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For publication

OJSC Concern "KALINA" publishes consolidated IFRS financial results for the 1st quarter 2011

25 May 2011. Today, JSC Concern "KALINA," Russia's largest cosmetics producer, has announced its consolidated IFRS financial results for the 1st quarter 2011.

Sales and gross profit of the Company for the 1st quarter 2011 were 2,591 mln rubles and 1,372 mln rubles respectively, attributing to increase of 3.1% in sales and 3.8% in gross profit in comparison to the 1st quarter of the year 2010.

Key figures from the Company's consolidated financial statements for the 1st quarter 2011 compared to figures of the respective period of the year 2010 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	January- March 2011	January- March 2010	% Change
Sales	2,591	2,512	3.1%
Gross profit	1,372	1,322	3.8%
<i>percentage of sales (%)</i>	<i>52.96%</i>	<i>52.63%</i>	<i>-</i>
EBITDA*	391	350	11.8%
<i>percentage of sales (%)</i>	<i>15.1%</i>	<i>13.9%</i>	<i>-</i>
Operating profit	350	264	32.5%
<i>percentage of sales (%)</i>	<i>13.5%</i>	<i>10.5%</i>	<i>-</i>
Net income	240	149	60.4%
<i>percentage of sales (%)</i>	<i>9.3%</i>	<i>5.9%</i>	<i>-</i>

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

In the first quarter 2011 the Company closed the deal on sale of its 100% stake in the German cosmetics company Dr. Scheller Cosmetics AG to Coty Inc. The result of the disposal is disclosed in P/L as "Profit from discontinued operations" and amounts to 70.5 mln rubles.

Sales growth by 3.1% in 1st quarter 2011 was achieved due to the Company's concentration on active promotion of branded products and significant investments into development of brands distribution. During the 1st quarter 2011 Concern launched 65 novelties of branded products.

Gross profit of the Company for the 1q2011 increased by 3.8% compared to figures of the respective period of the 1q2010 while gross margin increased to 52.9% compared to 52.6%. Such growth was a result of increasing share of more profitable products in Company's sales.

Operating profit in the 1st quarter 2011 increased by 32.5% compared to the 1q2010 due to the gross profit growth and keeping advertising expenses (in % of sales) on the same level.

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 was 746 rubles for 1 ordinary share; the total amount spent for acquisition amounts to 2,472 mln rubles. On May, 12 2011, the Company completed charter capital decrease. The Company's charter capital after redemption comprises 6,438,348 ordinary shares.

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" and "Silky Hands" - among skin-care products; "32" and "Forest Balm" - among oral care products. Concern "Kalina" consists of its parent enterprise in Ekaterinburg and several subsidiaries, including "Pallada Ukraine" (Ukraine), "Glavskazka International" (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 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.