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Review report of independent accountants

To the Shareholders of JSC Seventh Continent

We have reviewed the accompanying consolidated interim balance sheet of JSC Seventh Continent (the "Company") and its subsidiaries (the "Group") as at 30 June 2005, and the related consolidated interim statements of income, of cash flows and of changes in shareholders' equity for the six months then ended. These consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the consolidated interim financial statements are free of material misstatement. A review is limited primarily to inquiries of Group personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit, and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.

BDO Unicon Inc.

Mikhail Grishakin
First Deputy General Director

Andrei Baliakin
Audit Director

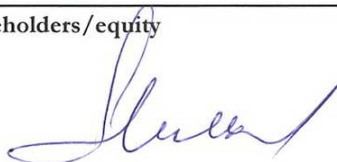


Legal address: 125, Warshavskoye Shosse, Moscow, 117545.

15 August 2005

JSC Seventh ContinentCONSOLIDATED INTERIM BALANCE SHEET IN ACCORDANCE WITH IFRS
AS AT 30 JUNE 2005*(in thousands of Russian Roubles, unless otherwise stated)*

	Note	30 June 2005	31 December 2004
ASSETS			
Current assets			
Cash and cash equivalents		1 581 883	2 174 042
Loans receivable		116 141	75 878
Accounts receivable and prepayments	2	549 600	621 617
Inventories	3	871 665	979 755
Total current assets		3 119 289	3 851 292
Non-current assets			
Property, plant and equipment	4	2 712 342	2 047 403
Prepayments for rent of trade areas	13	44 655	37 389
Other long-term receivables		36 531	6 135
Deferred tax asset	12	22 151	6 597
Other non-current assets		11 953	11 767
Total non-current assets		2 827 632	2 109 291
Total assets		5 946 921	5 960 583
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Trade payables		1 674 947	2 139 499
Taxes payable	5	97 407	216 800
Dividends payable		64 519	-
Other payables	6	170 365	209 978
Total current liabilities		2 007 238	2 566 277
Non-current liabilities			
Deferred tax liability	12	1 915	-
Total non-current liabilities		1 915	
Total liabilities		2 009 153	2 566 277
Shareholders' equity			
Share capital	7	96 929	96 929
Share premium		2 389 219	2 392 257
Fair value reserve		396	396
Retained earnings		1 451 224	904 724
Total shareholders' equity		3 937 768	3 394 306
Total liabilities and shareholders/equity		5 946 921	5 960 583

General Director
15 August 2005

Galina Ilyashenko

*JSC Seventh Continent*CONSOLIDATED INTERIM STATEMENT OF INCOME IN ACCORDANCE WITH IFRS
FOR THE SIX MONTHS ENDED 30 JUNE 2005*(in thousands of Russian Roubles, unless otherwise stated)*

	Note	6 months ended 30 June 2005	6 months ended 30 June 2004
Sales	8	9 242 804	6 513 937
Cost of goods sold	9	(6 477 330)	(4 574 035)
Gross profit		2 765 474	1 939 902
General, selling and distribution expenses	10	(2 259 880)	(1 589 381)
Other operating income and expenses, net	11	202 341	80 790
Operating income		707 935	431 311
Interest expense		(3)	(4 420)
Interest income		72 958	4 056
Other non-operating income		4 441	553
Foreign exchange loss		-	(217)
Income before taxation		785 331	431 283
Current income tax expense		(187 981)	(108 137)
Income tax - origination and reversal of temporary differences	12	13 669	2 306
Total income tax expense		(174 312)	(105 831)
Income after taxation		611 019	325 452
Minority interest		-	(313)
Net income		611 019	325 139
Weighted average number of ordinary shares outstanding		64 519 397	56 103 824
Basic and diluted earnings per share (in Russian Roubles)		9.47	5.80

General Director
15 August 2005

Galina Ilyashenko

JSC Seventh Continent

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS IN ACCORDANCE WITH IFRS

FOR THE SIX MONTHS ENDED 30 JUNE 2005

(in thousands of Russian Roubles, unless otherwise stated)

	6 months ended 30 June 2005	6 months ended 30 June 2004
Cash flows from operating activities		
Profit before income tax and minority interest	785 331	431 283
Adjusted profit before income tax and minority interest and before changes in working capital	188 972	60 819
Total effect of working capital changes	(576 756)	(128 553)
Income tax paid	(212 811)	(147 929)
Net cash from operating activities	184 736	215 620
Cash flows from investing activities		
Purchase of property, plant and equipment	(734 550)	(555 129)
Acquisition of subsidiaries, net cash outflow	-	(1 540)
Proceeds from the sale of property, plant and equipment	1 074	281 172
Increase in loans receivable	(40 263)	(323 597)
Other cash flows from investing activities	(118)	2 673
Net cash used in investing activities	(773 857)	(596 421)
Cash flows from financing activities		
Payment associated with initial public offering	(3 038)	-
Proceeds from borrowings	-	24 549
Net cash generated from / used in financing activities	(3 038)	24 549
Net decrease in cash and cash equivalents and bank overdrafts	(592 159)	(356 252)
Cash and cash equivalents and bank overdrafts at the beginning of the period	2 174 042	92 109
Cash and cash equivalents and bank overdrafts at the end of the period	1 581 883	(264 143)

General Director
15 August 2005



Galina Ilyashenko

*JSC Seventh Continent*CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN ACCORDANCE WITH IFRS
FOR THE SIX MONTHS ENDED 30 JUNE 2005*(in thousands of Russian Roubles, unless otherwise stated)*

	Share capital	Share premium	Fair value reserve	Retained earnings	Total shareholders' equity
Balance at 31 December 2003	92 721	134 825	5 077	118 805	351 428
Investment disposal (net of income tax of 1 604)	-	-	(5 077)	-	(5 077)
Distributed to shareholders	-	-	-	(1 540)	(1 540)
Net income	-	-	-	325 139	325 139
Balance at 30 June 2004	92 721	134 825	-	442 404	669 950
Balance at 31 December 2004	96 929	2 392 257	396	904 724	3 394 306
Costs of issuing shares in 2004, revealed in 2005 (net of income tax of 960)	-	(3 038)	-	-	(3 038)
Dividends paid	-	-	-	(64 519)	(64 519)
Net income	-	-	-	611 019	611 019
Balance at 30 June 2005	96 929	2 389 219	396	1 451 224	3 937 768

General Director
15 August 2005

Galina Ilyashenko