

Joint Stock Company Concern “Kalina”

JSC Concern “KALINA” 620138, Russia, Ekaterinburg, Komsomolskaya Street 80
TIN 6608000083, settlement account 40702810400100010698, JSC «Uralvneshtorgbank»,
BIK 046577780 , OKPO 00333859, OKONH18131,
Corporate finance +7 343 262-26-85, email: cfininet@kalina.org

MINUTES №1
of the Annual General Meeting of Shareholders JSC Concern “Kalina

Yekaterinburg April 07, 2006

Place of carrying out:
JSC Concern “Kalina”
Ekaterinburg,
80 Komsomolskaya str.

Time of registration:
Starts: 09:00 a.m.
Ends: 10:20 a.m.

Total votes of shareholders

according to list of shareholders

are 9752311, including 9752311 voting.
The number of votes participating

in general meeting is 5362834
that amounts 54,99%.

Chairman: Johan Vreeman
Secretary: D. A. Argunov

AGENDA:

1. Election of the Counting Commission.
2. The Board of Directors report “Operational results of the year 2005 and outlooks for the year of 2006”. Approval of the Annual report, balance, profit and losses accounts, and profit distribution. The Inspection commission and Auditors’ opinions.
3. Dividend payment for the second half of the year 2005. Approval of its size, way and terms of payment.
4. Election of the Board of Directors.
5. Election of the Inspection commission.
6. Approval of the Company’s auditor.

In compliance with the Regulation of the Federal Committee for Securities of the Russian Federation dated May 31, 2002 No 17/ps "On approval of the By-law on additional requirements to the way of preparing, calling and holding the general meeting of shareholders" the meeting was postponed for one hour due to the fact that as of 10-30 a.m. there was no quorum at the meeting.

At 11-30 a.m. the meeting was opened by the Chairman of the Board of Directors Mr. Johan Vreeman who proposed Dmitry Argunov, a secretary of the Board of Directors, as a secretary of the meeting in order to keep the Minutes.
Elected unanimously.

The agenda was being approved.

Permission to speak is given to Semchenko E. M., the chairman of the previous Counting commission, who informed the shareholders about the way the ballot-papers should be filled in.

On the first issue Johan Vreeman was listened to. He informed the meeting that due to power termination of the Counting Commission, elected on the Annual meeting of shareholders JSC Concern "KALINA" on 20h April 2005, the meeting is to elect the new membership of the Counting Commission.

Johan Vreeman proposed three members for election to the Counting Commission for a term of one year. Personally:

- Semchenko Elena Mikhailovna
- Gorelik Olga Vasilievna
- Filinkova Natalia Yurievna

Voting results:

FOR - 4312832 votes

AGAINST - none

ABSTINENT - 406339

Elected by the majority of votes.

On the second issue permission to speak is given to:

Petrov A.Yu.- Chief Financial Officer (report is included);

Babina T.G. – Chief accountant (report and auditors' conclusion are attached);

Kudin D.P. – Chairman of the Inspection commission (inspection commission report is attached).

There were no questions to the speakers.

It is offered to vote the following decision:

"To approve the Annual report, balance sheet, accounts of profits and losses, Auditors' report for the year 2005, as well as to use the net profit 2005 at the sum of 392 297 574 (three hundred ninety two millions two hundred ninety seven thousands five hundred and seventy four) roubles 70 (seventy) kopecks including dividend payment on the results of the first half of the year 2005 at the sum of 60 269 281 (sixty millions two hundred sixty nine two hundred and eighty one) rouble 98 (ninety eight) kopecks.

The rest of profit should be used for paying dividends on results of the second half of the year 2005 at the sum of 119 953 425 (one hundred nineteen millions nine hundred fifty three four hundred and twenty five) roubles 30 (thirty) kopecks”.

Results of voting the second question (cumulative voting):

For – 4542771 votes

Against – 176400

Abstinent - none

The wording of decision on the second decision put to the vote:

“To approve the Annual report, balance sheet, accounts of profits and losses, Auditors’ report for the year 2005, as well as to use the net profit 2005 at the sum of 392 297 574 (three hundred ninety two millions two hundred ninety seven thousands five hundred and seventy four) roubles 70 (seventy) kopecks including dividend payment on the results of the first half of the year 2005 at the sum of 60 269 281 (sixty millions two hundred sixty nine two hundred and eighty one) rouble 98 (ninety eight) kopecks. The rest of profit is to pay dividends on results of the second half of the year 2005 at the sum of 119 953 425 (one hundred nineteen millions nine hundred fifty three four hundred and twenty five) roubles 30 (thirty) kopecks.”

On the third issue it was listened to Johan Vreeman who put to consideration of the meeting recommendations of the Board of Directors to pay dividends for the second half of the year of 2005 at the sum of 12 roubles 30 kopecks per one ordinary share.

It is offered to vote the following decision:

“- To approve the dividend payment for the second half of the year of 2005 at the sum of 12 (twelve) roubles 30 (thirty) kopecks per one ordinary share.

- to do payments in cash.

- to do payments within 30 days from the moment of announcing at the meeting.”

Voting results:

FOR- 4719171 votes

AGAINST – none

ABSTINENT - none

The decision taken:

“- To approve the dividend payment for the second half of the year of 2005 at the sum of 12 (twelve) roubles 30 (thirty) kopecks per one ordinary share.

- to do payments in cash.

- to do payments within 30 days from the moment of announcing at the meeting.”

On the fourth issue Johan Vreeman informs the meeting about the election of the Board of Directors and proposes the following candidates for election:

Vasiliev Mikhail Borisovich –Head of the NCH Advisors, Inc. representative office in St. Petersburg

Geller Nikolay Arkadievich – Director of Development, JSC Conern ‘Kalina’

Goryaev Timur Rafkatovich – Chief Executive Officer, JSC Concern ‘Kalina’

Petrov Alexander Yurievich – Chief Financial Officer, JSC Concern ‘Kalina’

Johan Grietsen Hendrik Vreeman – Managing Director at Corpoeq B.V., a citizen of the Kingdom of Netherlands

Reinhold Schlensok – member of the Board Dr. Scheller Cosmetics AG, citizen of the Federative Republic of Germany

Christophe Clave – Director of Kalina International SA, a citizen of France

Mark Alan Bush - a citizen of the United States of America, director of the “KIT-Capital” LLC

After discussion the question was put to vote.

Voting results:

“FOR”:

| | |
|--------------------------------|-----------------|
| Vasiliev Mikhail Borisovich | – 5138079 votes |
| Geller Nikolay Arkadievich | – 4210200 votes |
| Goryaev Timur Rafkatovich | – 4251135 votes |
| Petrov Alexander Yurievich | – 3898712 votes |
| Reinhold Schlensok | – 3885139 votes |
| Johan Grietsen Hendrik Vreeman | – 3885639 votes |
| Christophe Clave | – 3885539 votes |
| Mark Alan Bush | – 3879748 votes |

The decision taken: “ To elect to the new Board of Directors JSC Concern ‘KALINA’

Vasiliev Mikhail Borisovich –Head of the NCH Advisors, Inc. representative office in St. Petersburg

Geller Nikolay Arkadievich – Director of Development, JSC Conern ‘Kalina’

Goryaev Timur Rafkatovich – Chief Executive Officer, JSC Concern ‘Kalina’

Petrov Alexander Yurievich – Chief Financial Officer, JSC Concern ‘Kalina’

Johan Grietsen Hendrik Vreeman – Managing Director at Corpoeq B.V., a citizen of the Kingdom of Netherlands

Reinhold Schlensok – member of the Board Dr. Scheller Cosmetics AG, citizen of the Federative Republic of Germany

Christophe Clave – Director of Kalina International SA, a citizen of France

On the fifth issue it was listened to Johan Vreeman who proposed for election to the Inspection Commission the following candidates:

Kudin Dmitry Petrovich - brand director JSC Concern “KALINA”

Fyodorova Olga Viktorovna - accountant-auditor of the internal Control department JSC Concern “KALINA”

Mikhailov Oleg Valerievich – Financial Controller JSC Concern “KALINA”

After discussion and answering questions the following decision was put to vote:” To elect the above mentioned candidates to the Inspection Commission”.

Voting results:

For -1304762 votes
Against – none
Abstinent – 406339 votes

Votes of the members of the Board of Directors JSC Concern “KALINA” as well as votes of persons holding positions in the managerial bodies of the company were not taken into consideration while counting results on the subject.

The decision taken: “To elect to the Inspection commission:
Kudin Dmitry Petrovich
Fyodorova olga Viktorovna
Mikhailov Oleg Valerievich”.

On the sixth issue it was listened to Johan Vreeman who, on behalf of the Board of Directors, offered to approve CJSC Audit-centre “Ural-Audit” as the auditor of the Company.

The following question was put to vote:
“To approve CJSC “Audit centre”Ural-Audit”” as the auditor of the company.”

Voting results:

For - 4312832 votes
Against – 176400 votes
Abstinent – 229939 votes

The decision taken:
“To approve CJSC “Audit centre “Ural Audit”” as the auditor of the Company.

The agenda is concluded.

The Meeting is announced to be closed. It is offered to hand in the voting papers to the Counting Committee.

Chairman of the meeting: /Johan Vreeman/

Secretary of the Meeting: /Argunov D.A./

Date of drawing up the minutes: 10.04.2006