PRESS-RELEASE
FOR IMMEDIATE DISTRIBUTION

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OJSC "PHARMACY CHAIN 36.6" REPORTS A TURNAROUND IN 2008 FULL YEAR EBITDA TO USD 33 MILLION DOLLARS AND A REDUCTION OF UNDERLYING NET LOSS OF 42%

APRIL 29, 2009, MOSCOW – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces audited 2008 financial results prepared in accordance with the International Financial Reporting Standards (IFRS). The comparison with 2007 financial results includes the effect of 2007 restated financial accounts.

GROUP HIGHLIGHTS OF FULL YEAR 2008:

- Group revenue increased by 20.7% to USD 1 051.2 mln;
- Gross profit increased by 37.2% to USD 362.8 mln, 34.5 % of consolidated revenues;
- EBITDA reached USD 33.2 mln from –USD 30.8 in the previous year;
- Net loss decreased by 53.5 % from -USD 121.3 in 2007 to -USD 56.4 mln in 2008;
- Underlying Net loss (excluding goodwill impairment charge, gains on sale of investments, disposal of discontinued operations and foreign exchange effect) decreased from USD 115.6 mln in 2007 to USD 66.6 mln in 2008, a 42.4% improvement y-o-y;
- The retail unit opened organically 86 and closed 183 stores in 2008.

	period ends							
	Q4				FULL YEAR			
$ mln.	**2007 Previously reported**	**2007 Restated**	**2008**	***ch %***	**2007 Previously reported**	**2007 Restated**	**2008**	***ch %***
Revenue	**280.5**	**280.5**	**238.0**	*-15.2%*	**871.1**	**871.1**	**1051.2**	*20.7%*
Retail	215.8	215.8	186.0	*-13.8%*	673.4	673.4	841.3	*24.9%*
Veropharm	47.5	47.5	44.9	*-5.5%*	139.5	139.5	172.9	*23.9%*
other	17.2	17.2	7.1	*-58.7%*	58.2	58.2	37.0	*-36.4%*
Gross profit	**81.7**	**68.7**	**89.4**	*30.1%*	**277.5**	**264.5**	**362.8**	*37.2%*
Retail	44.3	31.3	56.9	*81.8%*	171.0	158.0	236.2	*49.5%*
% of sales	*20.5%*	*14.5%*	*30.6%*		*25.4%*	*23.5%*	*28.1%*	
Veropharm	31.4	31.4	30.2	*-3.8%*	86.7	86.7	113.9	*31.4%*
% of sales	*66.1%*	*66.1%*	*67.3%*		*62.2%*	*62.2%*	*65.9%*	
other	6.0	6.0	2.3	*-61.7%*	19.8	19.8	12.7	*-35.9%*
EBITDA	**-19.9**	**-43.7**	**12.9**	*-129.5%*	**-7.0**	**-30.8**	**33.2**	*-207.8%*
Retail (inc.Corp.center)	-38.0	-61.8	-0.9	*-98.5%*	-55.0	-78.8	-21.5	*-72.7%*
% of sales	*-17.6%*	*-28.6%*	*-0.5%*		*-8.2%*	*-11.7%*	*-2.6%*	
Veropharm	18.9	18.9	13.3	*-29.6%*	42.5	42.5	52.7	*24.0%*
% of sales	*39.8%*	*39.8%*	*29.6%*		*30.5%*	*30.5%*	*30.5%*	
other	-0.8	-0.8	0.5	*-161.2%*	5.4	5.4	2.0	*-63.1%*
Net profit	**-57.6**	**-79.5**	**-51.9**	*-34.7%*	**-99.4**	**-121.3**	**-56.4**	*-53.5%*
Retail (inc.Corp.center)	-68.2	-90.1	-62.8	*-30.3%*	-128.9[1]	-150.8[1]	-94.1[2]	*-37.6%*
Veropharm	12.7	12.7	10.8	*-15.0%*	27.7	27.7	36.9	*33.2%*
other	-2.1	-2.1	0.1	-104.8%	1.8	1.8	0.8	*-55.6%*

[1] Including USD 13,2 mln minority interest in Veropharm.
[2] Including USD 21.4 mln minority interest in Veropharm

Commenting on the 2008 results Jere Calmes, President of OAO Pharmacy Chain 36.6 and General Director of the Management Company, said:

"Our 2008 financial results demonstrate a significant year over year improvement; progress in our retail operations coupled with the strong performance of our manufacturing arm returned the Group to a positive EBITDA for 2008. We made healthy progress in reducing the Group's debt and have substantially improved our financial reporting capability which has resulted in a restatement of our 2007 accounts. Nevertheless, we continue to face extraordinary pressures associated with the global economic decline which translates for us into a challenging operating environment and difficulty in finding sources of funding. The Company's management continues to focus on streamlining operations while working with the Board of Directors to find solutions for financing."

RETAIL UNIT:

REVENUE

As compared to the relative period the year before, in 2008 sales of the retail unit grew by 24.9% from USD 673.4 mln to USD 841.3 mln including organic opening activity (+2.5%). Sales in the fourth quarter of 2008 decreased by 13.8% versus Q4 2007 driven by both the closure of non-performing stores as well as a decline in customer traffic.

Like-for-like sales[3] increased by 10.2% year over year and decreased by 9.7% in the fourth quarter.

In ruble terms, revenue grew by 25,2% year on year and 4,6% in Q4.

GROSS MARGIN

The retail operations posted a gross margin increase from 23.5% in 2007 to 28.1% in 2008 as improvements in private label penetration, centralized purchasing and pricing management took effect. Gross margin in Q4 2008 has improved to 30.6% on the back of private label growth, better pricing management and assortment optimization.

$ mln.	period ends, RETAIL UNIT					
	Q4			FULL YEAR		
	2007	2008	ch %	2007	2008	ch %
Sales	215.8	186.0	*-13.8%*	673.4	841.7	*25.0%*
Gross profit	31.3	56.9	*81,8%*	158,0	236.2	*49,5%*
% of sales	*14.5%*	*30.6%*		*23.5%*	*28.1%*	

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses increased to USD 273.4 mln in 2008 from SD 250.0 mln in 2007 with key items represented by personnel costs (USD 117.7 mln of which USD 3.0 mln relates to redundancy costs) and rent (USD 80.1 mln). As a percentage of sales, SG&A expenses dropped from 37% to 32% year over year.

In Q4 2008 SG&A expenses amounted to USD 61.3 mln. This represents a reduction by USD 6.7 mln versus Q3, 2008 continuing the positive trends from the first quarter of this year. Q-on-Q costs reduction resulted from continued Management focus on streamlining the retail operations through closing non-performing stores, reducing headcount, rationalizing logistics infrastructure and due to a positive exchange rate effect.

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[3] 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.

As of the end of 2008 the company operates 603 comparable stores which make 61% of sales and 57% of traffic in the retail unit.

$ mln.	period ends, RETAIL UNIT					
	Q4			FULL YEAR		
	2007	2008	ch %	2007	2008	ch %
SG&A	97.9	61.3	*-37.5%*	250.0	273.4	*9.36%*
% of sales	*45.4%*	*32.9%*		*37.1%*	*32.5%*	

Financial performance of like-for-like stores in 2008 demonstrated the following dynamics excluding corporate overheads and logistics costs:

$ mln	Q4 2007		Q4 2008		FY 2007		FY 2008	
	Moscow	Regions	Moscow	Regions	Moscow	Regions	Moscow	Regions
Net Sales	**55.9**	**76.8**	**53.9**	**65.9**	**202.1**	**266.3**	**227.2**	**289.3**
Gross profit	17.7	17.8	18.9	17.0	66.2	62.3	77.1	72.2
%	*31.7%*	*23.2%*	*35.1%*	*25.9%*	*32.7%*	*23.4%*	*33.9%*	*25%*
Key store level expenses	**12.8**	**10.4**	**12.7**	**10.0**	**44.3**	**37.8**	**51.6**	**42.6**
%	*23%*	*13.6%*	*23.5%*	*15.1%*	*21.9%*	*14.2%*	*22.7%*	*14.7%*
Rent	6.2	3.1	4.9	3.1	21.2	11.7	20.1	13.0
Personnel	5.1	5.3	5.6	5.0	17.3	18.7	23.6	21.5
Operational profit, store level	**4.9**	**7.4**	**6.3**	**7.1**	**21.8**	**24.5**	**25.5**	**29.7**
%	*9%*	*10%*	*12%*	*11%*	*11%*	*9.2%*	*11.2%*	*10.3%*
Nr comparable stores	*193*	*410*	*193*	*410*	*193*	*410*	*193*	*410*

ACCOUNTS PAYABLE

Accounts payable reached USD 192.9 mln at the end of Q4 2008 as compared to USD 179.7 mln in the similar period last year as total turnover increased, extended payment terms from manufacturers and suppliers were negotiated and working capital was used to meet financial debt obligations. In Q4 2008 accounts payable decreased by USD 33.8 mln from USD 226.7 mln at the end of Q3 2008 to USD 192.9 mln at the end of Q4 2008. Accounts payable decrease in Q4 is primarily attributable to exchange rate effect.

INVENTORY

Inventory average days turnover decreased from 83 days at the beginning of 2008 to 65 days in Q4 2008. Inventory has been reduced to USD 91.1 mln at the end of Q4 2008 compared with USD147.8 mln at the end of 2007 and USD 132.3 mln at the end of Q3 2008. Such significant reduction resulted from dedicated program aimed at reducing goods for resale on the store level across all network which contributed USD 19.2 mln to the reduction and USD 22.0 mln was due to the exchange rate effect.

OTHER BUSINESSES

Veropharm

For the latest update on 2008 performance please refer to the official press release of the company as of April 22th 2009.

ELC

Early Learning Center delivered positive results in 2008 despite the effect of the global economic down turn which is creating a challenging environment going forward.

Early Learning Center revenue consolidated by the Group (which is 50% of the total revenue) reached USD 5.3 mln, a 78% year on year growth rate driven primarily by organic store openings. As of the end of Q4, the unit operated 11 stores and was fully funded to meet its store rollout plan. Fourth quarter gross margin amounted to 65.2% versus 62.3 % in Q4 2007. Full year gross margin increased from 60.7% in 2007 to 66.5% in 2008 driven by expansion and mix of assortment.

GROUP FINANCIAL DEBT

As of the end of 2008, the Group's financial debt decreased to USD 149.4 mln (of which Veropharm debt is USD 21.4 mln and retail debt is USD 128.0 mln) from USD 292.0 mln the year before and USD193.7 mln on September 30th, 2008. The debt reduction has been achieved through reduction of inventory levels, usage of operating cash flows, exchange rate effect, profitable sale of the European Medical Center and a partial disposal of the Group's retail property fund.

GROUP FINANCIAL COSTS AND FOREIGN EXCHANGE REVALUATION

Regardless of reduction in the Group's financial debt, quarterly financial costs remained almost flat at USD 13.6 mln in Q4, 2008 versus USD 14 mln in Q4, 2007. On a full year basis, the Group's financial costs grew by 16.5% to USD 43.4 mln as a result of increased cost of debt servicing and additional expenses related to our Glazar joint venture, created in 2007 to attract investments for the development of our retail operation. In 2007 the bulk of financial expenses related to this joint venture were only charged to the P/L statement of the Company in the fourth quarter.

Group 2008 foreign currency loss amounted to USD 16.9 mln compared with USD 4.0 mln loss in 2007 of which USD 9.7 mln relates to Q4 2008 as a result of the weakening of the ruble against the dollar.

GOODWILL IMPAIRMENT

The retail segment recorded a non-cash goodwill impairment charge in the fourth quarter of 2008. In accordance with the provisions of IAS 36, Pharmacy Chain 36,6 assessed the recoverable amount of the goodwill, and determined that goodwill associated with certain of the Group's regional pharmacy chains purchased in prior years was impaired by USD 23.4 mln of which USD 6.1 mln relates to acquisitions in Moscow region and USD 17.3 mln in other regions of Russian. This charge reflects the expected reduction of future cash flows for such networks resulting from store closures. Goodwill impairment is not a cash item and will not affect Group financial obligations.

INVESTMENTS

In 2008 Group invested a total of USD 27.0 mln of which the main items represent: USD 5.1 mln in modernization of Veropharm production base and USD 12.8 mln in paying off obligations related to acquisitions of regional pharmacy chains back in 2007.

GROUP NET PROFIT

Net loss decreased by 53.5% to USD 56.4 mln from USD 121.3 mln in 2007.

Underlying Net loss (excluding goodwill impairment charge ,gains on sale of investments, disposal of discontinued operations and foreign exchange effect) decreased from 115.6 in 2007 to USD 66.6 mln in 2008, a 42.4% improvement y-o-y. The reduction of losses was achieved through solid performance of the manufacturing unit and reduced losses in the retail segment.

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Conference call:
29th April, 2009, 17-00 (Moscow time)
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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 April 24, 2009 totaled USD 38 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 April 24, 2009 was USD 180 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. The Group employs over 12 500 people.

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS STATEMENT
At 31 December 2008
(in US dollars and in thousands)

Continuing operations	Q4 2008	Q4 2007 Restated	FY 2008	FY 2007 Restated
Revenue	238 039	273 651	1 039 567	845 222
Cost of sales	(148 576)	(208 727)	(682 113)	(593 406)
Gross profit	**89 463**	**64 923**	**357 454**	**251 816**
Selling, general and administrative expenses	(82 425)	(113 428)	(348 603)	(304 548)
Impairment of goodwill	(23 350)	(1 704)	(23 350)	(1 704)
Share based payments expenses	1 057	(2 184)	842	(2 184)
Operating loss	**(15 255)**	**(52 393)**	**(13 657)**	**(56 620)**
Finance costs	(13 650)	(13 608)	(43 389)	(37 254)
Foreign currency exchange gain (loss)	(9 080)	(1 954)	(16 931)	(4 020)
Gain on sale of investment	(1 856)		15 072	
Other income (loss)	(230)	(4 080)	(1 019)	(3 550)
Loss before tax	**(40 072)**	**(72 035)**	**(59 924)**	**(101 444)**
Income tax expense	(3 616)	(2 533)	(12 900)	(9 344)
Loss for the year from continuing operations	(43 688)	(74 568)	(72 824)	(110 788)
Discontinued operations				
Profit for the year from discontinued operations	(165)	632	37 780	2 693
Loss for the year	**(43 853)**	**(73 936)**	**(35 044)**	**(108 095)**
Attributable to:				
Equity holders of the parent	(51 878)	(79 425)	(56 394)	(121 298)
Minority interest	8 027	5 487	21 350	13 203
	(43 853)	**(73 936)**	**(35 044)**	**(108 095)**

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
At 31 December 2008
(in US dollars and in thousands)

	FY 2008	FY 2007 Restated
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment	112 905	187 544
Goodwill	168 000	246 839
Intangible assets	9 575	12 111
Other assets	1 271	1 752
Total non-current assets	**291 751**	**448 246**
CURRENT ASSETS:		
Inventories	112 569	172 696
Accounts receivable (net of bad debt provision)	103 736	105 319
Other receivables and prepaid expenses	53 613	51 256
Cash&Cash equivalents	23 899	32 887
Total current assets	**293 817**	**362 158**
TOTAL ASSETS	**585 568**	**810 404**
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	198	198
Additional paid-in capital	120 103	120 103
Translation reserve	850	11 377
Retained earnings	(112 268)	(55 874)
Total shareholders' equity	**8 883**	**75 804**
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	158 014	150 712
LONG-TERM LIABILITIES:		
Long-term debt	26 851	20 604
Share-based payment liability	-	963
Deferred tax liabilities	4 673	3397
Long term lease payable	342	982
Total long-term liabilities	**31 866**	**25 946**
CURRENT LIABILITIES:		
Trade accounts payable	206 535	201 482
Borrowings	122 541	271 381
Other payables and accrued expenses	35 020	51 810
Taxes payable	21 509	30 199
Current portion of share-based payments liability	-	1 313
Current portion of lease payable	1 200	1 757
Total current liabilities	**386 805**	**557 942**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**585 568**	**810 404**

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
At 31 December 2008

	2008	2007 Restated
OPERATING ACTIVITIES		
Loss before tax from continuing and discontinued operations	**(21 758)**	**(97 813)**
Finance costs, net	43 406	36 888
Depreciation and amortization	21 448	20 370
Gain on disposal of subsidiaries	(35 435)	-
Gain on partial disposal of subsidiary	(15 072)	-
Impairment loss recognized on goodwill	23 350	1 704
Foreign exchange loss, net	16 280	4 020
Inventory written off	7 262	4 917
Change in allowance for doubtful debts and bad debts written off	1 456	9 163
Share-based payment (income) expense	(842)	2 184
Loss on disposal of property, plant and equipment	-	1 165
Change in unused vacation accrual	(580)	4 669
Loss on disposal of securities	-	775
Other non-cash expenses	2 111	206
Operating cash flow before working capital changes	**41 626**	**(11 752)**
Decrease (increase) in inventories	29 725	(53 308)
Increase in accounts receivable	(22 433)	(11 405)
Increase in other receivables and prepaid expenses	(20 908)	(22 206)
Increase in accounts payable	45 533	74 424
(Decrease) increase in other payables, accrued expenses and taxes payable	(5 443)	33 835
Cash generated from operations	68 100	9 588
Income taxes paid	(14 864)	(11 436)
Finance costs paid	(40 423)	(30 572)
Net cash generated by (used in) operating activities	**12 813**	**(32 420)**
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	(12 856)	(87 630)
Purchase of property, plant and equipment	(11 963)	(33 566)
Purchase of intangible assets	(1 992)	(6 076)
Proceeds from sale of property, plant and equipment	2 479	344
Proceeds from partial disposal of subsidiary	35 497	-
Proceeds from disposal of subsidiaries, net of cash disposed	107 075	-
Net cash generated by (used in) investing activities	**118 240**	**(126 928)**
FINANCING ACTIVITIES		
Proceeds from borrowings	248 371	281 948
Repayments of borrowings	(378 407)	(295 521)
Proceeds from issuance of ordinary shares, net	-	106 628
Proceeds from consortium of investors	-	85 000
Distributions paid to minority shareholders	(2 534)	-
Net cash (used in) generated by financing activities	**(132 570)**	**178 055**
Effect of translation to presentation currency	(7 471)	1 211
Net (decrease) increase in cash and cash equivalents	(8 988)	19 918
Cash and cash equivalents at beginning of the year	32 887	12 969
Cash and cash equivalents at end of the year	**23 899**	**32 887**