



PRESS RELEASE

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2 AUGUST 2007

PHARMACY CHAIN 36.6 ANNOUNCES Q1 2007 FINANCIAL RESULTS

AUGUST 2, 2007, MOSCOW – OAO Pharmacy Chain 36.6 [MICEX: RU14APTK1007; RTS: APTK] announces non-audited consolidated financial results for the first quarter of 2007 in accordance with the International Financial Reporting Standards (IFRS).

Sales

- Consolidated sales in Q1 2007 increased by 86.6% year-on-year and reached US\$185.1 million.
- Sales in the pharmacy segment increased by 104.5% year-on-year in Q1 2007 and reached US\$148.7. The significant growth in the pharmacy segment is primarily a result of the large number of pharmacies acquired in 2006. The sales of pharmacies that had operated for one year or more as of the start of 2006 (like-for-like sales) grew by 34.7%.
- Veropharm's sales reached US\$24.1, up 22.4% over the first quarter of 2006, primarily as a result of strong growth in sales of the prescription drugs segment.
- Sales of the European Medical Center (EMC) totaled US\$6.3 million in Q1 2007.

Profit

- Consolidated gross profit in Q1 2007 grew by 69.6% and reached US\$60.6 million. Expansion of the pharmacy chain into the regions led to a decrease in the gross profit margin in the retail segment to 27.0%.
- Consolidated EBITDA increased by 52.4% and reached US\$8.3 million. EBITDA for the production business grew by 29.3% and reached US\$7.1 million. In the retail sector EBITDA decreased to US\$0.7 million. EBITDA for EMC totaled US\$1.8 million.
- The Company's net losses in Q1 2007 totaled US\$5.7 million.

Debt

- Total debt as of the end of Q1 2007 amounted to US\$259.2 million.

KEY FINANCIAL INDICATORS FOR Q1 2007

\$mln.	CONSOLIDATED			RETAIL			VEROPHARM			EMC
	1Q2007	1Q2006	change	1Q2007	1Q2006	change	1Q2007	1Q2006	change	1Q2007
Revenue	185.1	99.2	86.6%	148.7	72.7	104.5%	24.1	19.7	22.4%	6.3
Gross profit	60.6	35.7	69.6%	40.2	23.0	74.8%	15.4	11.6	32.2%	3.4
<i>Margin</i>	<i>32.7%</i>	<i>36.0%</i>		<i>27.0%</i>	<i>31.6%</i>		<i>63.8%</i>	<i>59.1%</i>		<i>54.6%</i>
SG&A	-56.6	-32.4	74.8%	-42.9	-23.4	83.1%	-9.1	-6.8	34.4%	-1.7
<i>as % of revenue</i>	<i>30.6%</i>	<i>32.6%</i>		<i>28.9%</i>	<i>32.2%</i>		<i>37.6%</i>	<i>34.3%</i>		<i>27.5%</i>
EBITDA	8.3	5.4	52.4%	0.7	1.0	-37.3%	7.1	5.5	29.3%	1.8
<i>Margin</i>	<i>4.5%</i>	<i>5.5%</i>		<i>0.4%</i>	<i>1.4%</i>		<i>29.3%</i>	<i>27.7%</i>		<i>29.2%</i>
Net income	-5.7	0.3	N/A	-4.2	-3.6	16.8%	5.5	3.2	72.1%	1.4
	1Q2007	2006	change							
Total Assets	594.3	525.3	68.9							
Equity	83.4	88.4	-4.9							
Debt	259.2	253.1	6.1							

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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 01.08.07 was USD 632 million based on RTS share prices.

As of August 1, 2007 Company operates 1000 stores in 28 regions and 90 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 01.08.07 was USD 424 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 11.000 people.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
AS OF MARCH 31, 2007

(in US dollars and in thousands, except for income per share data)

	<u>3m2007</u>	<u>3m2006</u>
Revenue	185 147	99 219
Cost of sales	-124 548	-63 484
Gross profit	<u>60 599</u>	<u>35 735</u>
Selling, general and administrative expenses	-56 589	-32 369
Operating profit	4 010	3 366
Finance costs	-5 805	-4 309
Other income/(loss)	-6	-
Foreign currency exchange gain (loss)	62	1 680
Income before taxation and minority interest	<u>-1 739</u>	<u>2 915</u>
Share of loss of associate	-	-185
Income tax expense	-1 310	-1 793
Minority interest	-2 698	-646
Net income	<u><u>-5 747</u></u>	<u><u>291</u></u>

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF MARCH 31, 2007
(in US dollars and in thousands)

	<u>3m2007</u>	<u>2006</u>
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets, net	9 506	8 305
Goodwill	164 018	162 065
Property, plant & equipment, net	118 293	116 249
Total non-current assets	<u>291 817</u>	<u>286 619</u>
CURRENT ASSETS:		
Inventories	116 492	112 985
Accounts receivable (net of bad debt provision)	79 213	73 750
Other receivables and prepaid expenses	43 524	39 014
Cash&Cash equivalents	63 233	12 969
Total current assets	<u>302 462</u>	<u>238 718</u>
TOTAL ASSETS	<u>594 279</u>	<u>525 337</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	159	159
Additional paid-in capital	13 514	13 514
Other reserves	10 065	9 260
Retained earnings	59 677	65 424
Total shareholders' equity	<u>83 416</u>	<u>88 357</u>
MINORITY INTEREST	107 135	44 046
LONG-TERM LIABILITIES:		
Long-term debt	198 503	186 696
Deferred taxation	4 410	8 118
Total long-term liabilities	<u>202 913</u>	<u>194 814</u>
CURRENT LIABILITIES:		
Accounts payable	114 252	112 211
Other payables and accrued expenses	25 862	19 551
Current portion of long-term debt	60 701	66 359
Total current liabilities	<u>200 815</u>	<u>198 121</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u>594 279</u>	<u>525 337</u>

OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
AS OF MARCH 31, 2007
(in US dollars and in thousands)

	<u>3m2007</u>	<u>3m2006</u>
OPERATING ACTIVITIES:		
Income before taxation and minority interests	-1 739	2 915
Adjustments to reconcile income before taxation and minority interest to net cash used in operating activities:		
Effect of depreciation and amortization	4 281	2 077
Effect of loss on disposal of property, plant and equipment	-	-2 268
Foreign exchange (gain) loss on financing and investing activities	-62	-1 680
Interest expense	5 805	4 309
Operating cash flow before working capital changes	<u>8 285</u>	<u>5 353</u>
Changes in operating assets and liabilities		
Accounts receivable	-5 463	-2 463
Other receivables and prepaids	-4 510	-1 168
Accounts payable	2 041	4 696
Other payables and accruals	-196	322
Inventories	-3 506	-10 084
Cash flow from operations	<u>-3 349</u>	<u>-3 344</u>
Income taxes paid	-1 310	-960
Interest paid	-2 946	-2 287
Net cash outflow from operating activities	<u>-7 604</u>	<u>-6 591</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired	-274	-2 054
Purchase of property, plant, equipment	-4 895	-6 104
Proceeds on disposal of property, plant, equipment	-	6 205
Net cash outflow from investing activities	<u>-5 169</u>	<u>-1 952</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings, net	3 037	6 083
Proceeds from subsidiary (consortium of investors)	60 000	-
Net cash inflow from financing activities	<u>63 037</u>	<u>6 083</u>
Net increase (decrease) on cash flows	<u>50 264</u>	<u>-2 460</u>
CASH, beginning of period	12 969	7 863
CASH, end of period	63 233	5 403