



OJSC "PHARMACY CHAIN 36.6" REPORTS Q2 AND 1H 2009 UNAUDITED IFRS RESULTS

GROUP EBITDA UP 256% IN 1H 2009 VERSUS 1H 2008

September 24, 2009, MOSCOW – OJSC Pharmacy Chain 36.6 [RTS:APTK; MICEX:RU14APTK1007] the leading Russian pharmaceutical retailer announces unaudited Q2 and 1H 2009 financial results prepared in accordance with the International Financial Reporting Standards (IFRS).

GROUP HIGHLIGHTS OF Q2 2009:

- Retail unit EBITDA improved by 119.2% in ruble terms versus Q2 2008;
- Group revenue from ongoing operations¹ decreased by 14.2% to RUR 5 592.8 mln;
- Gross profit from ongoing operations¹ increased by 4.7% to RUR 2 365.5 mln, 42.3% of consolidated revenues;
- Consolidated EBITDA from ongoing operations¹ reached RUR 611.9 mln from RUR 220.8 mln in Q2 2008, a 177.1% improvement;
- Underlying Net loss from ongoing operations¹ (excluding foreign exchange effect and disposal of discontinued operations) decreased from RUR 447.7 mln in Q2 2008 to RUR 155.5 mln in Q2 2009, a 65.3% improvement;
- The retail unit organically opened 6 and closed 54 stores in Q2 2009.

Group consolidated financial results

	period ends					
	Q2, mln RUR			1H, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
Revenue	5 592.8	6 635.4²	-15.7%	11 456.8	13 379.8²	-14.4%
<i>Retail</i>	4 045.1	5 149.1	-21.4%	8 837.6	10 731.6	-17.6%
<i>Veropharm</i>	1 387.2	1 229.8	12.8%	2 300.1	2 072.2	11.0%
<i>other</i>	160.5	256.5	-37.4% ³	319.1	576.0	-44.6%
Gross profit	2 365.5	2 305.1²	2.6%	4 446.2	4 363.4²	1.9%
<i>Retail</i>	1 326.9	1 337.5	-0.8%	2 777.4	2 747.4	1.1%
<i>% of sales</i>	32.8%	26.0%		31.4%	25.6%	
<i>Veropharm</i>	992.1	876.5	13.2%	1 582.4	1 406.2	12.5%
<i>% of sales</i>	71.5%	71.3%		68.8%	67.9%	
<i>other</i>	46.5	91.1	-49.0% ³	86.4	209.8	-58.8%
EBITDA	611.9	251.1²	143.7%	823.7	231.6²	255.7%
<i>Retail (inc. Corp.center)</i>	45.3	-235.4	-119.2%	83.6	-506.0	-116.5%
<i>% of sales</i>	1.1%	-4.6%		0.9%	-4.7%	
<i>Veropharm</i>	563.0	462.4	21.8%	759.1	684.5	10.9%
<i>% of sales</i>	40.6%	37.6%		33.0%	33.0%	
<i>other</i>	3.6	24.1	-85.1% ³	-19.0	53.1	-135.8%
Net profit	46.7	393.6²	-88.1%⁵	-601.8	-194.7²	209.1%
<i>Retail (inc. Corp.center)</i>	-424.2 ⁴	72.5 ⁴	-685.1% ⁵	-1 180.5 ⁴	-689.0 ⁴	71.3%
<i>Veropharm</i>	468.2	310.8	50.6%	598.8	464.3	29.0%
<i>other</i>	2.7	10.3	-73.8% ³	-20.1	30.0	-167.0%

¹ Ongoing operations results exclude operating results of EMC which was sold in May 2008.

² Including operating results of EMC

³ Significant worsening of Other Revenue, Other Gross Profit, Other EBITDA and Other Net profit by 37.4%, 49.0%, 85.1% and 73.8% accordingly in Q2 2009 versus Q2 2008 is mainly due to the fact that the Company no longer consolidates the operation of the European Medical Center.

⁴ Retail net profit for Q2 2009, Q2 2008, 1H 2009, 1H 2008 includes RUR 248.8 mln, RUR 180.8 mln, RUR 349.6 mln and RUR 254.4 mln minority interest in Veropharm accordingly. Retail net profit for Q2 2008 and 1H 2008 also includes RUR 842.2 mln from disposal of discontinued operations.

⁵ Such significant Net profit reduction in Q2 2009 versus Q2 2008 is due to the fact that Q2 2008 data includes RUR 842.2 mln from disposal of discontinued operations (EMC).

RETAIL UNIT:

REVENUE

As compared to the relative period the year before, Q2 2009 sales of the retail unit decreased by 21.4% in ruble terms from RUR 5 149.1 mln to RUR 4 045.1 mln driven by the closure of non-performing stores, partial shortages of products as a result of working capital decline and a decline in customer traffic. The decrease of sales in Q2 2009 versus Q1 2009 by 15.6% is attributable primarily to store closings (on net basis 43 stores were closed in Q1 and 48 in Q2), seasonal factors and lower consumer demand .

In 1H 2009 sales of the retail unit decreased by 17.6% in ruble terms from RUR 10 731.6 mln to RUR 8 837.6 mln.

Like-for-like sales⁶ in Q2 2009 versus Q2 2008 decreased by 16% in ruble terms driven by partial stock outs and a decline in customer traffic. L-f-L average check in Q2 2009 compared with Q2 2008 increased by 13% in ruble terms; traffic decreased by 25%.

GROSS MARGIN

The retail operations posted a considerable gross margin increase from 26.0% in Q2 2008 to 32.8% in Q2 2009. This represented a 2.5 pp increase versus Q1 2009. This result was achieved by increased share of private label in overall gross sales (6.9% of sales in Q2 2009 versus 3.6% in Q2 2008), increased discounts from suppliers and improved pricing and category management.

	RETAIL UNIT					
	Q2, mln RUR			1H, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
<i>Sales</i>	4 045.1	5 149.1	-21.4%	8 837.6	10 731.6	-17.6%
<i>Gross profit</i>	1 326.9	1 337.5	-0.8%	2 777.4	2 747.4	1.1%
<i>% of sales</i>	32.8%	26.0%		31.4%	25.6%	

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses dropped by 17.5% in ruble terms from RUR 1 663.3 mln in Q2 2008 to RUR 1 371.7 mln in Q2 2009 due to closure of non-performing stores, significantly reduced headcount and decreased expenses for logistics, IT and consulting services. Compared with Q1 2009, SG&A decreased by 9%.

As a percentage of sales, SG&A increased by 1.6% in Q2 2009 versus Q2 2008 as the decline in sales outpaced management's ability to reduce costs and foreign currency denominated lease Agreements increased their share of the overall expenses.

	RETAIL UNIT					
	Q2, mln RUR			1H, mln RUR		
	2009	2008	ch, %	2009	2008	ch, %
<i>SG&A</i>	1 371.7	1 663.3	-17.5%	2 879.6	3 457.8	-16.7%
<i>% of sales</i>	33.9%	32.3%		32.6%	32.2%	

⁶ 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.

Q2 2009 store level performance of like-for-like stores demonstrated the following results:

<i>RUR, mln</i>	Q2 2009			Q2 2008			ch, %		
	Moscow	Regions	Total	Moscow	Regions	Total	Moscow	Regions	Total
Net Sales	1 356.4	1 629.2	2 985.6	1 460.2	2 102.6	3 562.8	-7.1%	-22.5%	-16.2%
Gross profit	505.5	484.9	990.4	496.1	534.9	1 031.0	1.9%	-9.3%	-3.9%
%	37.3%	29.8%	33.2%	34.0%	25.4%	28.9%			
Store level expenses	337.0	288.9	625.9	290.4	326.9	617.3	16.0%	-11.6%	1.4%
%	24.8%	17.7%	21.0%	19.9%	15.5%	17.3%			
Rent	150.5	100.5	251.0	113.7	105.8	219.5	32.4%	-5.0%	14.4%
Personnel	141.3	136.5	277.8	139.4	160.4	299.8	1.4%	-14.9%	-7.3%
Other	45.2	51.9	97.1	37.3	60.7	98.0	21.2%	-14.5%	-0.9%
Store level Operating profit	168.5	196.0	364.5	205.7	208.0	413.7	-18.1%	-5.8%	-11.9%
%	12.4%	12.0%	12.2%	14.1%	9.9%	11.6%			
Number of comparable stores	191	481	672	191	481	672			

Store level net sales in Like-for-like stores decreased by 16.2% from RUR 3 562.8 mln in Q2 2008 to RUR 2 985.6 mln in Q2 2009 due primarily to the sales reduction in the regions as a result of partial stock-outs and traffic decline. Store level expenses in Like-for-like stores increased by 1.4 % in Q2 2009 versus Q2 2008. Significant rent increase in the Moscow region in Q2 2009 versus Q2 2008 is due to the exchange rate effect as most of the lease agreements in the reported like-for-like stores are dollar-based.

1H 2009 store level performance of like-for-like stores demonstrated the following results:

<i>RUR, mln</i>	1H 2009			1H 2008			ch, %		
	Moscow	Regions	Total	Moscow	Regions	Total	Moscow	Regions	Total
Net Sales	2 812.2	3 601.7	6 413.9	2 934.3	4 367.9	7 302.2	-4.2%	-17.5%	-12.2%
Gross profit	1 017.2	1 025.1	2 042.3	946.9	1 095.4	2 042.3	7.4%	-6.4%	0.0%
%	36.2%	28.5%	31.8%	32.3%	25.1%	28.0%			
Store level expenses	702.8	605.2	1 308.0	657.3	648.3	1 305.6	6.9%	-6.6%	0.2%
%	25.0%	16.8%	20.4%	22.4%	14.8%	17.9%			
Rent	306.0	210.7	516.7	255.6	210.5	466.1	19.7%	0.1%	10.9%
Personnel	292.7	287.8	580.5	288.7	316.7	605.4	1.4%	-9.1%	-4.1%
Other	104.1	106.7	210.8	113.0	121.1	234.1	-7.9%	-11.9%	-10.0%
Store level Operating profit	314.4	419.9	734.3	289.6	447.1	736.7	8.6%	-6.1%	-0.3%
%	11.2%	11.7%	11.4%	9.9%	10.2%	10.1%			
Number of comparable stores	191	481	672	191	481	672			

TRADE ACCOUNTS PAYABLE

Versus Q2 2008, trade accounts payable decreased by 19.4% from RUR 6 956.8 mln to RUR 5 606.7 mln at the end of Q2 2009. This y-o-y improvement resulted from payments to suppliers of proceeds from the sale of assets in 2H 2008 and a reduction in inventory levels. Versus Q1 2009, trade accounts payable decreased by 0.7%.

INVENTORY

Average days of inventory turnover decreased to 74 days at the end of Q2 2009 from 85 days at the end of Q2 2008 as the Company continues implementing its program aimed at reducing absolute inventory levels. Versus Q1 2009 average days of inventory turnover increased from 57 days due to seasonality.

In absolute terms, inventory has been reduced by 29% to RUR 2 358.5 mln at the end of Q2 2009 compared with RUR 3 321.0 mln at the end of Q2 2008.

OTHER BUSINESSES

Veropharm

For the latest update on 1H 2009 performance please refer to the official press-release of the company as of August 26th, 2009.

ELC

Early Learning Center revenue consolidated by the Group (which is 50% of the total revenue) reached RUR 37.6 mln, a 38.2% growth in Q2 2009 versus Q2 2008 in ruble terms driven primarily by an increase in L-f-L sales.

As of the end of Q2 2009, the unit operated 9 stores.

GROUP FINANCIAL DEBT

Group Financial Debt at the end of Q2 2009 decreased to RUR 4 674.1 mln from RUR 5 686.5 mln at the end of Q2 2008 and from RUR 4 838.3 mln at the end of Q1 2009 as a result of partial payment of debts and the effect of the exchange rate. At the end of Q2 2009 the Retail unit debt stood at RUR 3 867.5 mln with 43% denominated in dollars and Veropharm debt stood at RUR 806.5 mln with 22% denominated in dollars. 97.6% of the Group's debt is short-term.

GROUP FINANCIAL COSTS

In Q2 2009 versus Q2 2008 financial costs grew by 22.4% and reached RUR 279.5 mln driven by increased interest rates and increased ruble equivalent of US dollar denominated financial expenses. In 1H 2009 versus 1H 2008 financial costs grew by 17.1% and reached RUR 580.6 mln.

In Q2 2009 financial costs decreased by 7.2% compared with Q1 2009 due to exchange rate effect and partial repayment of debt.

INVESTMENTS

In Q2 2009 the Group invested RUR 70.2 mln where: retail investments (27.7 mln), investments on the store level at ELC (~ 10 mln) and Veropharm investments (27 mln).

GROUP NET PROFIT

Underlying Net loss from ongoing operations (excluding foreign exchange effect and disposal of discontinued operations) decreased from RUR 447.7 mln in Q2 2008 to RUR 155.5 mln in Q2 2009, a 65.3% improvement.

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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 September 22, 2009 totaled USD 99,8 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 September 22, 2009 was USD 290 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.

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OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS STATEMENT
Q2 2009 ending 30 June 2009 (mln. rubles)

	Q2 2009	Q2 2008
Revenue	5 592.8	6 635.4
Cost of sales	(3 227.2)	(4 330.3)
Gross profit	2 365.5	2 305.1
Selling, general and administrative expenses	(1 874.2)	(2 181.5)
Impairment of goodwill	-	-
Operating income/loss	491.4	123.7
Finance costs	(279.5)	(228.3)
Other income (loss)	(7.8)	16.1
Foreign currency exchange gain (loss)	202.2	(18.1)
Income/(loss) before tax and investment activity	406.3	(106.6)
Gain on sale of investment	-	-
Income tax expense	(110.8)	(161.2)
Loss for the period	46.7	393.6
Attributable to:		
Minority interest	(248.8)	(180.8)

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS STATEMENT
1H 2009 ending 30 June 2009 (mln. rubles)

	1H 2009	1H 2008
Revenue	11 456.8	13 379.8
Cost of sales	(7 010.5)	(9 016.4)
Gross profit	4 446.2	4 363.4
Selling, general and administrative expenses	(3 875.2)	(4 411.7)
Impairment of goodwill	-	-
Operating income/loss	571.0	(48.4)
Finance costs	(580.6)	(495.8)
Other income (loss)	(16.1)	14.1
Foreign currency exchange gain (loss)	(126.1)	(15.3)
Income/(loss) before tax and investment activity	(151.8)	(545.4)
Gain on sale of investment	-	-
Income tax expense	(100.4)	(237.1)
Loss for the period	(601.8)	(194.7)
Attributable to:		
Minority interest	(349.6)	(254.4)

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
At 30 June 2009 (mln. rubles)

	1H 2009	1H 2008
ASSETS		
NON-CURRENT ASSETS:		
Property, plant & equipment	3 139.5	3 423.2
Goodwill	4 935.9	5 621.9
Intangible assets	277.8	279.5
Other assets	35.5	39.5
Total non-current assets	8 388.8	9 364.2
CURRENT ASSETS:		
Inventories	3 085.0	4 086.6
Accounts receivable	3 919.4	2 754.9
Other receivables and prepaid expenses	1 847.9	1 888.7
Cash and bank balances	548.0	3 010.1
Total current assets	9 400.3	11 740.3
TOTAL ASSETS	17 789.0	21 104.5
LIABILITIES AND SHAREHOLDERS' EQUITY		
SHAREHOLDERS' EQUITY:		
Share capital	6.0	6.0
Additional paid-in capital	2 796.1	2 796.1
Translation reserve	-	-
Retained earnings	(3 142.9)	(1 110.8)
Total shareholders' equity		
MINORITY INTERESTS IN EQUITY OF SUBSIDIARIES	4 991.2	3 953.8
LONG-TERM LIABILITIES:		
Borrowings	113.3	802.2
Share-based payment liability	-	-
Deferred tax liabilities	106.4	88.9
Long-term lease payable	9.2	14.2
Total long-term liabilities	228.9	936.0
CURRENT LIABILITIES:		
Accounts payable	6 413.7	7 429.9
Borrowings	4 560.8	4 884.3
Other payables and accrued expenses	1 360.7	1 630.0
Taxes payable	558.2	502.6
Current portion of share-based payments liability	(0)	35.9
Current portion of lease payable	16.4	40.9
Total current liabilities	12 909.8	14 523.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	17 789.0	21 104.5

OA0 PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For Q2 ending 30 June 2009 (*mln. rubles*)

	Q2 2009	Q2 2008
OPERATING ACTIVITIES		
Income/loss before taxation and minority interest	406.2	(113.4)
Gain on sale of investment	-	-
Depreciation and amortization	120.6	127.4
Loss on sale of securities	-	-
Loss on disposal of property, plan and equipment and unrealized investments	19.1	(7.3)
Profit on disposal of subsidiary	-	-
Impairment recognized (reversed) on accounts receivable	95.7	23.9
Unused vacation provision	(34.7)	2.5
Inventory provision and write-off	(42.0)	37.2
Other	-	-
Impairment of goodwill	-	-
Share- based payments expenses	-	7.8
Foreign exchange loss/(gain)	(202.2)	18.2
Finance costs	279.5	228.3
Operating cash flow before working capital changes	642.2	324.5
Increase in inventories	9.0	140.5
Increase in accounts receivable	(838.6)	(197.5)
Increase in other receivables and prepaid expenses	(186.1)	(647.8)
Increase in accounts payable	295.4	1 533.5
Increase in other payables and accruals	85.2	264.3
Cash generated from operations	7.1	1 417.4
Income taxes paid	(22.3)	(219.3)
Finance costs paid	(95.9)	(316.8)
Net cash generated by (used in) operating activities	(111.1)	881.4
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	-	(117.8)
Purchase of property, plant and equipment	(65.0)	(108.1)
Purchase of intangible assets	(5.3)	(16.6)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from partial disposal of subsidiary	-	-
Net cash inflow on disposal of discontinued operation	-	2 639.8
Net cash generated by (used in) investing activities	(70.2)	2 397.3
FINANCING ACTIVITIES		
Proceeds from borrowings	(37.1)	(1 069.3)
Repayments of borrowings	-	-
Proceeds from issuance of ordinary shares, net	-	-
Proceeds from consortium of investors	-	-
Distributions paid to minority shareholders	-	-
Net cash (used in) generated by financing activities	(37.1)	(1 069.3)
Effect of translation to presentation currency	-	-
Net (decrease) increase in cash and cash equivalents	(218.4)	2 209.4
Cash and cash equivalents at beginning of the period	766.4	800.7
Cash and cash equivalents at end of the period	548.0	3 010.1

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
For 6 months ending 30 June 2009 (mln. rubles)

	1H 2009	1H 2008
OPERATING ACTIVITIES		
Income/loss before taxation and minority interest	(151.8)	(552.2)
Gain on sale of investment	-	-
Depreciation and amortization	252.7	280.0
Loss on sale of securities	-	-
Loss on disposal of property, plan and equipment and unrealized investments	19.1	(7.3)
Profit on disposal of subsidiary	-	-
Impairment recognized (reversed) on accounts receivable	94.6	(4.0)
Unused vacation provision	(11.3)	29.5
Inventory provision and write-off	2.8	87.1
Other	-	-
Impairment of goodwill	-	-
Share- based payments expenses	-	10.7
Foreign exchange loss/(gain)	126.1	15.4
Finance costs	580.6	495.8
Operating cash flow before working capital changes	912.7	355.0
Increase in inventories	219.6	58.1
Increase in accounts receivable	(966.2)	(223.8)
Increase in other receivables and prepaid expenses	(272.7)	(643.3)
Increase in accounts payable	345.6	2 338.7
Increase in other payables and accruals	(224.8)	227.7
Cash generated from operations	14.3	2 112.3
Income taxes paid	(34.0)	(286.4)
Finance costs paid	(272.9)	(411.2)
Net cash generated by (used in) operating activities	(292.7)	1 414.8
INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	-	(217.9)
Purchase of property, plant and equipment	(86.4)	(144.2)
Purchase of intangible assets	(8.7)	(8.9)
Proceeds from sale of property, plant and equipment	-	-
Proceeds from partial disposal of subsidiary	-	-
Net cash inflow on disposal of discontinued operation	-	2 639.8
Net cash generated by (used in) investing activities	(95.1)	2 268.7
FINANCING ACTIVITIES		
Proceeds from borrowings	233.6	(1 480.6)
Repayments of borrowings	-	-
Proceeds from issuance of ordinary shares, net	-	-
Proceeds from consortium of investors	-	-
Distributions paid to minority shareholders	-	-
Net cash (used in) generated by financing activities	233.6	(1 480.6)
Effect of translation to presentation currency	-	-
Net (decrease) increase in cash and cash equivalents	(154.2)	2 202.9
Cash and cash equivalents at beginning of the period	702.2	807.2
Cash and cash equivalents at end of the period	548.0	3 010.1