



DIXY GROUP

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DIXY GROUP ANNOUNCES 9TH MONTHS 2007 CONSOLIDATED UNAUDITED IFRS RESULTS

Moscow, 27th of November 2007

Dixy Group – one of the leading companies in Russian food retail market has published its 9 months 2007 unaudited consolidated results.

9 months 2007 Net sales were 25,638 million RUB, higher by 34% YoY (42% in USD, amounting 990 million USD). The growth is a result of successful new openings of Dixy, Minimart and Megamart stores.

Gross Profit YoY higher by 57% in RUB, amounting 6,002 million RUB (66% growth in USD, amounting 232 million USD). Company's Gross Margin growing from 20.1% in 9 months 2006 to 23.4% in 9 months 2007.

Growth of Gross Profit and Gross Margin is a result of changes made to pricing and assortment policies and growth of private label share in Company's sales.

EBITDAR¹ has grown by 50% in RUB, being 2,203 million RUB (59% in USD being 85 million USD) with EBITDAR margin rising from 7.7% in 9 months 2006 to 8.6% in 9 months 2007.

EBITDA² has grown by 51% in RUB, being 1,162 million RUB (60% in USD, being 45 million USD) with EBITDA margin rising from 4.0% in 9 months 2006 to 4.5% in 9 months 2007.

Net profit has increased by 173% in RUB to 141 million RUB (188% in USD to 5,4 million USD) respectively. Dixy Group's Net Profit has further potential for growth, taking into consideration the decrease in pressure of accrued interest from debt in the first six months of the year after IPO.

Net Debt³ has decreased from the year end 2006 from 6,276 million RUB (238 million USD) to 4,548 million RUB (182 million USD) at the end of 9 months 2007. Net Debt has greatly decreased in September 2007 after receipt of IPO proceeds and management believes is at the optimal level.

Current debt structure is in a good shape and consists of more than 90% of Long – term financing and the average interest about 9.4% per annum.

¹ EBITDAR is earnings before interest, tax, depreciation and amortization and rent (operating lease expenses)

² EBITDA is earnings before interest, tax, depreciation and amortization

³ Net Debt was calculated as bank loans plus bonds and accrued interest plus finance lease liabilities plus borrowings from related parties minus cash and cash equivalents



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In the middle of November Dixy Group has opened new distribution center in Ryazan with overall area of 15,000m² and at the same time the Company is finishing construction of a big distribution center in Serpukhov region of Moscow oblast. All these steps are aimed at optimization of logistics costs and improving the efficiencies of procurement process.

Total size of the selling space, owned by the Company as of September 30th, 2007 has reached 33% from the total selling space (Company's plan is to reach 37% as of the end of this year).

Oleg Leonov, Chairman of the Dixy Group board has commented:

“Results for 9 months of the year are very positive and in line with our budget. Our Company consistently increases the efficiencies of operational process. The management keeps as our main priority assortment optimization, development of own private labels and at the same time we are improving the effectiveness of our stores operations. Due to all these initiatives we keep one of the highest sales on square meter among our peers (7,189 for 9 months 2007), improve our LFL sales and increase marginal growth of the business. We feel optimistic with the results achieved and plan to keep all these positive tendencies in the last quarter of 2007”.

Key operational data for the 9 months is as follows:

	9M06	12M06	9M07	<i>Growth</i>
Overall q-ty of stores	274	326	363	32%
Store openings	61	115	40	
Dixy	56	109	37	
Megamart	1	1	2	
Minimart	4	5	1	
Overall trade area, m ²	106 755	128 138	144 362	35%



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Please also see attached Unaudited Financial Statements for the 9 months ended 2007.

USD/RUB exchange rates used were:

	<i>9 months 2007</i>	<i>9 months 2006</i>
<i>9 months mean</i>	25.8905	27.3864
<i>September closing</i>	24.9493	26.7799



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Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Balance Sheet in thousands of US Dollars

ASSETS	30 September 2007	30 September 2006
Non-current assets:		
Property, plant and equipment	303,113	197,283
Goodwill	16,217	15,108
Other Intangible assets	28,357	25,361
Investments in associates	-	1,867
Loans given	6,026	7,166
Capital advances	58,101	55,258
Initial Lease costs	21,206	22,806
Total non-current assets	433,020	324,849
Current assets:		
Inventories	64,538	41,074
Trade and other receivables	48,779	34,993
Loans given	4,303	16,371
Cash and cash equivalents	21,095	19,249
Total current assets	138,715	111,687
TOTAL ASSETS	571,735	436,536
EQUITY		
Share capital	24	19
Additional paid-in capital	139,194	1,085
Retained earnings	72,053	54,481
Minority interest	187	174
TOTAL EQUITY	211,458	55,759
LIABILITIES		
Non-current liabilities:		
Bank Loans	23,416	5,990
Bonds	120,244	112,024
Finance lease liabilities	7,306	2,027
Deferred tax liability	9,835	13,656
Total non-current liabilities	160,801	133,697
Current liabilities:		
Bank Loans	33,973	116,679
Borrowings from ultimate shareholder and parties under common control	14,302	14,031
Bonds (interest)	305	255
Finance lease liabilities	3,845	604
Trade payable and other payables	135,429	93,060
Provisions for liabilities and charges	8,697	18,819
Income taxes payable	2,925	3,632
Total current liabilities	199,476	247,080
TOTAL LIABILITIES	360,277	380,777
TOTAL LIABILITIES AND EQUITY	571,735	436,536

Fedor Rybasov,
General Director

Zlata Polishuk,
Finance Director



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Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Income Statement in thousands of US Dollars

	9 months 2007	9 months 2006
<i>Continuing operations:</i>		
Revenue	990,250	698,106
Cost of goods sold	(758,434)	(558,109)
Gross profit	231,816	139,997
General and administrative expenses	(207,023)	(122,234)
Operating profit	24,793	17,763
Finance income	2,833	4,042
Finance costs	(19,752)	(12,997)
Profit before income tax	7,874	8,808
Income tax expense	(2,446)	(2,730)
Profit for the year from continuing operations	5,428	6,078
<i>Discontinued operations:</i>		
Loss from and gain on disposal of discontinued operations	-	(4,195)
Profit for the year	5,428	1,883

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Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Cash Flow Statement in thousands of US Dollars

	9 months 2007	9 months 2006
Cash flows from operating activities		
Profit before income tax from continuing operations	7,874	8,808
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment and amortization of intangible assets	20,099	10,352
Operating lease from initial lease costs	1,944	159
Decrease in provision for liabilities and charges	(4,572)	(5,248)
Interest expense on borrowings	18,001	12,997
Interest income on loans given and cash deposits	(2,299)	(1,893)
Finance charges	1,751	-
Other adjustments	(1,204)	(3,831)
Operating cash flows before working capital changes	41,594	21,344
Increase in trade and other receivables	446	(6,171)
Increase in inventories	1,281	2,594
Increase in trade and other payables	1,116	14,365
Cash generated from operations	44,437	32,132
Income taxes paid	(11,463)	(987)
Interest paid	(20,099)	(9,701)
Net cash from operating activities – continuing operations	12,875	21,444
Net cash (used in) / from operating activities – discontinued operations	-	(24)
Net cash from operating activities	12,875	21,420
Cash flows from investing activities		
Purchase of property, plant and equipment	(79,738)	(120,576)
Proceeds from sale of property, plant and equipment	2,625	2,021
Proceeds from sale of subsidiaries	-	136
Initial Lease costs paid	-	(21,193)
Purchases of businesses from parties under common control, net of cash acquired	(333)	(6,839)
Loans provided returned	9,352	-
Loans provided	(155)	(19,487)
Purchases of intangible assets	(2,896)	576
Net cash used in investing activities – continuing operations	(71,145)	(165,362)
Net cash provided from investing activities – discontinued operations	-	361
Net cash used in investing activities	(71,145)	(165,001)
Cash flows from financing activities		
Proceeds from borrowings	20,316	123,417
Repayment of borrowings	(97,954)	8,838
Buy-out of minorities	-	(1,643)
Proceeds from new issuance of shares	133,015	-
Finance lease payments	(3,223)	(964)
Net cash provided from financing activities – continuing operations	52,154	129,648
Net cash from / (used in) financing activities – discontinued operations	-	(281)
Net cash provided from financing activities	52,154	129,367
Net increase in cash and cash equivalents	(6,116)	(14,214)
Cash and cash equivalents at the beginning of the year	27,211	33,463
Cash and cash equivalents at the end of the year	21,095	19,249



Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Balance Sheet in thousands of rubles

ASSETS	30 September 2007	30 September 2006
Non-current assets:		
Property, plant and equipment	7,562,447	5,283,212
Goodwill	404,603	404,603
Other Intangible assets	707,480	679,163
Investments in associates	-	50,000
Loans given	150,356	191,906
Capital advances	1,449,592	1,479,774
Initial Lease costs	529,094	610,755
Total non-current assets	10,803,572	8,699,413
Current assets:		
Inventories	1,610,181	1,099,948
Trade and other receivables	1,216,985	937,126
Loans given	107,359	438,406
Cash and cash equivalents	526,310	515,474
Total current assets	3,460,835	2,990,954
TOTAL ASSETS	14,264,407	11,690,367
EQUITY		
Share capital	600	500
Additional paid-in capital	3,472,792	29,047
Retained earnings	1,797,699	1,458,975
Minority interest	4,668	4,668
TOTAL EQUITY	5,275,759	1,493,190
LIABILITIES		
Non-current liabilities:		
Bank Loans	584,204	160,407
Bonds	3,000,000	3,000,000
Finance lease liabilities	182,289	54,286
Deferred tax liability	245,384	365,687
Total non-current liabilities	4,011,877	3,580,380
Current liabilities:		
Bank Loans	847,600	3,124,646
Borrowings from ultimate shareholder and parties under common control	356,815	375,753
Bonds (interest)	7,602	6,842
Finance lease liabilities	95,930	16,186
Trade payable and other payables	3,378,863	2,492,134
Provisions for liabilities and charges	216,991	503,978
Income taxes payable	72,970	97,258
Total current liabilities	4,976,771	6,616,797
TOTAL LIABILITIES	8,988,648	10,197,177
TOTAL LIABILITIES AND EQUITY	14,264,407	11,690,367



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Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Income Statement in thousands of rubles

	9 months 2007	9 months 2006
<i>Continuing operations:</i>		
Revenue	25,638,058	19,118,617
Cost of goods sold	(19,636,229)	(15,284,608)
Gross profit	6,001,829	3,834,009
General and administrative expenses	(5,359,919)	(3,347,541)
Operating profit	641,910	486,468
Finance income	73,343	110,690
Finance costs	(511,397)	(355,940)
Profit before income tax	203,856	241,218
Income tax expense	(63,336)	(74,763)
Profit for the year from continuing operations	140,520	166,455
<i>Discontinued operations:</i>		
Loss from and gain on disposal of discontinued operations	-	(114,896)
Profit for the year	140,520	51,559

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Unaudited IFRS Financial Statements for the 9 months ended 30 September, 2007 and 2006
Cash Flow Statement in thousands of rubles

	9 months 2007	9 months 2006
Cash flows from operating activities		
Profit before income tax from continuing operations	203,856	241,218
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment and amortization of intangible assets	520,351	283,502
Operating lease from initial lease costs	50,344	4,354
Decrease in provision for liabilities and charges	(118,370)	(143,736)
Interest expense on borrowings	466,066	355,940
Interest income on loans given and cash deposits	(59,512)	(51,843)
Finance charges	45,331	
Other adjustments	(25,429)	(96,306)
Operating cash flows before working capital changes	1,082,637	593,129
Increase in trade and other receivables	11,547	(168,996)
Increase in inventories	33,177	71,038
Increase in trade and other payables	28,894	393,392
Cash generated from operations	1,156,255	888,563
Income taxes paid	(296,792)	(27,030)
Interest paid	(520,374)	(265,667)
Net cash from operating activities – continuing operations	339,089	595,866
Net cash (used in) / from operating activities – discontinued operations	-	(665)
Net cash from operating activities	339,089	595,201
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,064,452)	(3,302,142)
Proceeds from sale of property, plant and equipment	67,970	55,361
Proceeds from sale of subsidiaries	-	3,729
Initial Lease costs paid	-	(580,401)
Purchases of businesses from parties under common control, net of cash acquired	(8,630)	(187,289)
Loans provided returned	242,120	-
Loans provided	(4,023)	(533,691)
Purchases of intangible assets	(74,973)	15,781
Net cash used in investing activities – continuing operations	(1,841,988)	(4,528,652)
Net cash provided from investing activities – discontinued operations	-	9,883
Net cash used in investing activities	(1,841,988)	(4,518,769)
Cash flows from financing activities		
Proceeds from borrowings	525,986	3,379,947
Repayment of borrowings	(2,536,085)	242,051
Buy-out of minorities	-	(45,000)
Proceeds from new issuance of shares	3,443,845	-
Finance lease payments	(83,441)	(26,391)
Net cash provided from financing activities – continuing operations	1,350,305	3,550,607
Net cash from / (used in) financing activities – discontinued operations	-	(7,694)
Net cash provided from financing activities	1,350,305	3,542,913
Net increase in cash and cash equivalents	(152,594)	(380,655)
Cash and cash equivalents at the beginning of the year	678,904	896,129
Cash and cash equivalents at the end of the year	526,310	515,474



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Dixy Group is one of the leaders of Russian food retail market . The first Dixy store was opened in 1999 in Moscow and by 1st of October 2007 the Group has already operated 363 stores, including 349 Dixy (discounter) stores, 7 Megamarts (compact hypermarkets) and 7 Minimarkets (supermarkets) in three Federal Districts of Russia. Groups consolidated revenue in 2006 was 1,009mil\$.

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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 Dixy Group's control. As a result, actual future results may differ materially from the plans, goals and expectations set out in these forward looking statements.

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