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JSC Concern “KALINA” is making announcement on sale of 100% stake in Dr. Scheller Cosmetics AG to Coty Inc.

November 12, 2010. Concern “Kalina”, the largest Russian manufacturer of cosmetic products, has announced today that Kalina International SA, being its subsidiary, entered into the deal on sale of its 100% stake in the German cosmetics company Dr. Scheller Cosmetics AG to Coty Inc. According to the deal conditions Concern “Kalina” keeps the rights on skin care brands “Dr. Scheller” and “Phyto Solution” as well as remains an owner of some real estate in Germany. Kalina was advised by BNP Paribas on the transaction.

“Since acquiring Dr. Scheller Cosmetics AG we have done a good job on restructuring the company, turning it into a pure sales and marketing company, and increasing its profitability,” said Alexander Petrov, CEO of OJSC Concern “KALINA”. “Now implementing our exit strategy from the color cosmetics market and concentrating on a more profitable for us skin care market we have entered into the transaction. During all those years we gained a very valuable and important for us expertise of working on a mature European market. Now we are realizing a profit on these investments. At the same time we maintain Dr. Scheller Das Naturkonzept product line and intend to further develop it as an international brand.”

“The acquisition of Dr. Scheller Cosmetics is a natural extension of our strategy to offer a well balanced portfolio of brands, representing some of the leading consumer products in Germany,” said Bernd Beetz, CEO, Coty Inc. “Their well established brand, high-quality products, market presence and loyal consumers will complement and add value to Coty’s existing offerings.”

The deal is subject to approval of anti-trust authorities in Germany and Russia.

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) and Kalina International SA (Switzerland).

About COTY Inc. Coty was created in Paris in 1904 by François Coty who is credited with founding the modern fragrance industry. Today, Coty Inc. is a recognized leader in global beauty with annual net sales of nearly \$4 billion. Driven by an entrepreneurial spirit, passion, innovation and creativity, Coty Inc. has developed an unrivaled portfolio of notable brands and delivers its innovative products to consumers in 90 markets worldwide. The Coty Prestige brand portfolio is distributed in prestige and ultra-prestige stores and includes Balenciaga, Bottega Veneta, Calvin Klein, Cerruti, Chloé, Chopard, Davidoff, Jennifer Lopez, Jil Sander, JOOP!, Karl Lagerfeld, Kenneth Cole, L.A.M.B. fragrance by Gwen Stefani, La Voce by Renée Fleming, Lancaster, Marc Jacobs, Nikos, Sarah Jessica Parker, Vera Wang, Vivienne Westwood and Wolfgang Joop. The

Coty Beauty brand portfolio is more widely distributed and includes adidas, Astor, Baby Phat, Beyoncé Knowles, Celine Dion, Chupa Chups, David and Victoria Beckham, Esprit, Exclamation, Faith Hill, GUESS?, Halle Berry, Jovan, Kate Moss, Kylie Minogue, La Cross, Miss Sixty, Miss Sporty, Nautica, N.Y.C. New York Color, Pierre Cardin1, Playboy, Rimmel, Sally Hansen, Shania Twain, Stetson, Tim McGraw, and Tonino Lamborghini. Coty and Puig Fashion and Beauty S.A. have a strategic partnership for the distribution of the perfume lines of Nina Ricci, Carolina Herrera, Prada, Paco Rabanne, and Antonio Banderas in the United States and Canada. For additional information about Coty Inc., please visit www.coty.com.

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 foreseen 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.