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

**January 11, 2011.** Concern “Kalina”, the largest Russian manufacturer of cosmetic products, has announced today that Kalina International SA, being its subsidiary, successfully closed the deal on sale of its 100% stake in the German cosmetics company Dr. Scheller Cosmetics AG to Coty Inc. on January 3, 2011. According to the deal conditions Concern “Kalina” kept 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.

**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).

**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.

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 guaranteed 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.