M.video reports growth of its revenues and net profit two-fold increase in the first half of 2010.

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OJSC “Company “M.video” (“M.video” or the “Group”), Russia's leading consumer electronics retailer (RTS, MICEX: MVID), releases today its consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) for the half year ended 30 June 2010.

M.video retail sales increased by almost 7% to 41 billion Russian rubles (RUB) with VAT in H1 2010. The Group’s total sales (including revenue from wholesale operations) also increased by 2.7% to 41.2 billion RUB (with VAT). Growth in revenues was achieved due to the opening of the new stores while the wholesale operations were stopped as of the beginning of 2010.

The Group’s gross profit increased by 1.2% exceeding 9 billion RUB. M.video’s gross margin amounted to 25.8% in H1 2010 as compared to 26.2% in H1 2009.

M.video’s operating profit (EBIT) reached 822 million RUB in H1 2010 with the EBIT margin amounted to 2.4%.

The Group’s EBITDA amounted to 1,435 million RUB and the EBITDA margin was 4.1% in H1 2010.

M.video’s net profit for H1 2010 amounted to 518 million RUB versus 247 million RUB as compared to H1 2009. The significant increase in net profit is due to the less financing costs of the Group in H1 2010.

Alexander Tynkovan, President and CEO of OJSC “Company “M.video”, commented on that: “We are very pleased with the H1 2010 results including our two-fold increase in profitability and 14 day improvement in the cash conversion cycle from our last year results. We feel that the market is now showing signs of returning to a normal seasonality in terms of the structure of sales as our customers are feeling more positive and consumer confidence is improving. M.video achieved a gross profit of almost 26% showing that we were able to keep our sales growth without sacrificing our margin. This is an important development for us as the margin development is very important for our profitability. If one compares the results to 2009 we ask that you keep in mind that the ruble devaluation in early 2009 resulted in an exceptional Q1 even in the midst of a

recession”.

M.video key financial results for the H1 2010 based on consolidated financial statements*:

In millions of Russian rubles	H1 2010	H1 2009	y-o-y, %
Sales (with VAT), including Retail sales (with VAT)	41 249 41 072	40 162 38 463	2,7% 6,8%
Net revenue, including	34 957	34 036	2,7%
Net retail revenue	34 807	32 596	6,8%
Gross profit	9 019	8 909	1,2%
As % of net revenue%	25,8	26,2	-
Operating expenses	8 197	7 757	5,7%
As % of net revenue	23,4	22,8	-
Operating profit (EBIT)	822	1 152	(28,6%)
As % of net revenue	2,4	3,4	-
EBITDA	1 435	1 699	(15,5%)
As % of net revenue	4,1	5,0	-
Net profit	518	247	109,7%

* All key financial indicators are calculated without 18% VAT (value added tax) unless mentioned otherwise.