



PRESS RELEASE

December 10, 2008

Moscow

Net sales of the JSC “The Seventh Continent” in the 9M 2008 increased 34% and reached USD 1 186.8 mn., 3Q sales increased 34% and reached USD 395.5 mn.

JSC “The Seventh Continent” (further referred to as the Company) announces 9M and 3Q 2008 unaudited financial results prepared in accordance with International Financial Reporting Standards (IFRS).

The Company’s 9M 2008 net sales increased 34% and reached USD 1 186.8 mn. compared to USD 888.3 mn. in 9M 2007, 3Q 2008 net sales grew 34% and reached USD 395.5 mn. compared to USD 295.3 in 3Q 2007. Food and non-food sales accounted for 95% of total revenues, marketing rental and other revenues comprised 5% of total revenues for 9M 2008 period.

The Company’s gross profit for 9M 2008¹ reached USD 344.6 mn. and gross profit margin totaled 29.0%. 3Q 2008 gross profit reached USD 117.1 mn. with gross profit margin of 29.6%. Some decline in the gross profit margin compared to last year is mainly driven by expansion of the hypermarket operations including 3 new hypermarkets opened during the 1H 2008. The gross profit margin in the 3Q 2008 improved to 29.6% compared to 28.7% in the 1H 2008.

9M 2008 selling, general and administrative expenses amounted USD 260.8 mn. and grew 34% YoY. 9M 2008 S,G&A expenses as percent of sales reached 22.0%. 3Q 2008 selling, general and administrative expenses amounted USD 88.0 mn. and grew 31% compared to 3Q 2007. 3Q 2008 S,G&A expenses as percent of sales improved to 22.2% compared with 22.8% in 3Q 2007. The major improvement in commercial expenses came from decline in labour costs and operational lease expenses.

The Company’s EBITDA reached USD 105.2 mn. for 9M 2008, with EBITDA margin of 8.9%. 3Q 2008 EBITDA stood for USD 38.4 mn. and EBITDA margin of 9.7%. EBITDA excluding the financial result of the JSC “Finservice Bank” reached USD 112.7 mn. for 9M 2008 and USD 40.1 mn. for 3Q 2008 with EBITDA margin of 9.5% and 10.1% respectively.

Net income for the 9M 2008 reached USD 51.3 mn. and USD 8.9 mn. for the 3Q 2008, with net income margin of 4.3% and 2.3% respectively. Net income excluding the results of

¹ 9M 2008 / 2007 gross profit figure is presented including the reclassification of the accounting of the Cost of goods sold in the period. In the reported period the cost of labour involved in own production in the stores is included into the Cost of goods sold, for the previous periods it was included into the S,G&A expense. The reclassification does not affect the operational profit.

****NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN****

JSC “Finservice Bank” amounted USD 58.4 and USD 11.3 mn. for 9M and 3Q 2008, with net income margin reaching 4.9% and 2.9%. Some decline in net income margin compared to last year resulted from increase in interest expenses and loss on the exchange rate reevaluation reported in the other non-operating expense item.

9M 2008 operating and financial income from banking activities stood for USD 36.8 mn., while operating and financial expenses from banking activities amounted USD 44.6 mn.² 3Q 2008 operating and financial income from banking activities stood for USD 7.2 mn., while operating and financial expenses from banking activities amounted USD 9.1 mn.

As of 30 September 2008 the Company’s total assets stood at USD 1 442.4 mn., including USD 364.6 mn. of current assets and USD 1 077.8 mn. of non-current assets. Total liabilities reached USD 786.1 mn. and shareholders’ equity stood at USD 656.3 mn. Due to change in its share in the charter capital of JSC “Finservice Bank” the Company no longer fully consolidates the financial results of the Bank in its balance. The Company’s balance includes only proportion of the net assets of the Bank, owned by the Company proportionally to ownership of charter capital.

² Total of operational and financial income and expenses for JSC “Finservice Bank” are reported in the Profit and Loss Statement separately from the rest of operations in the lines “Operating income and financial income from banking activities” and “Operating expense and financial expense from banking activities” respectively

****NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN****

The Company's key financial results:

	<i>9M 2008</i>	<i>9M 2007</i>	<i>Growth, %</i>	<i>9M 2008 without bank</i>	<i>9M 2007 without bank</i>	<i>Growth, %</i>
Revenues, USD mn.	1 186.8	888.3	34%	1 186.5	888.5	34%
Gross profit, USD mn.	344.6	265.9	30%	344.2	266.0	29%
<i>Gross profit margin, %</i>	<i>29.0%</i>	<i>29.9%</i>		<i>29.0%</i>	<i>29.9%</i>	
S, G & A expense, USD mn.	260.8	195.0	34%	260.8	195	34%
<i>As % of sales</i>	<i>22.0%</i>	<i>22.0%</i>		<i>22.0%</i>	<i>21.9%</i>	
EBIT	72.8	71.2	2%	80.3	70.5	14%
<i>EBIT margin, %</i>	<i>6.1%</i>	<i>8.0%</i>		<i>6.8%</i>	<i>7.9%</i>	
EBITDA, USD mn.	105.2	95.4	10%	112.7	94.7	19%
<i>EBITDA margin, %</i>	<i>8.9%</i>	<i>10.7%</i>		<i>9.5%</i>	<i>10.7%</i>	
Net income, USD mn.	51.3	68.2	-25%	58.4	68.6	-15%
<i>Net income margin, %</i>	<i>4.3%</i>	<i>7.7%</i>		<i>4.9%</i>	<i>7.7%</i>	

	<i>3Q 2008</i>	<i>3Q 2007</i>	<i>Growth, %</i>	<i>3Q 2008 without bank</i>	<i>3Q 2007 without bank</i>	<i>Growth, %</i>
Revenues, USD mn.	395.5	295.3	34%	395.4	294.9	34%
Gross profit, USD mn.	117.1	89.6	31%	116.9	89.2	31%
<i>Gross profit margin, %</i>	<i>29.6%</i>	<i>30.3%</i>		<i>29.6%</i>	<i>30.2%</i>	
S, G & A expense, USD mn.	88.0	67.2	31%	88.0	67.2	31%
<i>As % of sales</i>	<i>22.2%</i>	<i>22.8%</i>		<i>22.3</i>	<i>22.8</i>	
EBIT	26.8	21.2	27%	28.5	21.9	30%
<i>EBIT margin, %</i>	<i>6.8%</i>	<i>7.2%</i>		<i>7.2%</i>	<i>7.4%</i>	
EBITDA, USD mn.	38.4	30.3	26%	40.1	31.1	29%
<i>EBITDA margin, %</i>	<i>9.7%</i>	<i>10.3%</i>		<i>10.1%</i>	<i>10.5%</i>	
Net income, USD mn.	8.9	15.8	-43%	11.3	17.0	-33%
<i>Net income margin, %</i>	<i>2.3%</i>	<i>5.3%</i>		<i>2.9%</i>	<i>5.8%</i>	

****NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO
THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN****

About the Company:

JSC "The Seventh Continent" was established in 1994 and today is an international retail chain and one of the leading Russian national chains. The Company operates in two major formats: supermarkets and hypermarkets. As of the end of November 2008 the Company has stores in Moscow and Moscow region (118 supermarkets and 3 hypermarkets), in Kaliningrad region (11 supermarkets), in St-Petersburg (1 hypermarket), in Ryazan (1 hypermarket), Chelyabinsk (1 hypermarket) in Minsk, Belorussia (1 hypermarket), in Perm (1 supermarket and 1 hypermarket) and in Yaroslavl (1 supermarket and 1 hypermarket).

According to the audited financial statements, prepared in accordance with International Financial Reporting Standards, in 2007 total revenues of the Company were USD 1 272.9 mn., EBITDA USD 145.1 mn., net income USD 99.2 mn.

For further information please contact us:

- www.7cont.ru

- tel.: +7(495) 933-43-63, ext. 35 31,

e-mail: pressa@7cont.ru.

THIS PRESS RELEASE IS NOT AN OFFER FOR SALE OF THE SHARES IN THE UNITED STATES. THE SHARES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED. THE COMPANY HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER ANY PORTION OF THE OFFERING IN THE UNITED STATES OR TO CONDUCT A PUBLIC OFFERING OF THE SHARES IN THE UNITED STATES.

THIS DOCUMENT IS ONLY BEING DISTRIBUTED TO AND IS ONLY DIRECTED AT (I) PERSONS WHO ARE OUTSIDE THE UNITED KINGDOM OR (II) TO INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "ORDER") OR (III) HIGH NET WORTH ENTITIES, AND OTHER PERSONS TO WHOM IT MAY LAWFULLY BE COMMUNICATED, FALLING WITHIN ARTICLE 49(2)(A) TO (D) OF THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). THE SHARES ARE ONLY AVAILABLE TO, AND ANY INVITATION, OFFER OR AGREEMENT TO SUBSCRIBE, PURCHASE OR OTHERWISE ACQUIRE SUCH SHARES WILL BE ENGAGED IN ONLY WITH, RELEVANT PERSONS. ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. STABILISATION/FS&A

ANY OFFER OF SECURITIES TO THE PUBLIC THAT MAY BE DEEMED TO BE MADE PURSUANT TO THIS COMMUNICATION IN ANY EUROPEAN ECONOMIC AREA MEMBER STATE THAT HAS IMPLEMENTED DIRECTIVE 2003/71/EC (TOGETHER WITH ANY APPLICABLE IMPLEMENTING MEASURES IN ANY MEMBER STATE, THE "PROSPECTUS DIRECTIVE") IS ONLY ADDRESSED TO QUALIFIED INVESTORS IN THAT MEMBER STATE WITHIN THE MEANING OF THE PROSPECTUS DIRECTIVE.

THIS PRESS RELEASE IS NOT A PUBLIC OFFER OR ADVERTISING OF SECURITIES IN THE TERRITORY OF THE RUSSIAN FEDERATION AND IS NOT AN OFFER TO PURCHASE OR A PUBLIC INVITATION TO MAKE OFFERS TO PURCHASE ANY SECURITIES IN THE TERRITORY OF THE RUSSIAN FEDERATION ADDRESSED TO AN UNLIMITED CIRCLE OF PERSONS. THIS PRESS RELEASE IS NOT AN OFFER OR AN INVITATION TO ENTER INTO AN AGREEMENT WITH JSC "THE SEVENTH CONTINENT" FOR ORGANIZATION OF TRADING OF JSC "THE SEVENTH CONTINENT"'S SECURITIES OUTSIDE THE RUSSIAN FEDERATION.