



PRESS RELEASE

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PHARMACY CHAIN 36.6 ANNOUNCES 2006 FINANCIAL RESULTS

JUNE 21, 2007, MOSCOW – OAO Pharmacy Chain 36.6 [MICEX:RU14APTK1007; RTS:APTK] announces 2006 financial results (audited by Deloitte) in accordance with the International Financial Reporting Standards (IFRS).

Sales

- Consolidated sales grew 73% y-o-y in 2006 and reached \$528.9 million.
- Sales in the pharmacy segment increased by 90% and reached \$386.2 million in 2006. This growth was facilitated in part by the opening of 75 new pharmacies and acquisition of 18 regional pharmacy chains consisting of 352 pharmacies. Sales at pharmacies that had been operating for more than one year (like-for-like) at the end of 2006 grew by 25.5%.
- PRO-FORMA pharmacy segment sales (sales including non-consolidated retail revenues in 2006) grew by 141% and amounted to \$489.6 million.
- Veropharm sales reached \$100.5 million, up 27% y-o-y. This increase was primarily due to a significant growth in sales of the prescription drugs portfolio.
- Sales of European Medical Center reached \$20.5 million of which \$10.5 were consolidated into IFRS report.

Profit

- Consolidated gross profit grew 56% in 2006 and reached \$183.4 million. Active development of the regional drugstore network led to a gross margin decline from 33.1% to 29.1% in the retail segment.
- The Company's consolidated EBITDA grew by 9%, reaching \$25.5 million. EBITDA in the production sector was up 17% and amounted to \$29.2 million. Retail EBITDA was down at \$ -1.2 million, while PRO-FORMA retail EBITDA amounted to \$3.7 million.
- Profit in 2006 totaled \$34.5 million. This increase in net profit was due to the Veropharm's IPO in April of 2006.

Investment and Other Indicators

- In 2006, Pharmacy Chain 36.6 invested \$164.1 million in opening new pharmacies, re-branding and acquisition of regional pharmacy chains, as well as on real estate acquisitions and in production and medical services.

- In 2006, the Company's financial debt as of the end of 2006 reached \$253.1 million.

FY2006

\$mln.	CONSOLIDATED			RETAIL			VEROPHARM			EMC
	2006	2005	change	2006	2005	change	2006	2005	change	2006
Revenue	528.9	305.2	73.3%	386.2	203.2	90.1%	100.5	79.4	26.6%	10.6
Gross profit	183.4	117.8	55.7%	112.2	67.2	67.0%	60.1	47.0	27.9%	5.7
<i>Margin</i>	34.7%	38.6%		29.1%	33.1%		59.8%	59.2%		54.0%
EBITDA	25.5	23.3	9.4%	-1.2	2.9	N/A	29.2	25.1	16.6%	2.7
<i>Margin</i>	4.8%	7.6%		-0.3%	1.4%		29.1%	31.6%		25.8%
Profit	34.5	8.3	N/A	-26.9	-16.4	N/A	18.7	17.1	9.5%	2.0
	2006	2005	change							
Total Assets	525.3	244.7	280.7							
Equity	88.0	48.4	40.0							
Debt	253.1	109.9	143.2							

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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) and off-list on MICEX (ticker: RU14APTK1007). Market capitalisation as of 21.06.07 was USD 720 million based on RTS share prices.

As of April 1, 2007 Company operates 854 stores in 26 regions and 80 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 in the "B"-list on RTS (ticker: VRPH) and off-list on MICEX (ticker: VRFM). Market capitalisation as of 21.06.07 was USD 418 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 9.000 people.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE FULL YEAR ENDED DECEMBER 31, 2006
(in US dollars and in thousands, except for income per share data)

	<u>2006</u>	<u>2005</u>
Revenue	528 878	305 215
Cost of sales	(345 440)	(187 388)
Gross profit	183 438	117 827
Selling, general and administrative expenses	(170 908)	(104 062)
Operating profit	12 530	13 765
Finance costs	(16 856)	(15 124)
Share of loss of associate	(816)	(176)
Foreign currency exchange gain (loss)	1 808	(182)
Gain on sale of investment	53 045	15 801
Other income (loss)	1 910	(492)
Profit before tax	51 621	13 592
Income tax expense	(9 796)	(4 510)
Profit for the year	41 825	9 082
Attributable to:		
Equity holders of the parent	34 498	8 296
Minority interest	7 327	786
	41 825	9 082
EARNINGS PER SHARE:		
Net income per share (in US Dollars)		
Basic and diluted	4.31	1.04
Weighted average number of shares (in thousands)		
Basic and diluted	8 000	8 000

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

	<u>2006</u>	<u>2005</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	116 249	84 638
Goodwill	162 065	32 950
Intangible assets	8 305	3 481
Other assets	-	3 378
Investment in associate	-	816
	<u>286 619</u>	<u>125 263</u>
CURRENT ASSETS		
Inventories	112 985	49 680
Accounts receivable	73 750	38 195
Other receivables and prepaid expenses	39 014	23 653
Cash and bank balances	12 969	7 863
	<u>238 718</u>	<u>119 391</u>
TOTAL ASSETS	<u>525 337</u>	<u>244 654</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	159	159
Additional paid-in capital	13 514	13 514
Translation reserve	9 260	3 753
Retained earnings	<u>65 424</u>	<u>30 926</u>
Equity attributable to equity holders of the parent	88 357	48 352
Minority interest	44 046	14 808
	<u>132 403</u>	<u>63 160</u>
NON-CURRENT LIABILITIES		
Borrowings	186 696	82 019
Deferred taxation liabilities	8 118	7 178
	<u>194 814</u>	<u>89 197</u>
CURRENT LIABILITIES		
Accounts payable	112 211	52 577
Borrowings	66 359	27 832
Other payables and accrued expenses	8 478	4 140
Taxes payable	<u>11 072</u>	<u>7 748</u>
	<u>198 120</u>	<u>92 297</u>
TOTAL EQUITY AND LIABILITIES	<u>525 337</u>	<u>244 654</u>

OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2006
(in US dollars and in thousands)

	<u>2006</u>	<u>2005</u>
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax	51 621	13 592
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on sale of investment	(53 045)	(15 801)
Depreciation and amortization	12 932	7 773
Impairment of other receivables	-	946
(Profit) loss on disposal of property, plant and equipment	(1 968)	492
Impairment recognized (reversed) on accounts receivables	2 195	(315)
Share of loss of associate	816	176
Foreign exchange (gain) loss on financing and investing activities	(1 808)	182
Finance costs	16 856	15 124
Operating profit before working capital changes	27 599	22 169
Increase in inventories	(46 593)	(19 397)
Increase in accounts receivable	(30 660)	(15 378)
Increase in other receivables and prepaids	(10 555)	(8 865)
Increase in accounts payable	37 350	20 965
Increase in other payables and accruals	1 482	4 473
Cash (used in) generated from operations	(21 377)	3 967
Income taxes paid	(6 071)	(3 296)
Finance cost paid	(16 315)	(14 231)
Net cash used in operating activities	(43 763)	(13 560)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	(127 499)	(12 865)
Purchase of property, plant, equipment	(31 113)	(19 498)
Purchase of intangible assets	(5 458)	(2 577)
Proceed on disposal of property, plant, equipment	6 529	492
Proceeds from sale of investment, net	72 775	27 930
Purchase of interest in associate	-	(992)
Net cash used in investing activities	(84 766)	(7 510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	500 843	295 832
Repayments of borrowings	(372 582)	(267 460)
Net cash generated from financing activities	128 261	28 372
Effect of translation to presentation currency	5 374	(1 101)
Net increase in cash and cash equivalents	5 106	6 201
Cash and cash equivalents at beginning of the year	7 863	1 662
Cash and cash equivalents at end of the year	12 969	7 863