



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

Moscow, December 1, 2010

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

Key figures for the 9 months of 2010 in comparison with the 9 months of 2009 results:

- Revenue rose 17.0% to RUR 46,360 mln. or 25.6% in USD to USD 1,532 mln.
- Gross Profit rose 13.1% to RUR 12,002 mln., in USD Gross Profit increased by 21.4% to 396.7 mln. Gross Margin decreased by 0.9 pp year-on-year to 25.9%.
- EBITDA grew 8.3% to RUR 2,229 mln. In USD EBITDA grew 16.2% to USD 76 mln. EBITDA margin decreased by 0.4 pp over the the same period of 2009 to the level of 5.0%.
- Net Loss amounted to RUR 37.3 mln. (USD 1.2 mln.) compared to the Net Loss of RUR 101.9 mln. (USD 3 mln.) for the nine months of 2009.
- Net cash from operating activities increased 153.9% over the same period of 2009 to RUR 768.8 mln. (USD 25.4 mln).



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Key financial performance indicators as per unaudited 9 months 2010 financial results

	9mo 2010	9mo 2009	Δ%
<i>In thousands of RUR</i>			
Net Sales	46,360,079	39,621,662	17.0%
Gross Profit	12,001,857	10,612,742	13.1%
EBITDAR	4,179,706	3,789,623	10.3%
EBITDA	2,299,294	2,123,932	8.3%
Net Profit	-37,325	-101,952	--
Net Cash from Operating Activities	768,848	302,799	153.9%

	September 30, 2010	December 31, 2009	
Net Debt¹	7,606,601	7,275,780	4.5%

	9mo 2010	9mo 2009	Δ%
<i>In thousands of USD</i>			
Net Sales	1,532,372	1,219,826	25.6%
Gross Profit	396,706	326,733	21.4%
EBITDAR	138,155	116,671	18.4%
EBITDA	76,000	65,389	16.2%
Net Profit	-1,234	-3,139	--
Net Cash from Operating Activities	25,413	9,322	172.6%

	September 30, 2010	December 31, 2009	
Net Debt	250,192	240,568	4.0%

% of Sales	9mo 2010	9mo 2009
Gross Margin	25.9%	26.8%
EBITDAR	9.0%	9.6%
EBITDA	5.0%	5.4%
Net Profit	-0.1%	-0.3%

¹ Net debt calculation excludes related parties and accrued interest. Net Debt as at 30 September 2010 including bonds, bank loans, financial lease liabilities and accrued interest, less cash & equivalent would stand at KГK 7,606,601 thousand.



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Revenue by Format

<i>In thousands RUR</i>	9mo 2010	9mo 2009	Δ%
DIXY	39 010 964	33 088 352	17,9%
V-MART	0	68 034	--
MEGAMART	5 202 103	4 483 396	16,0%
MINIMART	1 595 999	1 476 071	8,1%
Other Revenue	551 013	505 809	8,9%
	46 360 079	39 621 662	17,0%

<i>In thousands USD</i>	9mo 2010	9mo 2009	Δ%
DIXY	1 289 457	1 018 686	26,6%
V-MART	0	2 095	--
MEGAMART	171 949	138 030	24,6%
MINIMART	52 754	45 444	16,1%
Other Revenue	18 213	15 572	17,0%
	1 532 372	1 219 826	25,6%

Average Basket Size by Format

<i>In RUR</i>	9mo 2010	9mo 2009	Δ%
DIXY	212	208	1,8%
MEGAMART	498	528	-5,7%
MINIMART	362	368	-1,8%

During the nine months of 2010, 71 new Dixy stores were opened compared to 38 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.

SG&A costs increased by 13.9% over the same period 2009, while declining as a percentage of Revenue by 0.7 pp to 23.7% compared to 24.4% over the same period last year. The Company will continue to focus on tightening cost control and improving efficiency of the operational business processes.

During the nine months of 2010, DIXY Group LFL sales grew 5.5% (6.6% for the third quarter of 2010), and DIXY format LFL sales – 5.6% and 6.6% correspondingly. The DIXY Group LFL sales positive dynamics was due to the 4.3% increase in customer traffic for the nine months (4.1% for DIXY format), and 2.7% increase in average ticket in the third quarter for DIXY Group (3.0% for DIXY format).

During the period, on the Group level, sales per square meter of selling space grew by 4.9% over the same period last year. The highest 8.1% year-on-year sales growth per square meter of selling space was achieved at Minimart stores in the Urals Federal District. Positive LFL dynamic is primarily the result of



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higher levels of customer service, and more aggressive promo and advertising activities. The strengthening of the Company's promotional efficiency targeting LFL growth was made possible also by means of the increase in the DIXY format levels of logistical service (success of delivery rate) to 83.4% in the third quarter of 2010 and centralization of deliveries to 79.0% (80.9% in the Central Federal District) as of September 2010.

For the nine months of 2010, **Gross Profit** grew 13.1% to RUR 12,002 mln. or by 21.4% in USD to 396.7 mln. Gross Margin decreased by 0.9 pp from 26.8% for the nine months of 2009 to 25.9% for the nine months of 2010. This decrease was mainly driven by a more aggressive pricing policy and increase in promotional activities.

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

	9mo 2010	9mo 2009	Δ%
Salaries	4 520 381	3 997 784	13,1%
Lease Expenses	1 880 412	1 665 691	12,9%
D&A	1 290 168	1 165 308	10,7%
Shrinkage	998 743	741 935	34,6%
Utilities, Repair and Maintenance Expenses	825 006	793 552	4,0%
Transportation and Handling Expenses	270 124	189 139	42,8%
Advertising Expenses	178 204	138 577	28,6%
Other Expenses	1 029 693	962 132	7,0%
	10 992 731	9 654 118	13,9%

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

	9mo 2010	9mo 2009
Salaries	9,8%	10,1%
Lease Expenses	4,0%	4,2%
D&A	2,8%	2,9%
Shrinkage	2,2%	1,9%
Utilities, Repair and Maintenance Expenses	1,8%	2,0%
Transportation and Handling Expenses	0,6%	0,5%
Advertising Expenses	0,4%	0,3%
Other Expenses	2,2%	2,4%
	23,7%	24,4%



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Salary Expense in the nine months of 2010 increased by 13.1%, while decreasing as a percentage of Revenue by 0.3 pp over the same period of 2009 (10.1% of Revenue) to 9.8% of Revenue.

Leasing Expense for the nine months of 2010 increased by 12.9%, while declining by 0.2 pp from 4.2% of Revenue in the nine months of 2009 to 4.0 % of Revenue in the nine months of 2010.

Depreciation and Amortization increased by 10.7%, while declining by 0.2 pp as a percentage of Revenue from 2.9% of Revenue in the nine months of 2009 to 2.8% of Revenue in the nine months of 2010.

Shrinkage for the nine months of 2010 increased by 34.6% by 0.3 pp to 2.2% of Revenue compared to 1.9% of Revenue for the nine months of 2009; shrinkage in the third quarter of 2010 stayed at the same level of 2.0% of Revenue as in the second quarter. The positive trend of shrinkage expense reduction (as a percentage of sales) temporarily slowed down in the third quarter due to external force majeure circumstances (abnormally hot weather in July and August). In the fourth quarter the positive trend of shrinkage expense reduction will be continued.

Utilities, Repair & Maintenance costs rose 4.0% to RUR 825.0 mln., while declining by 0.2 pp over the same period last year to 1.8% of Revenue for the nine months of 2010 from 2.0% over the same period last year.

Transportation and Handling Expenses for the nine months of 2010 increased by 42.8% to RUR 270.1 mln. to 0.6% of Revenue from 0.5% of Revenue (0.1 pp increase) over the same period last year on the back of increase in distribution centers centralization and shipments levels in 2010 and higher average shipment weight and lower average box cost in the third quarter.

Advertising Expenses increased by 28.6% to 0.4% of Revenue compared to 0.3% of Revenue over the same period last year. The increase by 0.1 pp 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.

EBITDAR² increased by 10.3% in RUR (18.4% in USD) and reached RUR 4,180 mln. (USD 138.2 mln.). EBITDAR margin decreased by 0.6 pp compared to the same period last year to 9.0% of Revenue as a result of Gross Margin decrease by 0.9 pp year-on-year.

EBITDA³ grew 8.3% to RUR 2,299 mln. or 16.2% in USD to USD 76 mln. EBITDA margin decreased by 0.4 pp over the same period last year to the level of 5.0% due to the increase in shrinkage, marketing and transportation and handling expenses.

For the nine months of 2010 the DIXY Group recorded **Net Loss** of RUR 37.3 mln. (1.2 mln.USD). This profit includes the FX loss of RUR 105 mln..

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 9 months 2010 – 9 months 2009

	9mo 2010	9mo 2009	Δ%
Number of stores	595	509	16.9%
Number of employees	17,780	16,085	10.5%
Total Space owned, sqm	178,467	173,537	2.8%
Total Space, sqm	521,393	472,388	10.4%
Selling Space, sqm by format:	218,088	195,377	11.6%
DIXY	182,481	161,860	12.7%
MEGAMART	30,121	28,031	7.5%
MINIMART	5,486	5,486	--

Exchange rates

	30 September 2010	30 September 2009
RUR / USD eop	30,8365	30,8177
	9mo 2010	9mo 2009
RUR / USD average	30.2538	32.4814



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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 October 31, 2010, the Group operated 606 stores, including 583 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 October 31, 2010, the Company had a total of 220,984 square meters of selling space and employed 18,034 people.

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BALANCE SHEET

<i>In thousands of Russian Roubles</i>	30 September 2010	31 December 2009
ASSETS		
Non-current assets		
Property, plant and equipment	12 444 255	12 740 752
Capital advances	626 392	526 539
Goodwill	404 603	404 603
Other Intangible assets	373 760	431 758
Initial lease costs	233 112	287 694
Loans	6 506	17 750
Trade and other receivables	10 098	25 804
Deferred tax asset	373 683	250 592
	14 472 409	14 685 492
Current assets		
Inventories	2 983 022	3 320 969
Trade and other receivables	1 191 935	1 401 365
Taxes recoverable and prepayments	1 102 661	939 513
Loans	137 203	135 652
Initial lease costs	71 415	86 785
Cash and cash equivalents	469 604	1 331 856
	5 955 840	7 216 140
TOTAL ASSETS	20 428 249	21 901 632
EQUITY AND LIABILITIES		
Share capital	860	860
Additional paid-in capital	4 112 421	4 119 422
Retained earnings	1 615 017	1 652 342
	5 728 298	5 772 624
Non-controlling interest	12 411	11 797
TOTAL EQUITY	5 740 709	5 784 421
Non-current liabilities		
Bonds	-	3 000 000
Borrowings	4 640 538	
Finance leases	137 591	241 975
Deferred tax liability	243 884	263 120
	5 022 013	3 505 095
Current liabilities		
Trade and other payables	5 640 727	6 360 162
Borrowings	511 548	5 669 995
Current portion of Bonds	3 010 643	79 823
Finance leases	122 751	128 314
Advances from customers	70 737	137 967
Tax liability, other than income taxes	282 704	183 311
Income taxes payable	18 932	45 059
Provisions for liabilities and charges	7 485	7 485
	9 665 527	12 612 116
	14 687 540	16 117 211
TOTAL EQUITY AND LIABILITIES	20 428 249	21 901 632



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INCOME STATEMENT

In thousands of Russian Roubles

	9 Months 2010	9 Months 2009
Continuing operations		
Revenue	46 360 079	39 621 662
Cost of sales	(34 358 222)	(29 008 920)
Gross profit	12 001 857	10 612 742
General and administrative expenses	(10 992 731)	(9 654 118)
Operating profit	1 009 126	958 624
Finance income	22 488	21 871
Finance costs	(545 460)	(629 797)
Foreign exchange (loss)/gain, net	(105 038)	(162 831)
Profit/ (loss) before income tax	381 116	187 867
Income tax expense	(418 264)	(290 071)
Profit (loss) for the period	(37 148)	(102 204)
Total comprehensive profit (loss) for the year	(37 148)	(102 204)
Attributable to:		
Equity holders of the Parent	(37 325)	(101 952)
Equity holders of the non-controlling interest	177	(252)
	(37 148)	(102 204)



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CASH FLOW STATEMENT

In thousands of Russian Roubles

	9 Months 2010	9 Months 2009
Cash flows from operating activities :		
Profit/(loss) before income tax	381 116	187 867
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	1 159 255	1 031 003
Amortisation of intangible assets	58 685	59 370
Amortisation of initial lease costs	72 228	74 935
Gain less losses on disposals of property, plant and equipment and intangible assets	14 457	39 822
Increase in provision for impairment of taxes recoverable and prepayments	67 797	24 937
Increase in provision for impairment of trade and other receivables	10 281	32 952
Reversal of write-down/ (write down) of inventory to net realizable value	(14 243)	(13 814)
Decrease in income tax provision	-	7 125
Finance costs	545 460	629 797
Interest income on loans and cash deposits	(22 488)	(21 871)
Unrealised foreign exchange gains less losses on borrowings	105 040	162 833
Operating cash flows before working capital changes	2 377 588	2 214 956
Decrease/(increase) in trade and other receivables	197 643	(242 409)
Decrease in inventories	352 190	696 065
(Increase)/decrease in taxes recoverable and prepayments	(214 633)	114 064
(Decrease) in trade and other payables	(719 434)	(1 341 262)
Increase in tax liabilities other than income tax	99 393	126 880
(Decrease) in advances from customers	(67 230)	(18 741)
Cash generated from operations	2 025 518	1 549 553
Income taxes paid	(627 155)	(485 564)
Interest paid	(629 515)	(761 191)
Net cash from operating activities-continuing operations	768 848	302 799
Net cash from operating activities-discontinued operations		
Net cash from operating activities	768 848	302 799
Cash flows from investing activities:		
Purchase of property, plant and equipment	(938 832)	(1 123 295)
Purchase of non-controlling interest in subsidiary	(3 365)	-
Proceeds from sale of property, plant and equipment	17 880	104 882
Initial Lease costs paid	(2 276)	(6 576)
Loans repaid	397 839	397 726
Disbursement of loans	(381 535)	(370 610)
Interest received	12 470	4 412
Purchases of intangible assets	(18 910)	(31 376)
Net cash used in investing activities-continuing operations	(916 729)	(1 024 836)
Net cash used in investing activities	(916 729)	(1 024 836)
Cash flows from financing activities		
Proceeds from loans and borrowings	5 871 929	3 632 590
Repayment of loans and borrowings	(6 486 977)	(3 580 504)
Buy-out of shares	(7 001)	-
Finance lease payments	(92 321)	(194 568)
Net cash from financing activities-continuing operations	(714 370)	(142 482)
Net cash from financing activities	(714 370)	(142 482)
Net decrease in cash and cash equivalents	(862 252)	(864 520)
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	469 604	425 279