

2nd DECEMBER 2008

OJSC "PHARMACY CHAIN 36.6" REPORTS Q3 2008 EBITDA TURNAROUND AND CUTS YEAR OVER YEAR NET LOSS BY 89% ON SALE OF NON-CORE ASSETS

DECEMBER 2, 2008, MOSCOW – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces unaudited financial results prepared in accordance with the International Financial Reporting Standards (IFRS) for 9 months of 2008.

GROUP HIGHLIGHTS:

- Y-o-Y in 9M 2008 Group's consolidated sales increased by 38% and reached US\$ 813,2 million.
- Consolidated Gross profit increased by 40% to reach US\$ 273,4 million, 33,6% of consolidated revenues;
- Consolidated EBITDA of the Group reached US\$ 20,3 million;
- Consolidated Net loss decreased to -US\$ 4,5 million, an 89% improvement y-o-y;
- Company sold approximately 43% of its Closed End Real Estate fund generating US\$37,4 million in net cash proceeds;
- The retail unit closed 125 stores in the first 9M of 2008 and opened 67 organically.

\$ mln.	period ends					
	Q3			9M		
	2007	2008	ch %	2007	2008	ch %
Revenue	200.2	254.4	27%	590.6	813.2	38%
<i>Retail</i>	154.6	207.5	34%	457.5	655.7	43%
<i>Veropharm</i>	32.5	41.4	27%	92.1	128.0	39%
<i>other</i>	13.1	5.5	-58%	41.0	29.5	-28%
Gross profit	64.9	91.2	41%	195.7	273.4	40%
<i>Retail</i>	43.4	64.6	49%	126.7	179.3	42%
<i>Veropharm</i>	18.7	25.0	34%	55.4	83.7	51%
<i>other</i>	2.8	1.6	-43%	13.6	10.4	-24%
EBITDA	-2.2	10.6	582%	12.8	20.3	59%
<i>Retail</i>	-10.5	0.5	105%	-15.7	-20.6	-31%
<i>Veropharm</i>	7.5	10.8	44%	24.5	39.4	61%
<i>other</i>	0.8	-0.7	-186%	4.0	1.5	-62%
Net profit	-25.0	3.6	114%	-41.9	-4.5	89%
<i>Retail</i>	-31.1	-2.5	92%	-60.7	-31.3	48%
<i>Veropharm</i>	4.9	7.0	43%	16.0	26.4	65%
<i>other</i>	1.2	-0.9	-175%	2.8	0.4	-86%

Commenting on the 9M 2008 results Jere Calmes, President of OAO Pharmacy Chain 36.6 and General Director of the Management Company, said:

"We achieved some noteworthy successes over last year in our Q3 results. In the latest reporting period, we have successfully sold a portion of our closed end real estate fund which improved our Q3 net profit result and reduced our debt. In the retail unit, we were able to deliver a positive EBITDA on the back of a healthy recovery in our gross margin and a significant reduction of SG&A as a percentage of sales. However, the current business environment remains extraordinarily tenuous and operational results are being negatively impacted. The Company's management is working with the Board of Directors to find solutions for financing the business through these difficult times and will continue to focus on addressing working capital needs and streamlining operations."

RETAIL UNIT:

As compared to the relative period the year before, in 9M 2008 sales of the retail unit grew by 43%. The net retail sales¹ reached US\$ 642.1 million (+34.1%) including the effect from M&A (+8%) and organic opening activity (+5.5%). Sales in the third quarter of 2008 decreased by 5% versus Q2 driven by both the closure of non-performing stores as well as seasonal factors.

The retail operations posted a gross margin increase from 25.3% in Q1 to 26% in Q2 and further to 31.1% in the third quarter as improvements in private label penetration, centralized purchasing and pricing management took effect. The cumulative gross margin for 9M 2008 is 27.4%.

\$ mln.	period ends, RETAIL UNIT					
	Q3			9M		
	2007	2008	ch %	2007	2008	ch %
Sales	154.6	207.5	34%	457.5	655.7	43%
Gross profit	43.4	64.6	49%	126.7	179.3	42%
%	28.0%	31.1%		27.7%	27.4%	

Sales, general and administrative expenses reached US\$ 212,1 million in 9M 2008 (32% of sales as compared to 33% the year before) with key items represented by personnel costs (US\$ 91,8 million) and rent (US\$ 59,3 million), up 69% and 35% respectively as compared to 9M 2007. The increases were primary driven by consolidation effect from store openings and aggressive acquisitions in 2007.

In absolute terms, SG&A expense declined by US \$2,4 million in Q3, 2008 versus Q2, 2008 continuing the positive trends from the first quarter of this year and delivering a significant improvement from 37.0% to 32.8% in SG&A to revenues over the same period last year. Management continues to focus its efforts on streamlining the retail operations through closing non-performing stores, rationalizing its logistics infrastructure, and improving productivity of store and administrative personnel.

\$ mln.	period ends, RETAIL UNIT					
	Q3			9M		
	2007	2008	ch %	2007	2008	ch %
SG&A	57.3	68.0	19%	152.1	212.1	39%
%	37.0%	32.8%		33.2%	32.3%	

¹ Excluding wholesale operations

In dollar terms, like-for-like sales² increased by 19.6% in the third quarter and by 17.6% percent year-to-date. Excluding corporate overheads and logistics costs, financial store-level performance in 9M 2008 demonstrated the following dynamics:

\$ mln	Q3 2007		Q3 2008		9M 2007		9M 2008	
	Moscow	Regions	Moscow	Regions	Moscow	Regions	Moscow	Regions
Net Sales	43.8	54.3	55.9	61.5	144.4	164.3	170.5	192.4
Gross profit	14.2	12.7	20.7	15.5	47.9	38.4	57.2	47.1
%	32.47%	23.38%	37.08%	25.26%	33.20%	23.30%	33.60%	24.50%
SG&A	10.9	8.1	12.8	9.2	30.5	23.5	39.1	27.7
%	24.97%	14.88%	22.82%	14.99%	21.10%	14.30%	22.90%	14.40%
Rent	5.4	2.5	5.4	2.8	14.4	7.2	15.9	8.3
Personnel	4.4	4.0	6.2	4.8	12	11.6	17.6	14.1
Operational profit, store level	3.3	4.6	8.0	6.3	17.4	14.8	18.1	19.3
%	8%	9%	14%	10%	12%	9%	10.60%	10%
<i>Nr comparable stores</i>	<i>185</i>	<i>350</i>	<i>185</i>	<i>350</i>	<i>185</i>	<i>350</i>	<i>185</i>	<i>350</i>

The retail unit's accounts payable increased to US \$226.7 million at the end of Q3, 2008 versus US\$ 129.8 million in the similar period last year as total turnover increased, extended payment terms from manufacturers and suppliers were negotiated and working capital was used to meet financial debt obligations.

OTHER BUSINESSES

Veropharm

For the latest update on 9M 2008 performance please refer to the official press release of the company as of November 12th 2008.

ELC

Early Learning Center sales increased to US\$3,3 million in the first 9M of 2008, an 111% year on year growth rate driven primarily by organic store openings. As of the end of Q3, this unit operated 10 stores and was fully funded to meet its store rollout plan. Third quarter gross margin improved to 67.9%. Compared to 9M 2007, the gross margin in 9M 2008 increased from 59,2% to 67,3% driven by better assortment pricing.

GROUP FINANCIAL DEBT AND COST OF FINANCING

As of the end of 9M 2008, the Group's financial debt decreased to US\$ 193,8 million from US\$ 322,6 million the year before and \$292 million on January 1st, 2008. The debt reduction has been financed through operating cash flows and proceeds from non-core asset disposals.

² The L-F-L reporting is executed for a selection of comparable stores, which are:

- opened or acquired 24 months from the current reporting period, and
- neither rebranded nor reformatted or somehow significantly changed during last 24 months, and
- not closed in the current reporting period.

As of the end of 9M 2008 the company operates 535 comparable stores which make 58,2% of sales and 50,9% of traffic in the retail unit.

In the third quarter of this year the Company sold back to the market a significant portion of its own bonds acquired at the put option event on July 3, 2008. The discount at which these bonds were sold to the market affected Q3 financial costs in the amount of US\$ 0,9 million.

Quarterly financial costs decreased 20% from US\$ 11,4 million in Q3, 2007 to US\$ 9,0 million in Q3, 2008. On a year-to-date basis, the Group's financial costs grew by 28% to US\$ 29,8 million as a result of increased cost of debt servicing and additional expenses related to our joint venture, created in 2007 to attract investments for the development of our retail operation. In 2007 the bulk of financial expenses related to this joint venture were only charged to the P/L statement of the Company in the fourth quarter.

GROUP NET PROFIT

The Group reported a net profit in Q3 of US \$3.6 million versus a loss of \$25 million in the prior year period on the partial sale of its real estate fund, which generated a one time US\$ 16,9 million profit, solid performance in the manufacturing unit, and reduced losses in the retail unit. Year to date, the Group's net loss was –US\$ 4,5 million, an 89% improvement as compared to 9M 2007.

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Conference call (in English):
2nd December, 2008, 17-00 Moscow time
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Notes to the editor:

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 December 1, 2008 totaled USD 33.3 million (according to RTS). Pharmacy Chain 36.6 operates more than 1100 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 of December 1, 2008 was USD 102.5 million (according to RTS).

ZAO Apteki 36.6 is one of the founding members of the Russian Association of Pharmacy Chains (RAPC). Pharmacy Chain 36.6 is a participating member of the international retailers' organizations - NRF and NACDS. Pharmacy Chain 36.6 and its subsidiaries employ over 12,000 people.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS STATEMENT
9 months ending 30 September 2008
(in US dollars and in thousands)

	Q3 2008	Q3 2007	9m 2008	9m 2007
Revenue	254 417	200 178	813 212	590 630
Cost of sales	(163 259)	(135 329)	(539 822)	(394 885)
Gross Profit	91 158	64 849	273 390	195 745
SGA	(85 671)	(72 797)	(269 476)	(197 176)
Share-based payments	233		(215)	-
Operating Profit	5 720	(7 947)	3 701	(1 431)
Finance costs	(9 056)	(11 376)	(29 762)	(23 271)
Other income/(loss)	(1 095)	795	(790)	266
Foreign currency exchange gain/(loss)	(6 554)	(2 045)	(7 196)	(2 254)
Income before tax and investment activity	(10 984)	(20 573)	(34 048)	(26 690)
Gain on sale of investment	16 928	-	16 928	-
Disposal of discontinued operation	157		35 617	
Income tax expense	214	(2 057)	(9 687)	(7 468)
Minority interest	(2 699)	(2 390)	(13 324)	(7 716)
Profit for the period	<u>3 616</u>	<u>(25 020)</u>	<u>(4 513)</u>	<u>(41 876)</u>

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES ,
CONSOLIDATED BALANCE SHEET
9 months ending 30 September 2008
(in US dollars and in thousands)

ASSETS	9m 2008	9m 2007
NON-CURRENT ASSETS:		
Property, plant & equipment	133 865	132 557
Goodwill	222 683	215 840
Intangible assets	10 915	11 707
Other assets	1 552	16 217
Total non-current assets	369 015	376 321
CURRENT ASSETS:		
Inventories	161 145	131 751
Accounts receivable (net of bad debt provision)	123 690	100 701
Other receivables and prepaid expenses	104 746	64 637
Cash&Cash equivalents	33 099	35 282
Total current assets	422 680	332 371
TOTAL ASSETS	791 695	708 692
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	198	159
Additional paid-in capital	120 103	13 514
Translation reserve	9 660	12 574
Retained earnings	(38 447)	23 550
Total shareholders' equity	91 513	49 797
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	178 168	142 759
LONG-TERM LIABILITIES:		
Long-term debt	33 334	13 903
Share-based payment liability	575	7 995
Deferred income tax payable	4 035	368
Long term lease payable	425	
Total long-term liabilities	38 369	22 266
CURRENT LIABILITIES:		
Accounts payable	246 689	145 684
Borrowings	160 417	308 654
Other payables and accrued expenses	50 771	27 419
Taxes payable	23 605	10 917
Current portion of share-based payments liability	560	
Current portion of lease payable	1 600	1 196
Total current liabilities	483 644	493 870
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	791 695	708 692

**OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES,
CONSOLIDATED STATEMENT OF CASH FLOWS
9 months ending 30 September 2008
(in US dollars and in thousands)**

	3Q2008	3Q2007	9m 2008	9m 2007
OPERATING ACTIVITIES:				
Income/(loss) before taxation and minority interest	(10 984)	(20 573)	(34 048)	(26 691)
Depreciation and amortization	4 896	5 784	16 589	14 262
Loss on disposal of property, plant and equipment and unrealized investments	1 095	(290)	790	-
Impairment recognized (reversed) on accounts receivables	(807)	76	(974)	191
Unused vacation provision	(637)		596	-
Inventory provision and write-off	1 387		5 025	-
Share based payments expenses	(233)		215	-
Foreign exchange loss/(gain) on financing and investing activities	6 554	2 045	7 196	2 254
Finance costs	9 056	11 376	29 762	23 270
Operating cash flow before working capital changes	10 327	(1 582)	25 151	13 286
Increase in inventories	1 600	(8 006)	4 077	(18 766)
Increase in accounts receivable	(13 251)	(19 396)	(22 793)	(27 142)
Increase in other receivables and prepaids	(10 856)	(14 616)	(38 281)	(25 622)
Increase in accounts payable	(54 559)	30 383	45 142	33 473
Increase in other payables and accruals	(3 024)	819	6 090	2 782
Cash flows from operations	(69 763)	(12 398)	19 386	(21 989)
Income taxes paid	(1 255)	(3 257)	(13 215)	(9 868)
Finance cost paid	(3 469)	(10 527)	(20 643)	(16 749)
Net cash outflow operating activities	(74 478)	(26 182)	(14 472)	(48 606)
INVESTING ACTIVITIES:				
Net cash outflow on acquisition of subsidiaries	(4 266)	(14 748)	(13 365)	(38 242)
Purchase of property, plant, equipment	(778)	(9 572)	(6 802)	(27 075)
Purchase of intangible assets	(749)		(1 121)	
Net cash inflow on disposal of discontinued operation	(3 881)		107 256	
Net cash inflow on sale of investment	37 351		37 351	
Loans to related parties		(7 566)		(7 566)
Net cash outflow from investing activities	27 677	(31 886)	123 319	(72 883)
FINANCING ACTIVITIES:				
Proceeds from new borrowings, net	(42 993)	26 294	(106 112)	55 486
Proceeds from subsidiary (consortium of investors)		25 000		85 000
Net cash inflow from financing activities	(42 993)	51 294	(106 112)	140 486
Effect of translation to presentation currency	(5 422)	1 911	(2 525)	3 316
NET INCREASE (DECREASE) IN CASH	(95 225)	(4 863)	212	22 313
CASH, beginning of year	128 324	40 145	32 887	12 969
CASH, end of period	33 099	35 282	33 099	35 282