X5 RETAIL GROUP N.V. REPORTS YEAR-ON-YEAR TOP LINE GROWTH OF 61%, OPERATING PROFIT GROWTH OF 69% IN Q1 2008[*]

Amsterdam, 29 May 2008 - X5 Retail Group N.V., Russia's largest food retailer in terms of sales (LSE ticker: "FIVE"), published today its unaudited IFRS results for the quarter ended 31 March 2008 based on management accounts.

Q1 2008 Highlights

- Net Sales[**] surged 61% year-on-year to USD 1,786 mln;
- Gross Profit grew by 60% year-on-year to USD 458 mln, Gross Margin totaled 25.7%;
- EBITDA reached USD 161 mln, a year-on-year increase of 50%, resulting in an EBITDA Margin of 9.0%;
- Operating Profit increased 69% year-on-year to USD 119 mln;
- Net Profit grew by 219% year-on-year to USD 86 mln, partially on the back of high FX gain.

X5 Retail Group N.V. CFO **Evgeny Kornilov** said:

"After delivering very strong operating performance in the first quarter of the year, we are happy to report healthy financial results for the period in line with management expectations. Q1 gross margin reflects both seasonality and our continuous investment in customer loyalty, while EBITDA margin benefited from higher sales volumes. We continue to focus on further improvement of the efficiency of our business by upgrading systems, optimizing store operations and enhancing logistics capacity".

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[*] Numbers provided in this press-release are unaudited and based on management accounts
[**] Excluding VAT

P&L – Key Trends and Developments

P&L Highlights

USD mln	Q1 2008	Q1 2007	*% change, y-o-y*
Net Sales	**1,785.8**	**1,106.2**	***61%***
incl. Retail	1,775.2	1,101.3	*61%*
Gross Profit	**458.2**	**286.6**	***60%***
Gross Margin, %	*25.7%*	*25.9%*	
EBITDA	**161.0**	**107.1**	***50%***
EBITDA Margin, %	*9.0%*	*9.7%*	
EBIT	**119.0**	**70.3**	***69%***
EBIT Margin, %	*6.7%*	*6.4%*	
Net Profit	**86.3**	**27.1**	***219%***
Net Margin, %	*4.8%*	*2.4%*	

Net Sales Performance

Total net sales for the first quarter 2008 increased by 61% in USD terms to USD 1,786 mln.

USD mln	Q1 2008	Q1 2007	*% change, y-o-y*
Hypermarkets	128.7	76.7	*68%*
Supermarkets	638.7	407.5	*57%*
Soft Discounters	1,007.8	617.1	*63%*
Total Net Retail Sales	**1,775.2**	**1,101.3**	***61%***

Total net retail sales for the first quarter 2008 increased by 61% in USD terms (49% in RUR terms) to USD 1,775 mln. All three formats contributed to such an impressive sales surge, with soft discounters and hypermarkets demonstrating particularly strong growth.

For detailed discussion on Q1 retail sales dynamics, including LFL & new stores performance, information on average ticket and number of customers, please see our Trading Update dated 11 April 2008.

Gross Profit & Gross Margin Analysis

USD mln	Q1 2008	Q1 2007*	*% change, y-o-y*
Gross Profit	**458.2**	**286.6**	***60%***
Gross Margin, %	*25.7%*	*25.9%*	

For the first quarter 2008, gross profit increased by 60% to USD 458 mln. Gross margin for the first quarter 2008 totaled 25.7% versus 25.9% for the same period a year ago, as the Company continued to implement its new "closer-to-the-customer" pricing strategy which enabled X5 to achieve impressive growth both in traffic and in basket for the third quarter in a row. Decrease in the gross margin compared to the average 2007 level and the fourth quarter of 2007 is typical for a first quarter and is explained by a seasonal change in consumption pattern.

* After reclassification of product handling and delivery expenses from SG&A to Cost of Sales

Selling, General and Administrative Expenses (SG&A) [*]

USD mln	Q1 2008	Q1 2007	*% change, y-o-y*
Staff Costs, incl.	**(173.9)**	**(93.8)**	***85%***
% of Net Sales	*9.7%*	*8.5%*	
ESOP	(3.1)	-	
% of Net Sales	*0.2%*	*0.0%*	
Lease Expenses	**(61.3)**	**(39.8)**	***54%***
% of Net Sales	*3.4%*	*3.6%*	
Other Store Costs	**(23.9)**	**(15.3)**	***56%***
% of Net Sales	*1.3%*	*1.4%*	
D&A	**(42.0)**	**(36.8)**	***14%***
% of Net Sales	*2.4%*	*3.3%*	
Utilities	**(22.7)**	**(12.4)**	***84%***
% of Net Sales	*1.3%*	*1.1%*	
Third Party Services	**(14.2)**	**(11.8)**	***20%***
% of Net Sales	*0.8%*	*1.1%*	
Other Expenses	**(20.6)**	**(22.7)**	***-9%***
% of Net Sales	*1.2%*	*2.1%*	
Total SG&A	**(358.7)**	**(232.6)**	***54%***
% of Net Sales	***20.1%***	***21.0%***	

For the first quarter 2008, SG&A expenses totaled USD 359 mln – an increase of 54% year-on-year primarily due to growth in staff costs and higher utility bills, partially off-set by slower growth in depreciation and amortisation charges.

Staff Costs

For the first quarter 2008, staff costs, including ESOP totaled USD 174 mln and increased by 85% compared to the same period of last year. Net of ESOP costs, which in the first quarter 2007 were nil, first quarter 2008 staff costs grew by 82%.

The key driver for year-on-year staff costs increase was basic staff wages revision in line with Russian labour market trend in 2007: there were two salary indexations for store personnel in supermarkets and hypermarkets - in April and October 2007 (an increase of over 20% in rouble terms) and salary revision for store personnel in soft discounters in September 2007 (an increase of approximately 12-15% in rouble terms).

Lease Expenses

For the first quarter 2008, lease expenses increased by 54% year-on-year to USD 61 mln on the back of rent inflation and expansion. Growth in lease expenses was lower than the revenue growth due to the fact that approximately 47% of the Company's selling space is owned.

Utilities

For the first quarter 2008, utility expenses increased by 84% year-on-year to USD 23 mln on the back of growth in electricity, gas and other utility prices.

[*] Please note that all SG&A expenses provided in the above table are net of logistic expenses as those were reclassified to Cost of Sales.

Non-Operating Gains and Losses

USD mln	Q1 2008	Q1 2007	*% change, y-o-y*
EBIT	**119.0**	**70.3**	***69%***
Finance costs (net)	(31.8)	(24.7)	*29%*
Net FX gain	42.5	6.2	*588%*
Profit before tax	**129.7**	**51.8**	***151%***
Income tax expense	(43.4)	(24.7)	*76%*
Net Profit	**86.3**	**27.1**	***219%***

Finance Costs

Net finance costs for the first quarter 2008 amounted to USD 32 mln versus USD 25 mln in the first quarter of 2007, which is explained primarily by an increase in outstanding debt, which was USD 1,825 mln as at 31 March 2008. Effective interest rate on the Company's debt in the first quarter 2008 totaled approximately 7%.

FX Gain

First quarter FX gain amounted to USD 43 million on the back of significant depreciation of USD against RUR during the year. The gain was only partially off-set by the mark-to-market results of the hedging facility on X5's USD 1.1 bln dollar-denominated syndicated loan.

Income Tax

Effective tax rate for the first quarter 2008 totaled 34% versus 48% in the first quarter 2007, which is explained by two factors: high FX gain which was only partially taxable and the Company's efforts to improve its tax efficiency.

Balance Sheet – Key Trends and Developments

Selected Balance Sheet Data

USD mln	31-Mar-08	31-Dec-07	% change, y-o-y
ASSETS			
Non-Current Assets, incl.	**6,053.9**	**5,660.9**	***7%***
Property, plant and equipment & investment property	2,335.4	2,117.4	*10%*
Goodwill	3,079.5	2,934.2	*5%*
Intangible assets	536.8	523.5	*3%*
Current Assets, incl.	**830.2**	**861.6**	***-4%***
Inventories of goods for resale	283.8	325.0	*-13%*
Cash	146.4	179.5	*-18%*
Total Assets	**6,884.2**	**6,522.4**	***6%***
EQUITY AND LIABILITIES			
Total Equity	**3,474.9**	**3,243.7**	***7%***
Non-Current Liabilities, incl.	**1,749.1**	**1,726.4**	***1%***
Long-term borrowings	1,466.8	1,464.7	*0%*
Current Liabilities	**1,660.2**	**1,552.4**	***7%***
Short-term borrowings	358.0	253.7	*41%*
Total Liabilities	**3,409.3**	**3,278.8**	***4%***
Total Equity and Liabilities	**6,884.2**	**6,522.4**	***6%***
Net Debt	**1,678.3**	**1,538.9**	***9%***
Net Working Capital (Net of Short-Term Debt)	**(472.0)**	**(437.1)**	***8%***

Non-Current Assets

As at 31 March 2008 PP&E and investment property amounted to USD 2,335 mln, an increase of 10% versus the end of 2007. This increase is attributable to organic expansion in the first quarter 2008 as well as acquisition of *Kama Retail*.

As at 31 March 2008 goodwill totaled USD 3,080 mln versus USD 2,934 mln at the end of 2007. The increase in the first quarter 2008 was mainly due to the FX revaluation adjustment.

Current Assets

Current assets decreased by 4% to USD 830 mln. The decrease was attributable to decrease in inventories, which is typical for the first quarter of a year (compared to higher stock at the end of the year to prepare for the New Year and Orthodox Christmas holidays).

Non-Current Liabilities

Non-current liabilities totaled USD 1,749 mln, an increase of 1% since the beginning of the year, mainly due to growth in deferred tax liabilities and FX revaluation adjustments.

Current Liabilities

Current liabilities grew 7% from the beginning of the year to USD 1,660 mln. This increase is explained by growth in short-term borrowings as the Company used its credit lines to finance its store roll-out program.

Cash Flow – Key Trends and Developments

USD mln	For the quarter ended 31-Mar-08
Net Cash from Operating Activities	34.3
Net Cash Used in Investing Activities	(152.2)
Net Cash from Financing Activities	78.2
Effect of Exchange Rate Changes on Cash	6.6
Net Decrease in Cash	**(33.1)**

Cash Flow from Operating Activities

USD mln	For the quarter ended 31-Mar-08
Net Cash from Operating Activities before Changes in Working Capital	169.7
Changes in Working Capital	(60.4)
Net Interest and Income Tax Paid	(74.9)
Net Cash from Operating Activities	**34.3**

Net cash from operating activities totaled USD 34 mln. Strong cash generation from operations was partially off-set by negative influence of the change in working capital on the back of seasonal factors, which are discussed in more detail below.

USD mln	For the quarter ended 31-Mar-08
Increase in trade and other accounts receivable	(28.5)
Decrease in inventories	56.0
Decrease in trade accounts payable	(102.6)
Increase in other accounts payable	14.7
Changes in Working Capital	**(60.4)**

The increase in trade and other accounts receivable by USD 29 mln is primarily explained by growth in X5's scale of business and, as a result, higher supplier bonuses and allowances.

The decrease in inventories by USD 56 mln is explained by seasonality typical for retailers – stock is usually very high at the end of the year as a result of inventory accumulation both for the New Year and Orthodox Christmas holidays. During the first quarter inventories return to their normal levels. Same trends explain the decrease in trade accounts payable by USD 103 mln – in the first quarter the Company pays to suppliers for the increased levels of inventories accumulated at the end of 2007.

The increase in other accounts payable is mainly attributable to growth in accrued expenses and VAT payable.

Cash Flow from Investing Activities

Net cash used in investing activities totaled USD 152 mln, as the Company continued to add selling space. X5's cash flow used in investing activities in the first quarter 2008 does not include acquisition of *Kama Retail*, which was paid for in the second quarter 2008 (while control was obtained in the first quarter of the year).

USD mln	For the quarter ended 31-Mar-08
Cash Flows Used in Investing Activities, incl.	
Purchase of PP&E, investment property & intangible assets	(144.6)
Net Cash Used in Investing Activities	**(152.2)**

Cash Flow from Financing Activities

Net cash from financing activities amounted to USD 78 mln as the Company raised additional debt to finance its capital expenditure program.

As a result, as at 31 March 2008 X5's net debt increased by USD 139 mln since the beginning of the year to USD 1,678 mln.

USD mln	For the quarter ended 31-Mar-08
Cash Flows from Financing Activities, incl.	
Proceeds from loans	499.5
Repayment of loans	(420.6)
Net Cash from Financing Activities	**78.2**

Rights Offering

In May 2008 X5 successfully completed USD 1,026 million offering of rights to existing shareholders to acquire newly issued GDRs in the Company with the purpose of financing the acquisition of Karusel and associated rebranding, restyling and integration costs.

As a result of the offering, X5's share capital increased from 54,120,038 to 66,146,713 issued ordinary shares, an equivalent of 264,586,852 GDRs.

To satisfy high investor demand the Company also sold all of its 3,769,113 GDRs held as Treasury Shares, generating additional gross proceeds of USD 131.92 million.

Outlook for 2008

X5 Retail Group N.V. updates its revenue growth guidance for 2008 on a stand-alone basis, i.e. excluding the acquisition of Karusel[*]. The Company revised its full year LFL sales growth forecast to around 17% in rouble terms, full year net sales growth forecast – to over 40% in rouble terms. Gross Margin and EBITDA Margin targets remain unchanged at 25.8 – 26.2% and 8.8 – 9.0%, respectively.

Please note that 2008 outlook numbers include contribution of tactical M&A transactions that are treated by the Company as organic development.

[*] Subject to satisfactory due diligence

Appendices

I. **Unaudited Consolidated Balance Sheet at 31 March 2008**

II. **Unaudited Consolidated Income Statement for the Three Months Ended 31 March 2008**

III. **Unaudited Consolidated Statement of Cash Flows for the Three Months Ended 31 March 2008**

IV. **Details of Assets and Liabilities Acquired in Kama Retail**

V. **Financial Calendar for 2008**

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Note to Editors:

X5 Retail Group N.V. is Russia's largest food retailer in terms of sales. The Company was created as a result of a merger between Pyaterochka (soft discounter chain) and Perekrestok (supermarket chain) on 18 May 2006.

As of 31 March 2008, X5 had 731 Company managed soft discount stores located in Moscow (321), St. Petersburg (249) and other Russian areas (161), 183 Company managed supermarkets across Central Russia and Ukraine, including 108 stores in Moscow (Moscow region and Yaroslavl region), and 16 Company managed hypermarkets.

As of 31 March 2008, X5's franchisees operated 711 stores across Russia and Kazakhstan.

X5's net sales for the full year 2007 reached USD 5,320 mln, an increase of 53% year-on-year. Gross profit for the period totaled USD 1,404 mln, EBITDA amounted to USD 479 mln. Full year 2007 net income reached USD 144 mln.

X5 Retail Group N.V.'s net sales for the first quarter 2008 surged 61% in USD terms and reached USD 1,786 mln. Gross profit for the period totaled USD 458 mln, EBITDA amounted to USD 161 mln, net profit – to USD 86 mln.

Appendix I: UNAUDITED CONSOLIDATED BALANCE SHEET AT 31 MARCH 2008
(expressed in thousands of US Dollars, unless otherwise stated)

	31-Mar-08	31-Dec-07
ASSETS		
Non-current assets		
Property, plant and equipment & investment property	2,335,437	2,117,397
Goodwill	3,079,514	2,934,216
Intangible assets	536,771	523,533
Prepaid leases	59,490	54,846
Other non-current assets	3,125	2,534
Deferred tax assets	39,604	28,357
	6,053,941	5,660,883
Current assets		
Inventories of goods for resale	283,763	325,036
Derivative financial assets	1,647	1,500
Loans originated	1,544	248
Current portion of non-current prepaid lease	6,019	5,766
Trade and other accounts receivable	184,287	149,137
Current income tax receivable	5,492	4,622
VAT and other taxes recoverable	201,056	195,752
Cash	146,433	179,496
	830,241	861,557
Total assets	**6,884,182**	**6,522,440**
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	70,883	70,883
Share premium	2,896,355	2,896,355
Cumulative translation reserve	439,030	294,169
Accumulated profit / (deficit)	68,366	(17,960)
Minority interests	220	220
Total equity	**3,474,854**	**3,243,667**
Non-current liabilities		
Long-term borrowings	1,466,801	1,464,684
Long-term finance lease payable	964	1,181
Deferred tax liabilities	226,062	214,101
Long-term deferred revenue	6,994	3,221
Share-based payments liability	48,312	43,208
	1,749,133	1,726,395
Current liabilities		
Trade accounts payable	912,414	968,505
Short-term borrowings	357,969	253,733
Share-based payments liability	2,389	2,389
Derivative financial liabilities	6,486	0
Short-term finance lease payables	1,842	2,145
Interest accrued	8,463	2,763
Short-term deferred revenue	1,725	4,943
Current income tax payable	32,726	33,303
Provisions and other liabilities	336,181	284,597
	1,660,195	1,552,378
Total liabilities	**3,409,328**	**3,278,773**
Total equity and liabilities	**6,884,182**	**6,522,440**

X5 RETAIL GROUP

Appendix II

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2008
(expressed in thousands of US Dollars, unless otherwise stated)

	31-Mar-08	31-Mar-07
Revenue	1,785,781	1,106,242
Cost of sales	(1,327,566)	(819,599)
Gross profit	**458,215**	**286,643**
Selling, general and administrative expenses	(358,662)	(232,623)
Lease/sublease and other income	19,436	16,270
Operating profit	**118,989**	**70,290**
Finance income	1,168	1,175
Finance costs	(32,943)	(25,855)
Net foreign exchange gain	42,517	6,178
Profit before tax	**129,731**	**51,789**
Income tax expense	(43,406)	(24,719)
Profit for the period	**86,325**	**27,070**
Earnings per share		
basic	1.62	0.51
diluted	1.62	0.51

Appendix III: UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THREE MONTHS ENDED 31 MARCH 2008
(expressed in thousands of US Dollars, unless otherwise stated)

	31-Mar-08
Profit before tax	129,731
Adjustments for:	
Depreciation and amortisation	41,990
Loss on disposal of property, plant and equipment	1,147
Finance costs, net	31,775
Impairment of trade and other accounts receivable	3,280
Share-based payments expense	3,111
Amortisation of deferred expenses	1,161
Net foreign exchange gain	(42,518)
Net cash from operating activities before changes in working capital	**169,678**
Increase in trade and other accounts receivable	(28,539)
Decrease in inventories	55,983
Decrease in trade payable	(102,594)
Increase in other accounts payable	14,702
Net cash generated from operations	**109,230**
Interest paid	(27,536)
Interest received	3,500
Income tax paid	(50,893)
Net cash from operating activities	**34,301**
Cash flows from investing activities	
Purchase of property, plant and equipment	(142,110)
Non-current prepaid lease	(7,430)
Acquisition of other long-term investments	(453)
Proceeds from sale of property, plant and equipment	349
Purchase of intangible assets	(2,533)
Net cash used in investing activities	**(152,178)**
Cash flows from financing activities	
Proceeds from short-term loans	499,461
Repayment of short-term loans	(420,612)
Principal payments on finance lease obligations	(645)
Net cash from financing activities	**78,204**
Effect of exchange rate changes on cash	6,609
Net decrease in cash	(33,063)
Movements in cash	
Cash at the beginning of the year	179,496
Net decrease in cash	(33,063)
Cash at the end of the year	**146,433**

Appendix IV

DETAILS OF ASSETS AND LIABILITIES ACQUIRED IN KAMA RETAIL
(expressed in thousands of US Dollars, unless otherwise stated)

In the first quarter of 2008 the Group acquired 100% of the voting shares of OOO "Kama-Retail" operating retail grocery stores in the Perm region. The Group acquired a total of 28 discount stores with a selling area of 9.3 thousand sq.m. The total area of purchased stores is 19.9 thousand sq.m, out of which 1.9 thousand sq.m. are wholly owned.

The Group assigned provisional values to net assets acquired. The Group will finalise the purchase price allocation within 12 month from the acquisition date.

As at 31 March 2008	Acquiree's carrying amounts, Russian GAAP	Provisional fair values
Cash and cash equivalents	464	464
Loans originated	85	85
Inventories	2,790	2,237
Trade and other accounts receivable	2,241	1,622
Property, plant and equipment	8,136	8,433
Other intangible assets, net	14	14
Deferred tax assets	211	139
Trade and other accounts payable	(8,677)	(8,677)
Provisions and liabilities for tax uncertainties	-	(634)
Net assets acquired	5,262	3,683
Goodwill		14,695
Total acquisition cost		18,377
Net Cash outflow arising from the acquisition (in Q2 2008)		17,913

Appendix V: Financial Calendar for 2008

Date	Event
May 29, 2008	Q1 2008 Financial Results Release
July 10, 2008, TBC	Q2 & H1 2008 Trading Update Release
September 23, 2008, TBC	Q2 & H1 IFRS Results Release
October 9, 2008, TBC	Q3 2008 Trading Update Release
November 25, 2008, TBC	Q3 2008 Financial Results Release