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For publication

OJSC Concern "KALINA" publishes its audited consolidated IFRS financial results for the year 2010

23 March 2011. Today, JSC Concern "KALINA," Russia's largest cosmetics producer, has announced its audited consolidated IFRS financial results for the year 2010.

Sales and gross profit of the Company for the year 2010 were 11,673 mln rubles and 6,215 mln rubles respectively, attributing to increase of 14.7% in sales and 24.8% in gross profit over the year 2009. Sales and gross profit data comply with the audited consolidated IFRS financial results with the exception of discontinued operations.

Key figures from the Company's consolidated financial statements for the year 2010 compared to figures of the respective period of the year 2009 are given below. The Company's full IFRS consolidated financial report is available on the Company's web-site at www.kalina.org.

Financial Results (IFRS)

In Rubles and in Million	2010	2009	% Change
Sales	11,673	10,175	14.7%
Gross profit	6,215	4,980	24.8%
<i>percentage of sales (%)</i>	<i>53.3%</i>	<i>48.9%</i>	<i>-</i>
EBITDA*	1,906	1,432	33.1%
<i>percentage of sales (%)</i>	<i>16.3%</i>	<i>14.1%</i>	<i>-</i>
Operating profit	1,509	1,110	35.9%
<i>percentage of sales (%)</i>	<i>12.9%</i>	<i>10.9%</i>	<i>-</i>
Net income	975	415	135.0%
<i>percentage of sales (%)</i>	<i>8.4%</i>	<i>4.1%</i>	<i>-</i>

*EBITDA – earning (loss) before interests, taxes, amortization and depreciation.

In 2010 the Company entered into the deal on sale of its 100% stake in the German cosmetics company Dr. Scheller Cosmetics AG to Coty Inc. On January, 3 2011 the deal was successfully closed. This transaction has become a successive stage of Company's strategy related to concentrating on a more profitable skin care market. For this reason operating results of German business are reflected in the IFRS as "Profit from discontinued operations", which in 2010 decreased from 29 mln rubles to 4 mln rubles compared to the year 2009.

Sales growth by 14.7% in 2010 was achieved due to the Company's concentration on active promotion of branded products and significant investments into development of brands distribution. During the year 2009 Concern launched over 290 novelties of branded products.

Gross profit of the Company for the year 2010 increased by 24.8% compared to figures of the year 2009 while gross margin increased to 53.3% compared to 48.9% in 2009. Such growth was a result of increasing share of highly profitable products in Company's sales and cost saving procedures.

Operating profit in 2010 increased by 35.9% compared to the year 2009 due to the gross profit growth and keeping advertising expenses (in % of sales) on the level of 2009. Advertising

expenses increased in 2010 by 15.5% compared to the year 2009 (from 1,632.7 mln rubles to 1,886 mln rubles and amounted to 16.0% and 16.2% of sales respectively).

In 2010 the Company successfully proceeded with optimization of working capital management. As a result the period of working capital turnover for the whole year 2010 was 85 days compared to 94 days in 2009. The stock turnover period decreased from 158 days in 2009 to 100 days in 2010.

In 2010 the Company continued the work on reducing of finance costs and foreign exchange risks, as well as on the debt structure optimization. The Company attracted middle-term loans from ING Bank, Raiffeisenbank and UniCredit Bank for the total amount 2.7 bln rubles and long-term loan from EBRD for the amount of 900 mln rubles. The Company prepaid a middle-term BNP Paribas loan for the amount 8 mln Euro, and outstanding debt of a long-term Black Sea Trade and Development Bank loan for the amount 9 mln USD. As a result, the share of middle- and long-term debt amounted to 66% of the total financial debt of the Company.

On January, 11 2011 the Extraordinary General Meeting of shareholders of OJSC Concern "KALINA" took a decision to decrease the Company's charter capital through purchase and further cancellation of 3,313,963 Company's shares. The approved repurchase price is 746 rubles for 1 ordinary share; the total amount that will be spent for acquisition is 2,472 mln rubles. Within defined period, up to March, 15 2011, the Company received applications from shareholders willing to sell their shares to the Company for the amount 3,313,963 that meets the number of shares as per decision of the EGM. All shareholders' applications were accepted in full. The reduction of the Company's charter capital is aimed to optimize its capital structure in view of sale of Dr. Scheller Cosmetics AG.

About KALINA. JSC Concern "Kalina" is one of the leading Russian cosmetics producers. The leading brands of the company are "Black Pearl", "Pure Line", "100 Recipes of Beauty", "Silky Hands" and "Dr. Scheller" - among skin-care products; "32" and "Forest Balsam"- among oral care products.

Concern "Kalina" consists of its parent enterprise in Ekaterinburg and several subsidiaries, including "Pallada Ukraine" (Ukraine), "Glavskazka International" (Russia), "Dr. Scheller Beauty Center" (Russia), Kalina Overseas Holding B. V. (Netherlands), Kalina International SA (Switzerland) and DSN Cosmetics GmbH (Germany).

Some of the information in this press release may contain projections or other forward-looking statements regarding future events or the future financial performance of JSC Concern "Kalina" (the "Company"), as defined in the "safe harbour" provisions of the legal proceeding act dealing with circulation of securities of private issuers. We wish to caution you that these statements do not guarantee the achieving of the stated results in the Company's activities or occurring of any projected event connected with the Company's activity and bears some risks, unpredictability and assumptions that the Company can not foresee accurately. Therefore, actual events or results of its activity may differ materially from those stated in the projections or other forward-looking statements. In order to obtain more accurate information we refer you to the documents the Company files from time to time with the Federal Service for the Financial Markets. Certain of these documents contain and identify important factors that could cause the actual results to differ materially from those contained in our projections or forward-looking statements.