



PRESS RELEASE

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PHARMACY CHAIN 36.6 ANNOUNCES H1 2007 FINANCIAL RESULTS

SEPTEMBER 5, 2007, MOSCOW – OAO Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] announces its non-audited consolidated financial results for the first half of 2007 in accordance with the International Financial Reporting Standards (IFRS).

Sales

- Consolidated sales in H1 2007 increased by 78.6% year-on-year and reached US\$390.5 million.
- Sales in the pharmacy segment increased by 92.0% year-on-year in H1 2007 and reached US\$302.9 million. The significant sales 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 beginning of 2006 (like-for-like sales, US\$) grew by 34.6%.
- Veropharm's sales reached US\$59.5 million, up 31.7% over the first half 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\$12.7 million in H1 2007.

Profit

- Consolidated gross profit in H1 2007 grew by 66.1% and reached US\$130.9 million. Expansion of the pharmacy chain into the regions led to a decrease in the gross profit margin in the retail segment to 27.5%. Retail segment gross margin increased in Q2 2007 to 28.0%, compared to 27.0% in Q1 2007.
- Consolidated EBITDA increased by 63.9% and reached US\$15.0 million. EBITDA for the production business grew by 38.9% and reached US\$17.0 million. In the retail sector EBITDA decreased to US\$ -3 million. EBITDA for EMC totaled US\$3.5 million.
- The Company's net losses in H1 2007 totaled US\$16.9 million.

Debt

- Net debt as of the end of H1 2007 amounted to US\$247.1 million.

KEY FINANCIAL INDICATORS FOR H1 2007

\$mln.	CONSOLIDATED			RETAIL			VEROPHARM			EMC
	H1 2007	H1 2006	change	H1 2007	H1 2006	change	H1 2007	H1 2006	change	H1 2007
Revenue	390.5	218.6	78.6%	302.9	157.8	92.0%	59.5	45.2	31.7%	12.7
Gross profit	130.9	78.8	66.1%	83.4	48.4	72.2%	36.6	27.8	31.9%	6.9
<i>Margin</i>	33.5%	36.1%		27.5%	30.7%		61.5%	61.4%		54.7%
SG&A	-124.4	-74.6	66.7%	-92.6	-53.1	74.6%	-21.5	-16.7	28.6%	-3.7
<i>as % of revenue</i>	31.9%	34.1%		30.6%	33.6%		36.1%	36.9%		29.2%
EBITDA	15.0	9.2	63.9%	-3.0	-0.1	N/A	17.0	12.3	38.9%	3.5
<i>Margin</i>	3.8%	4.2%		-1.0%	-0.1%		28.6%	27.1%		27.6%
Net income	-16.9	49.5	N/A	-12.5	-10.0	N/A	11.0	7.6	44.5%	2.3
	H1 2007	2006	change							
Total Assets	620.4	525.3	95.1							
Equity	71.5	88.4	-16.8							
Net Debt	247.1	240.1	7.1							

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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 on MICEX (ticker: RU14APTK1007). Market capitalisation as of 04.09.07 was USD 624 million based on RTS share prices.

As of September 1, 2007 Company operates 1052 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 04.09.07 was USD 440 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 JUNE 30, 2007
(in US dollars and in thousands)

	<u>6m2007</u>	<u>6m2006</u>
Revenue	390 451	218 585
Cost of sales	-259 556	-139 782
Gross profit	<u>130 894</u>	<u>78 803</u>
Selling, general and administrative expenses	-124 380	-74 631
Operating profit	6 515	4 172
Finance costs	-11 894	-6 446
Other income/(loss)	-529	2 185
Foreign currency exchange gain (loss)	-210	2 627
Income before taxation and minority interest	<u>-6 118</u>	<u>2 538</u>
Share of loss of associate	-	-860
Gain on sale of investment	-	53 102
Income tax expense	-5 411	-2 869
Minority interest	-5 326	-2 437
Profit	<u><u>-16 855</u></u>	<u><u>49 474</u></u>

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2007
(in US dollars and in thousands)

	6m2007	2006
ASSETS		
NON-CURRENT ASSETS:		
Intangible assets, net	10 228	8 305
Goodwill	183 492	162 065
Property, plant & equipment, net	127 302	116 249
Other long-term assets	4 130	-
Total non-current assets	<u>325 152</u>	<u>286 619</u>
CURRENT ASSETS:		
Inventories	123 745	112 985
Accounts receivable	81 381	73 750
Other receivables and prepaid expenses	50 020	39 014
Cash&Cash equivalents	40 145	12 969
Total current assets	<u>295 291</u>	<u>238 718</u>
TOTAL ASSETS	<u><u>620 443</u></u>	<u><u>525 337</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	159	159
Additional paid-in capital	13 514	13 514
Other reserves	9 288	9 260
Retained earnings	48 570	65 424
Total shareholders' equity	<u>71 531</u>	<u>88 357</u>
MINORITY INTEREST	110 704	44 046
LONG-TERM LIABILITIES:		
Long-term debt	138 212	186 696
Deferred taxation	7 037	8 118
Long-term portion of the finance leases payable	185	-
Total long-term liabilities	<u>145 435</u>	<u>194 814</u>
CURRENT LIABILITIES:		
Accounts payable	115 301	112 211
Other payables and accrued expenses	27 566	19 551
Current portion of long-term debt	149 082	66 359
Current portion of lease payable	825	-
Total current liabilities	<u>292 772</u>	<u>198 120</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>620 443</u></u>	<u><u>525 336</u></u>

OAD PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
AS OF JUNE 30, 2007
(in US dollars and in thousands)

	6m2007	6m2006
OPERATING ACTIVITIES:		
Income before taxation and minority interests	-6 118	54 782
Adjustments to reconcile income before taxation and minority interest to net cash used in operating activities:		
Gain on sale of investment	-	-53 102
Depreciation and amortization	8 478	4 979
Effect of loss on disposal of property, plant and equipment	290	-2 325
Effect of (gain) loss of associate		860
Effect of provision for doubtful receivables	115	644
Foreign exchange (gain) loss on financing and investing activities	210	-2 627
Interest expense	11 894	6 447
Operating cash flow before working capital changes	<u>14 869</u>	<u>9 658</u>
Changes in operating assets and liabilities		
Accounts receivable	-7 746	-14 968
Other receivables and prepaids	-11 005	-4 911
Accounts payable	3 090	16 072
Other payables and accruals	1 962	3 474
Inventories	-10 761	-21 803
Cash flow from operations	-9 590	-12 478
Income taxes paid	-6 611	-2 489
Interest paid	-6 223	-6 386
Net cash outflow from operating activities	<u>-22 424</u>	<u>-21 353</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired	-23 493	-22 810
Purchase of property, plant, equipment	-17 503	-16 773
Purchase of financial instruments	-	-3 000
Proceeds on disposal of property, plant, equipment	-	6 205
Proceeds from sale of investments, net of transactions amount	-	74 506
Net cash outflow from investing activities	<u>-40 996</u>	<u>38 128</u>
FINANCING ACTIVITIES:		
Proceeds from borrowings, net	29 192	4 574
Proceeds from subsidiary (consortium of investors)	60 000	-
Net cash inflow from financing activities	<u>89 192</u>	<u>4 574</u>
Effect of translation on cash flows	<u>1 404</u>	<u>3 711</u>
Net increase (decrease) on cash flows	<u>27 176</u>	<u>25 061</u>
CASH, beginning of period	12 969	7 863
CASH, end of period	40 145	32 924