

**OJSC "PHARMACY CHAIN 36.6" REPORTS 9M 2009 AND Q3 2009 UNAUDITED IFRS RESULTS**

**April 9, 2010, MOSCOW** – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces unaudited 9M 2009 and Q3 2009 financial results prepared in accordance with the International Financial Reporting Standards (IFRS).

**GROUP HIGHLIGHTS OF 9M 2009:**

- Group revenue from ongoing operations<sup>1</sup> decreased by 16.8% to RUR 16 035.9 mln compared with 9M 2008.
- Gross profit from ongoing operations<sup>1</sup> decreased by 20.9% to RUR 6 193.5 mln, 38.6% of consolidated revenues;
- Consolidated EBITDA from ongoing operations<sup>1</sup> reached RUR 973.6 mln compared with RUR 417.8 mln in 9M 2008, a 133.0% improvement;
- Underlying Net loss from ongoing operations<sup>1</sup> (excluding sale of investments, disposal of discontinued operations and foreign exchange effect) decreased from RUR 1 226.6 mln in 9M 2008 to RUR 778.3 mln in 9M 2009, a 36.5% improvement;
- The retail unit organically opened 5 and closed 15 stores in Q3 2009.

**Group consolidated financial results**

	period ends					
	Q3, mln RUR			9M, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
<b>Revenue</b>	<b>4 579.1</b>	<b>6 173.1</b>	-25.8%	<b>16 035.9</b>	<b>19 552.9<sup>2</sup></b>	-18.0%
<i>Retail</i>	3 528.8	5 033.9	-29.9%	12 366.4	15 765.5	-21.6%
<i>Veropharm</i>	915.2	1 004.5	-8.9%	3 215.3	3 076.7	4.5%
<i>other</i>	135.1	134.7	0.3%	454.2	710.7	-36.1%
<b>Gross profit</b>	<b>1 747.3</b>	<b>2 209.9</b>	-20.9%	<b>6 193.5</b>	<b>6 573.2<sup>2</sup></b>	-5.8%
<i>Retail</i>	1 139.8	1 564.9	-27.2%	3 917.1	4 312.3	-9.2%
<i>% of sales</i>	32.3%	31.1%		31.7%	27.4%	
<i>Veropharm</i>	552.7	606.7	-8.9%	2 135.2	2 012.8	6.1%
<i>% of sales</i>	60.4%	60.4%		66.4%	65.4%	
<i>other</i>	54.8	38.3	43.1%	141.2	248.1	-43.1 <sup>3</sup> %
<b>EBITDA</b>	<b>149.9</b>	<b>255.9</b>	-84.6%	<b>973.6</b>	<b>487.6<sup>2</sup></b>	99.7%
<i>Retail (inc. Corp.center)</i>	-63.5	9.7	-754.6 <sup>4</sup> %	20.2	-496.3	-104.1%
<i>% of sales</i>	-1.8%	0.2%		0.2%	-3.1%	
<i>Veropharm</i>	214.1	263.3	-18.7%	973.2	947.8	2.7%
<i>% of sales</i>	23.4%	26.2%		30.3%	30.8%	
<i>other</i>	-0.7	-17.1	-95.9 <sup>5</sup> %	-19.8	36.1	-154.8%
<b>Net profit</b>	<b>-229.0</b>	<b>77.5</b>	-395.5%	<b>-830.8</b>	<b>-117.2<sup>2</sup></b>	608.9%
<i>Retail (inc. Corp.center)</i>	-355.0	-71.8	394.4 <sup>6</sup> %	-1 535.5	-760.8	101.8%
<i>Veropharm</i>	131.6	171.1	-23.1%	730.3	635.4	14.9%
<i>other</i>	-5.6	-21.8	-74.3%	-25.6	8.2	-412.2 <sup>7</sup> %

<sup>1</sup> Ongoing operations' results exclude operating results of EMC which was sold in May 2008.

<sup>2</sup> Including financial results of European Medical Center

<sup>3</sup> Decrease in gross profit in "Other" segment in 9M 2009 compared with 9M 2008 is due to the fact, that 9M 2008 data includes financial results of EMC which was sold in May 2008.

<sup>4</sup> Changes in Retail EBITDA in Q3 2009 results from changes in consumer demand and seasonality factors which led to decrease in Revenue in Q3 2009 compared with Q3 2008.

<sup>5</sup> EBITDA improvement in "Other" segment in Q3 2009 compared with Q3 2008 resulted mainly from EBITDA improvements in "FTK Vremya" segment.

<sup>6</sup> Net Loss increase in Q3 2009 compared with Q3 2008 in the Retail unit is due to the fact that Q3 2008 Net Loss data includes revenue from sale of investments in the amount of RUR 396.4 mln, growth of financial costs and changes in consumer demand.

<sup>7</sup> Net Loss for 9M 2008 includes financial results of the European Medical Center which was sold in May 2008

## RETAIL UNIT:

### REVENUE

As compared to the relative period the year before, 9M 2009 sales of the retail unit decreased by 21.6% in ruble terms from RUR 15 765.5 mln to RUR 12 366.4 mln driven by the closure of non-performing stores, partial shortages of products as a result of working capital decline and decline in customer traffic. In Q3 2009 versus Q3 2008 sales of the Retail unit decreased by 29.9% from RUR 5 033.9 mln to RUR 3 528.8 mln. The decrease in sales of the Retail unit in Q3 2009 versus Q2 2009 by 12.8% is attributable primarily to store closings, seasonal factors and lower consumer demand.

Like-for-like sales<sup>8</sup> in 9M 2009 versus 9M 2008 decreased by 16% in ruble terms driven by partial stock-outs and decline in customer traffic. L-f-L average check in 9M 2009 compared with 9M 2008 increased by 12% in ruble terms; traffic decreased by 24%. In Q3 2009 versus Q3 2008 L-f-L sales decreased by 25% in ruble terms, average check increased by 6% in ruble terms, traffic declined by 29%.

### GROSS MARGIN

In 9M 2009 gross margin increased by 4.3% to 31.7% from 27.4% in 9M 2008. Such significant growth was achieved by an increased share of Private label in Total gross sales (from 3.9% in 9M 2008 to 6.8% in 9M 2009), successful commercial activity in price-cuts from suppliers, improvement of pricing and assortment policies. In Q3 2009 gross margin increased by 1.2% to 32.3% from 31.1% in Q3 2008. Compared to Q2 2009, gross margin increased by 0.5%.

	Retail Unit					
	Q3, mln RUR			9 months, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
<i>Sales</i>	3 528.8	5 033.9	-29.9%	12 366.4	15 765.5	-21.6%
<i>Gross profit</i>	1 139.8	1 564.9	-27.2%	3 917.1	4 312.3	-9.2%
<i>% of sales</i>	32.3%	31.1%		31.7%	27.4%	

### SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses dropped by 18.4% in ruble terms from RUR 5 101.0 mln in 9M 2008 to RUR 4 164.5 mln in 9M 2009 due to continuous implementation of the cost optimization program. In Q3 2009, selling, general and administrative expenses decreased by 21.8% to RUR 1 284.9 mln from RUR 1 643.3 mln in Q3 2008. Compared with Q2 2009, SG&A costs shrank by 6.3%.

Despite the decrease in absolute numbers of SG&A costs, their share in overall sales increased by 3.8% in Q3 2009 compared with Q3 2008, and by 1.3% in 9M 2009 compared with 9M 2008 due to decline in revenues.

	Retail Unit					
	Q3, mln RUR			9 months, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
<i>Selling, general and administrative costs</i>	1 284.9	1 643.3	-21.8%	4 164.5	5 101.0	-18.4%
<i>% of sales</i>	36.4%	32.6%		33.7%	32.4%	

9M 2009 store level performance of like-for-like stores demonstrated the following results:

<sup>8</sup> 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.

RUR, mln	9M 2009			9M 2008			ch, %		
	Moscow	Regions	Total	Moscow	Regions	Total	Moscow	Regions	Total
<b>Net Sales</b>	<b>4 165.2</b>	<b>5 783.2</b>	<b>9 948.4</b>	<b>4 492.5</b>	<b>7 330.4</b>	<b>11 822.9</b>	-7.3%	-21.1%	-15.9%
<b>Gross Profit</b>	1 517.1	1 657.0	3 174.1	1 523.6	1 860.2	3 383.8	-0.4%	-10.9%	-6.2%
%	36.4%	28.7%	31.9%	33.9%	25.4%	28.6%			
<b>Store level expenses</b>	<b>1 100.9</b>	<b>1 017.9</b>	<b>2 118.8</b>	<b>996.4</b>	<b>1 138.8</b>	<b>2 135.2</b>	10.5%	-10.6%	-0.8%
%	26.4%	17.6%	21.3%	22.2%	15.5%	18.1%			
Rent	471.7	368.4	840.1	394.1	379.0	773.1	19.7%	-2.8%	8.7%
Personnel	442.4	470.7	913.1	458.2	558.8	1 017.0	-3.4%	-15.8%	-10.2%
Other	186.8	178.8	365.6	144.1	201.0	345.1	29.6%	-11.0%	5.9%
<b>Store level Operating profit</b>	<b>416.2</b>	<b>639.1</b>	<b>1 055.3</b>	<b>527.2</b>	<b>721.4</b>	<b>1 248.6</b>	-21.1%	-11.4%	-15.5%
%	10.0%	11.1%	10.6%	11.7%	9.8%	10.6%			
<i>Number of comparable stores</i>	198	573	771	198	573	771			

In 9M 2009 store level net sales in Like-for-Like stores decreased by 15.9% compared with 9M 2008 and reached RUR 9 948.4 mln also as a result of the decrease in sales in the regions due to partial stock-outs and changes in consumer demand towards cheaper goods.

Store level expenses in Like-for-like stores declined by 0.8% in 9M 2009 compared with the same period last year mainly due to the decrease in headcount (primarily in the regions) and significant cost reduction on expendable materials in the regions. Rent increase in the Moscow region in the period under consideration was due to the exchange rate effect as most of the lease agreements in the reported like-for-like stores are dollar-based.

Q3 2009 store level performance of like-for-like stores demonstrated the following results:

RUR, mln	9M 2009			9M 2008			ch, %		
	Moscow	Regions	Total	Moscow	Regions	Total	Moscow	Regions	Total
<b>Net Sales</b>	<b>1 249.0</b>	<b>1 629.0</b>	<b>2 878.0</b>	<b>1 476.1</b>	<b>2 367.1</b>	<b>3 843.2</b>	-15.4%	-31.2%	-25.1%
<b>Gross Profit</b>	467.2	478.8	946.0	550.0	619.1	1 169.1	-15.1%	-22.7%	-19.1%
%	37.4%	29.4%	32.9%	37.3%	26.2%	30.4%			
<b>Store level expenses</b>	<b>338.4</b>	<b>305.8</b>	<b>644.2</b>	<b>311.8</b>	<b>383.6</b>	<b>695.4</b>	8.5%	-20.3%	-7.4%
%	27.1%	18.8%	22.4%	21.1%	16.2%	18.1%			
Rent	157.0	118.5	275.5	125.5	128.3	253.8	25.1%	-7.6%	8.6%
Personnel	127.3	133.4	260.7	160.0	191.1	351.1	-20.4%	-30.2%	-25.7%
Other	54.1	53.9	108.0	26.3	64.2	90.5	105.7%	-16.0%	19.3%
<b>Store level Operating profit</b>	<b>128.8</b>	<b>173.0</b>	<b>301.8</b>	<b>238.2</b>	<b>235.5</b>	<b>473.7</b>	-45.9%	-26.5%	-36.3%
%	10.3%	10.6%	10.5%	16.1%	9.9%	12.3%			
<i>Number of comparable stores</i>	198	573	771	198	573	771			

Store level net sales in Like-for-Like stores decreased by 25.1% from RUR 3 843.2 mln in Q3 2008 to RUR 2 878.0 mln in Q3 2009 mainly due to the decrease in sales as a result of partial stock-outs and decline in consumer demand.

Store level expenses in Like-for-like stores shrank by 7.4% in Q3 2009 compared with the same period last year mainly due to decrease in headcount in the regions and significant cost reduction on expendable materials in the Moscow region as well as in the regions. Significant rent increase in the Moscow region in the period under consideration was due to the exchange rate effect as most of the lease agreements in the reported like-for-like stores are dollar-based (the similar situation occurred in Q2 2009 compared with Q2 2008).

## TRADE ACCOUNTS PAYABLE

Compared with 9M 2008, trade accounts payable decreased by 11.7% from RUR 5 739.3 mln to RUR 5 066.7 mln in 9M 2009 as a result of converting part of accounts payable into debt and decrease in

the absolute amount of inventory. Versus Q2 2009, in Q3 2009 trade accounts payable decreased by 9.6% due to converting part of accounts payable into debt.

## **INVENTORY**

Average days of turnover decreased from 72 days, as of the end of Q3 2008, to 70 days, as of the end of Q3 2009, due to Company implementing the policy aimed at reducing absolute inventory levels. Compared with Q2 2009, average days of turnover decreased from 74 days due to seasonality. In absolute terms, inventory was reduced by 33.3% to RUR 2 179.6 mln, as of the end of Q3 2009, compared with RUR 3 266.0 mln, as of the end of Q3 2008.

## **OTHER BUSINESSES**

### **Veropharm**

For the latest update on 9M 2009 performance please refer to the official press-release of the company as of April 7<sup>th</sup>, 2010.

### **ELC**

Early Learning Center revenue consolidated by the Group (which is 50% of the total revenue) reached RUR 100.8 mln, a 27.9% growth driven primarily by an increase in L-f-L sales. In Q3 2009 versus Q3 2008 ELC sales grew by 15.9% and reached RUR 34.3 mln.

As of the end of Q3 2009, the unit operated 10 stores.

## **GROUP FINANCIAL DEBT**

Group Financial Debt at the end of Q3 2009 increased to RUR 5 135.4 mln from RUR 4 891.5 mln at the end of Q3 2008 and from RUR 4 674.1 mln at the end of Q2 2009 as a result of converting part of accounts payable to suppliers to debt. At the end of Q3 2009, the Retail unit debt stood at RUR 4 416.8 mln with 36.5% denominated in dollars. 69.9% of the Group's debt is short-term.

In Q3 2009 the Company achieved agreements with its creditors (Nomos Bank and Uralsib Bank) on extension of credit lines' maturity. Under the signed additional agreements on terms and conditions:

- RUR 200 mln credit facility with Nomos Bank matures before 31.03.2010;
- RUR 500 mln credit facility with Nomos Bank matures before 30.12.2010;
- USD 26 950 000 dollars credit facility with Uralsib Bank matures before 25.12.2010.

## **GROUP FINANCIAL COSTS**

In 9M 2009 versus 9M 2008 consolidated financial costs grew by 24.0% to RUR 887.7 mln due to the financial costs associated with financial debt restructuring and fulfillment obligations before suppliers. Due to the similar reasons in Q3 2009 versus Q3 2008 financial costs grew by 39.7% and reached RUR 307.1 mln.

## **INVESTMENTS**

In 9M 2009 the Group invested RUR 139.3 mln, whereas retail investments stood at RUR 81.1 mln.

## **GROUP NET PROFIT**

Underlying Net loss from ongoing operations (excluding sale of investments, disposal of discontinued operations and foreign exchange effect) increased from RUR 164.6 mln in Q3 2008 to RUR 302.6 mln in Q3 2009, a 83.8% worsening versus Q3 2008 as a result of the decline in revenues.

Underlying Net loss from ongoing operations<sup>1</sup> (excluding sale of investments, disposal of discontinued operations and foreign exchange effect) decreased from RUR 1 226.6 mln in 9M 2008 to RUR 778.3 mln in 9M 2009, a 36.5% improvement.

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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 08.04.2010 totaled USD 370,5 mln (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 of 08.04.2010 was USD 375 mln (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.*

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**OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS STATEMENT**  
**Q3 2009 ending 30 September 2009 (mln. rubles)**

	<b>Q3 2009</b>	<b>Q3 2008</b>
<b>Revenue</b>	<b>4 579,1</b>	<b>6 173,1</b>
Cost of sales	(2 831,8)	(3 963,2)
<b>Gross profit</b>	<b>1 747,3</b>	<b>2 209,9</b>
Selling, general and administrative expenses	(1 711,5)	(2 072,8)
Impairment of goodwill	-	-
<b>Operating income/loss</b>	<b>35,8</b>	<b>137,1</b>
Finance costs	(307,1)	(219,8)
Other income (loss)	(6,3)	(20,4)
Foreign currency exchange gain (loss)	73,4	(157,7)
<b>Income/(loss) before tax and investment activity</b>	<b>(204,0)</b>	<b>(260,9)</b>
Gain on sale of investment	-	396,4
Disposal of discontinued operations	-	3,7
Income tax expense	(57,1)	4,2
<b>Loss for the period</b>	<b>(229,0)</b>	<b>77,5</b>
<b>Attributable to:</b>		
Minority interest	32,2	(66,0)

**OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED PROFIT AND LOSS STATEMENT**  
**9M 2009 ending 30 September 2009 (mln. rubles)**

	<b>9M 2009</b>	<b>9M 2008</b>
<b>Revenue</b>	<b>16 035,9</b>	<b>19 552,9</b>
Cost of sales	(9 842,4)	(12 979,6)
<b>Gross profit</b>	<b>6 193,5</b>	<b>6 573,2</b>
Selling, general and administrative expenses	(5 586,8)	(6 484,5)
Impairment of goodwill	-	-
<b>Operating income/loss</b>	<b>606,8</b>	<b>(88,7)</b>
Finance costs	(887,7)	(715,6)
Other income (loss)	(22,5)	(6,3)
Foreign currency exchange gain (loss)	(52,5)	(173,1)
<b>Income/(loss) before tax and investment activity</b>	<b>(355,9)</b>	<b>(806,3)</b>
Gain on sale of investment	-	396,4
Disposal of discontinued operations	-	846,0
Income tax expense	(157,5)	(232,9)
<b>Loss for the period</b>	<b>(830,8)</b>	<b>(117,2)</b>
<b>Attributable to:</b>		
Minority interest	(317,4)	(320,4)

**OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEET**  
**AT 30 SEPTEMBER 2009 (mln. rubles)**

	<b>9M 2009</b>	<b>9M 2008</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
Property, plant & equipment	3 063,1	3 370,8
Goodwill	4 935,9	5 621,9
Intangible assets	271,9	275,6
Other assets	33,6	39,2
Total non-current assets	<b>8 304,5</b>	<b>9 307,5</b>
<b>CURRENT ASSETS:</b>		
Inventories	2 915,7	3 994,0
Accounts receivable	3 705,6	3 122,7
Other receivables and prepaid expenses	1 587,1	2 176,1
Cash and bank balances	550,1	835,6
Total current assets	<b>8 758,4</b>	<b>10 128,5</b>
<b>TOTAL ASSETS</b>	<b>17 063,0</b>	<b>19 435,9</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Share capital	6,0	6,0
Additional paid-in capital	2 796,1	2 796,1
Translation reserve	-	-
Retained earnings	(3 371,9)	(1 068,8)
<b>Total shareholders' equity</b>	<b>6,0</b>	<b>6,0</b>
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	4 959,0	4 498,1
<b>LONG-TERM LIABILITIES:</b>		
Borrowings	1 547,2	841,6
Share-based payment liability	-	14,5
Deferred tax liabilities	98,0	37,5
Long-term lease payable	8,1	10,7
Total long-term liabilities	<b>1 653,4</b>	<b>904,3</b>
<b>CURRENT LIABILITIES:</b>		
Accounts payable	5 587,5	6 243,0
Borrowings	3 588,2	4 050,0
Other payables and accrued expenses	1 172,7	1 338,0
Taxes payable	657,5	614,6
Current portion of share-based payments liability	(0)	14,2
Current portion of lease payable	14,4	40,4
Total current liabilities	<b>11 020,4</b>	<b>12 300,2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>17 063,0</b>	<b>19 435,9</b>

**OAo PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR Q3 ENDING 30 SEPTEMBER 2009 (mln. rubles)**

	<b>Q3 2009</b>	<b>Q3 2008</b>
<b>OPERATING ACTIVITIES</b>		
<b>Income/loss before taxation and minority interest</b>	<b>-204,1</b>	<b>(254,1)</b>
Gain on sale of investment	-	-
Depreciation and amortization	114,1	118,8
Loss on sale of securities	-	-
Loss/profit on disposal of property, plan and equipment and unrealized investments	6,3	26,3
Profit on disposal of subsidiary	-	-
Impairment recognized (reversed) on accounts receivable	35,1	(19,4)
Unused vacation provision	(6,6)	(15,2)
Inventory provision and write-off	13,1	33,7
Other	-	-
Impairment of goodwill	-	-
Share- based payments expenses	-	(5,5)
Foreign exchange loss/(gain)	(73,6)	157,7
Finance costs	307,1	219,8
<b>Operating cash flow before working capital changes</b>	<b>191,6</b>	<b>262,2</b>
Increase in inventories	46,5	51,6
Increase in accounts receivable	178,7	(349,1)
Increase in other receivables and prepaid expenses	260,8	(321,0)
Increase in accounts payable	(826,2)	(1189,7)
Increase in other payables and accruals	10,4	36,3
Cash generated from operations	(138,4)	(1509,6)
Income taxes paid	(42,3)	(31,4)
Finance costs paid	(207,5)	(85,2)
<b>Net cash generated by (used in) operating activities</b>	<b>(388,0)</b>	<b>(1626,3)</b>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of subsidiaries	-	(103,5)
Purchase of property, plant and equipment	(29,7)	(19,4)
Purchase of intangible assets	(14,5)	(18,1)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from partial disposal of subsidiary	-	874,7
Net cash inflow on disposal of discontinued operation	-	(83,8)
<b>Net cash generated by (used in) investing activities</b>	<b>(44,2)</b>	<b>650,1</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	434,4	(1 198,4)
Repayments of borrowings	-	-
Proceeds from issuance of ordinary shares, net	-	-
Proceeds from consortium of investors	-	-
Distributions paid to minority shareholders	-	-
Net cash (used in) generated by financing activities	434,4	<b>(1 198,4)</b>
Effect of translation to presentation currency	-	-
Net (decrease) increase in cash and cash equivalents	2,1	(2174,5)
Cash and cash equivalents at beginning of the period	548,0	3 010,1
<b>Cash and cash equivalents at end of the period</b>	<b>550,1</b>	<b>835,6</b>

**OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR 9M ENDING 30 SEPTEMBER 2009 (mln. rubles)**

	<b>9M 2009</b>	<b>9M 2008</b>
<b>OPERATING ACTIVITIES</b>		
<b>Income/loss before taxation and minority interest</b>	<b>(355,9)</b>	<b>(806,3)</b>
Gain on sale of investment	-	-
Depreciation and amortization	366,8	398,8
Loss on sale of securities	-	-
Loss/profit on disposal of property, plan and equipment and unrealized investments	25,4	19,0
Profit on disposal of subsidiary	-	-
Impairment recognized (reversed) on accounts receivable	129,7	(23,4)
Unused vacation provision	(17,9)	14,3
Inventory provision and write-off	15,9	120,8
Other	-	-
Impairment of goodwill	-	-
Share- based payments expenses	-	5,2
Foreign exchange loss/(gain)	52,5	173,1
Finance costs	887,7	715,6
<b>Operating cash flow before working capital changes</b>	<b>1104,3</b>	<b>617,2</b>
Increase in inventories	266,1	109,7
Increase in accounts receivable	(787,5)	(572,9)
Increase in other receivables and prepaid expenses	(11,9)	(964,3)
Increase in accounts payable	(480,6)	1149,0
Increase in other payables and accruals	(214,4)	264,0
Cash generated from operations	(124,1)	602,7
Income taxes paid	(76,3)	(317,8)
Finance costs paid	(480,4)	(496,4)
<b>Net cash generated by (used in) operating activities</b>	<b>(680,7)</b>	<b>(211,5)</b>
<b>INVESTING ACTIVITIES</b>		
Net cash outflow on acquisition of subsidiaries	-	(321,4)
Purchase of property, plant and equipment	(116,1)	(163,6)
Purchase of intangible assets	(23,2)	(27,0)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from partial disposal of subsidiary	-	874,7
Net cash inflow on disposal of discontinued operation	-	2556,0
<b>Net cash generated by (used in) investing activities</b>	<b>(139,3)</b>	<b>2918,8</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from borrowings	668,0	(2679,0)
Repayments of borrowings	-	-
Proceeds from issuance of ordinary shares, net	-	-
Proceeds from consortium of investors	-	-
Distributions paid to minority shareholders	-	-
Net cash (used in) generated by financing activities	<b>668,0</b>	<b>(2679,0)</b>
Effect of translation to presentation currency	-	-
Net (decrease) increase in cash and cash equivalents	(152,1)	28,4
Cash and cash equivalents at beginning of the period	<b>702,2</b>	<b>807,2</b>
<b>Cash and cash equivalents at end of the period</b>	<b>550,1</b>	<b>835,6</b>