROUP VS. Q2 2005***

***27 NEW STORES OPENED DURING Q2 2006***

Pyaterochka Holding N.V. provided today a trading update including store opening data and Like-for-Like ("LFL") sales trends for the Pyaterochka and Perekrestok chains for Q2 and 6M 2006.

There will be a conference call today for analysts and investors at 17:00 Moscow time (14:00 UK time; 9:00 EST) hosted by Lev Khasis, Group CEO, and Vitaliy Podolskiy, Group CFO, to discuss current trading, the integration process, and management's outlook for the remainder of the year.

**Operating Highlights**

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The merger of Pyaterochka and Perekrestok was closed on 18 May 2006, and work is already well underway on integration and realization of synergies.

In June 2006, Pyaterochka opened 1<sup>st</sup> phase of its wholly-owned distribution centre in Podolsk, Moscow region, with initial capacity of 30,000 square metres.

Pyaterochka Holding N.V. signed a 3-year syndicated credit facility of US \$800 million in May 2006, organised by ABN AMRO, HSBC, RZB Group, and West LB, the proceeds of which were used to fund the acquisition of Perekrestok, to refinance existing debt as well as for new capital expenditures of the merged company.

Pyaterochka Holding N.V. also launched recently a \$50-million GDR purchase programme to fund the company's future obligations under its employee stock option programme.

Pyaterochka Holding N.V. will release its 1H 2006 IFRS consolidated financial results in September 2006.



## Expansion

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Pyaterochka Holding N.V. continued its aggressive store opening programme in Q2 2006, opening 20 new soft-discount "Pyaterochka" stores and 7 new "Perekrestok" supermarkets during Q2 2006. As of 30 June 2006, Pyaterochka Holding N.V. operated 391 company-managed Pyaterochka soft-discount stores and 133 Perekrestok stores.

### *Moscow*

In Moscow, the company opened 10 new Pyaterochka stores during Q2 2006, implying a total of 28 new Pyaterochka stores opened in Moscow year to date. The company now operates a total of 187 Pyaterochka stores in the Moscow area.

4 new Perekrestok stores were opened in Moscow during Q2 2006, including 3 supermarkets and 1 convenience store. Year to date, the company has opened 6 new Perekrestok supermarkets in Moscow area. One convenience store in Moscow was closed and now operating as a franchisee. As of 30 June 2006, there are a total of 78 Perekrestok stores in the Moscow area, including 3 city hypermarkets, 57 supermarkets and 18 convenience stores.

### *St. Petersburg*

In St. Petersburg, the company opened 10 new Pyaterochka stores during Q2 2006, implying a total of 18 new Pyaterochka stores opened in St. Petersburg year to date. The company now operates a total of 185 Pyaterochka stores in the St. Petersburg area.

1 new Perekrestok store was opened in St. Petersburg during Q2 2006. Year to date, the company has opened 5 new Perekrestok stores in St. Petersburg. As of 30 June 2006, there are a total of 14 Perekrestok stores in the St. Petersburg area, including 12 supermarkets and 2 convenience stores.

### *Regions and Ukraine*

2 new Perekrestok stores were opened in the regions outside of Moscow and St. Petersburg in Q2 2006, implying a total of 3 new Perekrestok stores opened in the regions year to date, including 1 city hypermarket. As of 30 June 2006, there are a total of 37 Perekrestok stores in the Russian regions, including 5 city hypermarkets.

In Yekaterinburg, 2 company-managed Pyaterochka stores were closed during 1H 06, bringing the total number of Pyaterochka stores in this city to 19.

Pyaterochka's franchisees also continued to expand rapidly, opening 40 new stores operating under the Pyaterochka brand during Q2 2006. As of 30 June 2006, Pyaterochka's franchisees operate 479 stores across 20 regions of Russia, Ukraine and Kazakhstan.

The company currently operates 4 supermarkets in Ukraine, originally acquired from SPAR Ukraine. All four stores have been rebranded during the second quarter into Perekrestok-branded stores as of 30 June 2006. The license agreement with Spar International has been terminated during the same period.



## Store Operations

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Pyaterochka Holding N.V. experienced encouraging Like-for-Like sales trends during both Q2 2006 and 1H 2006 across both chains.

### *Group*

During Q2 2006, Group LFL sales performance (including both chains) reached +10%. For 6M 2006, the group also experienced LFL sales of +10%.

The Pyaterochka chain experienced overall LFL sales performance of +7% during Q2 2006, and 7% for 6M 2006.

The Perekrestok chain experienced overall LFL sales performance of +14% during Q2 2006, and +15% for 6M 2006.

### *Moscow*

LFL sales at Moscow area Pyaterochka stores reached +12% during Q2 2006, composed of traffic of +1% and an increase in the average basket of +11%. During 6M 2006, the Pyaterochka stores in Moscow experienced LFL sales performance of +14%, composed of traffic of +2% and basket growth of +12%.

LFL sales at Moscow area Perekrestok stores reached +14% during Q2 2006, on the basis of traffic of +6% and basket growth of +8%. During 6M 2006, the Perekrestok stores in Moscow experienced LFL sales performance of +14%, composed of traffic of +6% and basket growth of +8%.

### *St. Petersburg*

LFL sales at St. Petersburg area Pyaterochka stores reached +3% during Q2 2006, composed of traffic of -3% and basket growth of +6%. During 6M 2006, the Pyaterochka stores in St. Petersburg experienced LFL sales performance of +1%, composed of traffic of -6% and basket growth of +7%.

LFL sales at St. Petersburg area Perekrestok stores reached +12% during Q2 2006, on the basis of traffic of +6% and basket growth of +6%. During 6M 2006, the Perekrestok stores in St. Petersburg experienced LFL sales performance of +12%, composed of traffic of +6% and basket growth of +6%.

### *Regions and Ukraine*

LFL sales at Perekrestok stores in the Russian regions outside of Moscow and St. Petersburg reached +14% during Q2 2006, composed of traffic of +6% and basket growth of +8%. For 6M 2006 these stores experienced LFL sales of +16%, based on traffic of +6% and basket growth of +10%.

In Ukraine, Perekrestok experienced LFL sales in Q2 2006 of +1%, based on traffic of -5% and basket of +6%. Data is not available for 6M 2006 LFL as these stores were acquired by Perekrestok in Q1 2005. The Q2 2006 results were suppressed by rebranding and related reorganisation of ex-Spar stores during this period



**Note to Editors:**

Pyaterochka Holding N.V. is Russia's largest food retailer in terms of sales. The group has 391 company-managed "Pyaterochka" soft discount stores located in the Moscow (187), St. Petersburg (185) and Yekaterinburg (19) areas, and 133 company-managed "Perekrestok" supermarkets across 14 regions of Central Russia and Ukraine, including 78 stores in Moscow, as of 30 June 2006.

Pyaterochka and Perekrestok have merged their operations as of 18 May 2006 to create the clear leader in the Russian food retail market.

Pyaterochka's 2005 net sales (pre-merger) reached USD 1,359 million, with gross banner sales in 2005 of over USD 2 billion. Perekrestok net sales reached USD 1,015 million in 2005.

Pyaterochka's Q1 2006 net sales (pre-merger) reached USD 439 million, and Perekrestok Q1 2006 sales were USD 323 million.

As of 30 June 2006, franchisees operated 479 Pyaterochka branded stores in 20 regions of Russia, Ukraine and Kazakhstan. Perekrestok has 10 convenience stores operated by franchisees in the Moscow area.

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