

PHARMACY CHAIN



CORPORATE PROFILE

HEALTHY, FIT & STRONG

DECEMBER 2007

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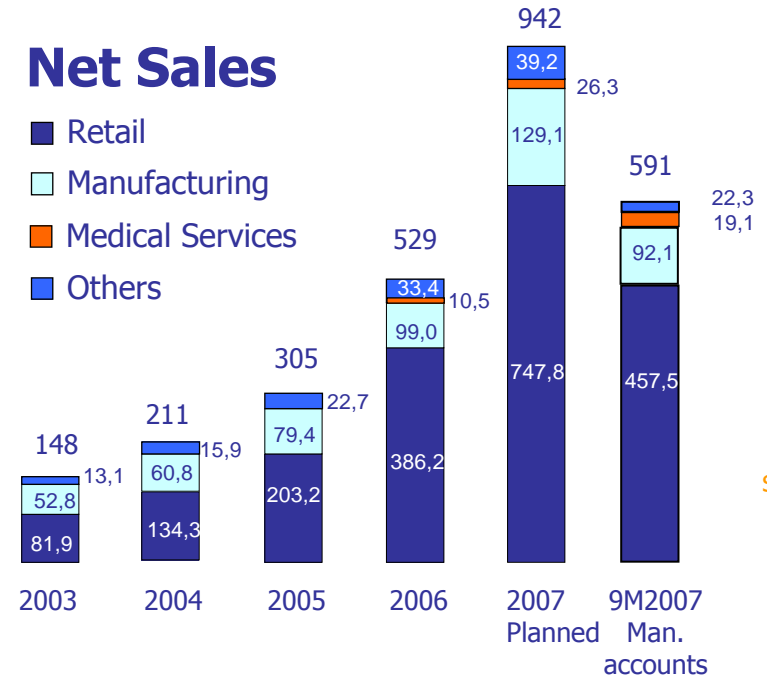
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36.6 AT GLANCE

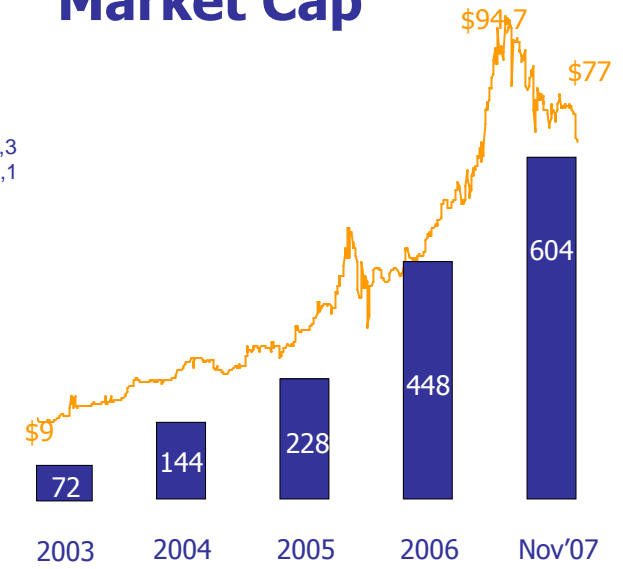
We strive to be Russia's leading health & beauty retailer and to become the preferred source of medicines and health & beauty products for Russian consumers

Net Sales

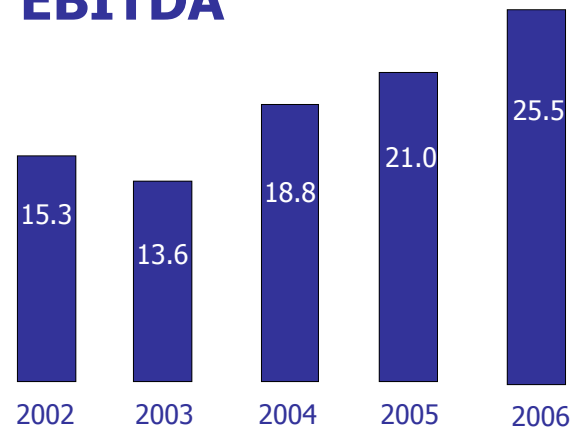
- Retail
- Manufacturing
- Medical Services
- Others



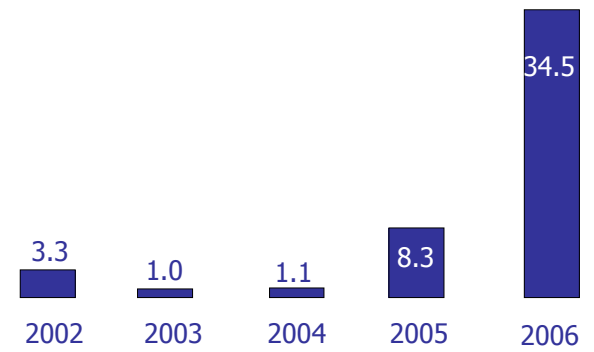
Market Cap



EBITDA



Net Profit



USD millions

4

GROWTH DRIVERS

GDP per Capita
2006 \$7,200

Disposable Income
CAGR 14-16%

Pharma market
2007E \$14.0bln

Pharma market
CAGR 12-15%

- ❑ Growing disposable income pushes consumption up
- ❑ Booming H&B and Pharma industry followed by changes in consumer's behaviour
- ❑ Improving economy in the regions provide for better opportunities of consolidation
- ❑ Scale effect together with internal improvements in operations management ensure higher future profitability

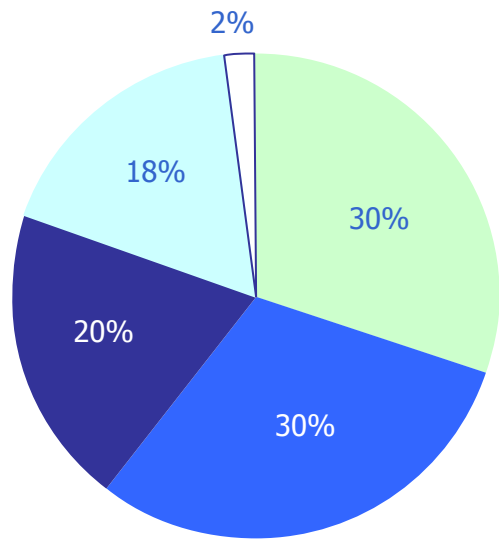
Source:
Investment banks researches,
Pharmexpert, DSM

CAGR for '07-'11

STORES GROWTH

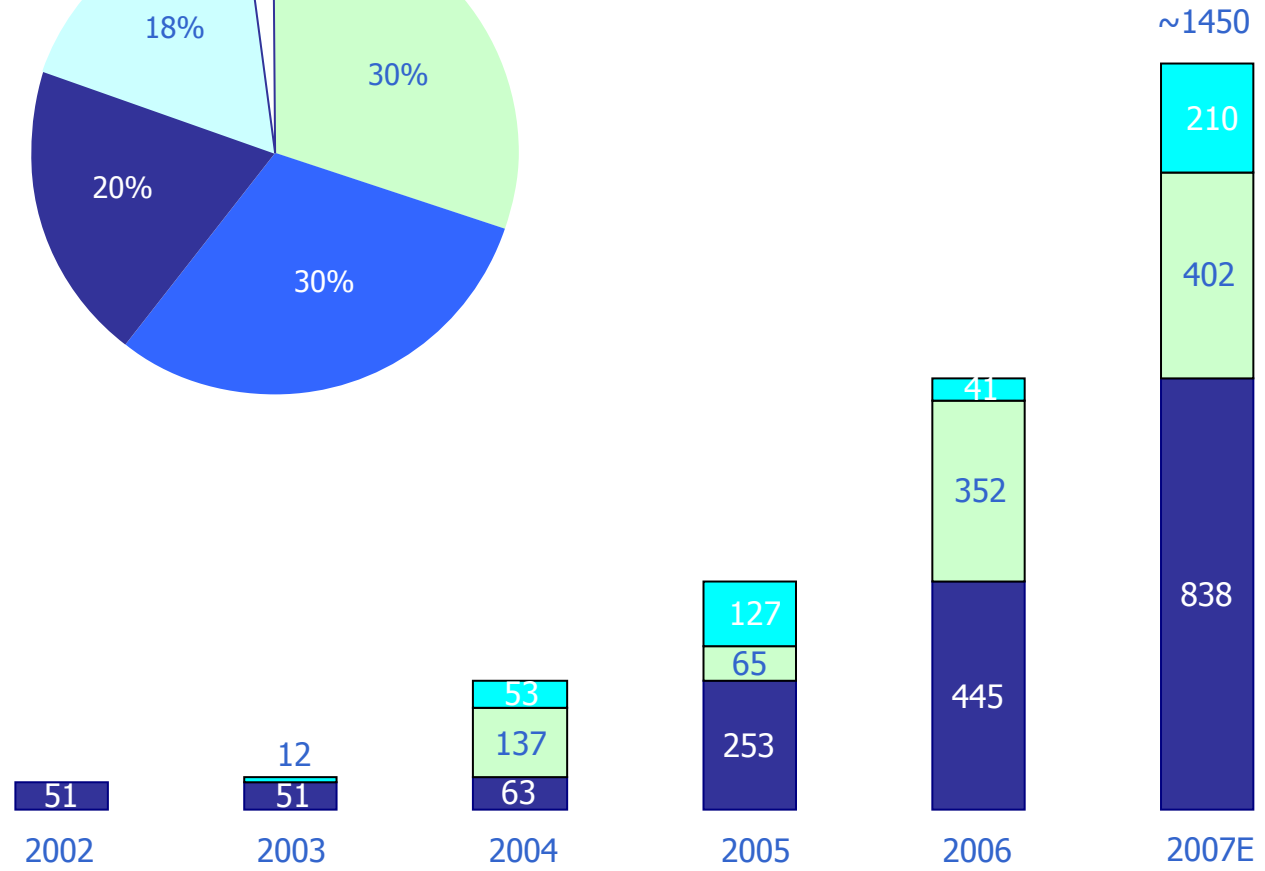
FY06 Sales breakdown

- RX ■
- OTC ■
- H&B ■
- Parapharma ■
- Optics ■



STORECOUNT

- Organic growth, net
- Acquisitions
- b-o-p



REGIONAL EXPANSION

currently operating **1090** pharmacies in 29 regions

Business-Units

MOSCOW	374
URALS	360
VOLGA	132
SOUTH	158
WEST. SIBERIA	34
NORTH-WEST	32

N. Novgorod 30% local Market share
Moscow 15% local Market share
Perm 40% local Market share
Ufa 30% local Market share
Rostov-on-Don 30% local Market share
Orenburg 25% local Market share



the Company reaches out to every Russian city with a population of over 500K people to enjoy 10-20% of the region's pharmacy retail market

As percentage of sales of commercial chains

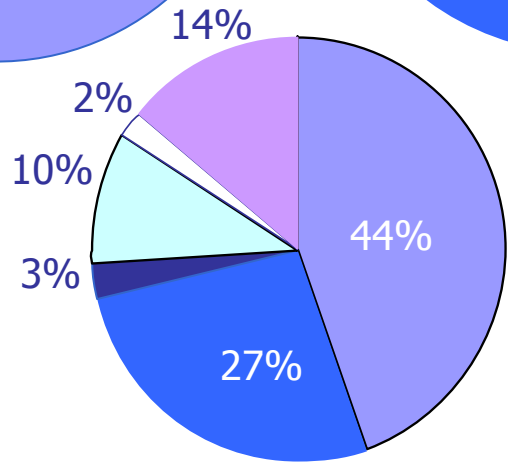
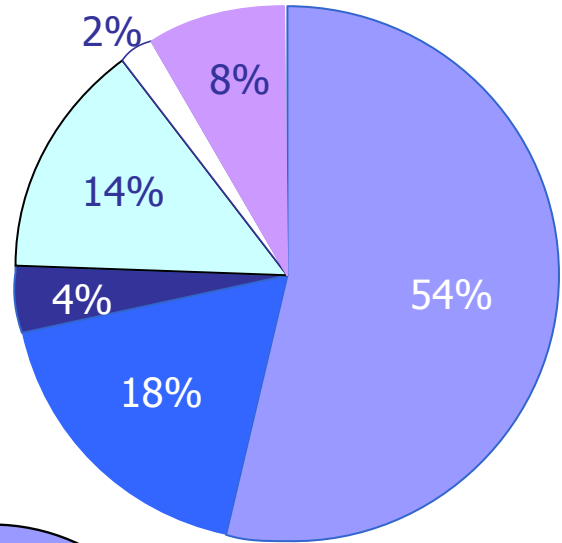
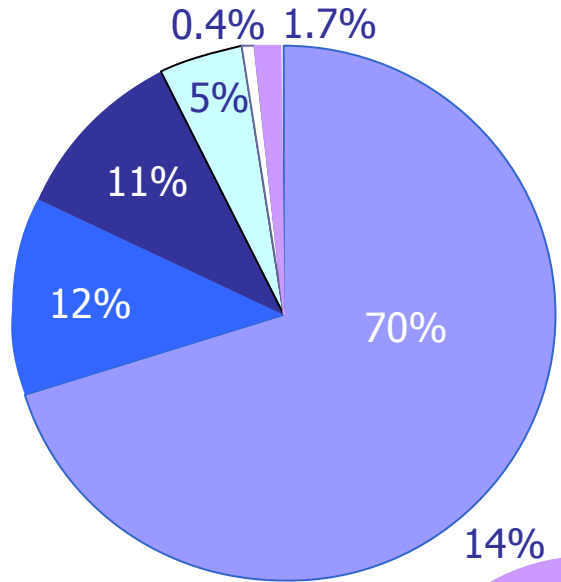
As of November 1, 2007

SALES BREAK-DOWN

RETAIL

2005
\$203.2 mln.

2006
\$386.2 mln.



9M2007
\$457.5 mln.

MOSCOW

URALS

NORTH-WEST

VOLGA

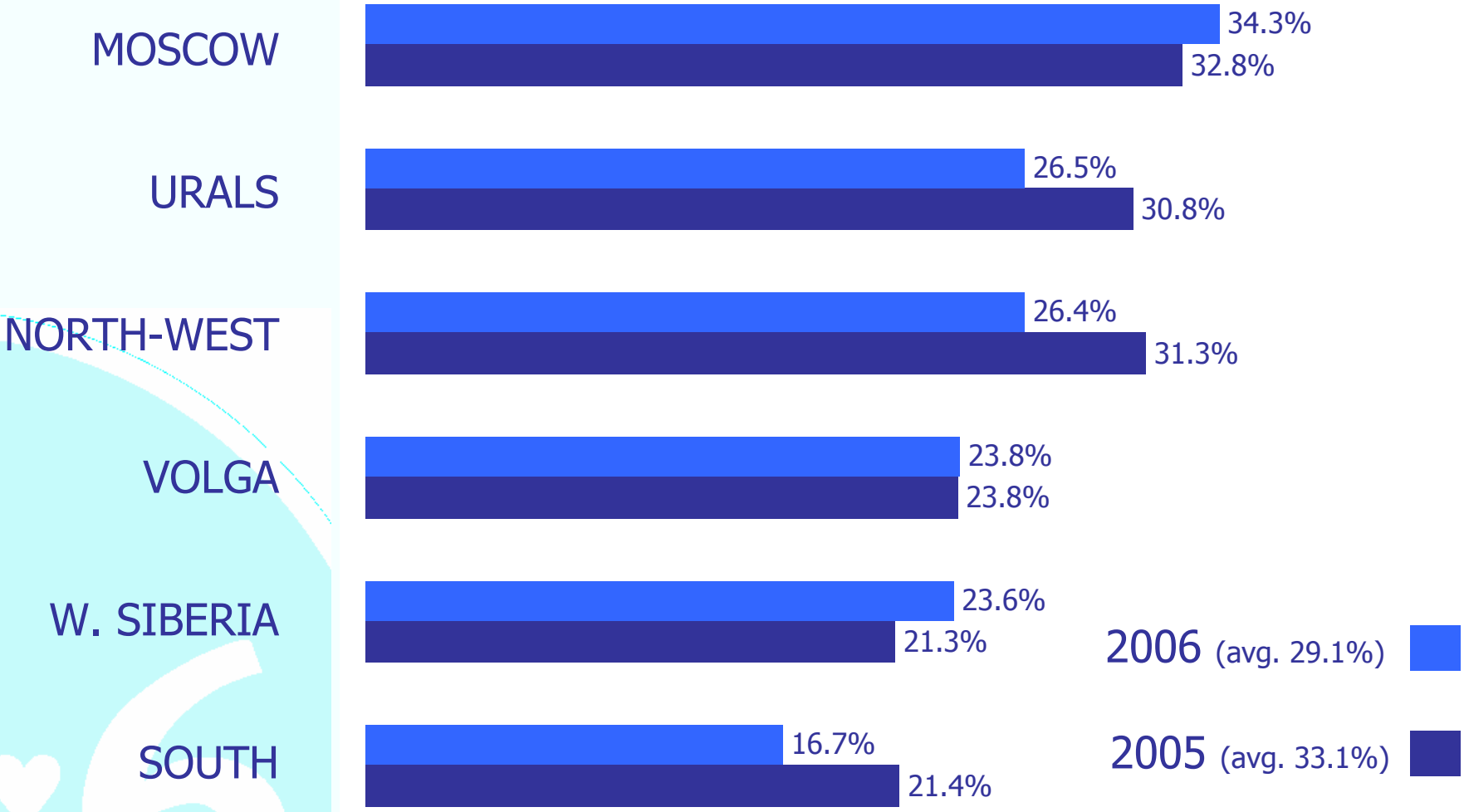
W. SIBERIA

SOUTH

* According to management accounts

GROSS MARGIN

RETAIL



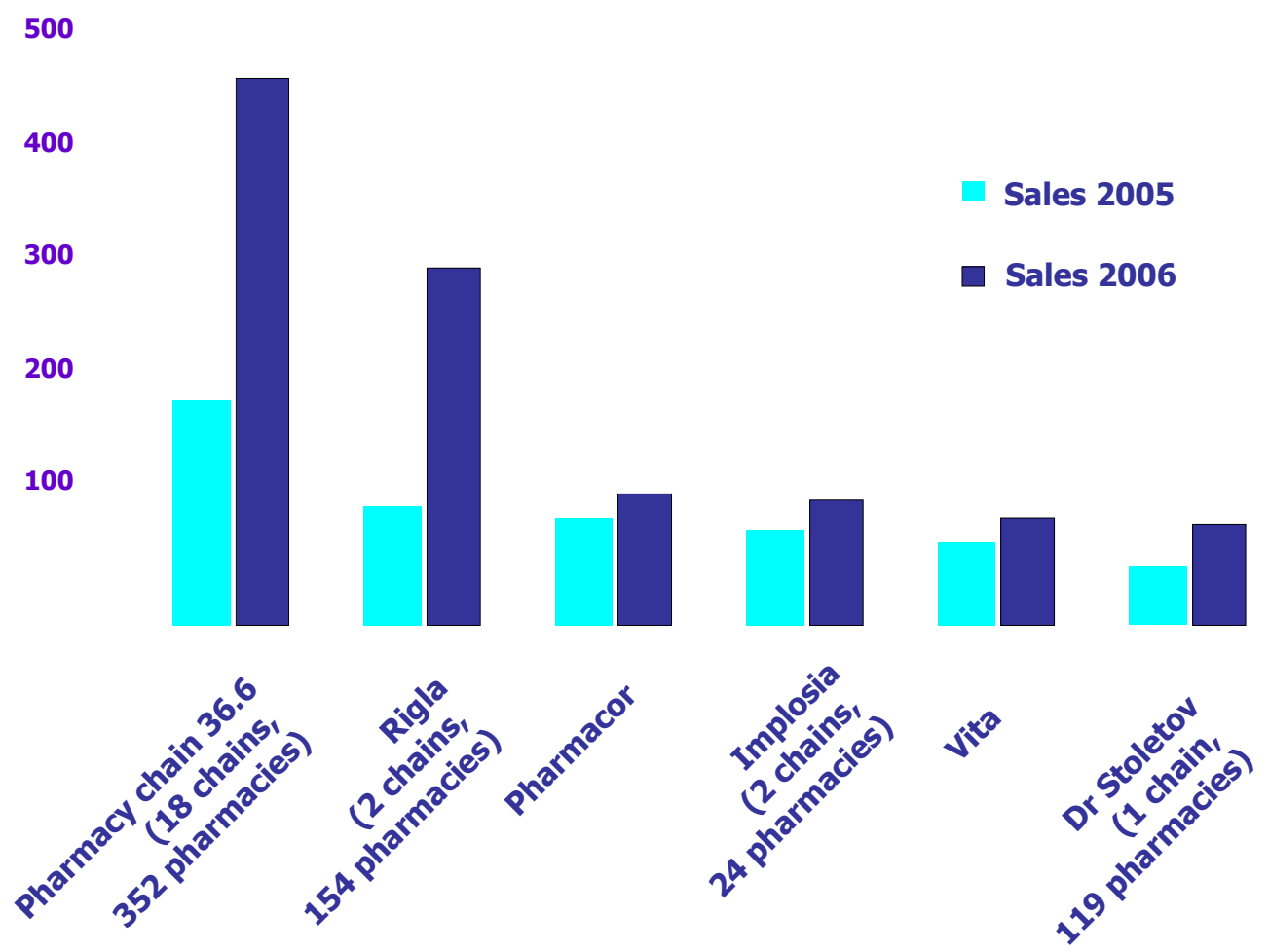
* According to management accounts

COMPETITION

Regional penetration will be achieved both through organic openings and acquisitions of the regional chains

This is subject to successful competition with a few other chains developing nationwide

Sales PRO-FORMA
USD mln

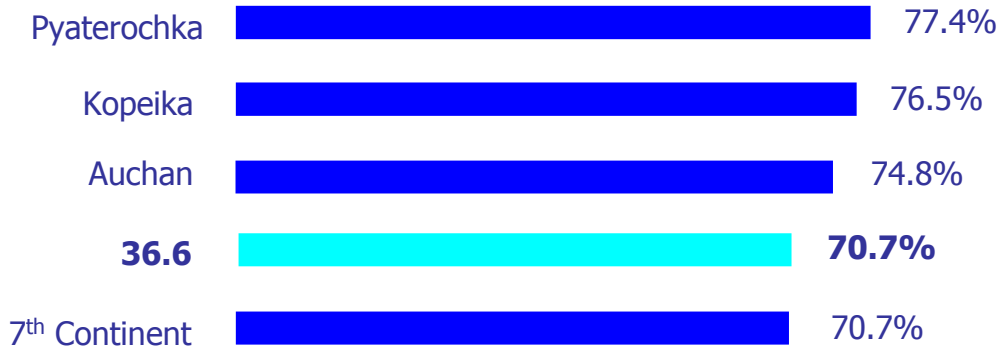




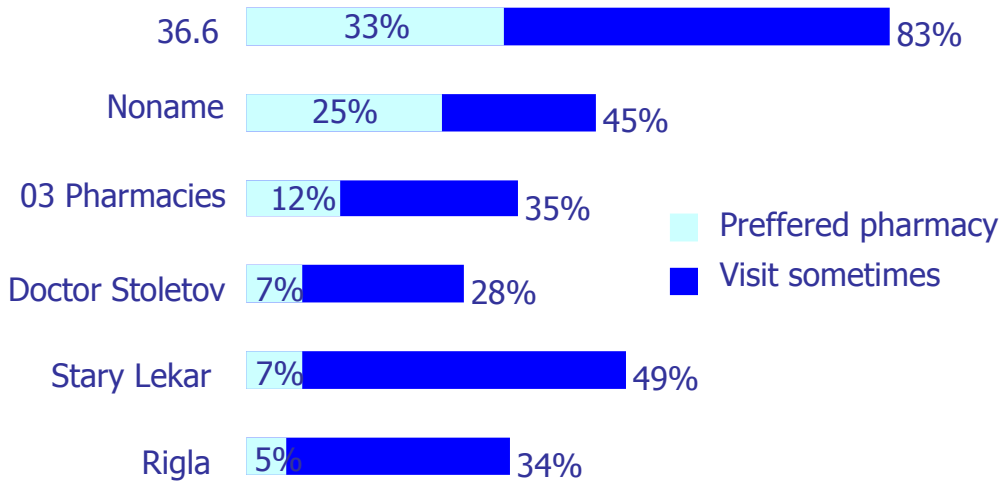
36.6 member of MALINA - new loyalty program to gather leading companies of the Russian consumer sector

Source: Gallup Media Survey'06
TSN, June 2007

Brand awareness



Shopping experience



DIFFERENTIATION

New projects launched by

36.6 aimed to differentiate our product assortment and to obtain higher gross margins

Cosmetics centers

located in over 50 major pharmacies



Exclusive offerings

Eclipse, Monteil, Champneys implants etc



CHAMPNEYS
— COLLECTION —

Boots brands

600 SKU's of Boots products are sold countrywide



Optics

7 stores and 22 opticians departments



Деловой
Взгляд на жизнь



DIFFERENTIATION

PRIVATE LABEL

We target the most successful product categories to launch private label products

- 350 SKU`s available
- 2.5mln – sales volume in 2006
- 67% - average gross margin
- over 150 products in pipeline
- 10% - target share in retail sales by 2011

Basic H&B



Parapharma & OTC



Natura & MedResponse



Convenience goods





In July 2006 we acquired one of the best Moscow private clinics providing medical, surgical and dental services through EMC & EDC as well as full-scale laboratory

FY`06
SALES
EBITDA

\$21mln
22%

Market

- fragmented with no potential core for consolidation
- non-satiated rapidly growing demand
- disturbed national healthcare system

Rationale/Strategy

- realize synergies between retail and medical services businesses by launching a chained operator in "masstige" market segment

DIVERSIFICATION

NEW PROJECTS

MILA Stores

3 stores in Povoljje



- new format: discounter pharmacy and wide range of FMCG
- low level of opening expenses
- efficient operations in the larger stores in the regions
- 54% - sales increase y-o-y
- 17% - gross margin



DIVERSIFICATION

NEW PROJECTS

– Number of stores to be opened

- 01.01.06 3
- 01.07.07 6
- 01.01.08 (plan) 8
- 01.01.09 (plan) 20

- franchise experience
- adjacent to pharmacy retail market segment
- exclusive child's play assortment for pharmacies
- own logistics and import operations

ELC Stores

6 stores in Moscow



- Investments in 1 store \$ 160 k

- Return on investments 3-4 years



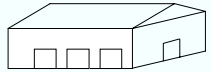
*In 2006 we started
own supply chain
system development*

- 20mln investments in 3 years
- higher margins secured
- exclusive assortment deliveries
- payback in 3 years



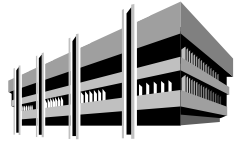
17 DISTRIBUTION SYSTEM

TURNOVER ARRANGEMENT

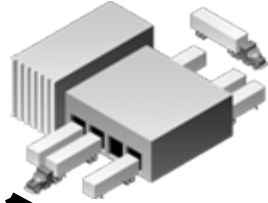


Supplier

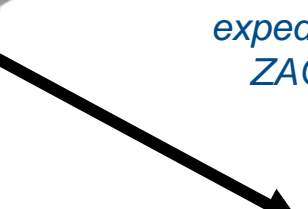
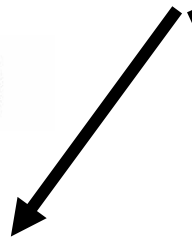
Purchase agreement with ZAO "Apteki "36,6"



National DC



RC "Shenker" the transport expedition contract with ZAO "Apteki "36,3"



RDC



RDC



RDC

*Regional wholesalers of holding.
The purchase agreement with ZAO "Apteki "36,6"*

The purchase agreement between the wholesaler and pharmacy chain in the region

Regional cross-docking centers



RDC



Drugstore



Drugstore



Drugstore



Drugstore



Drugstore



BOARD OF DIRECTORS

Decision making is ensured by the balanced opinion of both shareholders and that of independent directors

Sergey KRIVOSHEEV
Chairman, Co-founder

Artem BEKTEMIROV
CEO, Co-founder

Vassily RUDOMINO,
Independent director,
Partner in ALRUD law firm

Michael OBERMAYER
Independent director,
Director Emeritus of
McKinsey & Company

Vladimir STOLIN,
Independent director,
Chairman in ECOPSY
consulting firm

MANAGEMENT STRUCTURE

Planning and operational controls are performed across the regional business units and product categories

Brand integrity and management as well as strategic business development and expansion are corporate major priorities



APPENDIX

FINANCIALS & ANALYSIS

Please note:
reporting under IFRS since 2002
auditor Deloitte

9M 2006/07 financials are non-audited

data by segments requires certain adjustments

INCOME STATEMENT

CONSOLIDATED

	9M07	9M06	07/06	2006	2005	2004	2003	2002
REVENUE	590.6	347.9	70%	528.9	305.2	211.0	147.8	118.7
GROSS PROFIT	195.7	121.8	61%	183.4	117.8	80.2	59.8	46.0
EBITDA	12.8	12.3	4%	25.5	23.3	18.5	13.6	15.1
	2.2%	3.5%		4.8%	7.6%	8.8%	9.2%	12.7%
OPERATING INCOME	-1.4	3.9	n/a	12.5	13.8	11.5	8.4	10.4
SALE OF INV.	-	53.3		53.1	15.8	-	-	-
NET INCOME	-41.9	41.5	n/a	34.5	8.3	0.7	1.0	3.3
	-7.1%	11.9%		6.5%	2.7%	0.3%	0.7%	2.8%

INCOME STATEMENT

CONSOLIDATED & SEGMENTED

	9M07	Retail	VERO	EMC	N-Core	Corp
REVENUE	590.6	457.5	92.1	19.1	21.9	
GROSS PROFIT	195.7	126.7	55.4	8.9	4.7	
	33.1%	27.7%	60.1%	46.5%	21.5%	
EBITDA	12.8	-12.8	24.5	4.5	-0.6	-2.8
	2.2%	-2.8%	26.7%	23.7%	-2.7%	n/a
OPERATING INCOME	-1.4	-22.4	21.8	2.8	-0.7	-2.9
NET INCOME	-41.9	-28.3	16.0	2.1	0.8	-32.4
	-7.1%	-6.2%	17.3%	10.8%	3.7%	n/a

BALANCE SHEET

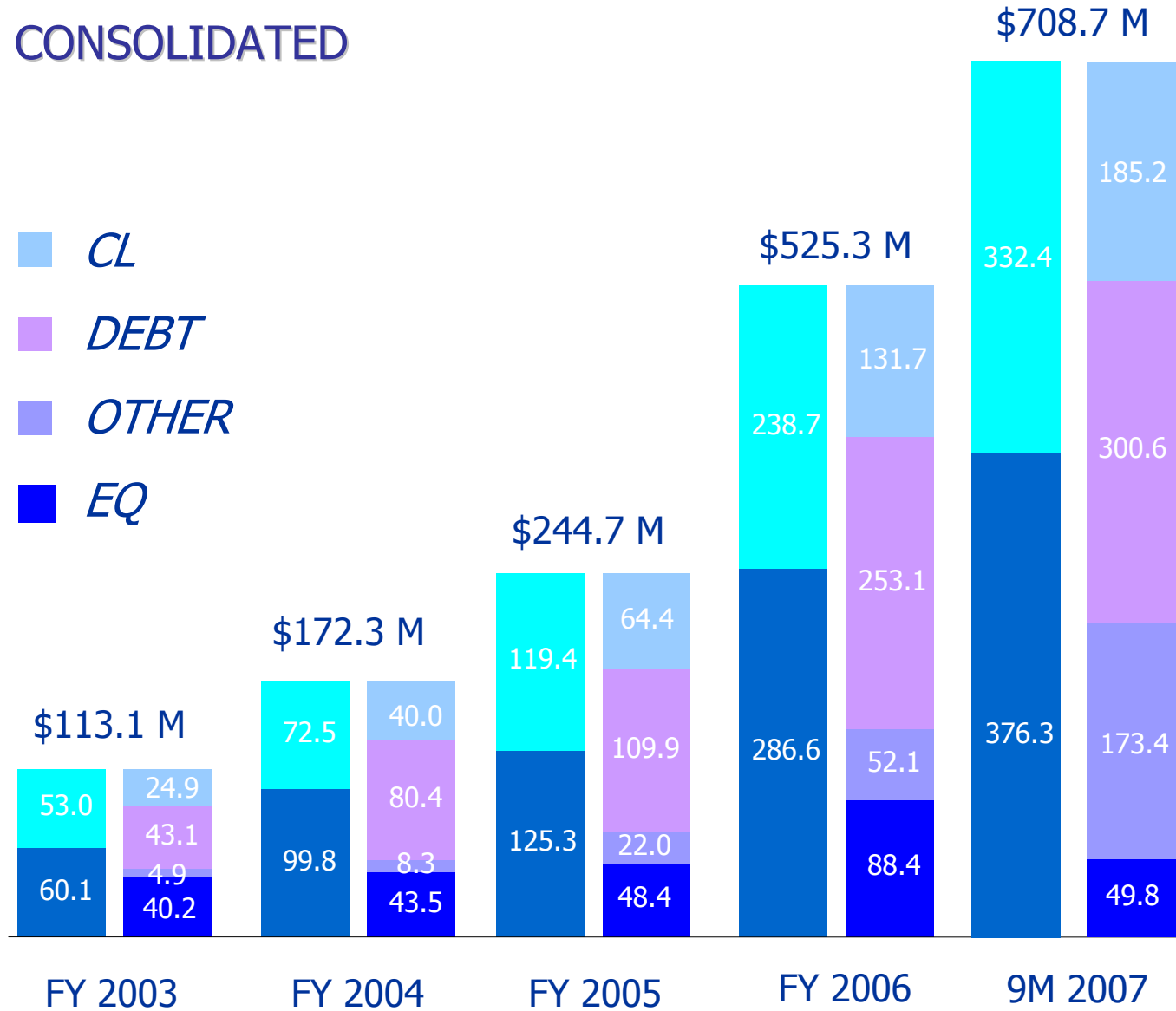
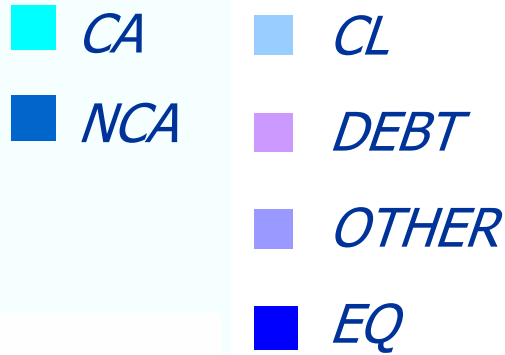
CONSOLIDATED

	9M07	2006	2005	2004	2003	2002
N-CURRENT ASSETS	376.3	286.6	125.3	99.8	60.1	45.9
CURRENT ASSETS	332.4	238.7	119.4	72.5	53.0	38.8
TOTAL ASSETS	708.7	525.3	244.7	172.3	113.1	84.7
EQUITY	49.8	88.4	48.4	43.5	40.2	24.7
TOTAL DEBT	300.6	253.1	109.9	80.4	43.1	36.0
C-NT LIABILITIES*	185.2	131.8	64.5	40.0	24.9	20.1
OTHERS	173.4	52.0	21.9	8.4	4.9	3.9
TOTAL LIABILITIES	708.7	525.3	244.7	172.3	113.1	84.7

* Current Liabilities are non-interest bearing liabilities

BALANCE SHEET

CONSOLIDATED



CASH FLOW

CONSOLIDATED & SEGMENTED

	2006	Retail	VERO	EMC	N-Core	Corp
profit before tax	51.6	-21.5	23.3	2.4	-1.3	48.7
profit before wcc	27.6	-1.3	30.8	2.7		-4.6
NET CASH in OA	-43.8	-32.4	-0.7	8.0	-5.7	-13.0
NET CASH in IA	-84.8	-137.9	-4.8	-0.2	-0.4	58.5
NET CASH from FA	128.3	13.1	3.4	-2.4		114.1
net cash	5.1	7.4	-0.1	0.5	0.8	-3.4

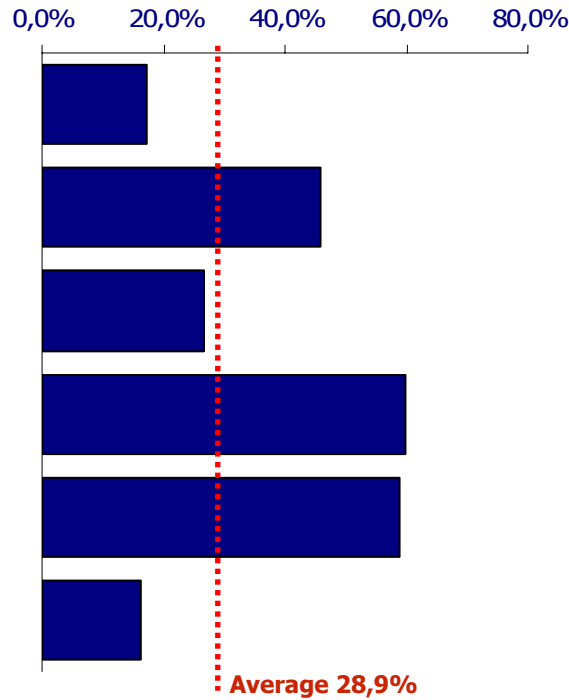
INCOME STATEMENT

RETAIL

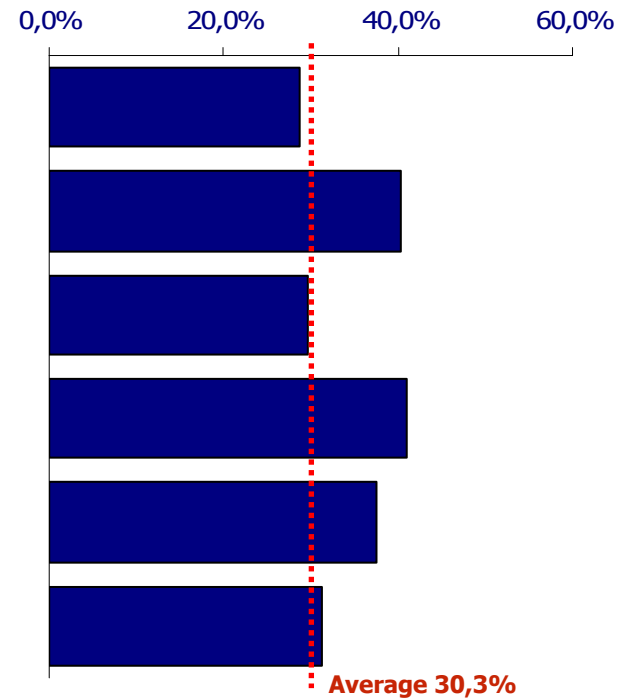
	9M07	9M06	07/06	2006	2005	2004	2003	2002
REVENUE	457.5	250.2	83%	386.2	203.2	134.3	81.9	58.8
GROSS PROFIT	126.7	74.7	70%	112.2	67.2	45.4	26.3	19.2
	27.7%	29.8%		29.1%	33.1%	33.8%	32.1%	33%
EBITDA	-12.8	-3.6	n/a	-1.2	2.9	6.4	1.8	2.6
	-2.8%	-1.4%		-0.3%	1.4%	4.8%	2.2%	4.4%
OPERATING INCOME	-22.4	-9.7	n/a	-10.2	-2.5	2.6	-0.2	0.9

KEY PERFORMANCE INDICATORS

MOSCOW
 URALS
 VOLGA
 NORTH-WEST
 SOUTH
 W. SIBERIA



Like-for-Like Sales growth in USD



Average ticket growth in USD

* According to management accounts, 9M2007

BALANCE SHEET

RETAIL

	9M07	2006	2005	2004	2003	2002
N-CURRENT ASSETS	313.4	226.3	85.4	59.5	21.9	15.7
CURRENT ASSETS	208.9	136.0	52.4	29.1	15.6	13.1
TOTAL ASSETS	522.3	362.3	137.8	88.6	37.4	28.8
LONG-TERM LIAB.	5.7	4.8	4.6	4.7	1.9	11.1
C-NT LIABILITIES	230.3	136.1	58.2	27.3	35.3	15.2

INCOME STATEMENT

VEROPHARM

	9M07	9M06	07/06	2006	2005	2004	2003	2002
REVENUE	92.1	70.7	30.2%	100.5	79.4	59.9	52.8	43.9
GROSS PROFIT	55.4	41.6	33.2%	60.1	47.0	32.7	31.3	23.4
	60.1%	58.8%		59.8%	59.2%	54.5%	59.2%	53.3%
EBITDA	24.5	19.3	27%	29.2	25.1	17.8	15.7	13.5
	26.7%	27.3%		29.1%	31.6%	29.7%	29.7%	30.9%
OPERATING INCOME	21.8	17.3	25.9%	25.7	21.3	14.8	12.7	10.5

BALANCE SHEET

VEROPHARM

	9M07	2006	2005	2004	2003	2002
N-CURRENT ASSETS	43.2	40.3	35.6	35.9	34.4	31.2
CURRENT ASSETS	102.5	82.2	54.6	38.7	32.4	23.4
TOTAL ASSETS	145.7	122.5	90.2	74.6	66.8	54.5
C-N-T LIABILITIES	25.5	22.0	16.3	20.4	20.1	6.5

INCOME STATEMENT

NON-CORE & MEDICAL SERVICES

	9M07	9M06	07/06	2006	2005	EMC 9M07
REVENUE	46.8	27.0	73%	33.1	24.2	19.1
GROSS PROFIT	13.7	5.6	144%	5.5	3.7	8.9
	29.2%	20.7%		16.5%	15.1%	46.5%
EBITDA	4.0	0.1	n/a	-0.6	-0.1	4.5
	8.44%	0.19%		-1.9%	-0.5%	23.7%
OPERATING INCOME	2.1	-0.1	n/a	-0.7	-0.2	2.8

PHARMACY CHAIN



HEALTHY, FIT & STRONG

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