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4 September 2006

Pyaterochka Holding N.V.

PYATEROCHKA HOLDING N.V. ANNOUNCES 1H 2006 RESULTS

GROUP PRO FORMA SALES OF US \$1,581 MILLION, UP +43% VS. 1H 2005

GROUP PRO FORMA GROSS MARGIN OF 26.6% VS. 24.5% 1H 2005

GROUP PRO FORMA EBITDA OF US \$149 MILLION, UP +52%¹ VS. 1H 2005

Pyaterochka Holding N.V. today released its financial results for 1H 2006. The figures provided are management accounts.

The first six months of 2006 has been an eventful and exciting period for the Group. The merger between Pyaterochka and Perekrestok was closed on 18 May 2006 and was immediately followed by intense internal work ensuring that the merger benefits are realised according to plan. Funding for the transaction as well as the Group's ambitious growth plans has been secured through the successful arrangement of a 3-year US\$800 million international unsecured syndicated loan facility.

The period has seen the addition of 135 new stores operating under our banners, and over one thousand stores are now trading under the Group's banners. Previously communicated store opening plans are remain on track and LFL statistics remain strong. New state-of-the-art logistics centres have opened in Moscow and St. Petersburg which will support our growth and provide further efficiency gains. The expansion plans are executed by a strengthened management team and further appointments are forthcoming. Russian food retail market dynamics remain strong and the Group looks towards 2H 2006 with confidence.

Analyst and Investors Conference Call

There will be a management presentation and simultaneous conference call today for analysts and investors at 15:00 Moscow time (12:00 UK time; 7:00 EST) hosted by Lev Khasis, Group CEO, and Vitaliy Podolskiy, Group CFO, to discuss the 1H 2006 results, the integration process, and management's outlook for the remainder of the year.

Investors and analysts are invited to attend the presentation in person in Moscow at the Swissôtel Krasnye Holmy at 15.00, or to join by conference call:

**Monday, 4 September 2006
7:00 EST / 12:00 UK time / 15:00 Moscow time**

¹ For comparability excludes the capital gain of USD \$19 million on the sale of Tushino Plaza in 2005



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1H 2006 Financial Highlights

The Group is pleased today to present a very strong set of financial results for the first six months of 2006. On a pro forma basis, sales increased by 43% to US\$1,581 million. Through a successful effort by our purchasing teams we managed to raise gross margin from 24.5% to 26.6%, thereby generating gross profit growth of an impressive 56%. The Group has made very significant investments in the business in terms of store openings and an increased marketing budget. Nevertheless, the operating cost base remains tight and pro forma EBITDA has increased 52% to US\$149 million (excluding the effect of the Tushino Plaza capital gain in 2005).

The IFRS consolidated financial statements for Pyaterochka Holding N.V. for the first six months of 2006 are calculated on the basis of the results of the Perekrestok chain from 1 January 2006 – 30 June 2006 and the results of the Pyaterochka chain from 18 May 2006 – 30 June 2006 (i.e. from the date of transaction closing). The IFRS consolidated financial statements for 1H 2005 include only the Perekrestok chain; the Pyaterochka chain is not included in these figures. In the same time, certain changes are made in Perekrestok's reporting standards in order to fully align IFRS reporting standards for both businesses. For comparison purposes, these changes are also made in 2005 IFRS accounts for Perekrestok Holding Limited retroactively. These changes have affected EBIT, EBITDA, and EBITDAR and SG&A.

The company's auditors, PricewaterhouseCoopers, have determined that this is the most representative way to express the company's combined financial statement post-merger, as the transaction is being treated as a "reverse takeover" for accounting purposes.

Pyaterochka Holding N.V. has also provided below Pro Forma 1H 2006 financial highlights for the combined entity, as well as stand-alone financial highlights for each of the chains for the same period (1 January 2006 – 30 June 2006).

Pro Forma Pyaterochka Holding N.V.

Calculated on the basis of the results of both the Pyaterochka and Perekrestok chains from 1 January – 30 June 2006

- Net Sales of US \$1,581 million; up 43.4% vs. 1H 2005
- Gross profit of US \$420 million; Gross margin of 26.6%
- EBITDA of US \$149 million; EBITDA margin of 9.4%
- Net profit of US \$62 million; Net margin of 3.9%

Pyaterochka chain stand-alone

Calculated on the basis of the results of the Pyaterochka chain from 1 January – 30 June 2006

- Net Sales of US \$906 million; up 41.9% vs. 1H 2005
- Gross profit of US \$234 million; Gross margin of 25.9%
- EBITDA of US \$101 million; EBITDA margin of 11.2%
- Net profit of US \$44 million; Net margin of 4.8%

Perekrestok chain stand-alone

Calculated on the basis of the results of the Perekrestok chain from 1 January – 30 June 2006

- Net Sales of US\$675 million; up 45.5% vs. 1H 2005
- Gross profit of US \$186 million; Gross margin of 27.6%
- EBITDA of US \$47 million; EBITDA margin of 7.0%
- Net profit of US \$18 million; Net margin of 2.7%

IFRS Consolidated Pyaterochka Holding N.V.

Calculated on the basis of results of the Perekrestok chain from 1 January – 30 June 2006 and the results of Pyaterochka chain from 19 May – 30 June 2006

- Net Sales of US \$899 million
- Gross profit of US \$246 million; Gross margin of 27.4%
- EBITDA of US \$72 million; EBITDA margin of 8.0%
- Net profit of US \$22 million; Net margin of 2.5%

1H 2006 Operating Highlights

The first six months of 2006 has been an eventful and exciting period for the Group. The merger between Pyaterochka and Perekrestok was closed on 18 May 2006 and was immediately followed by intense internal work ensuring that the merger benefits are realised according to plan. The first few months of this work has confirmed the logic of the combination. While results responsibilities remains with the two operating divisions, back office centralisation is an immediate priority. Integration workstreams are operating, a central commercial and non-commercial purchasing teams have been set up, and a centralised logistics team is also ensuring optimal Group solutions in this area.

A 3-year syndicated credit facility of US\$800 million was successfully put in place to fund the transaction as well as provide the Group with the necessary funds to pursue its ambitious growth plans.

The Group has also launched a GDR repurchase programme in June to fund its obligations under its current employee stock option programme.



Expansion

As of 30 June 2006, Pyaterochka Holding N.V. operated a total of 1,013 stores, including 524 company-managed stores and 489 franchised stores across both chains.

The Pyaterochka chain operated 391 company-managed stores as of 30 June 2006, including 187 stores in Moscow, 185 stores in St. Petersburg, and 19 stores in Yekaterinburg. The Pyaterochka chain also has 479 branded stores operated by franchisees as of 30 June 2006, across 20 regions of Russia, Ukraine and Kazakhstan.

The Perekrestok chain operated 133 company-managed stores as of 30 June 2006, including 8 city hypermarkets, 105 supermarkets, and 20 convenience stores. The Perekrestok chain has 78 stores in Moscow, 14 stores in St. Petersburg, 37 stores in the Russian regions outside of Moscow and St. Petersburg, and 4 stores in Kiev, Ukraine. The Perekrestok chain currently has 10 stores operated by franchisees in Moscow.

During 1H 2006 the Group opened 59 new company-managed stores in Moscow and St. Petersburg, taking the net selling space to 399,000 square metres. The Group plans to open 130 new Pyaterochka stores and 40 new Perekrestok stores in 2006. A dedicated and experienced M&A team has been set up with the aim to accelerate the external growth through acquisitions of parcels of stores from competing chains as well as franchisees.

Store Operations

As previously communicated, Pyaterochka Holding N.V. experienced encouraging Like-for-Like (LFL) sales trends during 1H 2006 across both chains.

For 1H 2006, the group experienced LFL sales of +10% measured in RUR terms. The Pyaterochka chain experienced LFL sales performance of +7% for 1H 2006. The Perekrestok chain experienced overall LFL sales performance of +15% for 1H 2006.

During the first half of 2006, Pyaterochka stores in Moscow experienced LFL sales performance of +14%, composed of traffic of +2% and basket growth of +12%. During this same period, the Perekrestok stores in Moscow also experienced LFL sales performance of +14%, composed of traffic of +6% and basket growth of +8%.

During 1H 2006, the Pyaterochka stores in St. Petersburg experienced LFL sales performance of +1%, composed of traffic of -6% and basket growth of +7%. During this same period, the Perekrestok stores in St. Petersburg experienced LFL sales performance of +12%, composed of traffic of +6% and basket growth of +6%.

The performance during July and August has been strong in spite of the challenges associated with the changes to the excise labels on imported wine and spirits.

Quotes

"The Pyaterochka Group is going from strength to strength. The merger of Pyaterochka and Perekrestok has combined the leading retailers in Russia in terms of formats, locations, logistics and value proposition to our customers. The strong performance and achievements in 1H 2006 demonstrates these qualities. I am excited and confident about our future".

Lev Khasis, Group CEO

"The financial performance of Pyaterochka in 1H 2006 clearly shows our growth continuing unabated. A highly satisfactory gross margin improvement in conjunction with our tight cost control has led to a pro forma operating profit growth in excess of 50%. The successful arrangement of our US\$800 million facility has also secured funding for our expansion, lower costs of capital and the Group now stands well positioned to capitalise on new opportunities".

Vitaliy Podolskiy, Group CFO

PRO FORMA GROUP (PYATEROCHKA chain + PEREKRESTOK chain)

INCOME STATEMENT HIGHLIGHTS

For the six month periods ending 30 June 2006 and 30 June 2005

6m 2006: 1Jan-30June for Perekrestok & 1Jan-30June for Pyaterochka

6m 2005: 1Jan-30June for Perekrestok & 1Jan-30June for Pyaterochka

	USD '000 30 June 2006	USD '000 30 June 2005
Sales	1,580,846	1,102,199
Cost of goods sold	(1,160,626)	(832,072)
Gross profit	420,220	270,127
Operating expenses	(325,833)	(202,101)
including:		
Staff costs	(154,610)	(93,547)
Operating lease expenses	(55,047)	(34,175)
Depreciation of property, plant and equipment	(30,917)	(20,577)
Utilities	(15,143)	(8,223)
Supplies and materials	(8,557)	(5,865)
Advertising	(15,965)	(6,242)
Consulting and information services	(4,717)	(6,685)
Security costs	(6,637)	(6,113)
Repair and maintenance costs	(8,180)	(5,167)
Taxes other than income tax	(6,319)	(2,635)
Bank charges	(3,412)	(2,101)
Impairment of trade and other accounts receivable	(2,582)	(2,205)
Transportation costs	(5,024)	(2,861)
Amortisation of intangible assets	(422)	(471)
Other operating expenses	(8,301)	(5,234)
Gain / (loss) from disposal of PP&E	5,516	15,898
Lease / sublease income	17,422	11,734
Operating profit	117,325	95,658
Finance costs, net	(26,990)	(8,325)
Net foreign exchange gain	4,674	(4,069)
Profit before tax	95,009	83,264
Income tax expense	(32,824)	(15,166)
Profit for the period	62,185	68,098
Attributable to:		
Equity holders of the parent	62,185	68,038
Minority interest		60
Profit for the period	62,185	68,098

PYATEROCHKA chain stand-alone

INCOME STATEMENT HIGHLIGHTS

For the six month periods ending 30 June 2006 and 30 June 2005

Pyaterochka only

	USD '000 30 June 2006	USD '000 30 June 2005
Sales	905,870	638,178
Cost of goods sold	(671,670)	(485,277)
Gross profit	234,199	152,901
Operating expenses	(157,798)	(90,832)
including:		
Staff costs	(81,979)	(42,896)
Operating lease expenses	(27,251)	(15,571)
Depreciation of property, plant and equipment	(15,950)	(9,622)
Utilities	(4,481)	(2,466)
Supplies and materials	(2,799)	(2,067)
Advertising	(2,789)	(1,804)
Consulting and information services	(1,231)	(3,359)
Security costs	(3,074)	(3,626)
Repair and maintenance costs	(5,128)	(3,176)
Taxes other than income tax	(2,854)	(682)
Bank charges	(1,626)	(972)
Impairment of trade and other accounts receivable	(1,005)	(1,169)
Transportation costs	(3,347)	(1,706)
Amortisation of intangible assets	(26)	(101)
Other operating expenses	(4,258)	(1,615)
Gain / (loss) from disposal of PP&E	1,748	(2,658)
Lease / sublease income	7,205	3,360
Operating profit	85,354	62,771
Finance costs, net	(18,560)	(3,084)
Net foreign exchange gain	2,362	(1,019)
Profit before tax	69,156	58,668
Income tax expense	(25,313)	(11,336)
Profit for the period	43,843	47,332
Attributable to:		
Equity holders of the parent	43,843	47,332
Minority interest		
Profit for the period	43,843	47,332



PYATEROCHKA HOLDING N.V.

IFRS CONSOLIDATED BALANCE SHEETS
As of 30 June 2006 and 31 December 2005

30 June 2006 includes both Pyaterochka and Perekrestok chains

31 December 2005 includes Perekrestok chain only

	USD '000 30 June 2006	USD '000 31 Dec 2005
ASSETS		
Non-current assets		
PP&E	908,858	324,598
Intangible assets	21,144	19,040
Goodwill	2,831,704	24,153
Prepaid lease	14,259	4,218
Loan to related party	5,250	5,250
Other non-current assets	389	-
Deferred tax assets	9,690	-
	<hr/> 3,791,294	<hr/> 377,259
Current assets		
Inventories of goods for resale	116,857	68,576
STI	2,946	12
Trade and other accounts receivable	101,237	24,528
VAT and other taxes recoverable	87,507	59,084
Cash	48,658	30,067
	<hr/> 357,205	<hr/> 182,267
Total assets	<hr/> 4,148,499	<hr/> 559,526

PYATEROCHKA HOLDING N.V.

**IFRS CONSOLIDATED BALANCE SHEETS (Continued from page 9)
As of 30 June 2006 and 31 December 2005**

30 June 2006 includes both Pyaterochka and Perekrestok chains

31 December 2005 includes Perekrestok chain only

	USD '000 30 June 2006	USD '000 31 Dec 2005
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent	2,842,889	181,986
Minority interest	-	-
Total equity	2,842,889	181,986
Non-current liabilities		
Long-term borrowings	681,159	144,089
Long-term liability for share-based payments	17,773	-
Finance lease payable	3,852	-
Deferred tax liabilities	36,032	16,674
Other non-current liabilities	-	146
	738,816	160,909
Current liabilities		
Trade accounts payable	313,535	119,634
Short-term borrowings	136,992	52,602
Finance lease payables	2,284	-
Other accounts payable	131,983	44,395
	566,794	216,631
Total liabilities	1,305,610	377,540
Total equity and liabilities	4,148,499	559,526

PYATEROCHKA HOLDING N.V.

IFRS CONSOLIDATED INCOME STATEMENT

For the six month periods ending 30 June 2006 and 30 June 2005

6m 2006: 1Jan-30June for Perekrestok & 19 May-30 June for Pyaterochka

6m 2005: 1Jan-30June for Perekrestok; Pyaterochka is not included

	USD '000 30 June 2006	USD '000 30 June 2005
Sales	898,783	464,021
Cost of goods sold	(652,797)	(346,795)
Gross profit	245,986	117,226
Operating expenses including:	(210,225)	(111,269)
Staff costs	(93,310)	(50,651)
Operating lease expenses	(34,650)	(18,604)
Depreciation of property, plant and equipment	(18,787)	(10,955)
Utilities	(11,883)	(5,757)
Supplies and materials	(6,529)	(3,798)
Advertising	(13,959)	(4,438)
Consulting and information services	(3,382)	(3,326)
Security costs	(4,381)	(2,487)
Repair and maintenance costs	(4,674)	(1,991)
Taxes other than income tax	(4,637)	(1,953)
Bank charges	(2,139)	(1,129)
Impairment of trade and other accounts receivable	(2,436)	(1,036)
Transportation costs	(2,438)	(1,155)
Amortisation of intangible assets	(400)	(370)
Other operating expenses	(6,620)	(3,619)
Gain / (loss) from disposal of PP&E	3,729	18,556
Lease / sublease income	12,843	8,374
Operating profit	52,333	32,887
Finance costs, net	(15,851)	(5,241)
Net foreign exchange gain	1,723	(3,050)
Profit before tax	38,205	24,596
Income tax expense	(15,813)	(3,830)
Profit for the period	22,392	20,766
Attributable to:		
Equity holders of the parent	22,392	20,706
Minority interest		60
Profit for the period	22,392	20,766

PYATEROCHKA HOLDING N.V.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month periods ending 30 June 2006 and 30 June 2005

6m 2006: 1Jan-30June for Perekrestok & 19 May-30 June for Pyaterochka

6m 2005: 1Jan-30June for Perekrestok; Pyaterochka is not included

	6M 2006	6M 2005
	USD '000	USD '000
Profit before tax	38,206	24,596
<u>Adjustments for:</u>		
Depreciation and amortisation	19,187	11,097
Gain on disposal of property, plant and equipment	(2,102)	(18,556)
Gain on disposal of intangibles	38	0
Inventory shrinkage	8,436	4,695
Finance costs, net	12,238	5,241
Impairment of trade and other accounts receivable	2,414	1,036
Loss on disposals of subsidiaries	110	0
Share-based payment expense	3,021	0
(Gains)/losses on measurement of investments to fair value	3,225	0
Amortization of deferred expenses	565	0
Net foreign exchange loss	(1,723)	3,050
Net cash from operating activities before changes in working capital	83,615	31,159
Increase in VAT recoverable	13,759	(16,956)
Increase in trade and other accounts receivable	(45,797)	(3,702)
Increase in inventories	2,033	(918)
Decrease in trade accounts payable	(18,758)	(11,433)
Decrease in other accounts payable	23,811	(2,967)
Translation effect on working capital	3,367	(1,272)
Cash used in operations	62,030	(6,089)
Interest paid	(10,310)	(3,592)
Interest received	141	97
Income tax paid	(15,278)	(1,480)
Net cash used in operating activities	36,583	(11,064)
Cash flows used in investing activities		
Purchase of property, plant and equipment	(72,625)	(85,326)
Proceeds from sales of property, plant and equipment	2,314	2,500
Acquisition of subsidiaries		(8,750)
Cash acquired in subsidiaries	27,504	0
Long-term loan originated		(5,250)
Acquisition of investments available for sale	(1,771)	(1,211)
Proceeds from sale of investments available for sale	16	1,149
Other LTI	(389)	0
Long-term deferred expenses prepaid	(6,338)	0
Purchase of intangible assets	(53)	(603)

PYATEROCHKA HOLDING N.V.

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued from page 12)
For the six month periods ending 30 June 2006 and 30 June 2005**

6m 2006: 1Jan-30June for Perekrestok & 19 May-30 June for Pyaterochka

6m 2005: 1Jan-30June for Perekrestok; Pyaterochka is not included

	6M 2006	6M 2005
	USD '000	USD '000
Net cash used in investing activities	(51,342)	(97,491)
Cash flows from financing activities		
Proceeds from short-term loans	92,629	224,163
Repayment of short-term loans	(48,889)	(135,690)
Proceeds from long-term loans	154,878	0
Repayment of long-term loans	(165,309)	(15,000)
Net cash from financing activities	33,309	73,473
Effect of exchange rate changes on cash and cash equivalents	42	(670)
Net decrease in cash and cash equivalents	18,592	(35,752)
Movements in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	30,066	52,618
Increase / Decrease	18,592	(35,752)
Cash and cash equivalents at the end of the period	48,658	16,866



Note to Editors:

Pyaterochka Holding N.V. is Russia's largest food retailer in terms of sales. The group has 391 company-managed "Pyaterochka" soft discount stores located in the Moscow (187), St. Petersburg (185) and Yekaterinburg (19) areas, and 133 company-managed "Perekrestok" supermarkets across 14 regions of Central Russia and Ukraine, including 78 stores in Moscow, as of 30 June 2006.

As of 30 June 2006, franchisees operated 479 Pyaterochka branded stores in 20 regions of Russia, Ukraine and Kazakhstan. Perekrestok has 10 convenience stores operated by franchisees in the Moscow area.

Pyaterochka and Perekrestok have merged their operations as of 18 May 2006 to create the clear leader in the Russian food retail market.

Pyaterochka's 2005 net sales (pre-merger) reached USD 1,359 million, with gross banner sales in 2005 of over USD 2 billion. Perekrestok net sales reached USD 1,015 million in 2005.

The Group's pro forma (assuming both chains contribution from 1 January 2006) net sales for the first half of 2006 were US \$1,581 million. During 1H 2006, the Pyaterochka chain provided US \$906 million of net sales, while the Perekrestok chain contributed US \$675 million of net sales.

- End -

Enquiries to:

Pyaterochka Holding NV

Tanja Djurdjevic

Investor Relations

Tel +7 495 724 6414

Email ir@e5.ru