



FOR IMMEDIATE RELEASE

August 16, 2004

**OAO PHARMACY CHAIN 36.6 REPORTS
2004 SEMI-ANNUAL FINANCIAL RESULTS**

16 august, 2004, Moscow – OAO Pharmacy Chain 36.6 [MICEX: RU14APTK1007; RTS board: aptk] has released its unaudited financial results in accordance with International Accounting Standards (IAS) for the first half of 2004.

The Company’s consolidated net sales reached US\$95.6-million, exceeding 2003’s six-month results by 40%. More than 63% of sales were generated in the pharmacy retail. The Company’s net profit was US\$2.1-million.

	CONSOLIDATED			RETAIL			VEROPHARM		
	1H2004	1H2003	change	1H2004	1H2003	change	1H2004	1H2003	change
Net sales	95,6	68,4	40%	60,4	38,3	58%	27,5	22,8	21%
Gross profit	37,9	26,2	45%	20,8	11,7	78%	16,0	13,0	23%
<i>Margin</i>	40%	38%		34%	31%		58%	57%	
EBITDA	9,7	5,3	83%	4,9	0,4	1125%	7,1	6,0	18%
<i>Margin</i>	10%	8%		8%	1%		26%	26%	
Net profit	2,1	-0,9							

Artem Bektemirov, Chief Executive of 36.6, commented, “We have kept quite a brisk expansion pace since the beginning of this year opening new stores and acquiring networks. We have also gained ground for stores to be opened during the next six months, which ensures our reaching this year’s targets. Further, we have taken steps to enhance our corporate governance so as to better respond to the company’s growth and nation-wide operations”.

Svein Aage Olsen, Chief Finance Officer, stated, “In the first half of this year, we significantly increased our net profits mainly due to overall increases in operational efficiencies. This also led to an increase in EBITDA margin of up to 10% throughout the reporting period”.

For further information please contact:

*Andrei Slivchenko,
Corporate Finance & Investor Relations*

slivchenko@oao366.ru
Tel.: (+7095) 792 5207

or refer to the Company’s web-site

www.pharmacychain366.ru

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Notes to the Editor:

Pharmacy Chain 36.6 is the first publicly listed national health and beauty retailer with admission for trading on MICEX and RTS.

The company currently operates over 230 stores in Moscow, Moscow region, Republic of Bashkortostan, Murmansk, Belgorod, Voronezh, and Nizhny Novgorod.

Veropharm, the Company's generics subsidiary, is Russia's fourth largest manufacturer measured by 2003 output (as per "Remedium").

Apteki 36.6 is one of the founding member of the Russian Association of Pharmacy Chains (RAPC).

Pharmacy Chain 36.6 employs over 6,000 people.

Some of the information contained in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of Pharmacy Chain 36.6 OJSC, as defined in the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. We wish to caution you that these statements are only predictions and, those actual events or results may differ materially. We do not intend to update these statements to conform them to actual results. We refer you to the documents Pharmacy Chain 36.6 OJSC files from time to time with the Russian Federal Securities Commission. These documents contain and identify important factors. These factors could cause the actual results to differ materially from those contained in our projections or forward-looking statements, including, among others, potential fluctuations in quarterly results, and risks associated with our competitive environment, acquisition strategy, ability to develop new products or maintain market share, brand and company image, operating in Russia, volatility of stock price, financial risk management, and future growth.

OJSC PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
FOR THE 6 MONTHS ENDED JUNE 30, 2004
(in US dollars and in thousands, except for income per share data)

	<u>1H 2004</u>	<u>1H 2003</u>
NET SALES	95 589	68 379
COST OF SALES	(57 646)	(42 158)
GROSS PROFIT	37 944	26 221
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(31 989)	(23 296)
OTHER OPERATING INCOME, NET	647	145
OPERATING INCOME	6 601	3 069
Interest expense	(3 588)	(2 890)
Net gain on monetary position	(78)	(692)
Foreign currency exchange gain (loss)	106	212
INCOME BEFORE TAXATION AND MINORITY INTEREST	3 042	(301)
Income tax expense	(940)	(666)
INCOME BEFORE MINORITY INTEREST	2 102	(967)
Minority interest	(38)	23
NET INCOME	<u>2 064</u>	<u>(944)</u>
EARNINGS PER SHARE:		
Net income per share	USD0.26	-
Weighted average number of shares (in thousands)	8 000	8 000

OJSC PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2004
(in US dollars and in thousands)

	1H 2004	2003
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment, net	55 208	47 653
Intangible assets, net	20 931	11 563
Other long-term assets	766	903
Total non-current assets	<u>76 904</u>	<u>60 119</u>
CURRENT ASSETS:		
Inventories	24 142	20 483
Trade accounts receivable (net of bad debt provisions in the amounts of USD790 thousands and USD370 thousands accordingly)	22 722	21 160
Other receivables and prepaid expenses	13 964	11 363
Cash	1 150	1 722
Total current assets	<u>61 978</u>	<u>54 728</u>
TOTAL ASSETS	<u><u>138 882</u></u>	<u><u>114 847</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	179	176
Additional paid-in capital	14 664	14 613
Other reserves	-	-
Retained earnings	27 911	25 400
Total shareholders' equity	<u>42 754</u>	<u>40 189</u>
MINORITY INTEREST	2 863	2 623
LONG-TERM LIABILITIES:		
Long-term debt	13 516	2 917
Deferred taxation	5 404	4 737
Long-term portion of the finance leases payable	27	190
Total long-term liabilities	<u>18 948</u>	<u>7 844</u>
CURRENT LIABILITIES:		
Short-term borrowings and current portion of long-term debt	46 913	40 152
Current portion of the finance leases payable	32	141
Trade accounts payable	22 038	18 851
Other payables and accrued expenses	5 334	5 047
Total current liabilities	<u>74 317</u>	<u>64 191</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>138 882</u></u>	<u><u>114 847</u></u>

OJSC PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
FOR THE 6 MONTHS ENDED JUNE 30, 2004
(in US dollars and in thousands)

	<u>1H 2004</u>	<u>1H2003</u>
OPERATING ACTIVITIES:		
Income before tax	3 042	(301)
Depreciation and amortization	3 106	2 243
Foreign exchange loss on financing and investing activities	106	(212)
Interest expense	3 589	2 890
Operating cash flow before working capital changes	<u>9 842</u>	<u>4620</u>
Accounts receivable	(309)	(267)
Other receivables and prepaid expenses	(1 225)	(2837)
Accounts payable	432	2088
Other payables and accruals	(204)	(844)
Inventories	<u>(1 590)</u>	<u>(153)</u>
Cash flows from operations	6 946	2 607
Income taxes paid	(954)	(1 098)
Interest paid	<u>(3 589)</u>	<u>(2 890)</u>
Net cash inflow (outflow) from operating activities	<u>2 403</u>	<u>(1 380)</u>
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired (Note 20)	(13 780)	(2 000)
Purchase of property, plant, equipment	(4 780)	(7 482)
Purchase of intangible assets	<u>-</u>	<u>-</u>
Net cash inflow (outflow) from investing activities	<u>(18 560)</u>	<u>(9 482)</u>
FINANCING ACTIVITIES:		
Proceeds from share issue	-	11 574
Proceeds from new and repayment of borrowings	<u>15 593</u>	<u>195</u>
Net cash inflow from financing activities	<u>15 593</u>	<u>11 769</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(564)</u>	<u>907</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>1 723</u>	<u>1 315</u>
CASH AND CASH EQUIVALENTS, end of year	<u>1 150</u>	<u>2 222</u>