

OAO PHARMACY CHAIN 36.6 AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006 (in US Dollars and in thousands)

	<u>2006</u>	<u>2005</u>
Revenue	528 878	305 215
Cost of sales	(345 440)	(187 388)
Gross profit	183 438	117 827
Selling, general and administrative expenses	(170 908)	(104 062)
Operating profit	12 530	13 765
Finance costs	(16 856)	(15 124)
Share of loss of associate	(816)	(176)
Foreign currency exchange gain (loss)	1 808	(182)
Gain on sale of investment	53 045	15 801
Other income (loss)	1 910	(492)
Profit before tax	51 621	13 592
Income tax expense	(9 796)	(4 510)
Profit for the year	41 825	9 082
Attributable to:		
Equity holders of the parent	34 498	8 296
Minority interest	7 327	786
	41 825	9 082
EARNINGS PER SHARE:		
Net income per share (in US Dollars)		
Basic and diluted	4.31	1.04
Weighted average number of shares (in thousands)		
Basic and diluted	8 000	8 000

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CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2006 (in US Dollars and in thousands)

	<u>2006</u>	<u>2005</u>
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	116 249	84 638
Goodwill	162 065	32 950
Intangible assets	8 305	3 481
Other assets	-	3 378
Investment in associate	-	816
	<u>286 619</u>	<u>125 263</u>
CURRENT ASSETS		
Inventories	112 985	49 680
Accounts receivable	73 750	38 195
Other receivables and prepaid expenses	39 014	23 653
Cash and bank balances	12 969	7 863
	<u>238 718</u>	<u>119 391</u>
TOTAL ASSETS	<u>525 337</u>	<u>244 654</u>
EQUITY AND LIABILITIES		
CAPITAL AND RESERVES		
Issued capital	159	159
Additional paid-in capital	13 514	13 514
Translation reserve	9 260	3 753
Retained earnings	65 424	30 926
Equity attributable to equity holders of the parent	<u>88 357</u>	<u>48 352</u>
Minority interest	44 046	14 808
	<u>132 403</u>	<u>63 160</u>
NON-CURRENT LIABILITIES		
Borrowings	186 696	82 019
Deferred taxation liabilities	8 118	7 178
	<u>194 814</u>	<u>89 197</u>
CURRENT LIABILITIES		
Accounts payable	112 211	52 577
Borrowings	66 359	27 832
Other payables and accrued expenses	8 478	4 140
Taxes payable	11 072	7 748
	<u>198 120</u>	<u>92 297</u>
TOTAL EQUITY AND LIABILITIES	<u>525 337</u>	<u>244 654</u>

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CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006 *(in US Dollars and in thousands)*

	2006	2005
CASH FLOWS USED IN OPERATING ACTIVITIES		
Profit before tax	51 621	13 592
Adjustments to reconcile net income to net cash used in operating activities:		
Gain on sale of investment	(53 045)	(15 801)
Depreciation and amortization	12 932	7 773
Impairment of other receivables	-	946
(Profit) loss on disposal of property, plant and equipment	(1 968)	492
Impairment recognized (reversed) on accounts receivables	2 195	(315)
Share of loss of associate	816	176
Foreign exchange (gain) loss on financing and investing activities	(1 808)	182
Finance costs	16 856	15 124
Operating profit before working capital changes	27 599	22 169
Increase in inventories	(46 593)	(19 397)
Increase in accounts receivable	(30 660)	(15 378)
Increase in other receivables and prepaids	(10 555)	(8 865)
Increase in accounts payable	37 350	20 965
Increase in other payables and accruals	1 482	4 473
Cash (used in) generated from operations	(21 377)	3 967
Income taxes paid	(6 071)	(3 296)
Finance cost paid	(16 315)	(14 231)
Net cash used in operating activities	(43 763)	(13 560)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries	(127 499)	(12 865)
Purchase of property, plant, equipment	(31 113)	(19 498)
Purchase of intangible assets	(5 458)	(2 577)
Proceed on disposal of property, plant, equipment	6 529	492
Proceeds from sale of investment, net	72 775	27 930
Purchase of interest in associate	-	(92)
Net cash used in investing activities	(84 766)	(7 510)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	500 843	295 832
Repayments of borrowings	(372 582)	(267 460)
Net cash generated from financing activities	128 261	28 372
Effect of translation to presentation currency	5 374	(1 101)
Net increase in cash and cash equivalents	5 106	6 201
Cash and cash equivalents at beginning of the year	7 863	1 662
Cash and cash equivalents at end of the year	12 969	7 863

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006 (in US Dollars and in thousands)

	Note	Issued capital	Additional paid-in capital	Retained earnings	Translation reserve	Equity attributable to equity holders of the parent	Minority interest	Total equity
Balance at 1 January 2005 (as previously stated)		185	15 512	26 027	-	41 724	2 492	44 216
Reclassification of translation reserve (note 3)		(26)	(1 998)	(3 397)	5 421	-	-	-
Balance at 1 January 2005 (restated)		159	13 514	22 630	5 421	41 724	2 492	44 216
Increase in minority interest due to partial disposal of subsidiary	30	-	-	-	-	-	11 647	11 647
Decrease in minority interest due to increase of Group's share in subsidiaries		-	-	-	-	-	(27)	(27)
Profit for the year		-	-	8 296	-	8 296	786	9 082
Currency translation		-	-	-	(1 668)	(1 668)	(90)	(1 758)
Balance at 31 December 2005		159	13 514	30 926	3 753	48 352	14 808	63 160
Increase in minority interest due to partial disposal of subsidiary	30	-	-	-	-	-	19 730	19 730
Profit for the year		-	-	34 498	-	34 498	7 327	41 825
Currency translation		-	-	-	5 507	5 507	2 181	7 688
Balance at 31 December 2006		159	13 514	65 424	9 260	88 357	44 046	132 403