



KARELIA

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NEW BRANDS AND NEW LISTINGS FOR KARELIA TOBACCO COMPANY

October 2006 – Following another solid financial year, Greece's largest cigarette manufacturer and exporter of own trademark brands, KARELIA TOBACCO COMPANY, is returning to the TFWA World Exhibition with a variety of new brands, new duty-free listings, and new plans for further expansion.

Brand families such as Karelia Slims and George Karelias and Sons won new listings in 2006, the most recent being at Bangkok International Airport in partnership with King Power Thailand. Further listings were achieved at Sri Lanka's Colombo Airport in partnership with Alpha Asia, and at Hanoi Airport with EDF. At Heathrow and Gatwick South airports where Karelia cooperates with World Duty Free, one of the world's largest duty-free operators, the performance of the Karelia Slims range surpassed expectations and has been extended to include the "lights" version of the brand.

The new business cooperations are expected to contribute to the Group's drive to break into new markets. In recent years, exports have boosted Karelia to realize a dramatic expansion in its international business. In 2005, the annual sales turnover for the Karelia Group exceeded €435 million, while net profits increased to €39.26 million (+16%). Export sales reached a total of 10.9 billion cigarettes compared with 10.4 billion in the previous year.

Brand families George Karelias and Sons, Karelia Slims, Karelia Lights and American Legend continued to lead the Company's portfolio to solid growth abroad, as 70% of its overall production was distributed in 66 countries around the world. Additionally, Karelia operates a subsidiary in the U.K. called Karelia Tobacco Company (UK) Inc.

This year at Cannes, Karelia will return with an extended portfolio of new products that have been well received since their launch in the first half of 2006. Some are brand extensions that will help to strengthen Karelia's presence at retail sales points, while other brands are entirely new, allowing them to compete in new tobacco categories and attract a wider range of customers. The Company takes to heart, the importance of duty-free in its brand building strategy, as it considers it is the first channel where its new brands can gain strong international exposure. More specifically:

The Company's top export brand family, Karelia Slims, has been joined by a lighter version called Karelia Slims Lights (Blue). This dynamic brand continues to increase its international market share around the world and is sold at many leading duty-free outlets, including Heathrow (Terminals 1-4) and Gatwick Airports.

The ultimate brand in skill and craftsmanship, George Karelias and Sons, has been further extended with the launch of a new Roll-Your-Own pouch tobacco. George Karelias and Sons Superior Lights and Plain Ovals complete the line.

The Karelia Family range has been extended to include a full flavor version called Karelia King Size and a menthol version called Karelia Menthol. The distinctive Round Corner feature has been applied to the entire brand family.



American Legend, a popular brand that enjoys high volumes, has benefited from a newly redesigned Lights version called American Legend Lights and a new brand extension called American Legend Menthol.

In addition, the Leader brand, a recent sweeping success on the Greek domestic market, has now become available to international markets in two versions: Leader Red (full flavor) and Leader Blue (lights).

Karelia is preparing to welcome visitors once again to the Green Village (Stand L71) at the Palais des Festivals on the occasion of the 2006 TFWA World Exhibition. Karelia will also return to the Harbour Village on the Yacht Ineke IV.

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