DIXY GROUP ANNOUNCES CONSOLIDATED UNAUDITED IFRS RESULTS FOR THE FIRST 6 MONTHS OF 2009

Moscow, Russia, September 8, 2009

Dixy Group – one of the leading Russian food retailers - announces consolidated unaudited IFRS results for the first six months of 2009.

Key P&L figures for first 6 months of 2009 in comparison to the first 6 months of 2008 results

In RUR

- Total Revenues increased 15.9% to RUR 26,754 mln.
- Gross Profit increased 28.8% to RUR 7,254 mln.
- Gross Profit Margin increased from 24,4% for the first 6 months of 2008 to 27,1%.
- EBITDA increased 14.3% to RUR 1 464 mln.
- Net Loss totaled RUR 99 mln.
- Net operating cash flow declined by 8.8% to RUR 429 mln.

In USD

- Total Revenues decreased 16.1% to USD 809.1 mln.
- Gross Profit decreased 6.7% to USD 219.4 mln.
- EBITDA decreased 17.3% to USD 44.3 mln.
- Net Loss totaled USD 3.0 mln.
- Net operating cash flow declined by 33.9% to USD 13 mln.

Commenting on Group performance during the first 6 months of 2009, the President of the Company **Ilya Yakubson** said:

"During the first half of 2009 the Company's management has been focused on improving the efficiency of goods flow, especially in the Central Federal region, which accounts for over 50% of Company's sales. In the second quarter of this year, we were able to fundamentally improve the level of logistic service and more than double the volume of goods handled through our central distribution center in Serpukhov, Moscow region. Simultaneously, we were successful in transferring to the new IT platform G.O.L.D operating companies in Moscow, Kaluga and Ryazan and already started to transfer the operating companies located in the Moscow region. All in all, from the logistic support point of view, at the start of the third quarter the Company was ready to begin marketing actions and promotional campaigns stimulating sales".

Key unaudited financial indicators

In thousands of RUR

	H1 2009	H1 2008	Growth (%)
Net Sales	26 753 709	23 091 297	15,9%
Gross Profit	7 254 206	5 632 395	28,8%
EBITDAR	2 592 151	2 127 747	21,8%
EBITDA	1 464 104	1 281 377	14,3%
Net Profit	-99 146	294 910	NA
Net Operating cash flow	428 680	469 801	-8.8%

In thousands of USD

	H1 2009	H1 2008	Growth (%)
Net Sales	809 054	964 388	-16,1%
Gross Profit	219 373	235 232	-6,7%
EBITDAR	78 389	88 863	-11,8%
EBITDA	44 276	53 516	-17,3%
Net Profit	-2 998	12 317	NA
Net Operating cash flow	13,0	19,6	-33,9%

	H1 2009	H1 2008
Gross Profit	27,1%	24,4%
EBITDAR	9,7%	9,2%
EBITDA	5,5%	5,5%
Net Profit	-0,4%	1,3%

Net Sales as of the first 6 months of 2009 amounted to RUR 26 754 mln., representing a 15,9% increase over the first 6 months of 2008. Falling short of our retail sales targets, is due to natural propensity of lower retail spending due to adverse economic environment, while also due to low efficiency in the execution at the level of our logistics function. Sales in USD amounted to USD 809 054 mln., representing a decrease of 16,1% from the same period last year. The decrease in USD revenue is due to USD appreciation against the RUR, exceeding the RUB sales growth during the period.

Gross profit for the first six months of 2009 amounted to RUR 7 254 mln. (USD 219 mln.), demonstrating growth of 28.8% in RUR (-6.7% in USD) from the first 6 months of 2008 result. Gross margin increased from 24,4% in the first half of 2008 to 27,1% over the same period in 2009, reaching 28.6% in the second quarter.

Commenting on Group's Gross Margin performance during the 6 months of 2009, the President of the Company **Ilya Yakubson** said:

"Reaching in the second quarter of 2009, one of the highest gross margins in our sector is a non-recurrent event and is related to three factors. First, due to a significant increase in the volume of goods processed through our central DC in Serpukhov, Moscow region and improvements in supply conditions. Second, due to a more effective processing of marketing bonuses from the suppliers. Third, due to the fact all marketing initiatives, including pricing policy changes and promotional campaigns took place only starting from the third quarter of 2009. Beginning from July of this year, we switched from a customary approach of lowering prices on a selected group of products by 5-15%, to a more tailor made marketing campaigns involving the reduction of prices by 40-50% while taking into the account the seasonality, regional demand characteristics and the competitive environment. We widened three times the number product lines sold at lowest prices, simultaneously optimizing the product offering by increasing the number of SKUs from lower price categories. We therefore, expect to see a considerable improvement at the level of retail sales growth in the second half of 2009, while recording a decrease at the level Gross Profit margin for the period. For 2009, we expect the Gross Profit margin to remain within the range of 25-26%."

EBITDAR amounted to RUR 2 595 mln. (USD 78,4 mln.), which represents a 21.8% growth in RUR (11.8% decline in USD). EBITDAR margin increased from 9,2% in the first half of 2008 to 9,7% over the same period in 2009. EBITDAR growth is primarily due to the increase in Gross Profit for the Company during the period.

SG&A Expenses

Thous. RUR	H1 2009	H1 2008	Growth (%)
Salaries	2 746 231	2 313 366	18,7%
Lease Expense	1 128 047	789 560	42,9%
D&A	779 122	538 861	44,6%
Utilities	305 437	195 534	56,2%
Other Expenses (shrinkage, transport, bank charges, advertising costs etc.)	1 610 386	995 747	61,7%
	6 569 223	**4 833 068**	**35,9%**

SG&A Expense % revenue

	H1 2009	H1 2008
Salaries	10.3%	10.0%
Lease Expense	4.2%	3.4%
D&A	2.9%	2.3%
Utilities	1.1%	0.8%
Other Expenses (shrinkage, transport, bank charges, advertising costs etc.)	6.0%	4.3%
	24.6%	**20.9%**

Salary Expense, in H1 2009 amounted to RUR 2 746 mln. versus RUR 2 313 mln. in H1 2008. Demonstrating an 18.7% year-on-year growth and a 3.6% quarter-on-quarter decline. Reduction in salary expense in Q2 is due to optimization of wages and reduction of total headcount.

Lease Expense for Q2 2009 amounted to RUR 553 mln. a reduction of 3.7% from RUR 575 mln. in Q1 2009. The reduction was achieved by further successful efforts to renegotiate lease agreements and by continuous optimization of the retail assets portfolio. Lease expense as a percentage of revenue increased to 4.2% from 3.4% in H1 2008 due to 22% increase in leased gross selling space, and lower sales growth.

Utilities and maintenance expenses: 56% growth in utilities and maintenance expense in H1 2009 versus H1 2008 is due to a 23.5% growth in gross selling space and an over 50% growth in warehousing areas, following the opening of the 35 thousand sq. m. DC in Serpukhov, Moscow region, in Q4 2008. Buildings', equipment's and trucks' fixed assets, excluding accumulated amortization, grew by over 50% from Q2 2008.

Shrinkage for the first six months of 2009 amounted to RUR 498 mln. In Q2 shrinkage expense decreased 5% to RUR 247 mln. from RUR 255 mln. in Q1 2009. Nevertheless, for H1 2009, Shrinkage Expense remains at 1.9% of Sales, which is one of the highest levels in our peer group. Reduction of shrinkage remains one of the key priorities for the management.

EBITDA increased by 14.3% in RUR terms (a 17% decline in USD), to RUR 1 464 mln. (USD 44.3 mln.). EBITDA margin remained at H1 2008 level of 5.5%. Significant increase in EBITDA in Q2 2009 was primarily driven by the increase in Gross Margin and accentuated by the q-on-q decline in staff costs and lease expense, while slightly toned down by the rising q-on-q utility and maintenance expense.

Net Loss: in H1 2009 the Group recorded a Net Loss of RUR 99 mln. (USD 3 mln.) primarily due to RUR 347 mln. in FX translational losses sustained during the period. The FX gain recorded during Q2 2009, was completely offset by the RUR 840 mln. FX translational loss from Q1 2009. Accumulated FX translational losses amounted to RUR 347 mln., without the effect of these losses Net Income for the six-month period would amount to RUR 248 mln.

Net debt as of June 30, 2009 amounted to RUR 8,274,208 K or USD 264,443 K.

Key operating statistics H1 2008 – 2009

	H1 2009	H1 2008	Growth (%)
Number of stores	488	403	21.0%
Number of employees	15,500	15,417	0%
Total Space owned, sq.m.	169,199	134,671	25.6%
Total Space, sq.m.	448,098	362,768	23.5%
Selling Space, sq.m. by format:	191,916	157,516	21.8%
DIXY	157,771	131,080	20.3%
V-MART	--	641	--
MEGAMART	28,525	20,865	36.7%
MINIMART	5,620	4,930	14.0%

Commenting on Group's plans and targets for the second part of 2009, the President of the Company **Ilya Yakubson** said:

"Our priorities for the second half of 2009 remain as previously: the increase in the pace of sales growth, optimization of logistics operations, completion of the transition to a unified IT platform in logistics and shrinkage reduction. By the end of October, GOLD Information System GOLD will be installed in every operating unit in the Company. During the same period, we plan to increase the centralization of supply through our main distribution center in Serpukhov, Moscow region to up to 70% and expand the range of SKUs delivered through our DC to up to 3100 units. Our five-hundredth store was opened at the end of August. In 2009, we plan to open 65-70 new stores. Total CAPEX for the year is budgeted at RUR 2 bln. and will be financed entirely from our operational cash flow."

Revenue by format

Thous. RUR	H1 2009	H1 2008	Growth (%)
DIXY	22 355 488	19 741 704	13,2%
V-MART	68 034	95 490	-28,8%
MEGAMART	2 991 727	2 218 774	34,8%
MINIMART	991 144	831 734	19,2%
OTHER REVENUE	347 316	203 595	71%
	26 753 709	**23 091 297**	**15,9%**

Thous. USD	H1 2009	H1 2008	Growth (%)
DIXY	676 048	824 495	-18,0%
V-MART	2 057	3 988	-48,4%
MEGAMART	90 472	92 665	-2,4%
MINIMART	29 973	34 737	-13,7%
OTHER REVENUE	10 503	8 503	23.5%
	809 054	**964 388**	**-16.1%**

Average ticket by format

RUR	H1 2009	H1 2008	Growth (%)
DIXY	213,54	202,64	5,38%
MEGAMART	537,50	522.86	2.80%
MINIMART	373,27	367.61	1.54%

Exchange rates

	30 June 2009	31 December 2008
RUR / USD eop	31,2904	29,3804
	H1 2009	**H1 2008**
RUR / USD average	33,0676	23,9440

Unaudited IFRS financial statements for first 6 months 2009 can be found in the Appendix to this press-release

ДИКСИ

DIXY GROUP
Press release

OJSC DIXY Group (RTS, MICEX: DIXY) is one of the leading Russian companies operating in the food retail and FMCG market.

The first DIXY store opened in 1999 in Moscow. As of August 31, 2009, the Group operated 502 stores, including 481 Dixy (discounter) stores, 13 Megamart (compact hypermarket) stores, 8 Minimart (supermarket) stores and in three Federal Districts of Russia: Central, Northwest and Urals.

In May 2007 the Company completed an IPO on RTS and MICEX, in which it raised USD 360 million. The controlling stake of OJSC DIXY Group is owned by the Mercury Group of Companies.

In 2008, DIXY's total revenue reached USD 1.94 billion (USD 1.43 billion in 2007). As of June 30th, 2009 the Company had a total of 191 916 sq.m. of selling space and employed 15,500 people.

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Balance Sheet

In thousands of Russian Roubles	**30 June 2009**	**31 December 2008**
Non-current assets		
Property, plant and equipment	12 315 837	12 067 845
Capital advances	735 942	981 505
Goodwill	404 603	404 603
Other Intangible assets	707 008	727 433
Loans	14 270	17 876
Initial lease costs	322 289	368 943
Other receivables	61 029	76 505
Deferred tax asset	376 864	161 108
	14 937 842	**14 805 818**
Current assets		
Inventories	2 664 031	3 272 828
Taxes recoverable and prepayments	1 137 141	1 102 235
Trade and other receivables	843 687	844 942
Initial lease costs	98 826	96 067
Loans	138 703	133 111
Cash and cash equivalents	514 020	1 289 799
	5 396 408	**6 738 982**
Assets classified as held for sale	40 170	40 170
	5 436 578	**6 779 152**
TOTAL ASSETS	**20 374 420**	**21 584 970**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Parent		
Share capital	860	860
Additional paid-in capital	4 119 422	4 119 422
Retained earnings	1 671 620	1 770 766
Minority interest	3 153	3 430
TOTAL EQUITY	**5 795 055**	**5 894 478**
Non-current liabilities		
Bank loans	47 478	4 098 224
Bonds	3 000 000	3 000 000
Finance leases	300 240	353 962
Deferred tax liability	204 536	250 053
	3 552 254	**7 702 239**
Current liabilities		
Trade and other payables	4 905 980	5 845 356
Bank loans	5 277 058	1 236 026
Borrowings from ultimate shareholder and parties under common control	417 799	386 840
Current portion of Bonds	78 303	79 063
Finance leases	189 472	242 622
Advances from customers	80 563	87 540
Provisions for liabilities and charges	33 004	33 004
Income taxes payable	44 932	77 802
	11 027 111	**7 988 253**
	14 579 365	**15 690 492**
TOTAL EQUITY AND LIABILITIES	**20 374 420**	**21 584 970**

Income Statement

In thousands of Russian Roubles	**H1 2009**	**H1 2008**
Continuing operations		
Revenue	26 753 709	23 091 297
Cost of sales	(19 499 503)	(17 458 902)
Gross profit	**7 254 206**	**5 632 395**
General and administrative expenses	(6 569 223)	(4 833 068)
Operating profit	**684 983**	**799 327**
Finance income	17 549	14 365
Finance costs	(418 581)	(257 962)
Foreign exchange (loss)/gain, net	(347 408)	1 899
Profit before income tax	**(63 457)**	**557 629**
Income tax expense	(35 964)	(262 707)
Profit for the year from continuing operations	**(99 421)**	**294 922**
Profit for the period	**(99 421)**	**294 922**
Attributable to:		
Equity holders of the Parent	(99 145)	294 911
Minority interests	(276)	11
Profit for the year	**(99 421)**	**294 922**

Cash Flow *in thousands of Russian Roubles*	H1 2009	H1 2008
Cash flows from operating activities :		
Profit before income tax from continuing operations	(63 457)	557 629
Adjustments for:		
Depreciation of property, plant and equipment	678 094	447 330
Amortisation of intangible assets	50 448	34 724
Amortisation of initial lease costs	50 580	56 810
Gain less losses on disposals of property, plant and equipment and intangible assets	28 274	(18 736)
Increase/(decrease) in provision for impairment of taxes recoverable and prepayments	30 257	11 320
Increase in provision for impairment of trade and other receivables	21 314	16 474
Decrease in provision for inventory obsolescence	(15 941)	(445)
Decrease in provision for liabilities and charges	-	(110 782)
Increase in provision for income tax liability	5 157	12 758
Finance costs	418 581	256 063
Interest income on loans and cash deposits	(17 549)	(12 466)
Unrealised foreign exchange gains less losses on borrowings	347 402	(1 899)
Operating cash flows before working capital changes	**1 533 160**	**1 248 780**
Decrease in trade and other receivables	28 119	103 669
Decrease in inventories	624 738	246 158
Increase in taxes recoverable and prepayments	(20 122)	(16 625)
Decrease in trade and other payables	(1 093 234)	(578 696)
Increase in tax liabilities other than income tax	157 792	172 561
(Decrease)/increase in advances from customers	(6 977)	10 440
Cash generated from operations	**1 223 476**	**1 186 287**
Income taxes paid	(356 798)	(415 206)
Interest paid	(437 998)	(301 280)
Net cash from operating activities-continuing operations	**428 680**	**469 801**
Net cash from operating activities	**428 680**	**469 801**
Cash flows from investing activities:		
Purchase of property, plant and equipment	(769 128)	(1 713 351)
Proceeds from sale of property, plant and equipment	36 143	29 500
Initial Lease costs paid	(6 686)	-
Loans repaid	178 532	173 728
Disbursement of loans	(145 000)	(259 814)
Interest received	851	6 160
Purchases of intangible assets	(30 850)	(558)
Net cash used in investing activities-continuing operations	**(736 139)**	**(1 764 335)**
Net cash used in investing activities	**(736 139)**	**(1 764 335)**
Cash flows from financing activities		
Proceeds from loans and borrowings	598 507	4 451 441
Repayment of loans and borrowings	(929 209)	(3 644 584)
Finance lease payments	(137 618)	(55 087)
Net cash from financing activities-continuing operations	**(468 320)**	**751 770**
Net cash from financing activities	**(468 320)**	**751 770**
Net decrease in cash and cash equivalents	(775 779)	(542 764)
Cash and cash equivalents at the beginning of the year	1 289 799	1 257 037
Cash and cash equivalents at the end of the year	**514 020**	**714 273**