



**DIXY GROUP ANNOUNCES CONSOLIDATED UNAUDITED IFRS RESULTS
FOR THE FIRST SIX MONTHS OF 2010**

Moscow, September 3, 2010

DIXY Group – one of the leading food and FMCG retailers in Russia - announces consolidated unaudited IFRS results for the first six months of 2010.

Key figures for the first 6 months of 2010 in comparison with the first 6 months of 2009 results:

- Revenue rose 15.2% to RUR 30,829 mln. or 26.7% in USD to USD 1,025 mln.
- Gross Profit rose 10.1% to RUR 7,988 mln., in USD Gross Profit in increased by 21.1% to 265.7 mln. Gross Margin decreased by 1.2 pp year-on-year to 25.9%.
- EBITDA grew 15.7% to RUR 1,694 mln. In USD EBITDA grew 27.3% to USD 56.4 mln. EBITDA margin remained at the level of 5.5% as for the same period of 2009.
- Net Profit amounted to RUR 74.8 mln. (USD 2.5 mln.) versus the Net Loss of RUR 99.1 mln. (USD 3 mln.) in the first half of 2009.
- Net cash from operating activities increased 86.5% compared to the same period to RUR 799.6 mln. (USD 26.6 mln).



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Key financial performance indicators as per unaudited 1H 2010 financial results

	1H 2010	1H 2009	Δ%
<i>In thousands of RUR</i>			
Net Sales	30,829,400	26,753,709	15.2%
Gross Profit	7,988,134	7,254,206	10.1%
EBITDAR	2,912,627	2,592,151	12.4%
EBITDA	1,694,460	1,464,104	15.7%
Net Profit	74,839	-99,146	--
Net Cash from Operating Activities	799,590	428,680	86.5%

	June 30, 2010	June 30, 2009	
Net Debt¹	7,225,764	7,275,780	-0.7%

	1H 2010	1H 2009	Δ%
<i>In thousands of USD</i>			
Net Sales	1,025,336	809,054	26.7%
Gross Profit	265,672	219,373	21.1%
EBITDAR	96,869	78,389	23.6%
EBITDA	56,355	44,276	27.3%
Net Profit	2,489	-2,998	183.0%
Net Cash from Operating Activities	26.6	13.0	104.6%

	June 30, 2010	June 30, 2009	
Net Debt	231,629	240,568	-3.7%

	1H 2010	1H 2009	
% of Sales			
Gross Margin	25.9%	27.1%	
EBITDAR	9.4%	9.7%	
EBITDA	5.5%	5.5%	
Net Profit	0.2%	-0.4%	

¹ Net debt calculation excludes related parties and accrued interest. Net Debt as at 30 June 2010 including bonds, bank loans, financial lease liabilities and accrued interest, less cash & equivalent would stand at RUR 7,225,764 thousand.



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Revenue by Format

<i>In thousands RUR</i>	1H 2010	1H 2009	Δ%
DIXY	25,985,082	22,355,488	16.2%
V-MART	0	68,034	-100.0%
MEGAMART	3,447,637	2,991,727	15.2%
MINIMART	1,060,892	991,144	7.0%
Other Revenue	335,789	347,316	-3.3%
	30,829,400	26,753,709	15.2%

<i>In thousands USD</i>	1H 2010	1H 2009	Δ%
DIXY	864,222	676,048	27.8%
V-MART	0	2,057	-100.0%
MEGAMART	114,663	90,472	26.7%
MINIMART	35,284	29,973	17.7%
Other Revenue	11,168	10,503	6.3%
	1,025 336	809,054	26.7%

Average Basket Size by Format

<i>In RUR</i>	1H 2010	1H 2009	Δ%
DIXY	216	214	1.1%
MEGAMART	511	537	-5.0%
MINIMART	371	373	-0.6%

During the first half of 2010, 41 new Dixy stores were opened compared to 16 new stores opened during the same period last year. All new stores were opened in the Central and North-Western Federal Districts through long-term lease agreements. Company expects that the total number of openings for the year will exceed 100 new stores.

Successful implementation of the initiatives to tighten control over multiple cost-centers and business processes and to increase the efficiency of the overall operation, provided for decrease in SG&A costs as a percentage of Revenue by 1.4% to 23.2%. The Company will continue to focus on increasing operational efficiency improvement.

During the first half of 2010, LFL sales grew 5% mainly on the back of the 4.4% increase in customer traffic. During the period, on the Group level, sales per square meter of selling space grew by 1.8%, and Dixy stores sales in the Central Federal District per meter demonstrated a 2.5% year-on-year growth. Positive LFL dynamic is primarily the result of higher levels of customer service, and more aggressive promo and advertising activity in 2009 and the first half of 2010. The strengthening of the Company's



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promotional ability was made possible also through increase in the Dixy format levels of logistical service (success of delivery rate) to 89.6% and centralization of deliveries to 79.5%.

In the first half of 2010, **Gross Profit** grew 10.1% to RUR 7,988 mln. or by 21.1% in USD to 265.7 mln. Gross Margin decreased by 1.2 pp from 27.1% in the first half of 2009 to 25.9% in 1H 2010. This decrease was mainly driven by a more aggressive pricing policy and increase in promotional activities and programs, that the Company started in the second half of 2009.

Selling, General & Administrative Expenses (in thousands of RUR)

	1H 2010	1H 2009	Δ%
Salaries	2,940,598	2,746,231	7.1%
Lease Expenses	1,218,167	1,128,047	8.0%
D&A	858,798	779,122	10.2%
Shrinkage	688,940	513,990	34.0%
Utilities, Repair and Maintenance Expenses	547,283	521,090	5.0%
Transportation and Handling Expenses	167,655	124,330	34.8%
Advertising Expenses	120,544	83,347	44.6%
Other Expenses	610,487	673,066	-9.3%
	7,152,472	6,569,223	8.9%

Selling, General & Administrative Expenses (as % of Sales)

	1H 2010	1H 2009
Salaries	9.5%	10.3%
Lease Expenses	4.0%	4.2%
D&A	2.8%	2.9%
Shrinkage	2.2%	1.9%
Utilities, Repair and Maintenance Expenses	1.8%	1.9%
Transportation and Handling Expenses	0.5%	0.5%
Advertising Expenses	0.4%	0.3%
Other Expenses	2.0%	2.5%
	23.2%	24.6%

Salary Expense in the first half of 2010 declined by 7.1% to 9.5% of Revenue, corresponding to a 0.8 pp improvement over the first half of 2009 (10.3% of Revenue). Continuous optimization of salary expense is a result of reducing the average number of personnel per Dixy store, and of undertaking initiatives aiming at increasing labor productivity and improving business processes.



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Leasing Expense for the first half of 2010 increased by 8.0%, while declining by 0.2 pp from 4.2% of Revenue in the first half of 2009 to 4.0% of Revenue in the first half of 2010.

Depreciation and Amortization increased by 10.2%, while declining by 0.1 pp as a percentage of Revenue from 2.9% of Revenue in the first half of 2009 to 2.8% of Revenue in the first half of 2010.

Shrinkage increased by 34% by 0.3 pp to 2.2% of Revenue compared to 1.9% of Revenue in the first half of 2009. The increase was mainly due to the fact that in the second half of 2009 the Company started regular promotional activities, including those for goods with a limited shelf life, and also to the gradual increase in the centralization level for deliveries through own distribution centers.

Utilities, Repair & Maintenance costs rose 5% to RUR 547.3 mln., while declining by 0.1 pp from 1.9% of Revenue in the first half of 2009 to 1.8% of Revenue in the first half of 2010.

Transportation and Handling Expenses increased by 34.8% to RUR 167.7 mln., while staying at the same percentage of Revenue level of 0.5% as in the first half of 2009.

Advertising Expenses increased by 44.6% to 0.4% of Revenue compared to 0.3% of Revenue in the first half of 2009. The increase in the advertising expense was due to a change in Company's advertising policy and a more extensive use of Federal media channels and mass-media for promotions, beginning from the second half of 2009.

EBITDAR² reached RUR 2,913 mln. (USD 96.9 mln.), corresponding to a 12.4% growth in RUR, or a 23.6% in USD. EBITDAR margin decreased by 0.3 pp compared to the same period last year at the expense of increase in shrinkage and marketing expenses.

EBITDA³ grew 15.7% to RUR 1,694 mln. or 27.3% in USD to 56.4 mln. EBITDA margin stayed at the same level of 5.5% as in the same period last year.

For the first half of 2010 the Dixy Group recorded **Net Profit** of RUR 74.9 mln. (2.5 mln.USD). This profit includes the FX loss of RUR 95 mln., most of which is translational (non-realized). The net profit turned positive compared to the loss over the same period last year.

² EBITDAR is earnings before interest, tax, depreciation and amortization and rent (operating lease expenses)

³ EBITDA is earnings before interest, tax, depreciation and amortization



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Key operating statistics 1H 2010 – 1H 2009

	1H 2010	1H 2009	Δ%
Number of stores	571	488	17.0%
Number of employees	17,413	15,500	12.3%
Total Space owned, sqm	177,945	173,078	2.8%
Total Space, sqm	510,717	457,816	11.6%
Selling Space, sqm by format:	212,854	188,128	13.1%
DIXY	177,247	156,261	13.4%
MEGAMART	30,121	26,381	14.2%
MINIMART	5,486	5,486	--

Exchange rates

	30 June 2010	30 June 2009
RUR / USD eop	31.1954	30.2442
	1H 2010	1H 2009
RUR / USD average	30.0676	33.0679



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

The first DIXY store opened in 1999 in Moscow. As of August 31, 2010, the Group operated 590 stores, including 567 Dixy (discounter) stores, 15 Megamart (compact hypermarket) stores and 8 Minimart (supermarket) stores in three Federal Districts of Russia: Central, Northwest and Urals.

In May 2007 the Company completed an IPO on RTS and MICEX for a total of USD 360 million. The controlling stake of OJSC DIXY Group (61.09%) is owned by the Mercury Group of Companies.

In 2009, DIXY's total revenue reached RUR 54.3 billion. As of August 31, 2010, the Company had a total of 217,329 square meters of selling space and employed 17,792 people.

CONTACTS:

Fedor Rybasov
Vice President Corporate Relations
DIXY Group of Companies
<http://www.dixy.ru/>
Tel.: + 7 (495) 933-1450
Fax: + 7 (495) 933-0259
E-mail: Fedor.Rybasov@hq.dixy.ru

Olga Popova
Head of Investor Relations
DIXY Group of Companies
<http://www.dixy.ru/>
Tel.: + 7 (495) 933-1450
Fax: + 7 (495) 933-0259
E-mail: o.popova@hq.dixy.ru



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BALANCE SHEET

In thousands of Russian Roubles

	30 June 2010	31 December 2009
ASSETS		
Non-current assets		
Property, plant and equipment	12 474 316	12 740 752
Capital advances	703 955	526 539
Goodwill	404 603	404 603
Other Intangible assets	386 228	431 758
Initial lease costs	251 615	287 694
Loans	8 018	17 750
Trade and other receivables	18 952	25 804
Deferred tax asset	292 572	250 592
	14 540 259	14 685 492
Current assets		
Inventories	2 911 152	3 320 969
Trade and other receivables	1 197 027	1 401 365
Taxes recoverable and prepayments	891 592	939 513
Loans	155 262	135 652
Initial lease costs	77 763	86 785
Cash and cash equivalents	534 619	1 331 856
	5 767 415	7 216 140
Assets classified as held for sale	-	-
	5 767 415	7 216 140
TOTAL ASSETS	20 307 674	21 901 632
EQUITY AND LIABILITIES		
Share capital	860	860
Additional paid-in capital	4 119 422	4 119 422
Retained earnings	1 727 181	1 652 342
	5 847 463	5 772 624
Non-controlling interest	12 097	11 797
TOTAL EQUITY	5 859 560	5 784 421
Non-current liabilities		
Bonds	-	3 000 000
Borrowings	4 134 398	-
Finance leases	158 135	241 975
Deferred tax liability	219 157	263 120
	4 511 690	3 505 095
Current liabilities		
Trade and other payables	5 650 427	6 360 162
Borrowings	705 657	5 669 995
Current portion of Bonds	3 079 063	79 823
Finance leases	109 762	128 314
Advances from customers	103 043	137 967
Tax liability, other than income taxes	260 089	183 311
Income taxes payable	20 898	45 059
Provisions for liabilities and charges	7 485	7 485
	9 936 424	12 612 116
	14 448 114	16 117 211
TOTAL EQUITY AND LIABILITIES	20 307 674	21 901 632



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INCOME STATEMENT

In thousands of Russian Roubles

	1H 2010	1H 2009
Continuing operations		
Revenue	30 829 400	26 753 709
Cost of sales	(22 841 266)	(19 499 503)
Gross profit	7 988 134	7 254 206
General and administrative expenses	(7 152 472)	(6 569 223)
Operating profit	835 662	684 983
Finance income	18 995	17 549
Finance costs	(359 048)	(418 581)
Foreign exchange (loss)/gain, net	(94 960)	(347 408)
Profit/ (loss) before income tax	400 649	(63 457)
Income tax expense	(325 510)	(35 964)
Profit (loss) for the period	75 139	(99 421)
Total comprehensive profit (loss) for the year	75 139	(99 421)
Attributable to:		
Equity holders of the Parent	74 839	(99 145)
Equity holders of the non-controlling interest	300	(276)
	75 139	(99 421)



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CASH FLOW STATEMENT

In thousands of Russian Roubles	1H 2010	1H 2009
Cash flows from operating activities :		
Profit (loss) before income tax	400 649	(63 457)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	769 285	678 094
Amortisation of intangible assets	40 453	50 448
Amortisation of initial lease costs	49 060	50 580
Gain less losses on disposals of property, plant and equipment and intangible assets	(27 807)	28 274
Increase in provision for impairment of taxes recoverable and prepayments	5 112	30 257
Increase in provision for impairment of trade and other receivables	5 433	21 314
Reversal of write-down/ (write down) of inventory to net realizable value	(11 983)	(15 941)
Decrease in income tax provision	-	5 157
Finance costs	359 048	418 581
Interest income on loans and cash deposits	(18 995)	(17 549)
Unrealised foreign exchange gains less losses on borrowings	94 959	347 402
Operating cash flows before working capital changes	1 665 214	1 533 160
(Increase)/decrease in trade and other receivables	192 215	28 119
Decrease in inventories	421 800	624 738
Decrease in taxes recoverable and prepayments	(15 199)	(20 122)
(Decrease) in trade and other payables	(709 734)	(1 093 234)
Increase in tax liabilities other than income tax	76 778	157 792
(Decrease) in advances from customers	(34 924)	(6 977)
Cash generated from operations	1 596 150	1 223 476
Income taxes paid	(418 770)	(356 798)
Interest paid	(377 790)	(437 998)
Net cash from operating activities-continuing operations	799 590	428 680
Net cash from operating activities-discontinued operations		
Net cash from operating activities	799 590	428 680
Cash flows from investing activities:		
Purchase of property, plant and equipment	(630 982)	(769 128)
Proceeds from sale of property, plant and equipment	42 432	36 143
Initial Lease costs paid	(3 959)	(6 686)
Loans repaid	378 061	178 532
Disbursement of loans	(380 595)	(145 000)
Interest received	11 957	851
Purchases of intangible assets	(12 910)	(30 850)
Net cash used in investing activities-continuing operations	(595 996)	(736 139)
Net cash used in investing activities	(595 996)	(736 139)
Cash flows from financing activities		
Proceeds from loans and borrowings	5 092 634	598 507
Repayment of loans and borrowings	(6 027 637)	(929 209)
Finance lease payments	(65 829)	(137 618)
Net cash from financing activities-continuing operations	(1 000 832)	(468 320)
Net cash from financing activities	(1 000 832)	(468 320)
Net decrease in cash and cash equivalents	(797 237)	(775 779)
Cash and cash equivalents at the beginning of the year	1 331 856	1 289 799
Cash and cash equivalents at the end of the year	534 619	514 020