



FOR IMMEDIATE RELEASE

NOVEMBER 16, 2004

**OAD PHARMACY CHAIN 36.6 REPORTS
2004 NINE MONTHS FINANCIAL RESULTS**

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

The Company's consolidated 2004 nine-month net sales were US\$145.0-million, surpassing last year's performance for the same period by 42%. Retail pharmacy sales grew by 62%, reaching US\$92 million. The Company's net profit was US\$0.4-million for the period.

	CONSOLIDATED			RETAIL			VEROPHARM		
	9M2004	9M2003	изм.	9M2004	9M2003	изм.	9M2004	9M2003	изм.
Net sales	145,0	102,1	42%	92,085	56,952	62%	41,389	35,779	16%
Gross profit	55,5	39,4	41%	31,878	17,979	77%	21,73	19,857	9%
<i>Margin</i>	<i>38,3%</i>	<i>38,6%</i>		<i>34,6%</i>	<i>31,6%</i>		<i>52,5%</i>	<i>55,5%</i>	
EBITDA	12,319	7,825	57%	5,524	0,67	724%	9,29	9,75	-5%
<i>Margin</i>	<i>8,5%</i>	<i>7,7%</i>		<i>6,0%</i>	<i>1,2%</i>		<i>22,4%</i>	<i>27,3%</i>	
Net profit	0,432	-2,04							

Artem Bektemirov, Chief Executive of 36.6, said, "We keep sales and stores growing at a rapid pace. We have opened 33 pharmacies in 2004, including our first stores in Saint-Petersburg.

Svein Aage Olsen, Chief Finance Officer, stated, "Since the beginning of the year we manage to keep pretty high gross margin. For the first 9 months, the retail margin was 3 percentage points higher than a year ago. Third quarter is known as the low season for purchasing activity; nevertheless, consolidated sales were not affected compared to the previous two quarters".

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 members 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 9 MONTHS ENDED SEPTEMBER 30, 2004
(in US dollars and in thousands, except for income per share data)

	9M2004	9M2003
	145 002	102 092
NET SALES		
COST OF SALES	(89 465)	(62 668)
GROSS PROFIT	55 537	39 424
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	(48 788)	(35 756)
OTHER OPERATING INCOME, NET	654	575
OPERATING INCOME	7 403	4 243
Interest expense	(5 703)	(4 035)
Non-operating expenses	(131)	(958)
Foreign currency exchange gain (loss)	95	(275)
INCOME BEFORE TAXATION AND MINORITY INTEREST	1 664	(1 026)
Income tax expense	(1 181)	(1 007)
INCOME BEFORE MINORITY INTEREST	483	(2 032)
Minority interest	(50)	(8)
NET INCOME	432	(2 040)
EARNINGS PER SHARE:		
Net income per share	0.054 USD	
Weighted average number of shares (in thousands)	8 000	8 000

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

	9M 2004	2003
ASSETS		
NON-CURRENT ASSETS:		
Property, plant and equipment, net	57 616	47 653
Intangible assets, net	21 500	11 563
Other long-term assets	4 124	903
Total non-current assets	<u>83 240</u>	<u>60 119</u>
CURRENT ASSETS:		
Inventories	24 571	20 483
Trade accounts receivable	23 672	21 160
Other receivables and prepaid expenses	16 636	11 363
Cash	1 528	1 723
Total current assets	<u>66 407</u>	<u>54 729</u>
TOTAL ASSETS	<u><u>149 647</u></u>	<u><u>114 848</u></u>
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY:		
Share capital	175	176
Additional paid-in capital	14 732	14 613
Other reserves	-	-
Retained earnings	26 112	25 400
Total shareholders' equity	<u>41 019</u>	<u>40 189</u>
MINORITY INTEREST	2 859	2 623
LONG-TERM LIABILITIES:		
Long-term debt	4 510	2 917
Deferred taxation	6 067	4 737
Long-term portion of the finance leases payable	112	189
Total long-term liabilities	<u>10 690</u>	<u>7 844</u>
CURRENT LIABILITIES:		
Short-term borrowings and current portion of long-term debt	64 746	40 152
Current portion of the finance leases payable	-	141
Trade accounts payable	24 150	18 851
Other payables and accrued expenses	6 183	5 048
Total current liabilities	<u>95 079</u>	<u>64 192</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	<u><u>149 647</u></u>	<u><u>114 848</u></u>

OJSC PHARMACY CHAIN 36.6 AND SUBSIDIARIES
CONSOLIDATED STATEMENT CASH FLOWS
FOR THE 9 MONTHS ENDED SEPTEMBER 30, 2004
(in US dollars and in thousands)

	9M 2004	9M2003
OPERATING ACTIVITIES:		
Income before tax and minority interest	1 664	(1 026)
Depreciation and amortization	4 926	3 583
Effect of loss on disposal of property, plant and equip.	47	72
Effect of provision for doubtful receivables	-	319
Foreign exchange loss on financing and investing activities	95	-
Interest expense	5 705	4 035
Operating cash flow before working capital changes	12 437	6 983
Accounts receivable	(2 442)	(1 026)
Other receivables and prepaid expenses	(4 879)	(5 851)
Accounts payable	2 208	4 233
Other payables and accruals	1 091	441
Inventories	(928)	(1 027)
Cash flows from operations	7 487	3 753
Income taxes paid	(1 412)	(1 458)
Interest paid	(5 355)	(3 652)
Net cash inflow (outflow) from operating activities	720	(1 357)
INVESTING ACTIVITIES:		
Acquisitions of businesses, net of cash acquired	(19 520)	(2 856)
Purchase of property, plant, equipment	(6 333)	(10 904)
Proceeds on disposal of property, plant and equipment	38	121
Net cash inflow (outflow) from investing activities	(25 815)	(13 639)
FINANCING ACTIVITIES:		
Proceeds from share issue	-	11 922
Proceeds from new and repayment of borrowings	24 349	3 942
Net cash inflow from financing activities	24 349	15 864
<i>Effect of translation on cash flows</i>	551	282
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(195)	1 150
CASH AND CASH EQUIVALENTS, beginning of year	1 723	1 315
CASH AND CASH EQUIVALENTS, end of year	1 528	2 465

