



Financial results

FY2003 & 1st quarter 2004

June, 2004



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Major achievements of 2003



PHARMACY CHAIN 36,6

- Sales growth by 24,5% compared to 2002
- \$14 mln raised through IPO
- 17 pharmacies opened and 4 rebranded
- Cost of debt financing decreased from 19% to 14%
- Direct purchases share increased from 19% to 36%
- Acquisition of LEKO, Bashkirian pharmacy chain

VEROPHARM

- Sales growth by 20% compared to 2002
- 33 new products introduced into the portfolio



Consolidated profit and loss

	2003	2002	2003/02%
<i>Million USD</i>			
NET SALES	147,8	118,7	24,5
GROSS PROFIT	59,8	46,0	30
EBITDA	13,8	15,1	-8,6
	<i>EBITDA, %</i>	12,7%	
OPERATING INCOME	8,4	10,4	-19,2
NET INCOME	1,0	3,3	-69,7
	<i>NET INCOME, %</i>	2,8%	

Consolidated balance sheet major items



Million USD	2003	2002	03/02 mln\$
NON-CURRENT ASSETS	60,1	45,9	14,2
CURRENT ASSETS	54,7	38,8	15,9
TOTAL ASSETS	114,8	84,7	30,1
EQUITY	40,2	24,4	15,8
TOTAL DEBT	43,1	36,3	6,8
CURRENT LIABILITIES (NON-INTEREST)	24,0	17,7	6,3



Pharmacies 36,6: profit and loss

	2003	2002	2003/02%
Million			
NET SALES	76,3	58,8	29,8
GROSS PROFIT	24,4	19,2	27,1
Gross margin, %	32%	33%	
EBITDA	1,2	2,6	-53,8
EBITDA, %	1,5%	4,4%	
D&A	2,0	1,7	17,6
OPERATING INCOME	-0,87	0,9	-196



Stores growth

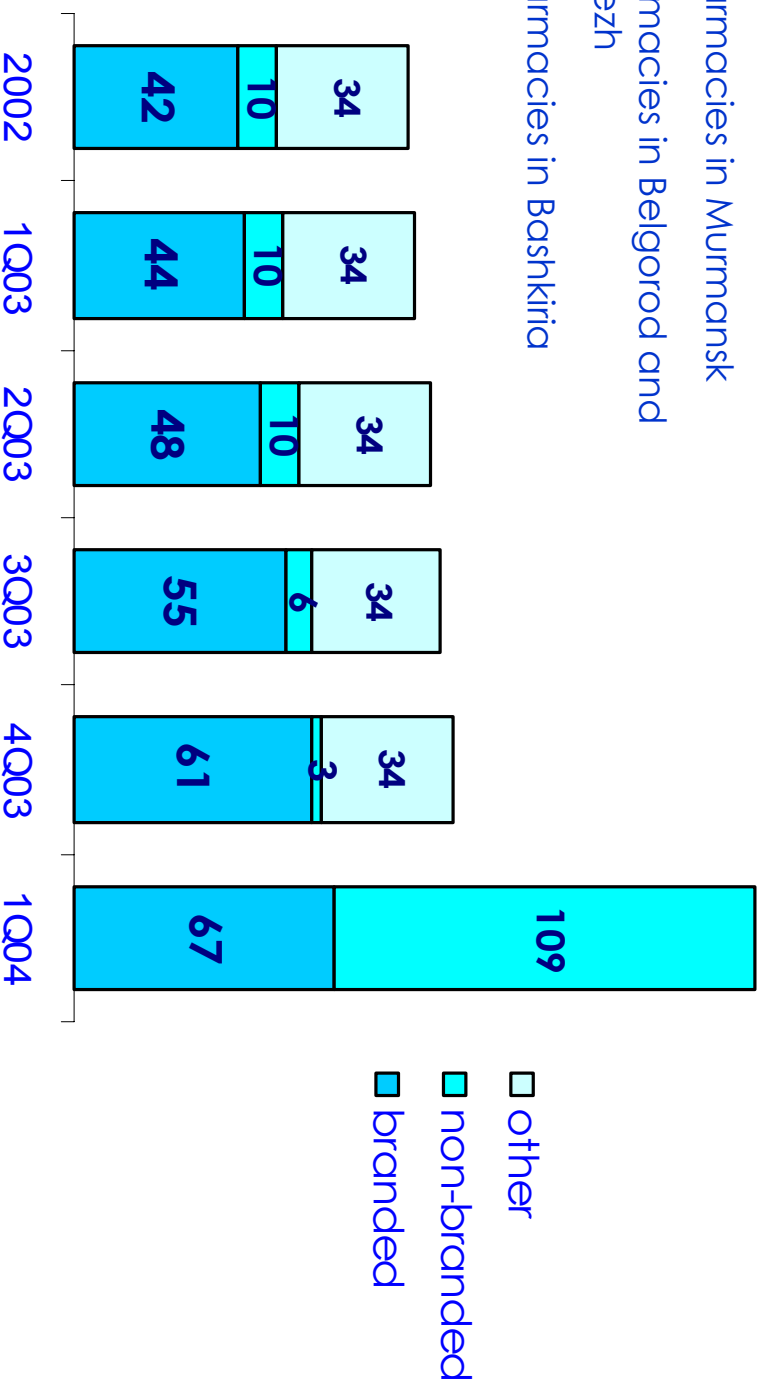
As of now the Company manages

77 pharmacies in Moscow

32 pharmacies in Murmansk

4 pharmacies in Belgorod and Voronezh

73 pharmacies in Bashkiria



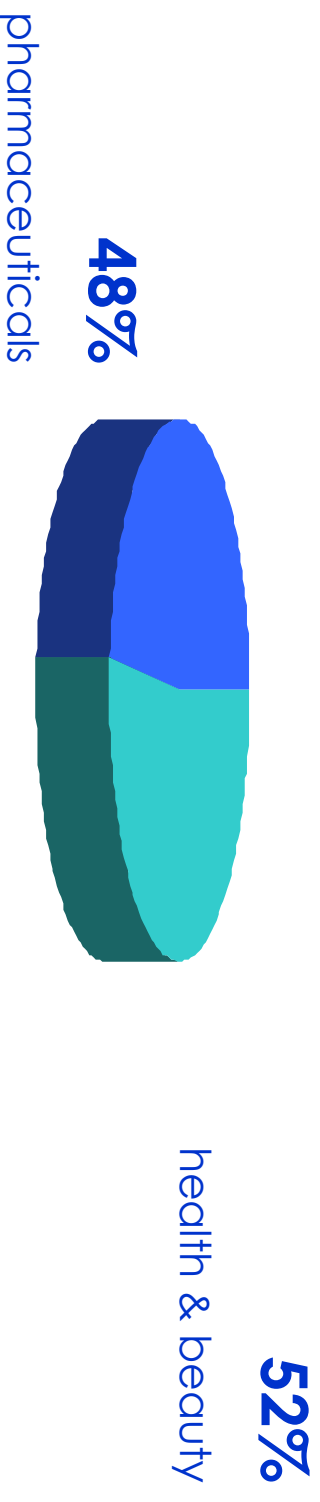
Starting from 2004 the Company will include pharmacies in its core business, which used to be accounted for as auxiliary segment

All data as of the end of period



Pharmaceuticals vs H&B products in the pharmacies portfolio

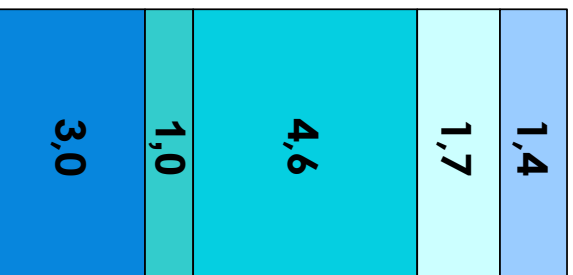
Sales **\$76,3** million





Pharmacies 36,6: investments 2003

\$11,7
million



MMH, 2004.

- other
 - strategic projects
 - warehouse premises and equipment
 - new pharmacies
 - pharmacies openings
- Investments into new pharmacies were \$4 million. Opening cost of a pharmacy went down on average to \$180 thousand
 - Semi-automatic assembly line at the warehouse introduced to significantly increase productivity and extend the logistics capacity
 - Strategic projects including category management, new loyalty program, etc., to show first results in 2004
 - Other project are aimed at operational improvements in the pharmacies



Veropharm: profit and loss

	million USD	2003	2002	2003/02%
NET SALES		52,8	43,9	20,3
COGS		20,2	18,5	9,2
SG&A		18,0	11,9	51,3
EBITDA		15,5	13,0	19,2
EBITDA, %		29,3	30,9	
D&A		2,9	3,1	-6,5
OPERATING INCOME		12,5	10,5	19,0



Veropharm: major balance sheet items

million USD

	2003	2002	2003/02
NON-CURRENT ASSETS	34,4	31,2	3,2
CURRENT ASSETS	34,2	23,4	10,8
TOTAL ASSETS	68,5	54,5	14,0
CURRENT LIABILITIES (NON-INTEREST)	7,1	6,5	0,6

2004 objectives



- More than 50 are to be opened in Moscow and other regions
- Efficient integration of newly acquired pharmacies
- 50% growth is pharmacy sales through new openings and acquisitions
- More dynamic growth old stores sales (more than 9-months old)
- Control for and decrease in costs and expenses

Consolidated profit and loss

1st quarter 2004



Million USD	Q1 2004	Q1 2003	change	% change
			03-04	03-04
Net sales	45,9	31,1	14,7	47%
COGS	-28,5	-20,2	8,3	41%
Gross Profit	17,4	10,9	6,4	59%
SG&A (less amortization)	-12,6	-10,8	1,8	16%
EBITDA	4,7	0,1	4,7	n/a
D&A	-1,6	-1,2	0,4	36%
EBIT	3,1	-1,1	4,2	n/a

Pharmacies 36.6: profit and loss 1st quarter 2004



	Million USD		change 03-04	% change 03-04
	Q1 2004	Q1 2003		
Net sales	29,9	18,8	11,2	60%
COGS	-19,6	-12,9	6,6	51%
Gross profit	10,4	5,8	4,5	78%
SG&A (less amortization)	-7,3	-6,6	0,7	11%
EBITDA	3,1	-0,7	3,8	n/a
D&A	-0,6	-0,5	0,1	18%
EBIT	2,5	-1,3	3,7	n/a

Veropharm: profit and loss 1st quarter 2004



	Million USD		change 03-04	% change 03-04
	Q1 2004	Q1 2003		
Net sales	11,6	9,3	2,3	25%
COGS	-5,3	-4,7	0,6	13%
Gross profit	6,3	4,6	1,7	37%
SG&A (less amortization)	-4,0	-3,1	0,9	30%
EBITDA	2,3	1,5	0,8	51%
D&A	-0,9	-0,6	0,3	41%
EBIT	1,4	,9	0,5	59%



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