

**29<sup>th</sup> APRIL 2009**

**OJSC "PHARMACY CHAIN 36.6" REPORTS RESTATED 2007 RESULTS**

APRIL 29, 2009, MOSCOW – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces restated 2007 financial results prepared in accordance with the International Financial Reporting Standards (IFRS).

**HIGHLIGHTS OF RESTATED ACCOUNTS OF FULL YEAR 2007 AFTER RESTATEMENT:**

- **Consolidated Sales** remained unchanged at USD 871.1 mln;
- **Consolidated Gross profit** decreased by USD 13.0 mln from previously reported USD 277.5 to USD 264.5 mln;
- **Consolidated EBITDA** decreased to –USD 30.8 mln from previously reported -USD 7.0 mln.
- **Consolidated Net loss** increased by USD 21.9 to -USD 121.3 mln ( of which –USD 124.0 mln is from continued operations and USD 2.7 mln is from discontinued) from previously reported -USD 99.4 mln.

2007 accounts restatement relates exceptionally to Retail segment and does not change accounts of other Group reporting segments. As previously stated, Retail segment experienced significant problems with the consistency of 2007 accounting data which was partly a result of difficulties encountered by the Group while implementing the new ERP system in 2007.

In 2008 management performed a thorough review of its debtors and creditors' ledgers as well as reconciliations of certain other accounts including VAT and inventory. The results of such review have led the Group's management to conclude that recoverability of certain types of its assets was not properly analyzed in the year ended 31 December 2007 and the appropriate allowances were not properly recorded in the consolidated financial statements. In addition, various accounts were not properly reconciled in the prior year.

The following prior period errors were discovered by management during the reporting period:

- Inaccurate valuation of inventory balance which resulted in overstatement of inventories by USD 2 943 thousand as of 31 December 2007;
- Inaccurate calculation of impairment allowance for advances paid and VAT recoverable which resulted in overstatement of other receivables and prepaid expenses by USD 18 556 thousand as of 31 December 2007;

- Inaccurate measurement of other accounts payable and taxes payable which resulted in understatement of other payables by USD 2 227 thousand and taxes payable by USD 739 thousand as of 31 December 2007;
- Inaccurate calculation of carrying amount of property, plant and equipment resulting in an overstatement of property, plant and equipment balance by USD 350 thousand as of 31 December 2007;
- Inaccurate calculation of deferred income tax as of 31 December 2007 resulting from prior period errors described above;
- Inaccurate valuation of trade accounts payable which resulted understatement in the amount of USD 595 thousand;
- The Group has changed the reporting of 2007 consolidated results to continued and discontinued operations to reflect the fact of disposal of its medical services business which took place in May 2008.

As a result, the consolidated financial statements for the year ended 31 December 2007 have been restated from the amounts previously reported. All changes have been posted to Q4 2007.

## RETAIL HIGHLIGHTS OF FULL YEAR 2007:

### Profit and Loss items

- Additional charge to Cost of goods sold of USD 13.0 mln previously reported as B/S item;
- Additional charge to SG&A expenses of USD 10.7 mln previously reported as B/S item;
- Decrease of Profit tax charge to the extent of deferred tax effect from the above mentioned corrections by USD 1.8 mln.

\$ mln.	period ends					
	Q4 2007			FULL YEAR 2007		
	Previously reported	Restated	change %	Previously reported	Restated	Change %
<b>Revenue</b>	<b>280.5</b>	<b>280.5</b>		<b>871.1</b>	<b>871.1</b>	
<i>Retail</i>	215.8	215.8	0%	673.4	67.4	0%
<i>Veropharm</i>	47.5	47.5	0%	139.5	139.5	0%
<i>other</i>	17.2	17.2	0%	58.2	58.2	0%
<b>Gross profit</b>	<b>81.7</b>	<b>68.7</b>		<b>277.5</b>	<b>264.5</b>	
<i>Retail</i>	44.3	31.3	-29.3%	171.0	158.0	-7.6%
<i>Veropharm</i>	31.4	31.4	0%	86.7	86.7	0%
<i>other</i>	6.0	6.0	0%	19.8	19.8	0%
<b>EBITDA</b>	<b>-19.9</b>	<b>-43.7</b>		<b>-7.0</b>	<b>-30.8</b>	
<i>Retail( incl. Corp center)</i>	-38.0	-61.8	-62.6%	-55.0	-78.8	-43.3%
<i>Veropharm</i>	18.9	18.9	0%	42.5	42.5	0%
<i>other</i>	-0.8	-0.8	0%	5.4	5.4	0%
<b>Net profit</b>	<b>-57.6</b>	<b>-79.5</b>		<b>-99.4</b>	<b>-121.3</b>	
<i>Retail( incl. Corp center)</i>	-68.2	-90.1	-32.1%	-128.9*	-150.8*	-17.0%
<i>Veropharm</i>	12.7	12.7	0%	27.7	27.7	0%
<i>Other</i>	-2.1	-2.1	0%	1.8	1.8	0%

\* including USD 13.2 mln minority interest in Veropharm

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Notes to the editor:

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Pharmacy Chain 36.6 is the first public national health and beauty retailer listed on the "B" list on the RTS (ticker: APTK) and off-list on the MICEX. The Company's market capitalization as of April 24, 2009 totaled USD 38 million (according to RTS). Pharmacy Chain 36.6 operates more than 1000 stores in 29 regions and 90 cities in Russia.

OAO Veropharm, the company's generics subsidiary, is one of Russia's top five pharmaceutical manufacturers (according to Pharmexpert research). Veropharm's shares are traded in the "B" list on the RTS (ticker: VRPH) and off-list on MICEX (ticker: VRFM). OAO Veropharm's market capitalization as April 24, 2009 was USD 180 million (according to RTS).

ZAO Apteki 36.6 is one of the founding members of the Russian Association of Pharmacy Chains (RAPC).

The Group employs over 12,500 people.

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**OAO PHARMACY CHAIN 36.6 AND  
SUBSIDIARIES**  
**PROFIT & LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
*(in US dollars and in thousands)*

	12m 2007 restated	12m 2006
<b>Continuing operations</b>		
Revenue	845 222	528 878
Cost of sales	(593 406)	(345 440)
<b>GROSS PROFIT</b>	<b>251 816</b>	<b>183 438</b>
Selling, general and administrative expenses	(304 548)	(170 908)
Impairment of goodwill	(1 704)	-
Share based payments expenses	(2 184)	-
<b>OPERATING INCOME</b>	<b>(56 620)</b>	<b>12 530</b>
Finance costs	(37 254)	(16 856)
Foreign currency exchange gain (loss)	(4 020)	1 808
Gain on sale of investment	-	53 045
Share of loss of associate	-	(816)
Other income (loss)	(3 550)	1 910
<b>PROFIT/LOSS BEFORE TAX</b>	<b>(101 444)</b>	<b>51 621</b>
Income tax expense	(9 344)	(9 796)
Profit/ Loss for the year from continuing operations	(110 788)	41 825
<b>Discontinued operations</b>		
Profit on disposal on discontinued operation	2 693	-
<b>PROFIT/LOSS FOR THE YEAR</b>	<b>(108 095)</b>	<b>41 825</b>
Attributable to:		
Equity holders of the parent	(121 298)	34 498
Minority interest	13 203	7 327
	<b>(108 095)</b>	<b>41 825</b>

**OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**  
*(in US dollars and in thousands)*

<b>ASSETS</b>	<b>FY 2007 restated</b>	<b>FY 2006</b>
<b>NON-CURRENT ASSETS:</b>		
Property, plant & equipment	187 544	116 249
Goodwill	246 839	162 065
Intangible assets	12 111	8 305
Other assets	1 752	-
Total non-current assets	<b>448 246</b>	<b>286 619</b>
<b>CURRENT ASSETS:</b>		
Inventories	172 696	112 985
Accounts receivable (net of bad debt provision)	105 319	73 750
Other receivables and prepaid expenses	51 256	39 014
Cash&Cash equivalents	32 887	12 969
Total current assets	<b>362 158</b>	<b>238 718</b>
<b>TOTAL ASSETS</b>	<b>810 404</b>	<b>525 337</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital	198	159
Additional paid-in capital	120 103	13 514
Translation reserve	11 377	9 260
Retained earnings	(55 874)	65 424
<b>Total shareholders' equity</b>	<b>75 804</b>	<b>88 357</b>
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	150 712	44 046
<b>LONG-TERM LIABILITIES:</b>		
Long-term debt	20 604	186 696
Share-based payment liability	963	-
Deferred income tax payable	3 397	8 118
Long term lease payable	982	260
Total long-term liabilities	<b>25 946</b>	<b>195 074</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	201 482	112 211
Borrowings	271 381	66 359
Other payables and accrued expenses	51 810	7 824
Taxes payable	30 199	11 072
Current portion of share-based payments liability	1 313	-
Current portion of lease payable	1 757	394
Total current liabilities	<b>557 942</b>	<b>197 860</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>810 404</b>	<b>525 337</b>

**OAo PHARMACY CHAIN 36.6 AND SUBSIDIARIES,  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2007  
(in US dollars and in thousands)**

	FY 2007 restated	FY 2006
<b>OPERATING ACTIVITIES:</b>		
<b>(Loss) profit before tax</b>	<b>(97 813)</b>	<b>51 621</b>
Depreciation and amortization	20 370	12 932
Loss on disposal of property, plant and equipment and unrealized investments	1 165	(1 968)
Impairment recognized on goodwill	1 704	
Gain on partial disposal of subsidiary	-	-
Unused vacation provision	4 669	369
Loss of disposal of securities	775	
Bad debt allowance	9 163	2 195
Increase in Inventory obsolescence allowance	4 917	107
Share of loss of associate	-	816
Share based payments expenses	2 184	215
Foreign exchange loss/(gain)	4 020	(1 808)
Finance costs	36 888	16 856
Gain on sale of investment		(53 045)
<b>Operating cash flow before working capital changes</b>	<b>(11 752)</b>	<b>28 075</b>
Increase in inventories	(53 308)	(46 700)
Increase in accounts receivable	(11 405)	(30 660)
Increase in other receivables and prepaids	(22 206)	(10 555)
Increase in accounts payable	74 424	37 350
Increase in other payables and accruals	33 835	1 113
<b>Cash flows from operations</b>	<b>9 588</b>	<b>(21 377)</b>
Income taxes paid	(11 436)	(6 071)
Finance cost paid	(30 572)	(16 315)
<b>Net cash outflow operating activities</b>	<b>(32 420)</b>	<b>(43 763)</b>
<b>INVESTING ACTIVITIES:</b>		
Net cash outflow on acquisition of subsidiaries	(87 630)	(127 499)
Purchase of property, plant, equipment	(33 566)	(31 113)
Purchase of intangible assets	(6 076)	(5 458)
Proceeds from sale of property, plant and equipment	344	6 529
Net cash inflow on sale of investment	-	72 775
<b>Net cash outflow from investing activities</b>	<b>(126 928)</b>	<b>(84 766)</b>
<b>FINANCING ACTIVITIES:</b>		
Proceeds from new borrowings, net	281 948	500 843
Repayment of borrowings	(295 521)	(372 582)
Proceeds from issuance of ordinary shares, net	106 628	-
Proceeds from subsidiary (consortium of investors)	85 000	-
Net cash inflow from financing activities	<b>178 055</b>	<b>128 261</b>
Effect of translation to presentation currency	1 211	5 374
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>19 918</b>	<b>5 106</b>
CASH, beginning of year	12 969	7 863
<b>CASH, end of period</b>	<b>32 887</b>	<b>12 969</b>