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**For immediate publication**

## **OJSC Concern "KALINA" publishes its consolidated IFRS financial results for 9 months 2007.**

**November 16, 2007.** Today, JSC Concern "KALINA," one of Russia's largest perfumery and cosmetics producers, has announced its consolidated IFRS financial results for nine months 2007.

Sales and operating profit of the Company for 9m2007 accounted for US\$ 269,663 thousands and US\$ 28,042 thousand respectively, an increase of 9.0% in sales and 20.3% in operating profit over the same period of 2006.

Key figures from the Company's consolidated financial statements for 9m2007 compared to 9m2006 are given below. The Company's full IFRS consolidated financial report is available on the Company's web-site at [www.kalina.org](http://www.kalina.org).

### **Financial Results (IFRS)**

<b>USD thousand</b>	<b>9m2007</b>	<b>9m2006</b>	<b>% Change</b>
<b>Sales</b>	<b>269,663</b>	<b>247,441</b>	<b>9.0%</b>
<b>Gross profit</b>	<b>132,112</b>	<b>109,283</b>	<b>20.8%</b>
<i>percentage of sales (%)</i>	<i>49.0%</i>	<i>44.2%</i>	<i>-</i>
<b>EBITDA*</b>	<b>36,348</b>	<b>30,494</b>	<b>19.2%</b>
<i>percentage of sales (%)</i>	<i>13.5%</i>	<i>12.3%</i>	<i>-</i>
<b>Operating profit</b>	<b>28,042</b>	<b>23,310</b>	<b>20.3%</b>
<i>percentage of sales (%)</i>	<i>10.4%</i>	<i>9.4%</i>	<i>-</i>
<b>Net income</b>	<b>17,312</b>	<b>16,318</b>	<b>6.1%</b>
<i>percentage of sales (%)</i>	<i>6.4%</i>	<i>6.6%</i>	<i>-</i>

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

The increase in the Company's sales is due to the growth of the perfumery and cosmetics markets in the Company's core countries (primary Russia and Germany) and improvement in our product mix, including an increase in share of brand name products in product mix. In October 2006 the Company ceased production and sales of the Omsk detergent plant products. The growth of the Company's sales in 9m2007 was 15% compared to sales in 9m2006 net of detergents.

Discontinuance of the Omsk plant low-margin products sales led to increase in the Company's consolidated gross margin from 44.2% in 9m2006 to 49% in 9m2007.

In addition to nine months 2007 data fundamental figures from the Company's consolidated financial statements for 3<sup>rd</sup> quarter 2007 compared to 3<sup>rd</sup> quarter 2006 are given below.

**Financial results (IFRS)**

<b>USD thousand</b>	<b>3q2007</b>	<b>3q2006</b>	<b>% Change</b>
<b>Sales</b>	<b>81,658</b>	<b>67,435</b>	<b>21.1%</b>
<b>Gross profit</b>	<b>40,945</b>	<b>30,371</b>	<b>34.8%</b>
<i>percentage of sales (%)</i>	<i>50.1%</i>	<i>45.1%</i>	<i>-</i>
<b>EBITDA*</b>	<b>8,868</b>	<b>5,898</b>	<b>50.4%</b>
<i>percentage of sales (%)</i>	<i>10.9%</i>	<i>8.6%</i>	<i>-</i>
<b>Operating profit</b>	<b>6,537</b>	<b>3,581</b>	<b>82.5%</b>
<i>percentage of sales (%)</i>	<i>8.0%</i>	<i>5.3%</i>	<i>-</i>
<b>Net income</b>	<b>3,723</b>	<b>1,180</b>	<b>189.3%</b>
<i>percentage of sales (%)</i>	<i>4.2%</i>	<i>1.5%</i>	<i>-</i>

The Company continues to hold a leading position in the national cosmetic market due to the popularity of its brands, strong marketing initiatives and the high quality of its products. Kalina has one of the largest and most effective distribution networks on the Russian consumer market with 278 dealers, including 216 in Russia, 30 in Ukraine and 32 in other CIS countries. The Company's products are sold at over 82,205 retail outlets in over 223 cities and towns of Russia and the CIS countries.

**About the company.** JSC Concern "Kalina" is one of the leading Russian perfumery and cosmetics producers. The leading brands of the company are "Black Pearl", "Clean Line", "MIA", "Manhattan Clearface" and "Apotheker Scheller" - among skin-care products; "32" and "Forest Balsam"- among oral care products; "Black Pearl", "MIA" and "Manhattan" - among colour cosmetics.

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).The company also owns a controlling stake of the German cosmetics manufacturer Dr. Scheller Cosmetics AG.

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.