



PRESS-RELEASE

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5 JULY 2006

PHARMACY CHAIN 36.6 ANNOUNCES Q1 2006 FINANCIAL RESULTS

5 JULY 2006, MOSCOW – OAO Pharmacy Chain 36.6 [MICEX: RU14APTK1007; RTS: APTK] announces non-audited consolidated financial results for the first quarter of 2006 in accordance with the International Financial Reporting Standards (IFRS).

Sales

- Consolidated sales grew 52% y-o-y in Q1 2006 and reached \$99 million.
- Net sales in the pharmacy segment increased by 60% in Q1 2006. Pharmacy Chain 36.6 organically opened 17 new pharmacies and re-branded 10 previously acquired pharmacies. During the first three months of 2006 the Company acquired two regional pharmacy chains - Pharmacia (Permskie Apteki) in the Perm region with 37 pharmacies and Pharmakom in Omsk with 13 pharmacies. Sales at pharmacies that had been opened or acquired before January 1, 2005 grew by 11.9%.
- Veropharm sales reached \$20 million, up 32% y-o-y. This increase was primarily due to significant growth in sales of prescription medicines brought to the market in 2004-2005.

Profit

- Consolidated gross profit rose 46% in Q1 2006. The growth in gross profit in the production sector totalled 35% and exceeded growth in sales; the gross profit margin for Veropharm increased to 59%. The rapid development of the pharmacy chain in the regions continues to have an effect on profitability indicators, leading to a decrease in gross profit margin in the retail sector to 32%. Gross profit in retail grew 52% and reached \$23 million.
- The Company's consolidated EBITDA increased 57% and reached \$5 million. EBITDA in the production segment increased 72% and reached \$6 million while decreasing in the retail segment to \$1 million.
- Net profit for Q1 2006 amounted to \$291,000.

Debt

- In Q1 2006 Pharmacy Chain 36.6 increased its credit portfolio by \$6 million. The Company's debt totalled \$116 million.

KEY FINANCIAL INDICATORS FOR Q1 2006

\$mln.	CONSOLIDATED			RETAIL			VEROPHARM		
	1Q2006	1Q2005	change	1Q2006	1Q2005	change	1Q2006	1Q2005	change
Net sales	99.2	65.4	51.6%	72.7	45.6	59.6%	19.7	15.0	31.8%
Gross profit	35.7	24.4	46.4%	23.0	15.2	51.6%	11.6	8.7	34.7%
<i>Margin</i>	<i>36.0%</i>	<i>37.3%</i>		<i>31.6%</i>	<i>33.3%</i>		<i>59.1%</i>	<i>57.8%</i>	
EBITDA	5.4	3.5	57.3%	1.0	1.4	-26.5%	5.5	3.2	71.9%
<i>Margin</i>	<i>5.5%</i>	<i>5.3%</i>		<i>1.4%</i>	<i>3.1%</i>		<i>27.7%</i>	<i>21.2%</i>	
Net income	0.3	-1.1	N/A						
	1Q2006	FY2005	change						
Total Assets	261.9	244.7	17.2						
Equity	52.2	48.4	3.9						
Bank Debt	115.7	109.9	5.8						

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or refer to the Company's web-site

www.pharmacychain366.com

Notes to the Editor:

Pharmacy Chain 36.6 is the first public national health and beauty retailer listed in the "B"-list on RTS (ticker: APTK). Market capitalisation as of 01.07.06 was USD 332 million based on RTS share prices.

The Company currently operates 575 stores in 22 regions and 67 cities in Russia.

OAO Veropharm, the Company's generics subsidiary, is one of Russia's top five manufacturers (according to Pharmexpert research).

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

Pharmacy Chain 36.6 employs over 8,000 people.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES**CONSOLIDATED INCOME STATEMENT****AS OF MARCH 31, 2006***(in US dollars and in thousands, except for income per share data)*

	<u>3m2006</u>	<u>3m2005</u>
Net sales	99 219	65 435
Cost of sales	-63 484	-41 027
Gross profit	<u>35 735</u>	<u>24 408</u>
Selling, general and administrative expenses	-32 369	-22 748
Operating income	3 366	1 660
Interest expense	-4 309	-2 592
Non-operating income (net)	2 179	60
Foreign currency exchange gain (loss)	1 680	-3
Income before taxation and minority interest	<u>2 915</u>	<u>-874</u>
Loss from investment activity	-185	
Income tax expense	-1 793	-148
Minority interest	-646	-42
Net income	<u><u>291</u></u>	<u><u>-1 063</u></u>

OAD PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2006
(in US dollars and in thousands)

	<u>3m2006</u>	<u>FY2005</u>
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets, net	43 402	36 431
Property, plant & equipment, net	85 800	84 638
Other long-term assets	1 502	4 194
Total non-current assets	<u>130 704</u>	<u>125 264</u>
CURRENT ASSETS:		
Inventories	59 764	49 680
Accounts receivable (net of bad debt provision)	41 325	38 195
Other receivables and prepaid expenses	24 672	23 653
Cash&Cash equivalents	5 403	7 863
Total current assets	<u>131 163</u>	<u>119 391</u>
TOTAL ASSETS	<u><u>261 867</u></u>	<u><u>244 655</u></u>
 SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	185	178
Additional paid-in capital	15 502	14 953
Retained earnings	36 561	33 221
Total shareholders' equity	<u>52 248</u>	<u>48 351</u>
MINORITY INTEREST	16 013	14 808
LONG-TERM LIABILITIES:		
Long-term debt	72 650	82 019
Deferred taxation	7 093	7 178
Long-term portion of the finance leases payable	285	275
Total long-term liabilities	<u>80 028</u>	<u>89 472</u>
CURRENT LIABILITIES:		
Accounts payable	59 214	52 579
Other payables and accrued expenses	11 322	11 613
Current portion of short-term debt	43 041	27 832
Total current liabilities	<u>113 577</u>	<u>92 024</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>261 867</u></u>	<u><u>244 655</u></u>

OAo PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
AS OF MARCH 31, 2006
(in US dollars and in thousands)

	<u>3m2006</u>	<u>3m2005</u>
OPERATING ACTIVITIES:		
Income before taxation and minority interests	2 915	-874
Adjustments to reconcile income before taxation and minority interest to net cash used in operating activities:		
Effect of depreciation and amortization	2 077	1 794
Effect of loss on disposal of property, plant and equipment	-2 268	60
Foreign exchange (gain) loss on financing and investing activities	-1 680	-3
Interest expense	4 309	2 592
Operating cash flow before working capital changes	<u>5 353</u>	<u>3 569</u>
Changes in operating assets and liabilities		
Accounts receivable	-2 463	-2 211
Other receivables and prepaids	-1 168	-646
Accounts payable	4 696	1 896
Other payables and accruals	322	-138
Inventories	-10 084	-1 070
Cash flow from operations	-3 344	1 401
Income taxes paid	-960	-282
Interest paid	-2 287	-2 292
Net cash outflow from operating activities	<u>-6 591</u>	<u>-1 174</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired	-2 054	0
Purchase of property, plant, equipment	-6 104	-2 764
Proceeds on disposal of property, plant, equipment	6 205	0
Net cash outflow from investing activities	<u>-1 952</u>	<u>-2 764</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings, net	6 083	6 266
Net cash inflow from financing activities	<u>6 083</u>	<u>6 266</u>
Effect of translation on cash flows	0	353
Net increase (decrease) on cash flows	<u>-2 460</u>	<u>2 681</u>
CASH, beginning of period	7 863	1 662
CASH, end of period	5 403	4 343