PRESS-RELEASE
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11th SEPTEMBER 2008

OJSC "PHARMACY CHAIN 36.6 REPORTS 1ST HALF 2008 UNAUDITED IFRS RESULTS

CONSOLIDATED GROUP NET LOSS HALVES

SEPTEMBER 11, 2008, MOSCOW – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces unaudited financial results prepared in accordance with the International Financial Reporting Standards (IFRS) for 1st half of 2008.

GROUP HIGHLIGHTS:

- Y-o-Y in 1H 2008 Group's consolidated sales increased by 43% and reached US$ 558,8 million.
- Sales in the retail unit grew by 48% and reached US$ 448,2 million, sales of the production unit, Veropharm, reached US$ 86,5 million (annual growth 45%), sales of other non-core businesses decreased by 14%, including ELC sales growth of 129% to reach US$ 2,1 million (50% consolidation).
- Consolidated Gross profit increased by 39% to reach US$ 182,2 million, 32,6% of consolidated revenues; Gross profit in retail unit reached 25,6% of sales;
- Consolidated EBITDA of the Group amounted to US$ 9,7 million;
- Consolidated Net loss amounted to -US$ 8,1 million;
- Retail unit closed 71 stores:

$ mln.	period ends								
	Q1			Q2			1H		
	2007	2008	ch %	2007	2008	ch %	2007	2008	ch %
Revenue	185.1	278.0	50%	205.3	280.8	37%	390.5	558.8	43%
Retail	148.7	230.1	55%	154.2	218.1	41%	302.9	448.2	48%
Veropharm	24.1	34.7	44%	35.4	51.8	46%	59.5	86.5	45%
other	12.3	13.2	7%	15.7	10.9	-31%	28.0	24.1	-14%
Gross profit	60.6	84.8	40%	70.3	97.4	39%	130.9	182.2	39%
Retail	40.2	58.1	44%	43.2	56.6	31%	83.4	114.7	38%
Veropharm	15.4	21.8	42%	21.2	36.9	74%	36.6	58.7	60%
other	5.0	4.9	-2%	5.9	3.9	-34%	10.9	8.8	-19%
EBITDA	8.3	-0.8	-110%	6.7	10.5	57%	15.0	9.7	-35%
Retail	-0.5	-11.2	-2098%	-4.6	-10.0	-117%	-5.1	-21.2	-314%
Veropharm	7.1	9.2	30%	10.0	19.4	95%	17.0	28.6	68%
other	1.7	1.2	-31%	1.4	1.0	-25%	3.1	2.2	-28%
Net profit	-5.7	-24.2	-321%	-11.1	16.1	245%	-16.9	-8.1	52%
Retail	-12.6	-31.4	-149%	-17.0	2.6[1]	115%	-29.6	-28.8	3%
Veropharm	5.5	6.3	15%	5.5	13.1	137%	11.0	19.4	76%
other	1.4	0.9	-33%	0.3	0.4	27%	1.7	1.3	-21%

[1] Including financial result from asset disposal in amount of US$ 35,5 million

Commenting on the 1H 2008 results Jere Calmes, President of OAO Pharmacy Chain 36.6 and General Director of the Managing Company, said:

"...In the first half of 2008 the Group executed its pre stated strategy of divesting non-core assets, refinancing its short term obligations, and focusing on the turn-around and foundation for growth of its retail operations. While the retail environment remains challenging, the new team has been formed and is committed to substantial improvements in profitability over the coming 6 months and beyond..."

RETAIL UNIT:

As compared to the relative period the year before, in 1H 2008 sales of the retail unit grew by 48% including the effect from M&A (+18%) and organic opening activity (+8%). The decrease of sales from US$ 230,1 in Q1 to US$ 218,1 in Q2 2008 is attributable primarily to store closings (on net basis 12 stores closed in Q1 and 21 in Q2) as well as seasonal factors.

In 1H 2008 gross margin reached 25.6% of sales, as compared to 27.5% which is 1.9% less than the comparable result in 2007. As previously discussed the gross margin was affected by lower gross margin in the Moscow operating unit and the higher proportion of regional sales. The Company posted a gross margin increase from 25.2% in Q1 to 26% in Q2 as the management's activities to improve the margin take effect.

$ mln.	period ends, RETAIL UNIT								
	Q1			Q2			1H		
	2007	2008	ch %	2007	2008	ch %	2007	2008	ch %
Sales	148.7	230.1	55%	154.2	218.1	41%	302.9	448.2	48%
Gross profit	40.2	58.1	44%	43.2	56.6	31%	83.4	114.7	38%
%	27.0%	25.2%		28.0%	26.0%		27.5%	25.6%	

Sales, general and administrative expenses reached US$ 144,1 million in 1H 2008 (32,2% of sales) with key items represented by personnel costs (US$ 57,9 million) and rent (US$ 44,0 million), up 73% and 69% respectively as compared to 1H 2007. The increases include consolidation effect from store openings and aggressive acquisitions in 2007.

In absolute terms SG&A expense in Q2 was US$ 3,5 million less than in Q1 as a result of management's efforts to reduce costs:

$ mln.	period ends, RETAIL UNIT								
	Q1			Q2			1H		
	2007	2008	ch %	2007	2008	ch %	2007	2008	ch %
SG&A	44.1	73.8	67%	50.7	70.3	39%	94.8	144.1	52%
%	29.6%	32.1%		32.9%	32.2%		31.3%	32.2%	

Financial costs in retail unit grew by 80% Y-o-Y to US$ 19,2 million as a result of increased debt servicing.

Financial performance of comparable stores

The Company utilizes comparable stores approach as a measure of L-F-L performance calculation[2]. The L-F-L sales growth in comparable stores in 1H 2008 reached 16% in US$ terms as compared to 1H 2007 while the traffic decreased by 5%. Excluding corporate overheads and logistics costs, financial store-level performance in 1H 2008 showed as follows:

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[2] 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 1H 2008 the company operates 406 comparable stores which make 45% of sales and 36% of traffic in the retail unit.

$ mln	1H 2007		1H 2008		Change %		
	Moscow	Regions	Moscow	Regions	Moscow	Regions	Total
Net Sales	91.3	72.5	102.6	86.8	*12.4%*	*19.7%*	15.6%
Gross profit	29.8	18.1	31.8	22.6	*6.5%*	*24.6%*	13.4%
%	*32.7%*	*25.0%*	*31.0%*	*26.0%*			
SG&A	17.3	11.0	21.5	13.2	*24.0%*	*19.6%*	22.3%
%	*19%*	*15%*	*21%*	*15%*			
Rent	8.0	3.4	9.1	3.9	*13.4%*	*12.0%*	13.0%
Personnel	6.5	5.2	9.7	6.5	*48.6%*	*24.2%*	37.8%
Operational profit, store level	12.5	7.1	10.3	9.4	*-17.6%*	*32.3%*	0.5%
%	*14%*	*10%*	*10%*	*11%*			
Nr comparable stores	*143*	*263*	*143*	*263*			

OTHER BUSINESSES

Veropharm

For the latest update on 1H 2008 performance please refer to the official press release of the company as of August 7th 2008.

ELC

The project is fully self-funded with sales growth figures (+129% y-o-y) driven by organic store openings (+60%) as well as seasonal factors. The business posted positive increase in gross margin in Q2 to 67,6% from 66,2% in Q1 2008. Compared to 1H 2007, in 1H 2008 gross margin increased from 58,6% to 67%.

Financial debt and cashflow

As of the end of 1H 2008, the Group's total debt decreased to US$ 242,4 million, including total debt of Veropharm US$ 18,2 million.

As part of the Company's announced funding strategy, in May 2008 the healthcare unit of the Group (European Medical Center) was successfully divested. Proceeds from disposal in amount of US$ 106,5 million were fully available to the Company by the end of June 2008. The financial result of this transaction affected the profit and loss statement of retail unit by positive amount of US$ 35,5 million.

In 1H 2008 the Group cash inflow from operational activity totaled US$ 60 million as the retail segment accumulated cash to meet short term obligations. US$ 9,1 million was spent on repayment of obligations related to M&A activities in late 2007, US$ 6 million on purchase of plant, property and equipment. The Group posted US$ 111,1 million cash inflow from disposal of assets, to bring net cash inflow from investing activities up to US$ 95,6 million as compared to outflow of US$ 41 million the year before. Net cash outflow from financial activities totaled US$ 63 million to bring the cash balance at the end of 1H 2008 to US$ 128,3 million.

Net profit

In 1H 2008 the Group's net loss was –US$ 8,1, a 52% improvement as compared to 1H 2007, driven by the profitable sale of the European Medical Center and the improved profitability of our production unit OJSC "Veropharm".

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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 June 30, 2008 totaled USD 382,4 million (according to RTS). Pharmacy Chain 36.6 operates more than 1100 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 June 30, 2008 was USD 558 million (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. Pharmacy Chain 36.6 and its subsidiaries employ over 12,000 people.

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS STATEMENT

for 6 months ending 30 June 2008
in USD'000

	6m 2008	6m 2007
Revenue	558 795	390 451
Cost of sales	(376 563)	(259 556)
Gross Profit	182 232	130 895
SGA	(183 804)	(124 380)
Goodwill Impairment	-	-
Non-recurring expenses	-	-
Share-based payments	(448)	-
Operating Profit	(2 019)	6 516
Finance costs	(20 707)	(11 895)
Other income/(loss)	305	(529)
Foreign currency exchange gain/(loss)	(642)	(210)
Income before tax and investment activity	(23 063)	(6 117)
Share of loss of associate	-	-
Gain on sale of investment	-	-
Disposal of discontinued operation	35 459	
Income tax expense	(9 901)	(5 412)
Minority interest	(10 625)	(5 326)
Profit for the period	(8 129)	(16 855)

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
6 months ending 30 June 2008
(in US dollars and in thousands)

ASSETS	6m 2008	6m 2007
NON-CURRENT ASSETS:		
Property, plant & equipment	146 282	127 302
Goodwill	239 667	183 492
Intangible assets	11 917	10 228
Other assets	1 686	4 130
Investment in associate	-	-
Total non-current assets	399 552	325 152
CURRENT ASSETS:		
Inventories	177 157	123 745
Accounts receivable	117 442	81 381
Other receivables and prepaid expenses	99 068	50 020
Cash and bank balances	128 324	40 145
Total current assets	521 991	295 291
TOTAL ASSETS	921 543	620 443
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Issued capital	198	159
Additional paid-in capital	120 103	13 514
Translation reserve	16 719	9 288
Retained earnings	(42 063)	48 570
Total shareholders' equity	94 956	71 531
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	168 554	110 704
NON-CURRENT LIABILITIES		
Borrowings	34 200	138 212
Share-based payments liability	1 308	
Deferred taxation liabilities	6 339	7 037
Long term lease payable	606	185
Total long-term liabilities	42 451	145 435
COMMITMENTS AND CONTINGENCIES	305 961	327 669
CURRENT LIABILITIES:		
Accounts payable	316 144	115 301
Borrowings	208 219	149 082
Other payables and accrued expenses	67 259	17 271
Taxes payable	20 685	10 295
Current portion of share-based payments liability	1 531	
Current portion of lease payable	1 742	825
Total current liabilities	615 581	292 773
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	921 542	620 443

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES,

CONSOLIDATED STATEMENT OF CASH FLOWS *(in US dollars and in thousands)*

6 months ending 30 June 2008	6m 2008	6m 2007
OPERATING ACTIVITIES:		
Income/(loss) before taxation and minority interest	(23 063)	(6 118)
Gain sale of investment	-	-
Depreciation and amortization	11 694	8 478
Loss on sale of securities	-	-
Loss on disposal of property, plant and equipment and unrealized investments	(305)	290
Impairment recognized (reversed) on accounts receivables	(167)	115
Unused vacation provision	1 233	-
Inventory provision	3 638	-
Share based payments expenses	448	-
Foreign exchange loss/(gain) on financing and investing activities	642	210
Finance costs	20 707	11 894
Operating cash flow before working capital changes	14 826	14 869
Increase in inventories	2 477	(10 761)
Increase in accounts receivable	(9 542)	(7 746)
Increase in other receivables and prepaids	(27 425)	(11 005)
Increase in accounts payable	99 700	3 090
Increase in other payables and accruals	9 115	1 962
Cash flows from operations	89 150	(9 590)
Income taxes paid	(11 959)	(6 611)
Finance cost paid	(17 174)	(6 223)
Net cash outflow operating activities	60 017	(22 424)
INVESTING ACTIVITIES:		
Net cash outflow on acquisition of subsidiaries	(9 099)	(23 493)
Purchase of property, plant, equipment	(6 024)	(17 503)
Purchase of intangible assets	(372)	-
Proceed on disposal of property, plant, equipment	-	-
Proceeds from sale of investment, net	-	-
Net cash inflow on disposal of discontinued operation	111 137	-
Net cash outflow from investing activities	95 641	(40 996)
FINANCING ACTIVITIES:		
Proceeds from new borrowings, net	(63 120)	29 192
Repayments of borrowings	-	
Proceeds from SPO, net	-	
Proceeds from subsidiary (consortium of investors)	-	60 000
Net cash inflow from financing activities	(63 120)	89 192
Effect of translation to presentation currency	2 900	1 404
NET INCREASE (DEACREASE) IN CASH	95 437	27 176
CASH, beginning of period	32 887	12 969
CASH, end of period	128 324	40 145