# Seventh Continent

Strategy for profitable growth

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# Key points

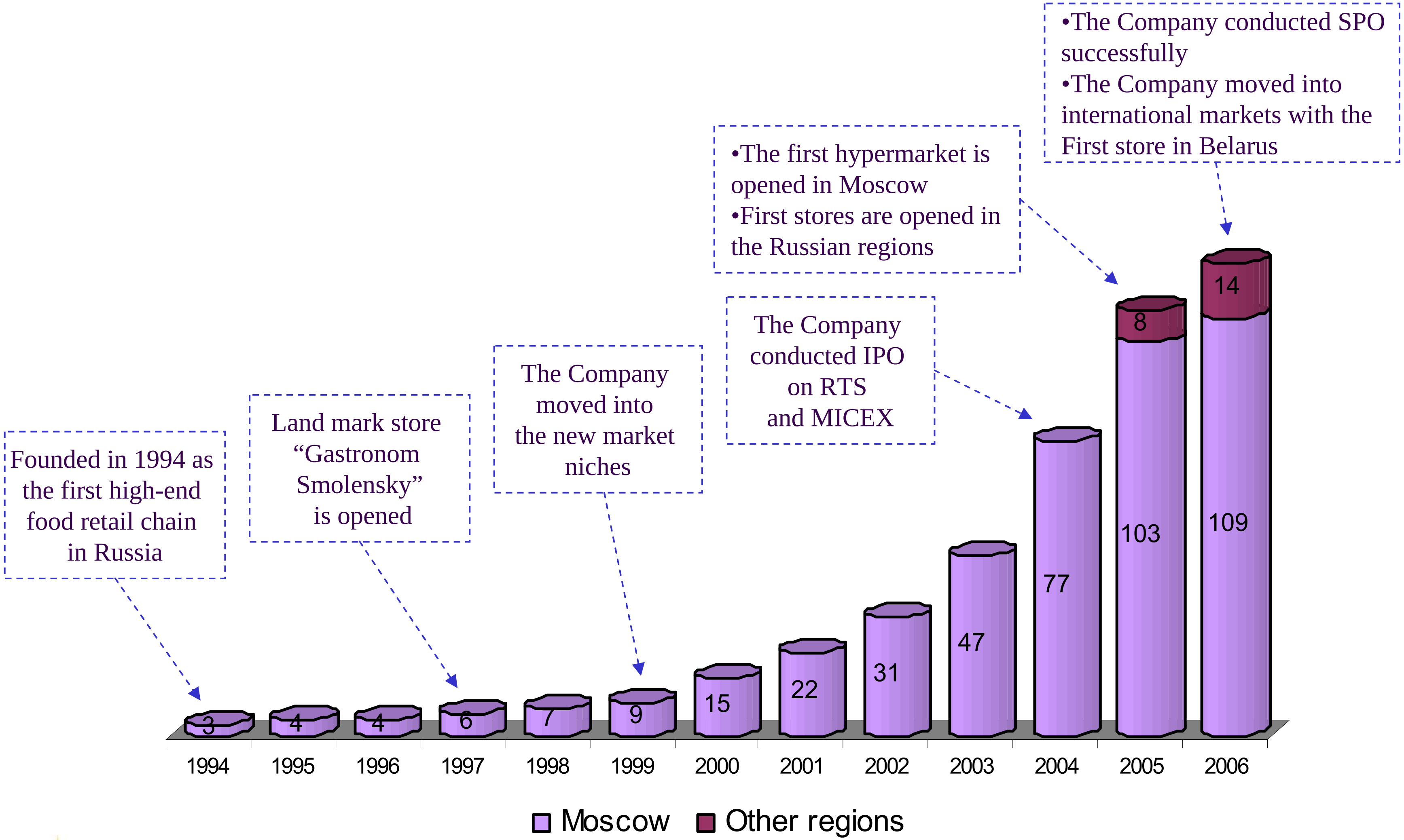
1. *Company overview and strategy*
2. *Operational results*
3. *Financial results*
4. *Supplementary information*

# 1. Company overview and strategy

# Seventh Continent

- International retail chain - out of 123 stores, 109 stores are located in Moscow and Moscow region, 11 stores in Kaliningrad region, 1 store in St. Petersburg, 1 store in Ryazan and 1 store in Minsk, Belorussia
- Established as the high-end food retail chain, but after the 1998 crisis the Company's shareholders decided to diversify into other food retail market segments to take advantage of a broad market base
- The Company operates two retail chain formats: supermarket and hypermarket ("Our Hypermarket"). Supermarket format includes 3 types of stores: Luxury "5 stars", mid-range "Universam" and convenience-type "Next-Door" stores
- Strong well-known brand - Company's spontaneous brand awareness was over 90% and customer loyalty near 72% according to AC Nielsen research for 2005
- The Company is controlled by two major shareholders and its original founders Mr. V.Gruzdev and Mr. A.Zanadvorov
- In November 2004, the Company first among the Russian retail companies placed 13% of shares in an IPO with the listing on RTS and MICEX. In April 2006, the Company carried out follow-on of 14% on RTS and raised app. $240 mn. increasing free-float up to 25,2%.

# "Seventh Continent" major history facts:



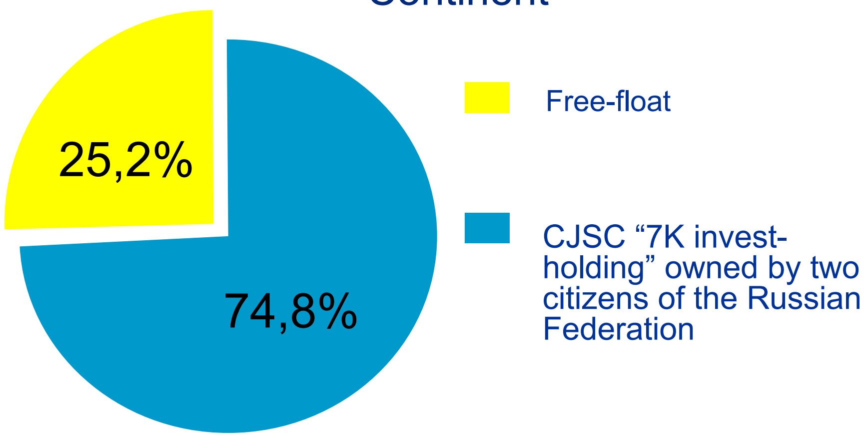

*Strong record of growth – 123 stores at the end of 2006*

# Company legal structure is clear and transparent

**JSC «The Seventh Continent»**

| | | |
|---|---|---|
| 100 % | CJSC «The Seventh Continent – RT» | Management company |
| 100 % | LLC «7K-Development and Maintenance» | Maintenance of buildings and administration of new openings |
| 100 % | LLC «7K – delivery» | Direct delivery service to home and to the offices |
| 100 % | LLC «The Seventh Continent – R» | Retail operations outside Moscow city |
| 99,99 % (owned by LLC «The Seventh Continent – R») | LLC «The Seventh Continent – NW» | Retail operations in North-West region |
| 100 % | LLC «Megapolis-invest» | Operations with real estate, Perm region |
| 51 % | LLC «Bank Finservis» | Bank operations |
| 50 % + 1 share | JSC «ProstorMarket» | Retail operations, Minsk, Belorussia |
| 40 % | LLC "RetailMediaGroup" | Media operations |

## Shareholding Structure of JSC "The Seventh Continent"



# Two established store formats

Supermarkets

## Supermarkets

- 118 stores at the end of 2006
- 32% gross margin 2006*
- 87% of revenues 2006
- 20,000 SKU

- Targets all income levels

### 5 Stars

- 27 stores at the end of 2006
- 37% gross margin 2006 *
- 28% of revenues 2006
- 18,000 SKU

- Above-average income level
- Wealthy customers
- Located in central areas and upper-end residential districts
- Individual service approach

### Universam

- 60 stores at the end of 2006
- 31% gross margin 2006 *
- 47% of revenues 2006
- 20,000 SKU

- Average income level
- Family purchases account for larger share of revenue
- Located close to major transport junctions or underground stations

### Next-Door

- 31 stores at the end of 2006
- 28% gross margin 2006 *
- 12% of revenues 2006
- 8,000 SKU

- All income levels
- Occasional purchases
- Located in densely populated districts of Moscow
- Positioned as stores located close to customers

Hypermarkets

## Hypermarkets

- 5 hypermarkets at the end of 2006
- 24,6% gross margin 2006*
- 13% of revenues 2006
- 40,000 SKU

- Targets large size purchase

**Multi - format approach allows to cover different market niches**

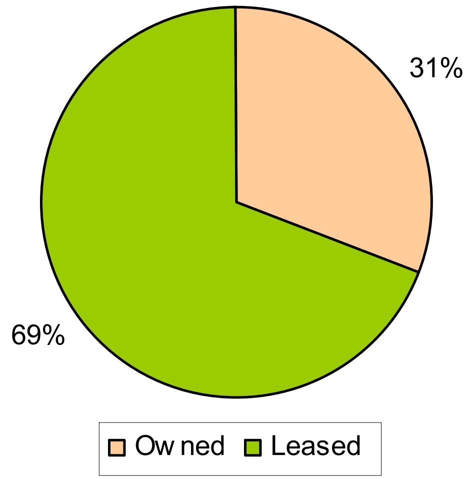


* - including marketing, rent and other revenues

# Number of stores

| Title | Stores opened by January 1, 2006 | Stores opened by January 1, 2007 |
|---|---|---|
| **Own** | 24 | 32 |
| **Rented** | 87 | 91 |
| **Total** | **111** | **123** |

**Distribution of selling space**




*The share of owned selling space is increasing*

# Our strategy

**Increasing market share**

- Hypermarket format development
- Expansion to regions with cities of more than 0,5 mn inhabitants
- Retain leading position in Moscow's supermarket segment
- Profitable acquisitions and successful integration of other retail chains

**Facilitating our sales growth**

- Improvement of product mix
- Private label, in-store production and non-food products share growth
- Marketing and merchandising
- Value-added services
- Employee training

**Improving operating efficiency**

- Focus on cost control
- Centralised management
- Purchasing power
- IT and logistics

**Developing customer loyalty**

- Focus on competitive advantages and growth
- "One stop-shop" stores concept
- Introduction of discount programs, including new discount and bonus programmes involving banking cards

**Sustainable sales growth rate in the mid-term perspective**

СЕДЬМОЙ КОНТИНЕНТ

# Business model

| Retail formats | Locations: Moscow | Locations: Other regions of Russia |
|---|---|---|
| Luxury food stores | Opportunistic | STAYING OUT |
| Upmarket supermarkets | CORE existing operations | STAYING OUT |
| Classic supermarkets | CORE existing operations | Opportunistic |
| Convenience stores | CORE existing operations | Opportunistic |
| Hypermarkets | CORE existing operations | Targeted niche |
| Cash & Carry | STAYING OUT | STAYING OUT |
| Discounters | STAYING OUT | STAYING OUT |

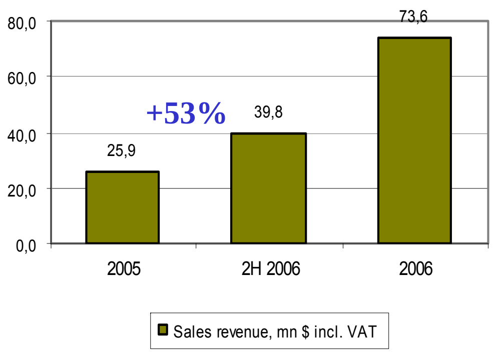
# Hypermarket format introduction

"Our Hypermarket" format offers our customers the advantage of low prices, a broad assortment of both food and non-food products as well as the extended presence of our own "private label" product line. The targeted share of non-food products in hypermarkets is high – 30-40% depending on space.

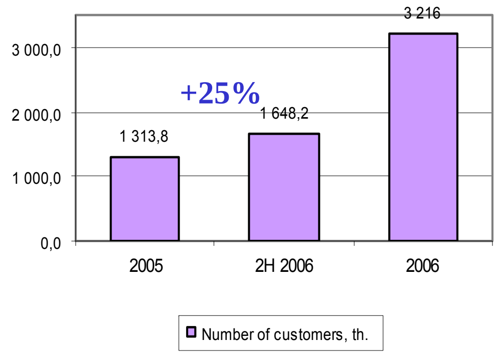
The Company's first "Our Hypermarket" store was opened in July 2005. It showed following results in 2006:

- 3.2 million of customers;
- $ 22.9 average ticket (22% increase to 2005):
- $ 14.2 thousand sales per sq. m. of selling space

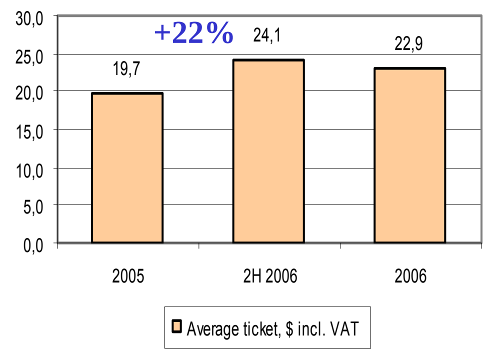
**Sales revenue**




**Number of customers**



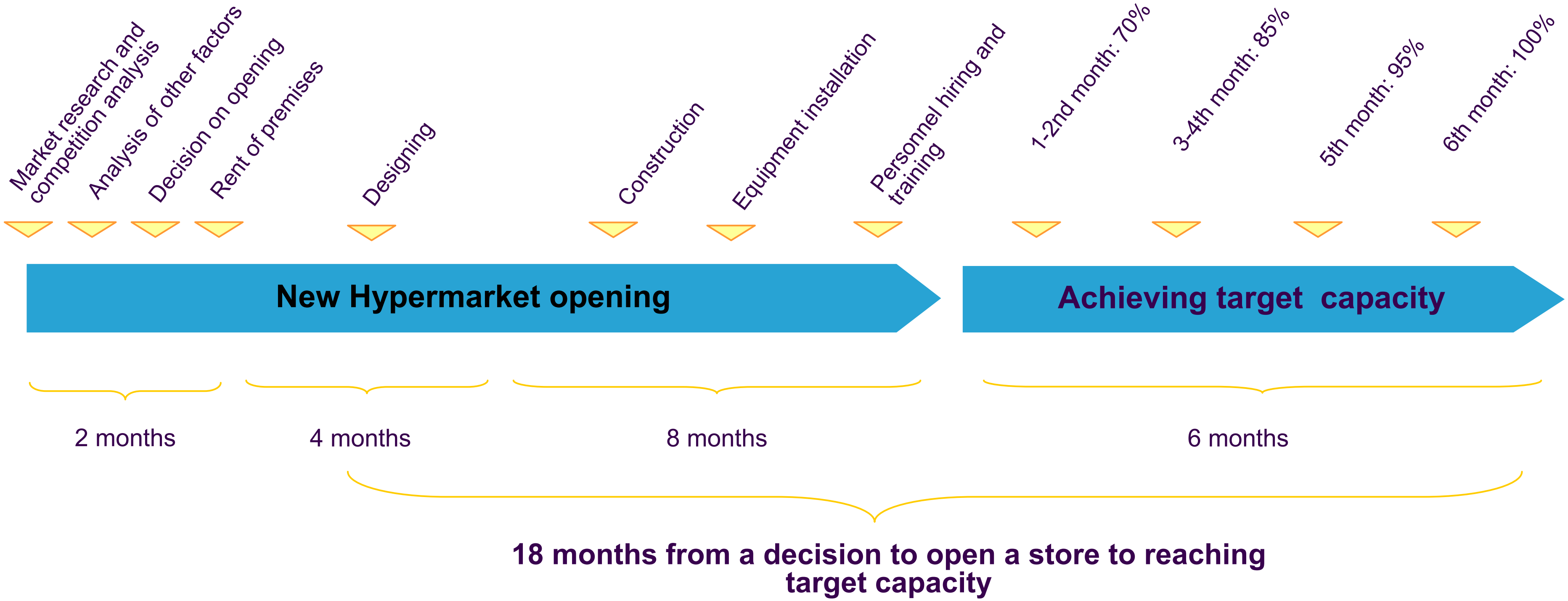

**Average ticket dynamics**



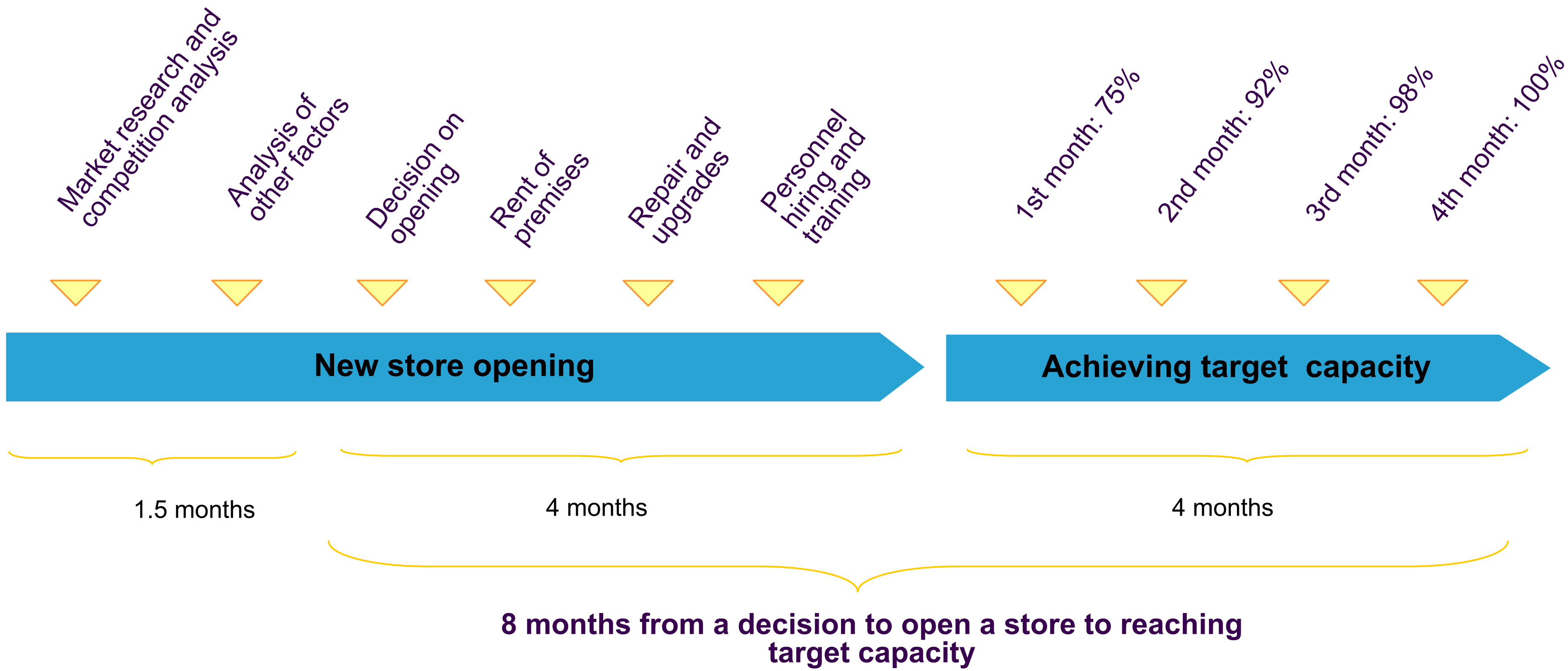
# We actively move into the regions


- **5 hypermarkets at the end of 2006 in 4 regions:**
  - **Moscow (2 hypermarkets)**
  - **St-Petersburg**
  - **Ryazan**
  - **Minsk, Belorussia**
- **In the medium term we will start new sites in Chelyabinsk, Perm, Kaliningrad, Tomsk, Reutov, Yaroslavl, Krasnoyarsk, Rostov na Donu, Moscow, Ivanovo, Ufa and other regions**

# Hypermarket opening process



# Supermarket opening process

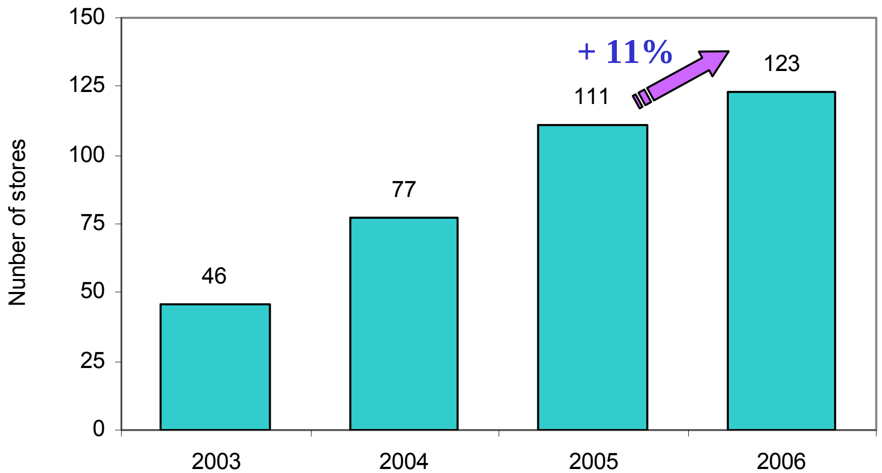



**Considerable experience allows us to open stores within a short period of time**

# 2. Operational results, 2006

# Key performance indicators – store openings

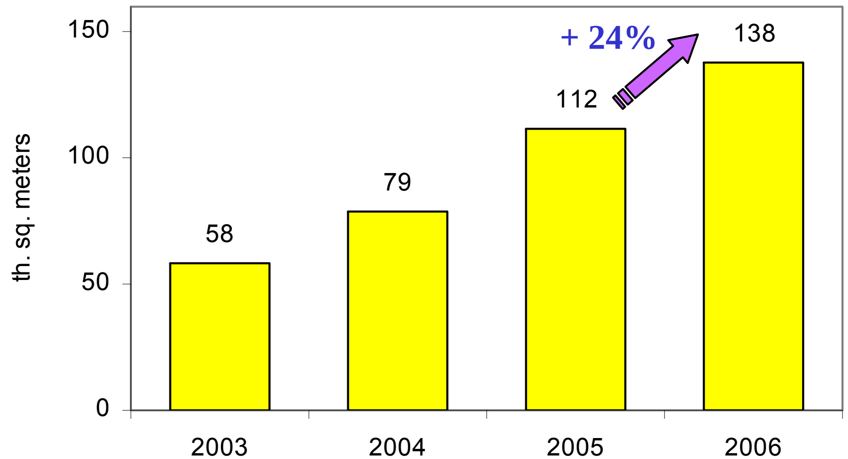
Number of stores, EOP




***We have opened 12 stores in 2006, including 4 hypermarkets***

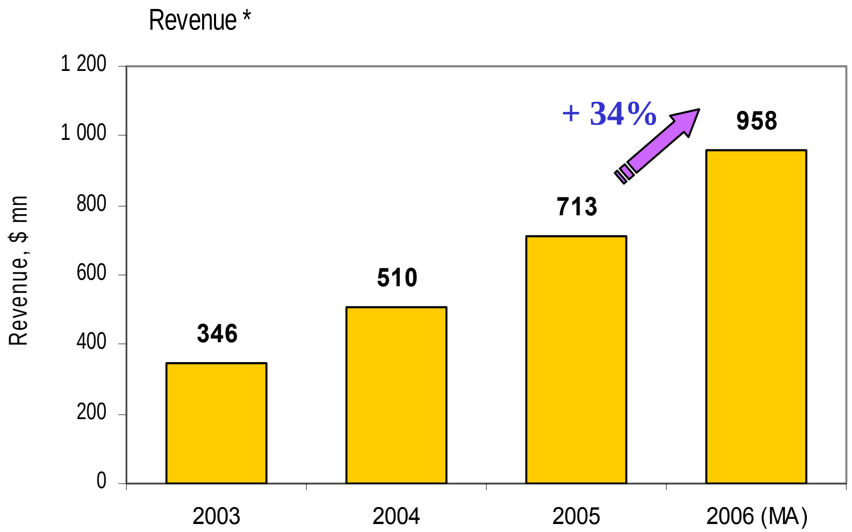
***Selling space grows faster because of hypermarket expansion***

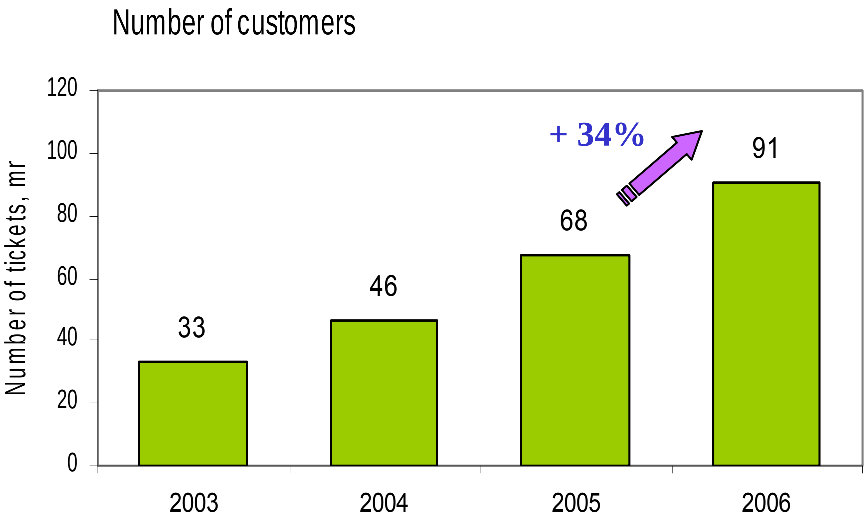
Selling space, EOP



# Key performance indicators – revenues

***Revenues have grown 34% ****



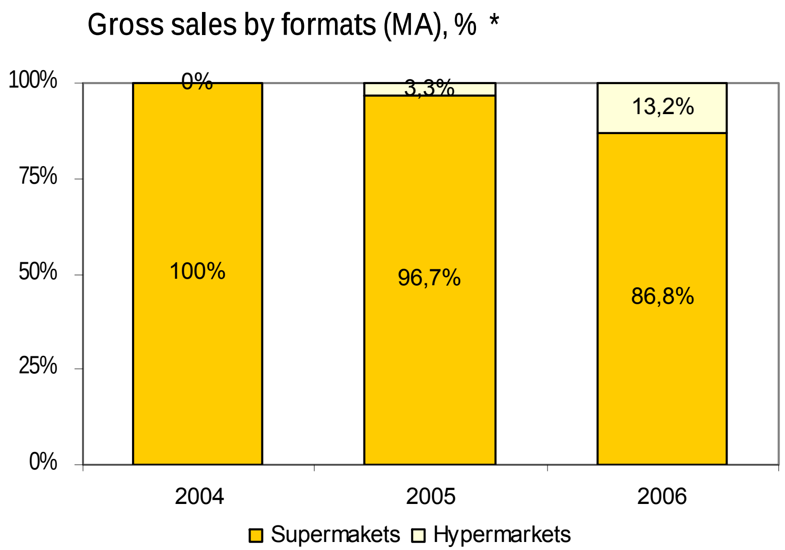




***Customer base grows in line with revenue growth***

* 2006 – in accordance with management accounts

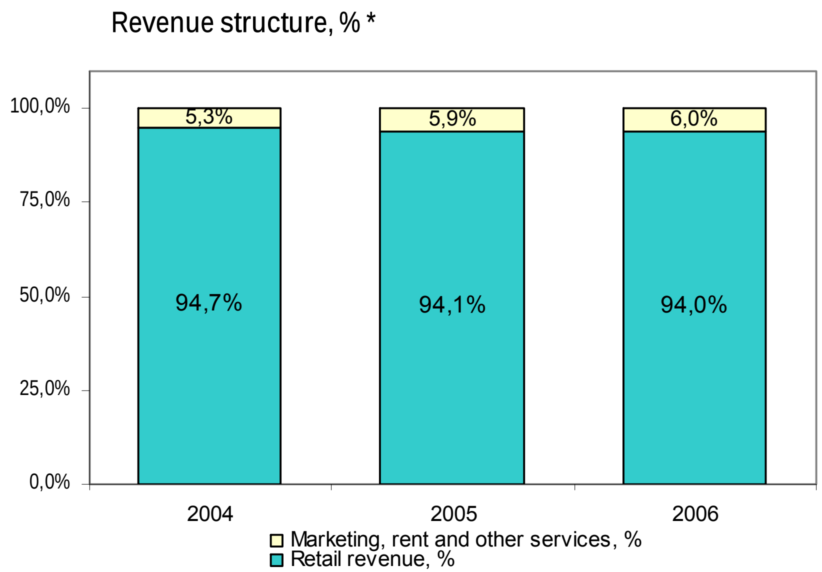
** - Without close-down for reconstruction of the two flag-ship stores estimated revenues would have grown 37,5%

# Key performance indicators – revenue structure




***Share of hypermarket sales have grown to 13,2% of gross retail sales***

***Share of non-retail revenues have grown to 6%***

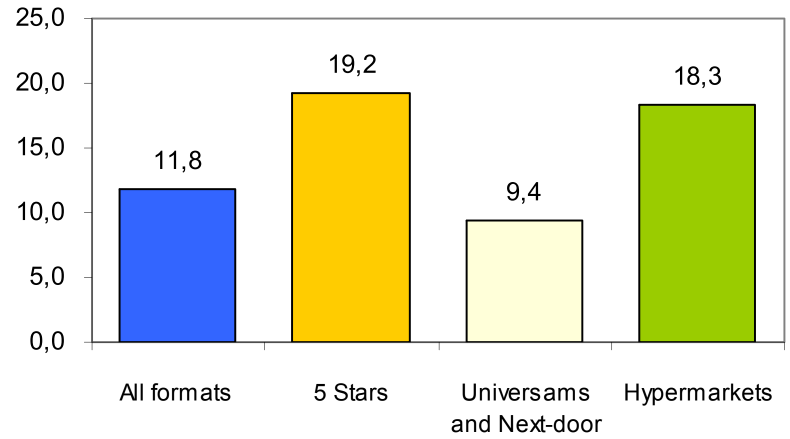



* 2006 – in accordance with management accounts

# Key performance indicators – average ticket

***Average ticket in hypermarkets is yet to mature***

**Average ticket by format, $ incl. VAT, 2006**




**Average ticket by region, $ incl. VAT**

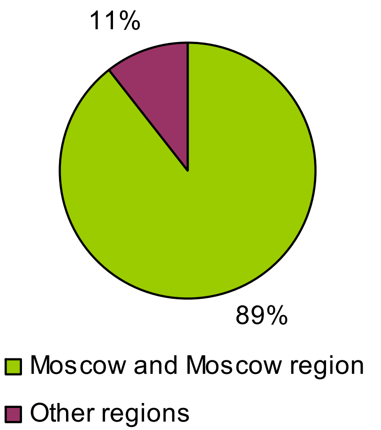

***Average ticket has grown 7% in Moscow region and 28% in other regions***

# Key performance indicators – regional operations

## *Moscow is the core market*

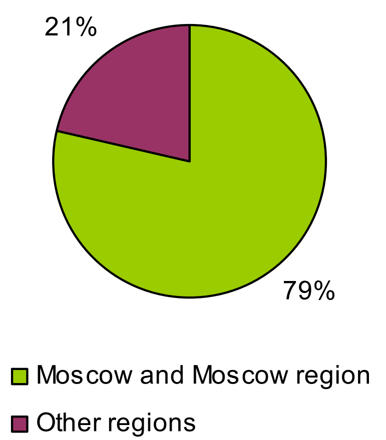
- ***Moscow and Moscow region***
- ***Kaliningrad region***
- ***St - Petersburg***
- ***Ryazan***
- ***Minsk, Belorussia***

**Gross retail sales, incl. VAT***




**Number of customers**


**Selling space, EOP**




## *We will continue active regional expansion*

* In accordance with management accounts

# High margin products and services

## Non-food products

- Share of 13% in supermarkets' revenue and up to 28% in hypermarkets' sales in 2006
- Hypermarkets will boost the share of non-food in total revenues to 30-40% depending on volume of selling spaces
- Higher margins than on foodstuffs: on average 31.4% compared to 26.8 % on food products

## Private label

- Sales started in July 2005:

  -"Our product" brand

  -More than 900 SKUs in 2006

  -20 product categories

  -In «Our Hypermarket», «Next-Door» stores and «Universam»

  -Selling price is at 10% lower than equivalent branded products

## In-store production

### Bakeries

- Own bakeries located in supermarkets
- Over 130 types of product, including diet types of bread and traditional pastries

### Meat products

- Sale of meat production in most of our retail chain stores
- Over 430 types of products, including marinades, and meat convenience foods

## Other services

### Company projects:

- Direct delivery
- Retail banking services and discount programmes

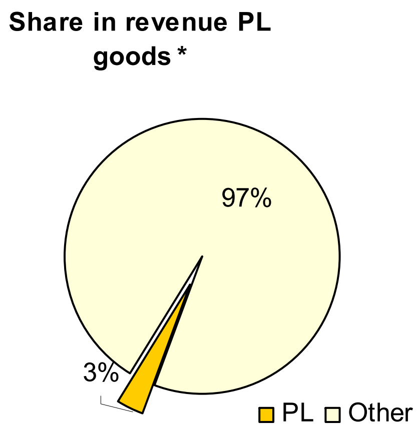
### Lease of space to:

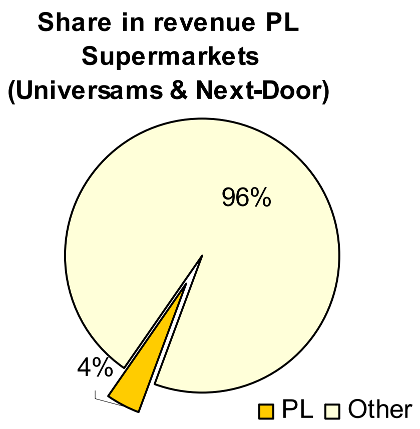
- Outlets for mobile telephony service providers
- Dry-cleaning service providers
- Currency exchanges
- Photo laboratories
- Pharmacies
- Gift shops

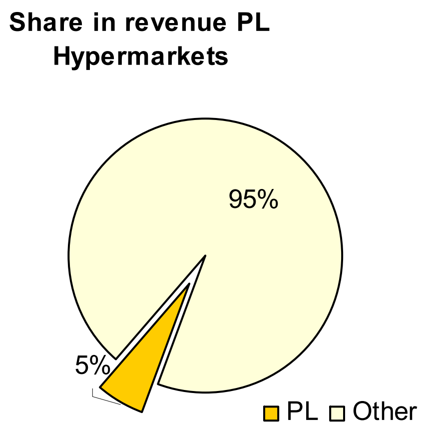
*Focus on further increasing the share of high margin goods and services in revenue*

# Private Label – “Our Product”

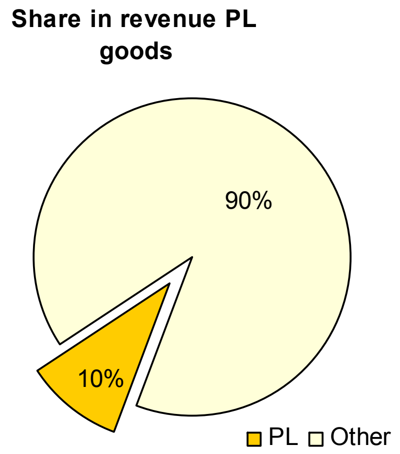
**2006 results**




**We target**




*We intend to increase PL sales to improve profitability*

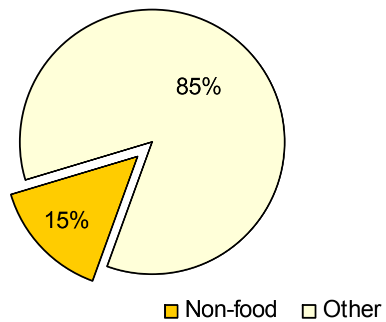
* - current line of PL is not sold in our 5 stars stores

# Product mix

## Food and non-food

### 2006

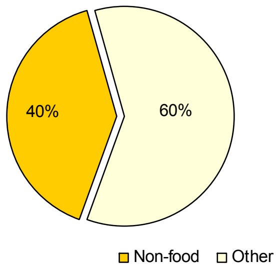
**Share in revenue non-food - All formats**




### Targeted by 2009

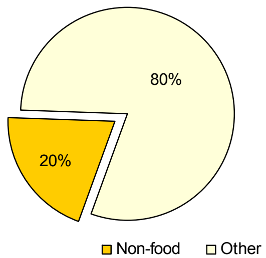
#### Hypermarkets

**Share in revenue non-fooD - Hypermarkets - Targeted**




#### Supermarkets

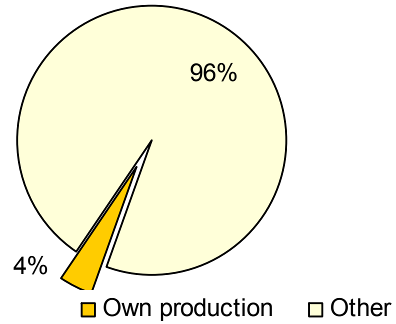
**Share in revenue non-food - Supermarkets - Targeted**




## Own production and resale

### 2006

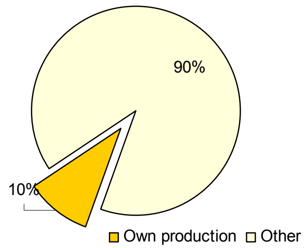
**Share in revenue own production**




### Targeted by 2009

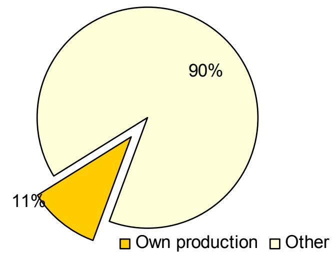
#### Hypermarkets

**Share in revenue own production - Hypermarkets - Targeted**



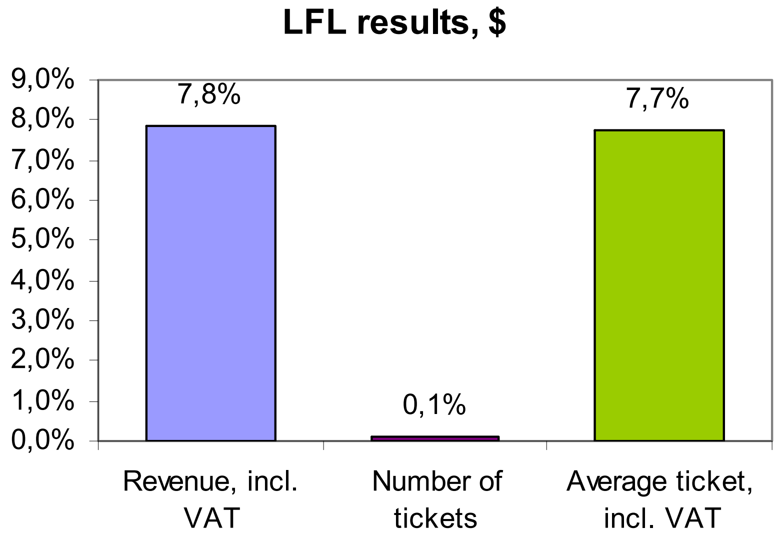

#### Supermarkets

**Share in revenue own production - Supermarkets - Targeted**




**We plan to boost our revenues and profitability by increasing the share of high margin products in the product mix**

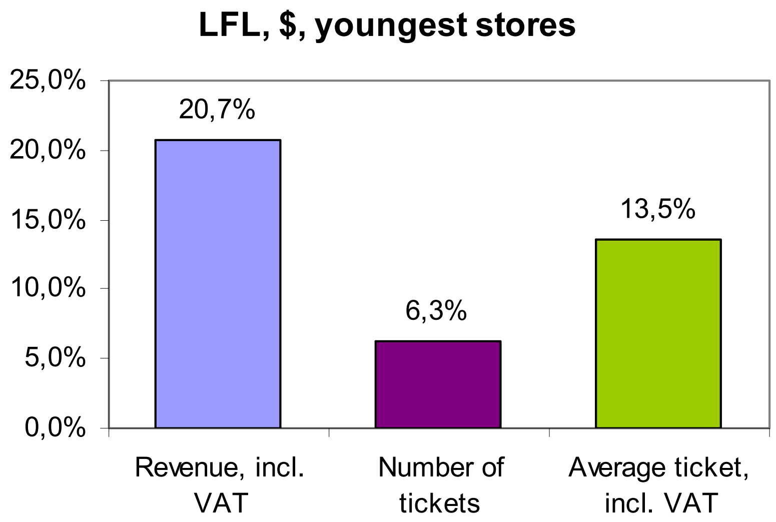
# Same - store sales, 2006 - 2005



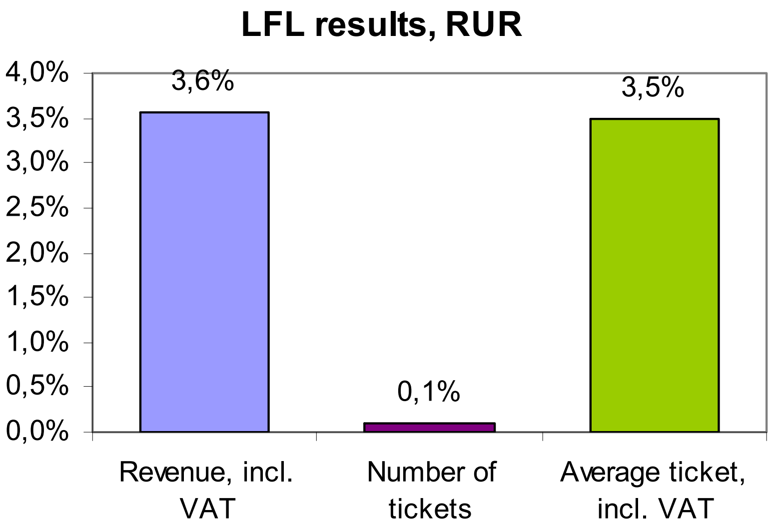

***LFL growth came on the back of average ticket growth, because most of the stores are mature***

***"5 stars" sales per sq.m. exceeded $11,1 thousand in 2006***

***Stores less than 3 years old (the youngest in LFL analysis) show growth rates of 21%***



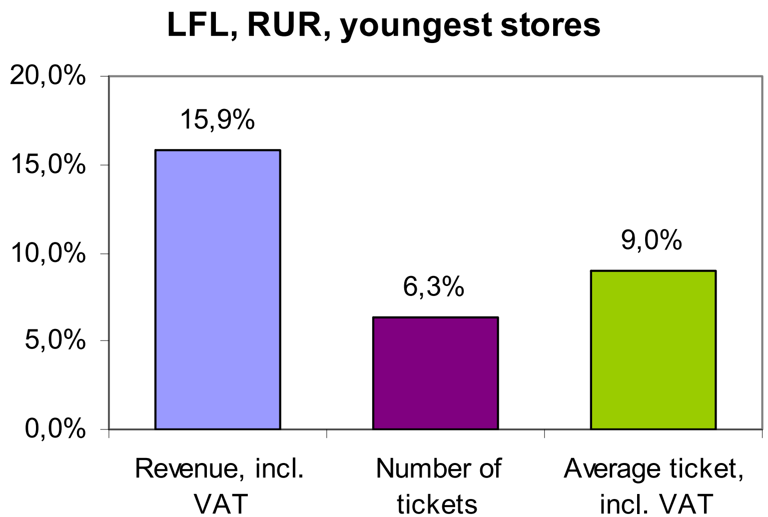
# Same - store sales, 2006 - 2005




***LFL growth came on the back of average ticket growth, because most of the stores are mature***

***"5 stars" sales per sq.m. exceeded $11,1 thousand in 2006***

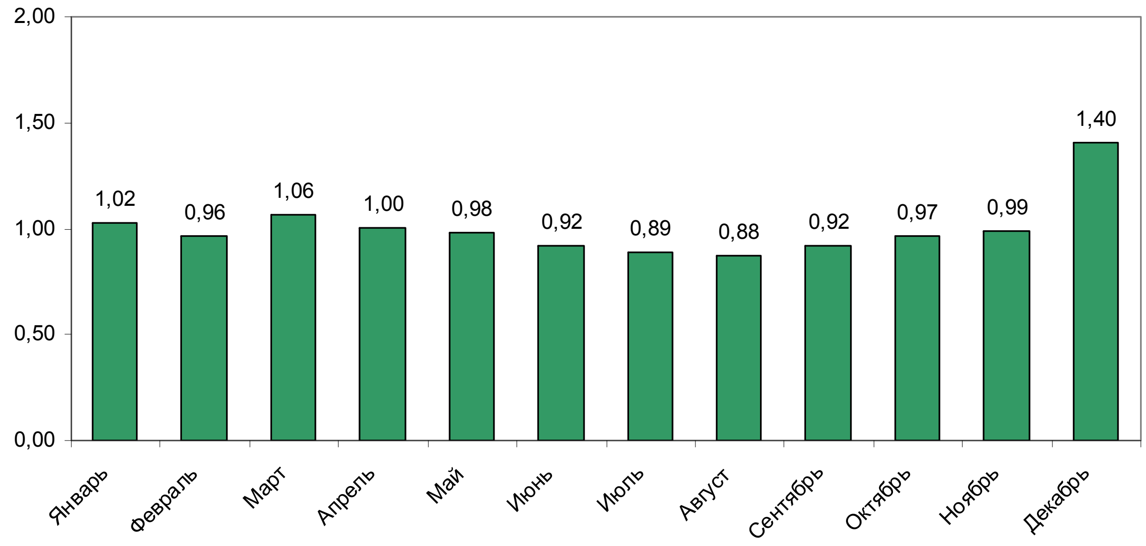
***Stores less than 3 years old (the youngest in LFL analysis) show growth rates of 16%***



# Seasonality control

- Food retail market is seasonal with the highest peak in December
- We try to use seasonality to our advantage through encouraging sales of products when demand for them is particularly high
- Product mix management helps us to keep the sales ratio at a level of no less than 0.88 even in August, the “slowest” month

**Seasonality, 2006**

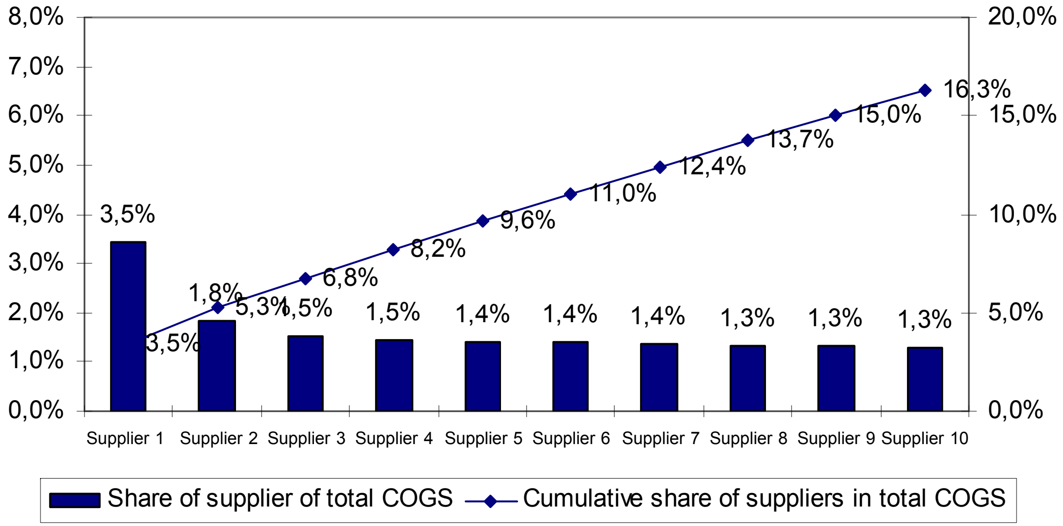



*Our marketing efforts are aimed at eliminating negative seasonality factors*

# Supply chain management

- The number of suppliers at the end of 2006 is 750 for the core Moscow market, including the hypermarkets
- We decreased the number of suppliers for our supermarkets from over 1 000 in 2003 to approximately 500 in 2005
- 10 largest suppliers account for 16% of our total cost of goods sold - none of them has more than a 4% share of our total expenditures for all supplied products
- Targeted share of centralized purchases is 60-70% depending on regions
- The terms of our supply contracts provide substantial quantity discounts and 30-60 day delays in payments and are established for 2 years

**Contribution by largest suppliers, 2006**




*Actually, we are not dependant on any supplier*

# 3. Financial results, 2006

*Note: Additionally to full IFRS results, Profit & Loss Statement results are presented without the influence of "Finservice" Bank financials. The Company acquired the control stake in the Bank in April 2006.*

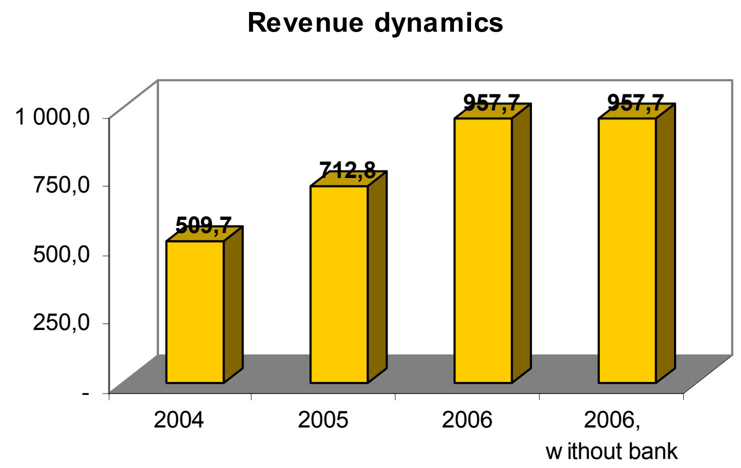
# Income Statement

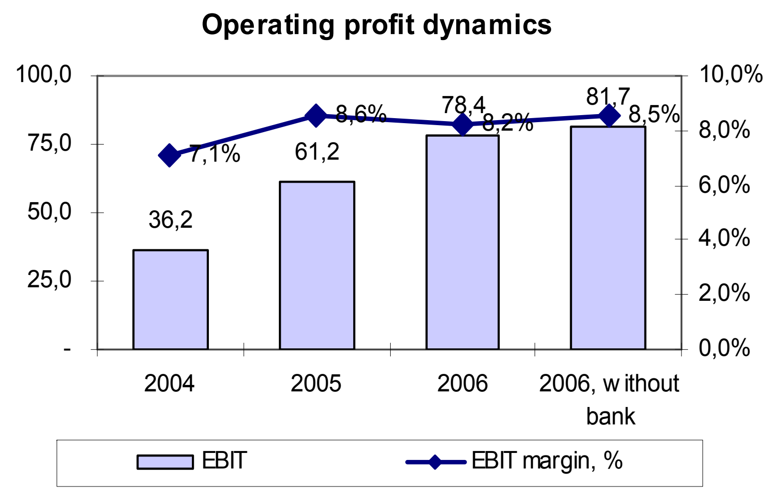
| $ mn | 2004 | 2005 | 2006 | 2006, without bank | Growth YoY, % | Growth YoY, %, without bank |
|---|---|---|---|---|---|---|
| **Net sales** | **509,7** | **712,8** | **957,7** | **957,7** | *34%* | *34%* |
| Cost of sales | (351,2) | (483,6) | (659,7) | (659,7) | *36%* | *36%* |
| **Gross profit** | **158,5** | **229,2** | **297,9** | **297,9** | *30%* | *30%* |
| *Gross margin, %* | *31,1%* | *32,2%* | *31,1%* | *31,1%* | | |
| **General, selling and distribution expenses** | (122,6) | (168,1) | (216,0) | (216,0) | *29%* | *29%* |
| *As % of sales* | *24,1%* | *23,6%* | *22,6%* | *22,6%* | | |
| Other operating income and expenses (net) | 0,4 | 0,1 | (3,5) | (0,2) | | |
| **EBITDA** | **42,8** | **74,7** | **103,9** | **107,1** | *39%* | *43%* |
| *EBITDA margin, %* | *8,4%* | *10,5%* | *10,8%* | *11,2%* | | |
| **EBIT** | **36,2** | **61,2** | **78,4** | **81,7** | *28%* | *33%* |
| *EBIT margin, %* | *7,1%* | *8,6%* | *8,2%* | *8,5%* | | |
| Interest expense | (0,3) | (1,7) | (5,5) | (5,5) | | |
| Interest income | 0,9 | 4,4 | 16,8 | 14,8 | | |
| Other non-operating income / expenses, net | (0,0) | 0,1 | 2,6 | 1,7 | | |
| **Net income** | **27,3** | **47,1** | **67,6** | **67,8** | *44%* | *44%* |
| *Net income margin, %* | *5,4%* | *6,6%* | *7,1%* | *7,1%* | | |

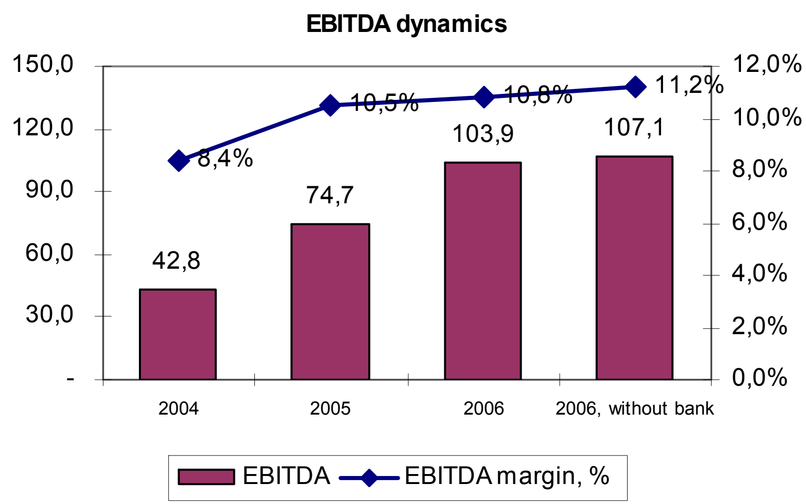
*Profits growth outpaces revenues*

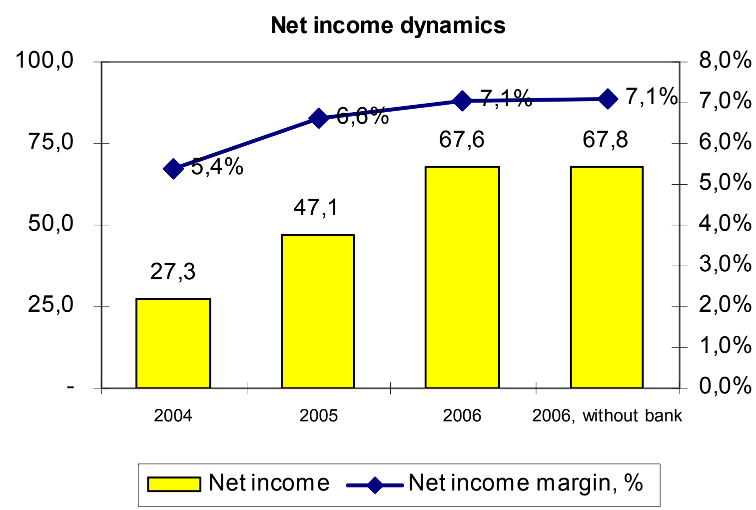
СЕДЬМОЙ КОНТИНЕНТ

# Key income statement dynamics



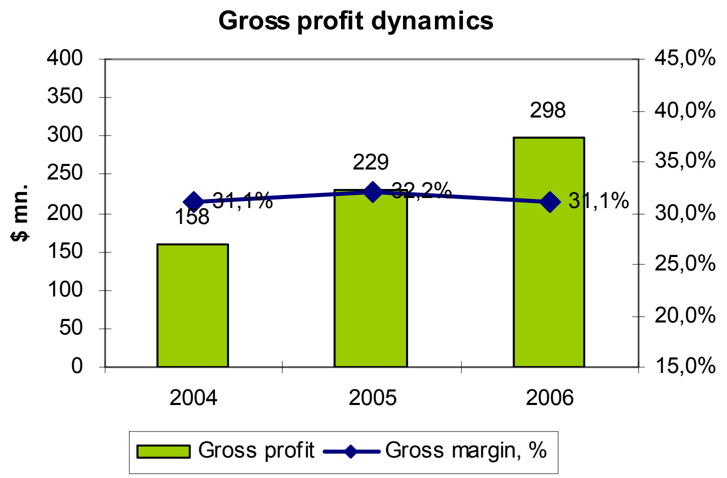



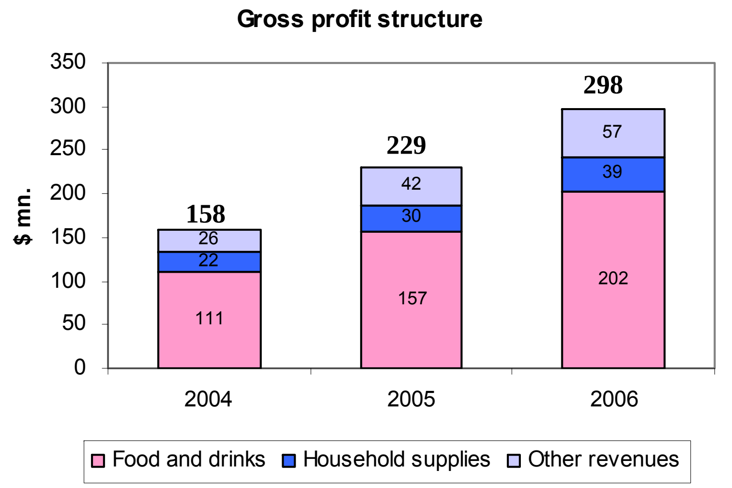



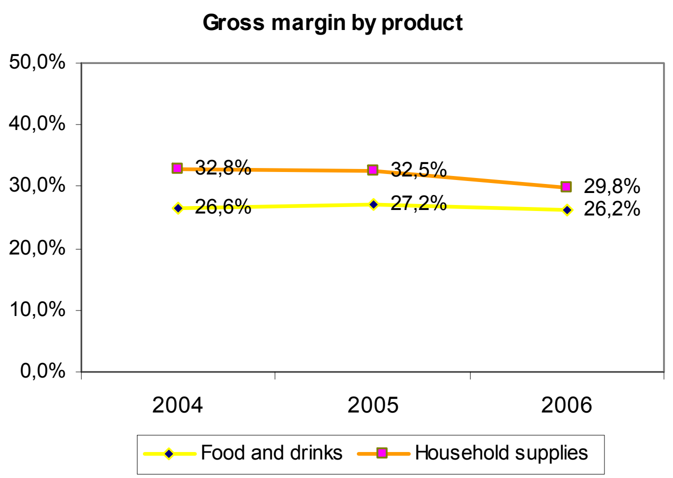



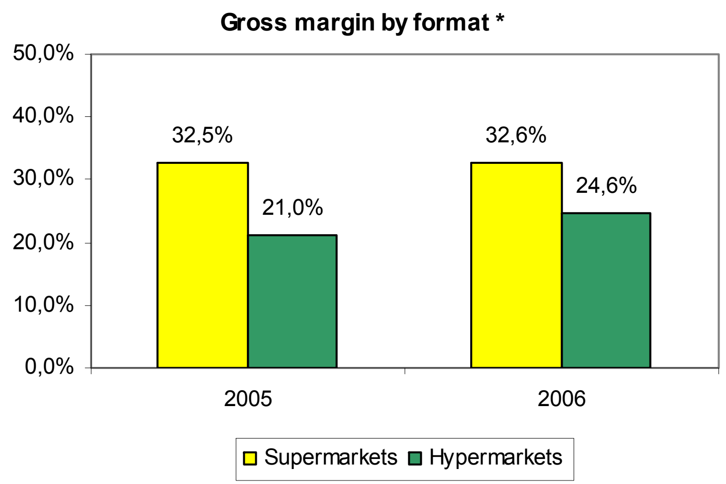

*Profitability improved in 2006*

# Gross profit dynamics




*Hypermarket format expansion is the major driver to gross margin change*



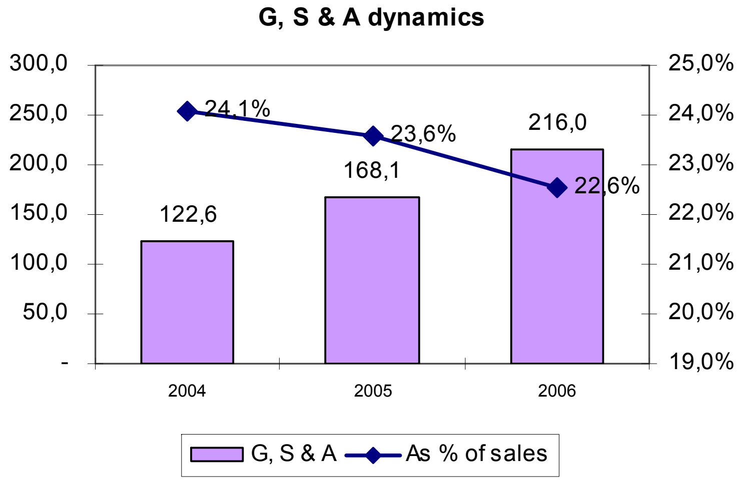
* - In accordance with management accounts

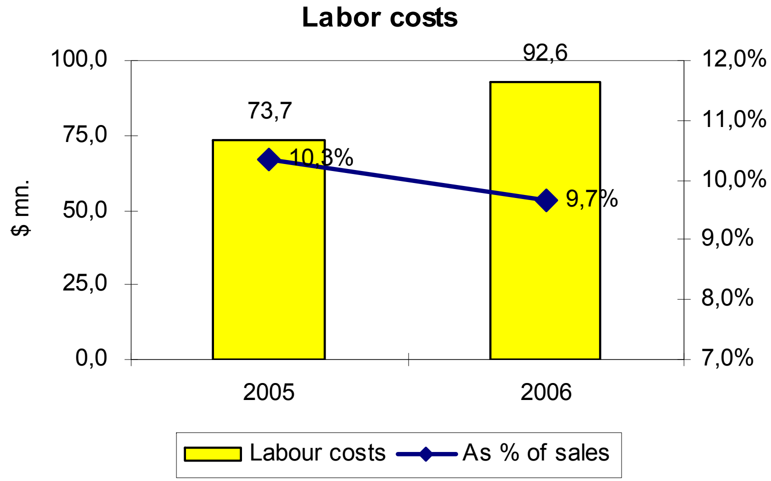
# Operating expenses analysis

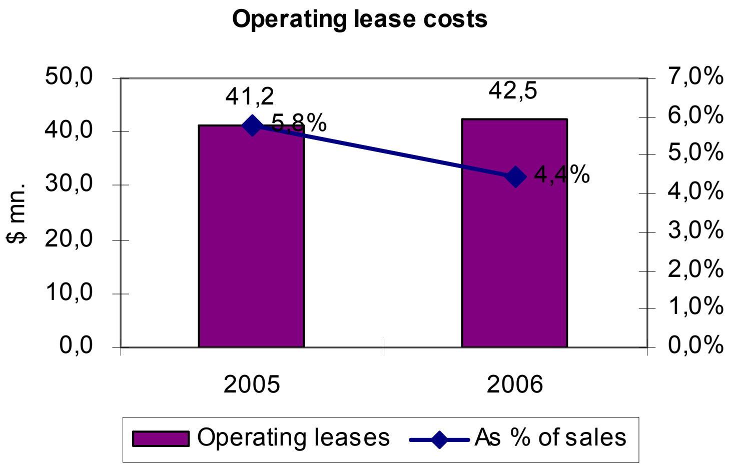
| Operating expenses | $ mn. | | As % of sales | | Structure | |
|---|---|---|---|---|---|---|
| | 2005 | 2006 | 2005 | 2006 | 2005 | 2006 |
| Labour costs | 73,7 | 92,6 | 10,3% | 9,7% | 43,8% | 42,9% |
| Operating leases | 41,2 | 42,5 | 5,8% | 4,4% | 24,5% | 19,7% |
| Depreciation and amortization | 13,5 | 25,5 | 1,9% | 2,7% | 8,0% | 11,8% |
| Materials and supplies | 9,8 | 13,0 | 1,4% | 1,4% | 5,8% | 6,0% |
| Utilities | 6,9 | 9,9 | 1,0% | 1,0% | 4,1% | 4,6% |
| Repairs & maintenance | 8,2 | 11,2 | 1,2% | 1,2% | 4,9% | 5,2% |
| Security expenses | 4,4 | 7,0 | 0,6% | 0,7% | 2,6% | 3,2% |
| Advertising expenses | 3,4 | 4,0 | 0,5% | 0,4% | 2,0% | 1,9% |
| Bank commissions | 2,3 | 2,3 | 0,3% | 0,2% | 1,4% | 1,1% |
| Taxes (other then income tax) | 1,7 | 4,0 | 0,2% | 0,4% | 1,0% | 1,8% |
| Insurance expenses | 0,5 | 0,5 | 0,1% | 0,1% | 0,3% | 0,3% |
| Other | 2,4 | 3,4 | 0,3% | 0,4% | 1,4% | 1,6% |
| **Total operating expenses** | **168,1** | **216,0** | **23,6%** | **22,6%** | | |

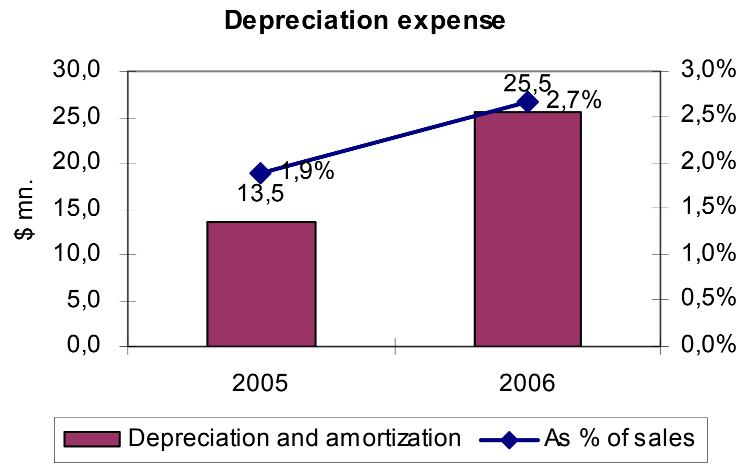
*We focus on improving efficiency and productivity*

# Operating expense dynamics




*Cost management leads to higher profitability*

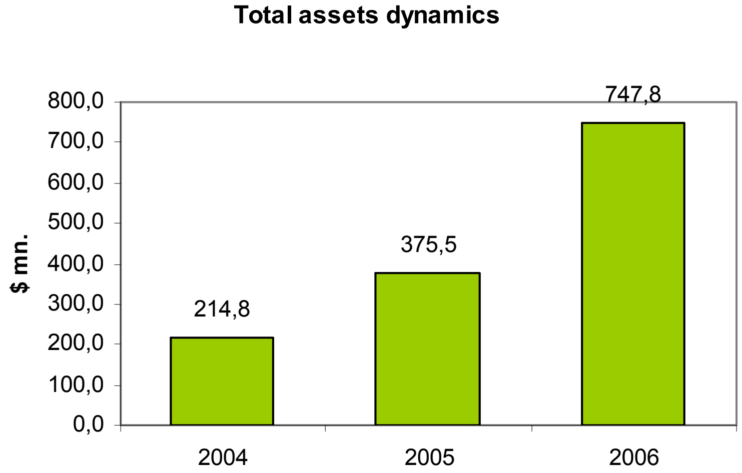
# Balance Sheet

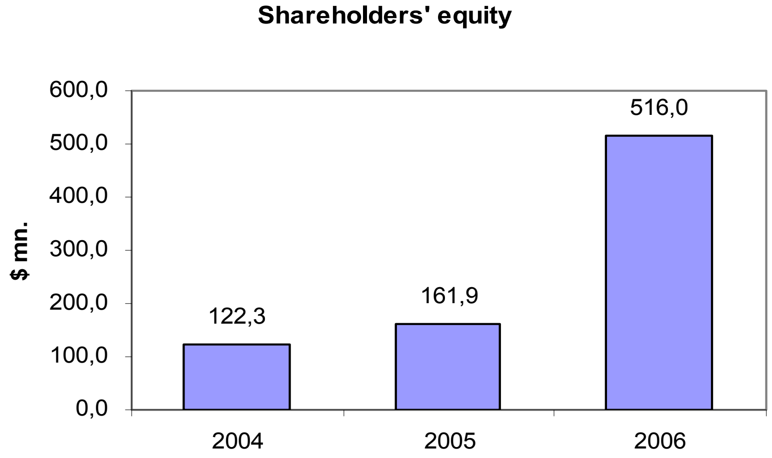
| $ mn | 2004 | 2005 | 2006 | Growth, YoY, 2006 - 2005 |
|---|---|---|---|---|
| Cash and cash equivalents | 78,3 | 65,6 | 51,2 | |
| Short-term Investments | 2,7 | 2,3 | 52,6 | |
| Accounts receivable and prepayments | 22,4 | 29,1 | 60,7 | |
| Inventories | 35,3 | 54,8 | 79,7 | |
| **Total current assets** | **138,8** | **151,8** | **244,3** | 92,5 |
| | | | | |
| Property, plant and equipment | 73,8 | 133,6 | 234,3 | |
| Long-term prepayments and other non-current receivables | 1,6 | 89,7 | 261,2 | |
| Other | 0,6 | 0,4 | 8,1 | |
| **Total non-current assets** | **76,0** | **223,7** | **503,5** | 279,8 |
| | | | | |
| **Total assets** | **214,8** | **375,5** | **747,8** | 372,3 |

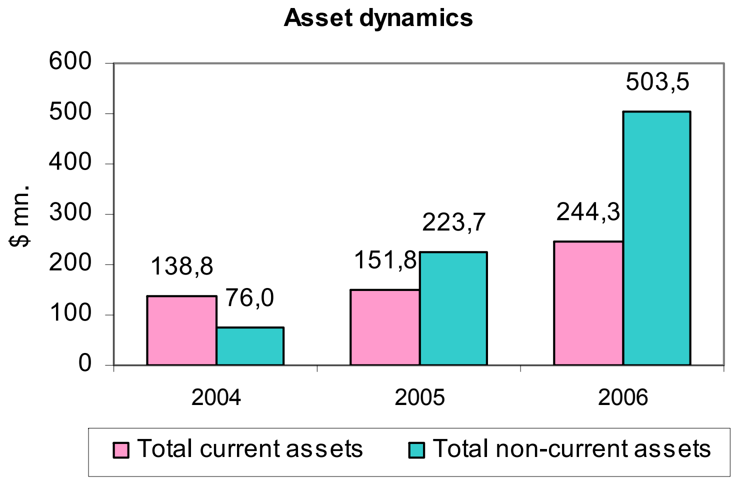
| $ mn | 2004 | 2005 | 2006 | Growth, YoY, 2006 - 2005 |
|---|---|---|---|---|
| Accounts payable | 77,1 | 97,5 | 150,2 | |
| Borrowings | - | 91,7 | 50,7 | |
| Other | 15,4 | 24,4 | 30,9 | |
| **Total liabilities** | **92,5** | **213,6** | **231,8** | 18,2 |
| **Total shareholders' equity** | **122,3** | **161,9** | **516,0** | 354,1 |
| | | | | |
| **Total liabilities and shareholders' equity** | **214,8** | **375,5** | **747,8** | 372,3 |

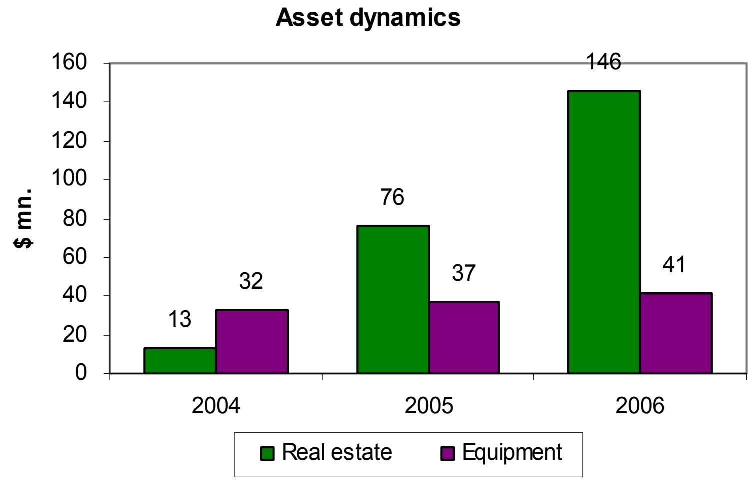
*Total assets doubled during 2006*

# Asset analysis




*Asset base grows actively*

# Working capital

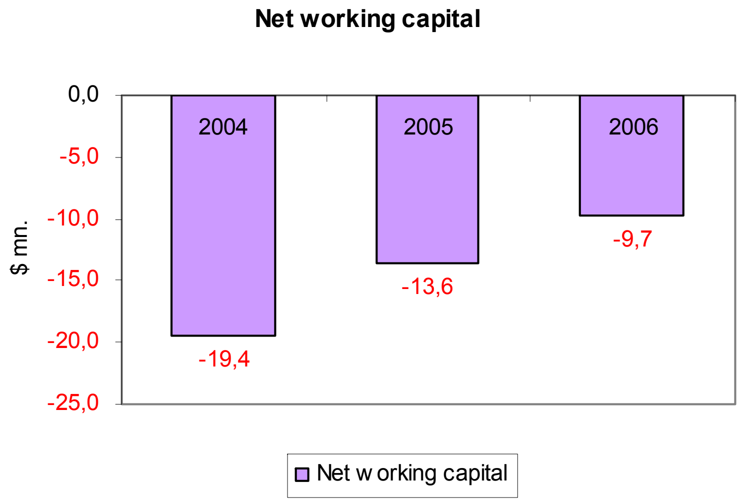
| $ mn | 2004 | 2005 | 2006 |
|---|---|---|---|
| Accounts receivable and prepayment | 22,4 | 29,1 | 60,7 |
| Inventories | 35,3 | 54,8 | 79,8 |
| Accounts payable | 77,1 | 97,5 | 150,2 |
| Net working capital | -19,4 | -13,6 | -9,7 |

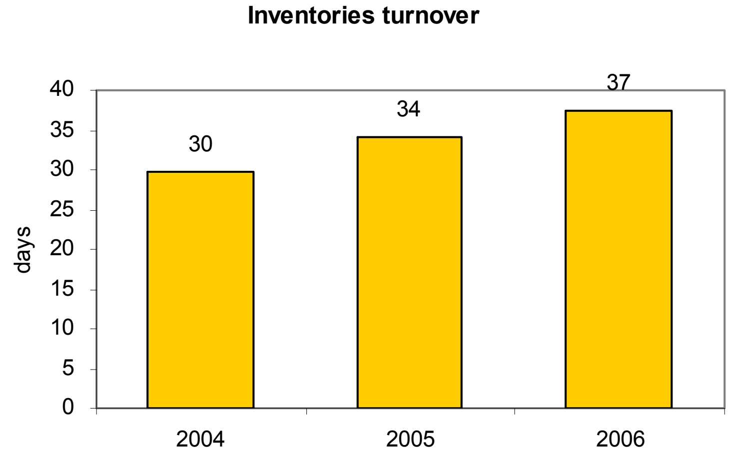
**Turnover**

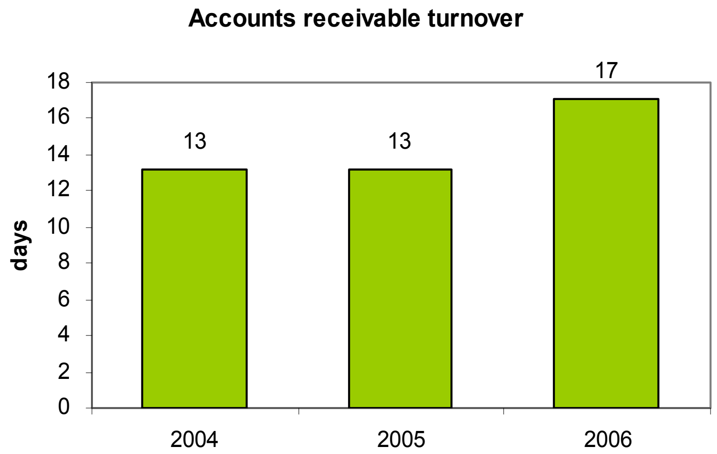
| Days | 2004 | 2005 | 2006 |
|---|---|---|---|
| Accounts receivable turnover | 13 | 13 | 17 |
| Inventories turnover | 30 | 34 | 37 |
| Accounts payable turnover | 59 | 66 | 69 |

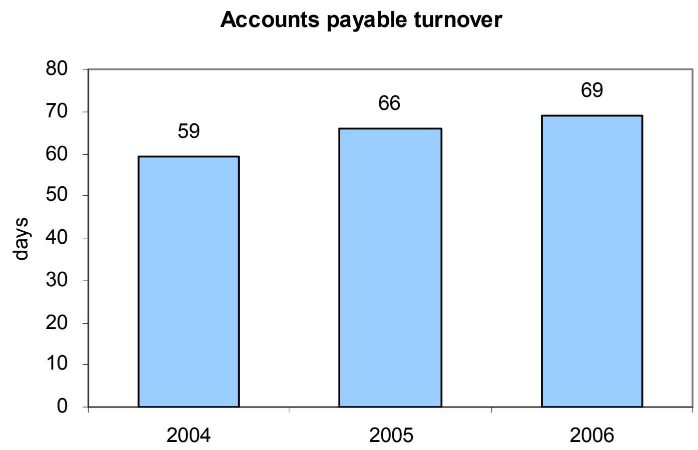
*We improve our supply contracts conditions with the growth in sales*

# Working capital dynamics



# Leverage

| | 2005 | 2006 |
|---|---|---|
| Debt / EBITDA | 1.23x | 0.49x |
| Debt / Shareholders' equity | 0.57x | 0.10x |
| EBITDA / Interest expenses | 44.7x | 18.8x |

- In September 2005, the Company concluded a USD 90 mn loan agreement with Dresdner Bank AG London Branch, as lender, for 2 years at 7,25%.
- In September 2006, USD 58.2 mn of principal debt was repaid.

*We intend to increase the leverage in 2007 for our growth projects*

*Bond issue prospectus for 7 bn. RUR was registered in Dec. 2006*

# 4. Supplementary information

# In-store banking project

***In April 2006 we started joint in-store banking project***



***to offer additional value to our customers***

# Acquisition of “Finservis Bank” – advantages of synergy

**Expansion of customer base**

- 96 thousand card issued in 2006
- Minimum 210 thousand clients in 2010

**Joint loyalty program**

- 5% discount program
- Co – branded debit / credit cards
- Faster expansion in regional markets – already in Kaliningrad region

**Additional services to our customers**

- 80 mini-offices and 113 ATMs at “Seventh Continent” sites
- Retail and car loans, real estate loans, personal accounts

**Higher average ticket**

- Average credit card sale more than twice higher than cash sale (2005 data)

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fin финсервис

**We expect sales growth through provision of additional services and growing customer loyalty**

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# Russian retail market overview


*Source: Deutsche UFG Research estimates*


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***Russian food retail market will be growing 17,5% annually***

***With modern formats growing even faster***

# Competitive landscape in the Russian market

Net sales by chains, Russia, $ mn

| Company | 2003 | 2004 | 2005 | GROWTH 2004-2005 | GAGR 2003-2005 |
|---|---|---|---|---|---|
| Metro Cash&Carry (Germany) | 624 | 1213 | 1941 | 60,0% | 76,4% |
| Magnit | 512 | 852 | 1613 | 89,3% | 77,5% |
| Pyaterochka | 760 | 1106 | 1359 | 22,9% | 33,7% |
| Perekriostok | 373 | 660 | 1014 | 53,6% | 64,9% |
| Auchan (France) | 369 | 867 | 997 | 15,0% | 64,4% |
| Dixi | 254 | 559 | 860 | 53,8% | 84,0% |
| Seventh Continent | 346 | 510 | 713 | 39,8% | 43,5% |
| Lenta | 255 | 389 | 571 | 46,8% | 49,6% |
| Kopeika | 201 | 372 | 570 | 53,2% | 68,4% |
| Ramstore (Turkey) | 374 | 430 | 560 | 30,2% | 22,4% |
| Total | 2 932 | 4 893 | 6 644 | | |
| TOTAL FOOD RETAIL | 68 074 | 88 968 | 111 923 | | |
| Share of top-5 in total food | 3,88% | 5,28% | 6,19% | | |
| Share of top-10 in total food | 5,98% | 7,82% | 9,11% | | |

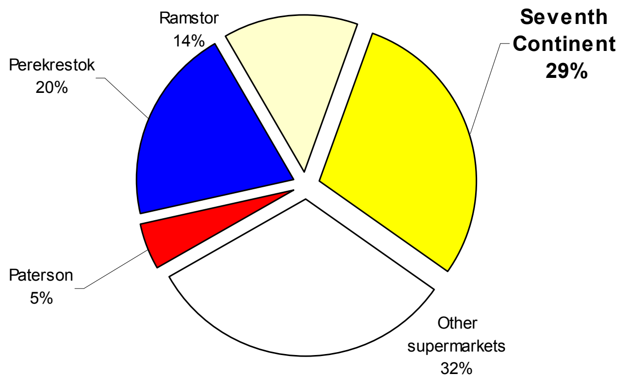
Seventh Continent Peer Group

*Source: Companies' data, Deutsche UFG Research estimates*

The market is still fragmented and large players are expected to grow more rapidly than the market on average

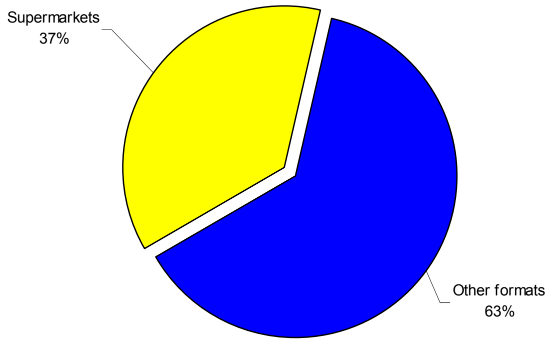
# Moscow market competitive landscape

**Moscow supermarket segment market share breakdown in 2005**




*Source: Seventh Continents' estimates*

**Moscow modern trade market segmentation in 2005**




*Source: Seventh Continents' estimates*

We are the leading and one of the fastest-growing food retail chain in terms of sales in Moscow supermarket segment and although more developed and mature, the Moscow market still provides excellent growth opportunities for retailers operating in modern formats

# Customer's attitude to Seventh Continent supermarkets


- Wide assortment of food and non-food products
- Appropriate quality of the products
- Comfortable environment for shopping
- Better service among competitors

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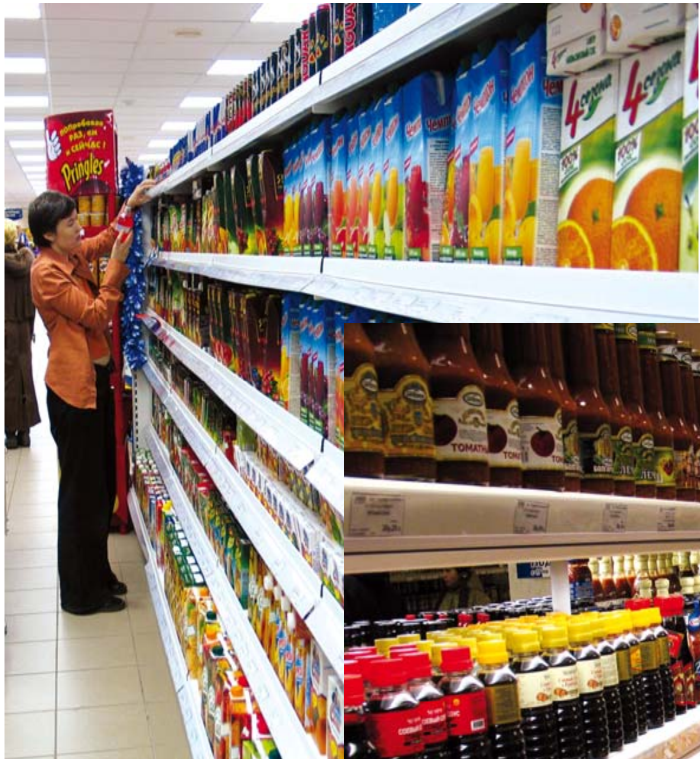
# Marketing communication



- Best value for optimal price
- Solutions for selective shoppers (special offers)
- Loyalty stimulating programs

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# Strategic development of Private Label

**«Our product»**

- Average or below-average prices
- All product groups
- Targeted group - customers of chain retail stores interested in purchasing consistently high-quality goods at low prices
- Sold at: Hypermarket, Universam, Next-door  formats
- Project beginning – July 2005

- More than 900 SKUs in 20 product categories
- The purchase price on average 15% lower than for equivalent branded goods
- The selling price on average 10% lower than for similar branded goods
- 3% of total sales in 2006



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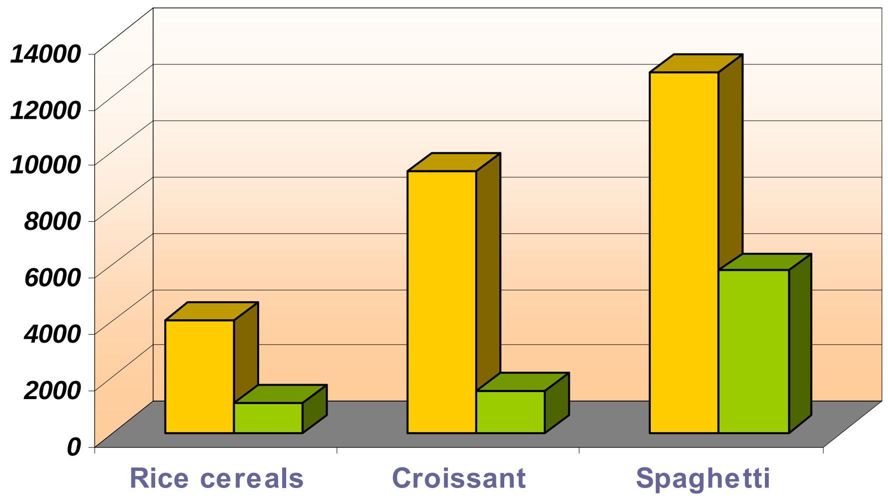
# Private label sales results




Private label “Our Product”

Branded equivalent

X 2.23

**Spaghetti “Our Product” - 450 g.**

12 857 pcs.

Branded equivalent – 5 778 pcs.


X 6,32

**Mini Croissant “Our Product” - 200 g.**

9 311 pcs.

Branded equivalent – - 1474


x 3, 84

**Rice cereals “Our Product” - 500 g.**

4 005 pcs.

Branded equivalent – 1044 pcs.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# Assortment matrix

**Division into store types**

- October 2003 – April 2004
- Analysis of basic customer preferences
- Fixed product mix of food and non-food items in each store type

**Assortment Matrix**

- Introduced in April 2004
- Currently implemented in all stores
- Analysis of each store product mix
- Emphasis on preferences of regular buyers

**Product mix optimisation**

- Introduction of new product ranges
- Reduction of unpopular products
- Seasonal rotation

**Revenue growth and increased operating efficiency**

# Store acquisitions and integration

| Year | Retail Chain | Region | Number of store | Cost of acquisition, $ mn. | Cost of modernisation and inventories, $ mn. | Total cost, $ mn. | Sales growth rate after integration |
|---|---|---|---|---|---|---|---|
| 2004 | Petrovsky | Moscow | 17 | 0,0 | 16,1 | 16,1 | 38% |
| 2005 | Altyn | Kaliningrad | 12 | 38,0 | 0,0 | 38,0 | 30% |
| | **Total** | | **29** | **38,0** | **16,1** | **54,1** | |

**"Altyn" retail chain**

- In June 2005, acquisition of 12 of the "Altyn" retail chain stores in the city of Kaliningrad
- Total ammount of  transaction came to $ 38 mn including the cost
- In 2005 6 of 12 stores were re-branded into "Universam" and 2 under "Next-Door" stores

**"Petrovsky" retail chain**

- In 2004, lease of 17 stores, formely operated under "Petrovsky" brand
- The annual rent varies from $150 to $250 per square meter of total space (depending on the location and the store format)
- Seventh Continent has acquired trading equipment and inventory for $ 16,1mn
- 15 stores were opened in November-December 2004, 1 - in January 2005, 1 – in April 2005 under Seventh Continent brand: 10 of "Next-Door" stores, 5 "Supermarkets" and 2 of '5 Stars' stores

*We have successful experience of other chains integration*

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# *Contact information*


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