



KARELIA

Contact: Joanna Kamarinopoulos
Public Relations Manager
Karelia Tobacco Company Inc.
info@karelia.gr

KARELIA INTRODUCES KARELIA SLIMS 400's TO HEATHROW AND GATWICK AIRPORTS

September 2005 - Greece's largest cigarette manufacturer and exporter of own trademark brands, Karelia Tobacco Company Inc., recently announced the introduction of 400's for two of its brands listed in Heathrow Terminals 1-4 and Gatwick South airports.

Karelia first began cooperation with World Duty Free, one of the world's largest duty-free operators, in July of 2004 with Karelia Slims and Karelia Slims Menthol available in 200's. Its success was such to the extent that in recent months it introduced 400's (2 x 200's cartons). So far, the 400's have been another success, and this is especially notable since no promotional activity is allowed in World Duty Free. Following its performance, Karelia is encouraged about its future progress with WDF, since these two airports comprise a major travel hub, giving their brands significant international exposure.

Karelia continued its upward momentum, registering strong growth last year (+20%) in its international sales. Karelia's net turnover sales exceeded €157 million increasing by 12%, and their overall sales volume increased by 25%, to a total of 15 billion sticks. Net profits before taxes surpassed €32 million, an increase of 19%.

Exports have boosted the Company to realize a dramatic expansion in its international business in recent years. International sales to 69 markets totaled 10.4 bn sticks in 2004. Brand families George Karelis and Sons, Karelia Slims, Karelia Lights and American Legend continued to lead the Company's portfolio to solid growth abroad, as more and more smokers chose Karelia as their preferred brand. A new brand extension of Karelia Royal called Karelia Royal Lights was launched.

Karelia is preparing to welcome visitors once again to the Green Village (Stand L71) at the Palais des Festivals on the occasion of the 2005 TFWA World Exhibition in Cannes. Karelia will also return to the Harbour Village on the Yacht Ineke IV.

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