

## WIMM-BILL-DANN FOODS OJSC ANNOUNCES INTERIM 2005 FINANCIAL RESULTS

During the first half of 2005, Wimm-Bill-Dann's sales rose 17.5% to US\$681.7, compared to US\$580.4 million in the first six months of 2004. Gross profit increased 16.7% compared to the same period last year, while gross margins remained flat at 27.5%. Adjusted EBITDA\* increased 11.4% year-on-year from US\$50.8 million to US\$56.6 million. Adjusted EBITDA margin\* decreased to 8.3% from 8.8%. Net income decreased to US\$8.3 million in the first half of 2005 from US\$12.9 million in the first six months of 2004.

### Key Operating and Financial Indicators of 1H 2005

	1H 2005	1H 2004	Change
	US\$ 'mln	US\$ 'mln	
<b>Sales</b>	<b>681.7</b>	<b>580.4</b>	<b>17.5%</b>
<i>Dairy</i>	479.5	399.1	20.1%
<i>Beverages</i>	159.5	151.3	5.4%
<i>Baby Food</i>	42.6	30.0	42.0%
Gross Profit	<b>187.8</b>	<b>160.9</b>	<b>16.7%</b>
Selling and distribution expenses	(98.3)	(84.7)	16.1%
General and administrative expenses	(53.5)	(44.4)	20.5%
Operating income	<b>30.8</b>	<b>29.0</b>	<b>6.2%</b>
Financial income and expenses, net	(10.3)	(7.1)	45.1%
<b>Net income</b>	<b>8.3</b>	<b>12.9</b>	<b>(35.7%)</b>
<b>Adjusted EBITDA*</b>	<b>56.6</b>	<b>50.8</b>	<b>11.4%</b>
CAPEX including acquisitions	<b>38.9</b>	<b>32.9</b>	<b>18.2%</b>

\* Note: See Attachment A for definitions of Adjusted EBITDA and Adjusted EBITDA margin and reconciliations to net income.

Sales in the Dairy Segment increased 20.1% from US\$399.1 million in the first six months of 2004 to US\$479.5 million in the first six months of 2005, while the average selling price rose 13.7% from US\$0.73 per 1 kg in the first half of 2004 to US\$0.83 per 1 kg in the same period of 2005. This increase was primarily driven by ruble price increases. Gross margin in the Dairy Segment declined from 24.1% in the first six months of 2004 to 23.8% in the same period of 2005. This change was primarily driven by the increase in raw materials costs and stronger demand for raw milk intensive traditional products in the regions.

Sales in the Beverages Segment, which is comprised of the juice and water divisions, increased 5.4% from US\$151.3 million in the first six months of 2004 to US\$159.5 million in the same period of 2005, while the average selling price increased 9.4% from US\$0.64 per liter in the first six months of 2004 to US\$0.70 per liter in the same period of 2005 primarily due to ruble price increases. Gross margin in the Beverages Segment increased to 36.0% in the first half 2005 from 35.3% in the same period last year.

Sales in the Baby Food Segment increased 42.0% from US\$30.0 million in the first six months of 2004 to US\$42.6 million in the first six months of 2005, while the average selling price rose 19.4% from US\$1.24 per 1 kg in the first half of 2004 to US\$1.48 per 1 kg in the same period of 2005. This increase was primarily driven by an increase in the average ruble selling price and an increased proportion of higher priced products in the overall product mix. Gross margins in the Baby Food Segment practically remained flat at 37.9%.

Selling and distribution expenses as a percentage of sales decreased y-o-y from 14.6% to 14.4%. Advertising and marketing expenses decreased as a percentage of sales from 4.7% in the first six months of 2004 to 4.6% in the first half of 2005. General and administrative expenses as a percentage of sales practically remained flat at 7.8% . Other operating expenses increased from US\$ 2.7 million to US\$5.1 million year-on-year mainly as a result of a loss on fixed assets disposals.

Financial expenses in the first six months of 2005 increased to US\$10.3 million compared to US\$7.1 million in the same period of 2004 mainly due to the foreign currency translation gain decreasing from US\$4.3 million to US\$1.5 million in the first half of 2005. Interest expenses stayed almost flat at US\$11.4 million.

Net income decreased by 35.7% as a result of the above factors and a higher effective tax rate caused by a specific valuation allowance associated with tax losses carried forward in one of the subsidiaries.

*Attachment A*

***\*Reconciliation of Adjusted EBITDA and Adjusted EBITDA margin to US GAAP Net Income***

Adjusted EBITDA is a non-U.S. GAAP financial measure. The following table presents reconciliation of Adjusted EBITDA to net income (and Adjusted EBITDA margin to net income as a percentage of sales), the most directly comparable U.S. GAAP financial measure.

	6 months ended June 30, 2005		6 months ended June 30, 2004	
	US\$ 'mln	% of sales	US\$ 'mln	% of sales
Net income	8.3	1.2%	12.9	2.2%
Add: Depreciation and amortization	25.8	3.8%	21.8	3.7%
Add: Income tax expense	10.9	1.6%	7.4	1.3%
Add: Interest expense	11.4	1.7%	11.4	2.0%
Less: Interest income	(0.7)	0.1%	(0.8)	0.1%
Less: Currency remeasurement gains, net	(1.5)	0.2%	(4.3)	0.8%
Add: Bank charges	0.9	0.1%	0.7	0.2%
Add: Other financial expenses (gain)	0.1	0.0%	0.0	0.0%
Add: Minority interest	1.4	0.2%	1.7	0.3%
<b>Adjusted EBITDA</b>	<b>56.6</b>	<b>8.3%</b>	<b>50.8</b>	<b>8.8%</b>

Adjusted EBITDA represents net income before interest, income taxes and depreciation and amortization, adjusted for interest income, currency remeasurement gains, bank charges and other financial expenses and minority interest. Adjusted EBITDA margin is Adjusted EBITDA expressed as a percentage of sales.

We present Adjusted EBITDA because we consider it an important supplemental measure of our operating performance. In particular, we believe Adjusted EBITDA provides useful information to securities analysts, investors and other interested parties because it is used in the “debt to EBITDA” debt incurrence financial measurement in certain of our financing arrangements.

Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as substitute for analysis of our operating results as reported under U.S. GAAP. Since we adjust EBITDA for recurring items in order to calculate Adjusted EBITDA, we particularly caution users that Adjusted EBITDA is not an alternative to net income, operating income or any other GAAP measure, nor to EBITDA. Moreover, other companies in our industry may calculate Adjusted EBITDA differently or may use it for different purposes than we do, limiting its usefulness as a comparative measure.

Adjusted EBITDA also should not be considered as an alternative to cash flow from operating activities or as a measure of our liquidity. In particular, Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business.

**WIMM-BILL-DANN FOODS**

Consolidated Statements of Operations ( unaudited)

*(Amounts in thousands of U. S. dollars, except share and per share data)*

	Six months ended June 30 ,	
	200 5	2004
<b>Sales</b>	<b>\$ 681,681</b>	\$ 580,426
<b>Cost of sales</b>	<b>(493,929)</b>	(419,565)
Gross profit	<b>187,7 52</b>	160,861
Selling and distribution expenses	<b>(98,339)</b>	(84,680)
General and administrative expenses	<b>(53,468)</b>	(44,444)
Other operating expenses, net	<b>( 5,099 )</b>	( 2,700 )
Operating income	30,84 6	29,037
Financial income and expenses, net	(10,301)	( 7,060 )
<b>Income before provision for income taxes and minority interest</b>	20, 545	21,977
Provision for income taxes	( 10 , 916 )	(7,368)
Minority interest	<b>(1, 366 )</b>	(1,739)
<b>Net income</b>	<b>\$ 8 , 263</b>	\$ 12,870
<b>Other comprehensive income, net of tax</b>		
Currency translation adjustment	<b>(12,216)</b>	4,793
<b>Comprehensive (loss) income</b>	<b>\$ ( 3,953)</b>	\$ 17,663
Net income per share - basic and diluted:	\$ 0 .19	\$ 0 . 29
Weighted average number of shares outstanding	<b>44,000,000</b>	44,000,000

## WIMM-BILL-DANN FOODS

### Consolidated Balance Sheets

(Amounts in thousands of U.S. dollars)

	<b>June 30, 2005</b>	<b>December 31, 2004</b>
	(unaudited)	(audited)
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	<b>\$ 49,230</b>	\$ 23,791
Trade receivables, net	<b>59,643</b>	62,210
Inventory	<b>126,796</b>	102,039
Taxes receivable	<b>75,758</b>	85,578
Advances paid	<b>16,537</b>	19,494
Net investment in direct financing leases	<b>2,598</b>	2,109
Deferred tax asset	<b>7,479</b>	6,265
Other current assets	<b>6,836</b>	7,145
<b>Total current assets</b>	<b>344,877</b>	308,631
<b>Non-current assets:</b>		
Property, plant and equipment, net	<b>435,871</b>	440,096
Intangible assets	<b>2,523</b>	2,251
Goodwill	<b>25,790</b>	26,291
Net investment in direct financing leases – long-term portion	<b>3,767</b>	3,895
Long-term investments	<b>1,750</b>	2,417
Deferred tax asset – long-term portion	<b>6,571</b>	7,001
Other non-current assets	<b>3,507</b>	5,506
<b>Total non-current assets</b>	<b>479,779</b>	487,457
<b>Total assets</b>	<b>\$ 824,656</b>	\$ 796,088
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities:</b>		
Trade accounts payable	<b>\$ 76,086</b>	\$ 62,400
Advances received	<b>4,089</b>	3,492
Short-term loans	<b>36,119</b>	17,554
Long-term loans – current portion	<b>6,341</b>	936
Long-term notes payable – current portion	<b>50,043</b>	-
Taxes payable	<b>15,127</b>	13,281

	Accrued liabilities	<b>15,874</b>	14,691
	Government grants – current portion	<b>2,253</b>	2,329
	Other payables	<b>33,211</b>	29,615
	<b>Total current liabilities</b>	<b>239,143</b>	144,298
	<b>Long-term liabilities:</b>		
	Long-term loans	<b>2,581</b>	7,120
	Long-term notes payable	<b>150,000</b>	201,709
	Other long-term payables	<b>34,463</b>	39,294
	Government grants – long-term portion	<b>3,846</b>	5,156
	Deferred taxes – long-term portion	<b>10,578</b>	10,268
	<b>Total long-term liabilities</b>	<b>201,468</b>	263,547
	<b>Total liabilities</b>	<b>440,611</b>	407,845
	<b>Minority interest</b>	<b>17,082</b>	17,327
	<b>Shareholders' equity :</b>		
	Common stock: 44,000,000 shares authorized, issued and outstanding with a par value of 20 Russian rubles at June 30, 2005 and December 31, 2004	<b>29,908</b>	29,908
	Share premium account	<b>164,132</b>	164,132
	Accumulated other comprehensive income:		
	Currency translation adjustment	<b>31,689</b>	43,905
	Retained earnings	<b>141,234</b>	132,971
	<b>Total shareholders' equity</b>	<b>\$ 366,963</b>	\$ 370,916
	<b>Total liabilities and shareholders' equity</b>	<b>\$ 824,656</b>	\$ 796,088

**WIMM-BILL-DANN FOODS**

**Consolidated Statements of Cash Flows ( unaudited)**

**(Amounts in thousands of U.S. dollars)**

	<b>Six months ended June 30,</b>	
	<b>2005</b>	<b>2004</b>
Cash flows from operating activities:		
Net income	\$ ,263	\$12,870
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interest	1,366	1,739
Depreciation and amortisation	25,763	21,785
Currency remeasurement loss (gain) relating to bonds payable, long-term payables and investments	1 ,047	(3,496)
Obsolescence and net realizable value expense	1,07 5	2,214
Provision for doubtful accounts	59 8	3,277
Loss on disposal of property, plant and equipment	1,56 6	696
Earned income on net investment in direct financing leases	(127)	(243)
Deferred tax benefit	( 138 )	(2, 987 )
Non-cash rental received	1,199	1,187
Write off of long-term investments	901	-
Write off of trade receivables	1,3 5 3	385
Amortisation of bonds issue expenses	527	513
Other	(431)	661
Changes in operating assets and liabilities:		
Increase in inventories	(23,898)	(11,212)
(Increase) decrease in trade accounts receivable	(1,206)	47
Decrease (increase) in advances paid	2,387	(363)
Decrease in taxes receivable	3,7 81	9,823
Decrease (increase) in other current assets	80	(1,669)
Increase in trade accounts payable	15,377	22,151
Increase in advances received	72 7	150
Increase (decrease) in taxes payable	5,759	(3,186)
Increase in accrued liabilities	2,177	1,909
Increase in other current payables	3, 9 1 5	1,841
Increase in other long-term payables	350	260

Total cash provided by operating activities	\$ 2,411	58,352
Cash flows from investing activities:		
Cash paid for acquisition of subsidiaries, net of cash acquired	<b>\$ 2,026</b>	\$ 3,945
Cash paid for property, plant and equipment	<b>( 33,882 )</b>	(30,745)
Cash paid for acquisition of investments	(483)	(1,047)
Proceeds from disposal of property, plant and equipment	3,217	1,220
Proceeds from disposal of investments	557	-
Cash paid for net investments in direct financing leases	( 1,281 )	(1,331)
Cash received from other long-term assets	396	-
Total cash used in investing activities	(33,502)	(35,848)
Cash flows from financing activities:		
Short-term loans and notes, net	15,560	5,297
Proceeds from long-term loans	<b>1,830</b>	-
Repayment of long-term loans	(419)	(829)
Repayment of long-term payables	<b>( 7,685 )</b>	(8,599)
Total cash provided by (used in) financing activities	<b>9,286</b>	(4,131)
Total cash provided by operating, investing and financing activities	<b>28,195</b>	18,373
Impact of exchange rate differences on cash and cash equivalents	(2,756)	437
<b>Net increase in cash and cash equivalents</b>	<b>25,439</b>	18,810
<b>Cash and cash equivalents, at beginning of period</b>	<b>23,791</b>	40,264
<b>Cash and cash equivalents, at the end of period</b>	<b>\$ 9,230</b>	<b>\$ 9,074</b>



## **NOTES TO EDITORS**

**Wimm-Bill-Dann Foods OJSC** is a leading manufacturer of dairy and juice products in Russia . The company was founded in 1992.

The Company currently owns 27 manufacturing facilities in Russia and the Commonwealth of Independent States (CIS), as well as trade affiliates in 26 cities in Russia and the CIS.

Wimm-Bill-Dann has a diversified branded portfolio with over 1,100 types of dairy products and over 150 types of juice, nectars and still drinks. The company currently employs over 17,000 people.

Wimm-Bill-Dann was awarded Grand Prix for Best Overall Investor Relations in 2004 – Small & Mid cap companies and Best Investor Relations Officer in 2004– Small & Mid cap companies at the Second Annual IR Magazine Russia Awards held in December 2004 and organized by IR Magazine and the Association of Investor Relations Professionals. Wimm-Bill-Dann previously received the Grand Prix for Best Overall Investor Relations in 2003– Small & Mid cap - at the first annual IR Russia Awards Ceremony held in Moscow last year.

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