



PRESS RELEASE

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NOVEMBER 23, 2006

PHARMACY CHAIN 36.6. FINANCIAL RESULTS FOR NINE MONTHS OF 2006

NOVEMBER 23, 2006, MOSCOW – Pharmacy Chain 36.6 [MICEX: RU14APTK1007; RTS: APTK] announces its unaudited financial results for 9M 2006 according to International Financial Reporting Standards (IFRS).

Sales

- Consolidated sales for 9M 2006 increased by 64.6% y-o-y and reached \$346.9 million.
- Sales in the retail segment grew by 77.3% in 9M 2006. During the period 48 pharmacies were organically opened and 12 regional pharmacy chains included 264 pharmacies were acquired. Same store sales in the chain's pharmacies opened or acquired before October 1, 2005 were up by 20.6%.
- Veropharm's sales for 9M 2006 reached \$70.7 million, representing an increase of 26.8% y-o-y.

Profit

- Consolidated gross profit for 9M 2006 increased by 49.1% y-o-y and reached \$121.8 million. Pharmacy Chain 36.6's increased share of regional operations is pulling down the gross margin to 35.1% in 9M 2006.
- The Company's consolidated EBITDA decreased by 17.6% to \$12.3 million. Growth in SG&A expenses by 62.5% y-o-y impacts on the EBITDA level.
- Net profit totalled \$41.5 million in 9M 2006 resulting from the sale to the market of 30% of the Veropharm shares.

Debt

- In 9M 2006 Pharmacy Chain 36.6 credit portfolio reached \$196 million.

KEY FINANCIAL INDICATORS FOR 9M 2006

\$mln.	CONSOLIDATED			RETAIL			VEROPHARM		
	9M2006	9M2005	change	9M2006	9M2005	change	9M2006	9M2005	change
Net sales	346.9	210.7	64.6%	250.2	141.1	77.3%	70.7	55.7	26.8%
Gross profit	121.8	81.7	49.1%	74.7	46.4	61.1%	41.6	33.2	25.0%
<i>Margin</i>	35.1%	38.8%		29.8%	32.9%		58.8%	59.6%	
EBITDA	12.3	15.0	-17.6%	-3.6	2.1	N/A	19.0	15.8	20.0%
<i>Margin</i>	3.6%	7.1%		-1.4%	1.5%		26.9%	28.4%	
Net income	41.5	-4.8	N/A						
	9M2006	FY2005	change						
Total Assets	438.3	244.7	193.6						
Equity	92.2	48.4	43.9						
Debt	196.0	109.9	86.2						

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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 01.10.06 was USD 350 million based on RTS share prices.

As of October 1, 2006 Company operates 757 stores in 23 regions and 70 cities in Russia.

OAO Veropharm, the Company's generics subsidiary, is one of Russia's top five manufacturers (according to Pharmexpert research). Veropharm's shares are traded on RTS (ticker: VRPH). Market capitalisation as of 01.10.06 was USD 280 million based on RTS share prices.

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 employs over 8.000 people.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AS OF SEPTEMBER 30, 2006
(in US dollars and in thousands)

	<u>9m2006</u>	<u>9m2005</u>
Net sales	346 926	210 712
Cost of sales	-225 101	-129 019
Gross profit	<u>121 825</u>	<u>81 693</u>
Selling, general and administrative expenses	-117 884	-72 560
Non-recurring expenses	-	-1 455
Operating income	<u>3 941</u>	<u>7 678</u>
Interest expense	-11 578	-9 320
Non-operating income (net)	2 289	141
Foreign currency exchange gain (loss)	<u>3 007</u>	<u>77</u>
Income before taxation and minority interest	-2 341	-1 424
Loss from investment activity	-869	-252
Income tax expense	-4 273	-3 145
Result from sale of investment	53 267	-
Minority interest	<u>-4 267</u>	<u>20</u>
Net income	<u>41 516</u>	<u>-4 801</u>
Earnings per share:		
Net income per share	USD 5.19	-0.60
Weighted average number of shares (in thousands)	8 000	8 000

OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2006
(in US dollars and in thousands)

	9m2006	FY2005
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets, net	137 316	36 431
Property, plant & equipment, net	103 634	84 638
Other long-term assets	6 755	4 194
Total non-current assets	<u>247 706</u>	<u>125 264</u>
CURRENT ASSETS:		
Inventories	86 666	49 680
Accounts receivable (net of bad debt provision)	60 168	38 195
Other receivables and prepaid expenses	34 367	23 653
Cash&Cash equivalents	9 353	7 863
Total current assets	<u>190 555</u>	<u>119 391</u>
TOTAL ASSETS	<u><u>438 261</u></u>	<u><u>244 655</u></u>
 SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	189	178
Additional paid-in capital	15 903	14 953
Retained earnings	76 120	33 221
Total shareholders' equity	<u>92 212</u>	<u>48 351</u>
MINORITY INTEREST	40 246	14 808
LONG-TERM LIABILITIES:		
Long-term debt	147 433	82 019
Deferred taxation	6 982	7 178
Long-term portion of the finance leases payable	524	275
Total long-term liabilities	<u>154 939</u>	<u>89 472</u>
CURRENT LIABILITIES:		
Accounts payable	87 914	52 579
Other payables and accrued expenses	14 333	11 613
Short-term debt	48 617	27 832
Total current liabilities	<u>150 864</u>	<u>92 024</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>438 261</u></u>	<u><u>244 655</u></u>

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
AS OF SEPTEMBER 30, 2006
(in US dollars and in thousands)

	9m2006	9m2005
OPERATING ACTIVITIES:		
Income before taxation and minority interests	-2 332	-1 424
Adjustments to reconcile income before taxation and minority interest to net cash used in operating activities:		
Effect of depreciation and amortization	8 384	5 834
Effect of loss on disposal of property, plant and equipment	-2 327	-52
Effect of loss on disposal of other receivables	70	1 095
Effect of gain on disposal of debt	-	-106
Effect of provision for doubtful receivables	1 317	-
Foreign exchange (gain) loss on financing and investing activities	-3 007	-28
Interest expense	11 151	9 431
Operating cash flow before working capital changes	<u>13 257</u>	<u>14 750</u>
Changes in operating assets and liabilities		
Accounts receivable	-15 895	-9 528
Other receivables and prepaids	-5 034	-7 842
Accounts payable	25 122	6 410
Other payables and accruals	-185	-1 660
Inventories	-43 525	-8 508
Cash flow from operations	-26 260	-6 378
Income taxes paid	-3 850	-2 616
Interest paid	-8 374	-8 760
Net cash outflow from operating activities	<u>-38 484</u>	<u>-17 754</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired	-103 055	-4 349
Purchase of property, plant, equipment	-24 217	-15 114
Purchase of financial instruments	-4 500	-
Proceeds on disposal of property, plant, equipment	6 205	-
Purchase of equity interest in subsidiaries	-	-1 007
Proceeds from sale of investments, net of transactions amount	74 506	-
Net cash outflow from investing activities	<u>-51 061</u>	<u>-20 470</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings, net	89 200	40 229
Net cash inflow from financing activities	<u>89 200</u>	<u>40 229</u>
Effect of translation on cash flows	801	-1 114
Net increase (decrease) on cash flows	<u>457</u>	<u>891</u>
CASH, beginning of period	8 896	1 662
CASH, end of period	9 353	2 553