

KARELIA TOBACCO COMPANY

Balance-sheet (I)

	Note	The Group		The Company	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
PROPERTY ASSETS					
Non-circulating property assets					
Intangible assets		554.043,47	623.604,88	548.528,47	592.499,88
Fixed assets	6	79.709.964,11	65.583.381,37	79.690.345,03	65.553.367,40
Investments in subsidiaries	7	0,00	0,00	1.493.105,86	1.493.105,86
Other financial property assets		60.940,20	59.352,20	40.394,08	38.806,08
		80.324.947,78	66.266.338,45	81.772.373,44	67.677.779,22
Circulating property assets					
Inventories	11	60.357.550,61	80.096.641,89	59.886.248,78	79.662.465,96
Receivables	8-9-10	26.664.357,56	22.753.432,54	26.712.801,27	23.122.860,76
Financial elements at reasonable value through Results	13	3.153.568,48	1.969.585,00	3.011.170,72	2.172.411,10
Cash and cash equivalents	12	82.266.972,46	69.892.259,73	81.562.640,81	69.249.047,56
		172.442.449,11	174.711.919,16	171.172.861,58	174.206.785,38
Total of property assets		252.767.396,89	240.978.257,61	252.945.235,02	241.884.564,60
EQUITY CAPITALS					
Equity Capitals proportionate to Parent Company shareholders					
Share capital	14	21.252.000,00	18.022.800,00	21.252.000,00	18.022.800,00
Above par	14	33.526,64	33.526,64	33.526,64	33.526,64
Other reserves	15	83.725.051,60	69.222.986,50	83.607.190,04	69.102.364,50
Profits carried forward		48.938.052,97	41.959.431,88	50.791.124,00	43.387.416,56
		153.948.631,21	129.238.745,02	155.683.840,68	130.546.107,70
Minority's rights		13.471,77	14.702,93		
Total of Equity Capitals		153.962.102,98	129.253.447,95	155.683.840,68	130.546.107,70
LIABILITIES					
Long-term liabilities					
Deferred income taxes	19	5.190.768,12	4.524.378,05	5.200.655,25	4.532.159,13
Liabilities from financial lease contracts	16	177.011,13	542.874,71	177.011,13	542.874,71
Provisions for allowances to workers after retirement from service	20	2.831.731,25	2.811.690,16	2.804.853,52	2.782.718,81
Subsidies	16	72.951,81	223.889,01	72.951,81	223.889,01
		8.272.462,31	8.102.831,93	8.255.471,71	8.081.641,66
Short-term liabilities					
Providers and other liabilities	17	82.806.540,49	93.824.483,17	81.279.631,47	93.494.111,31
Liabilities from financial lease contracts	16	385.416,92	363.516,07	385.416,92	363.515,88
Short-term provisions for other liabilities and expenses	18	5.131.318,43	4.866.212,88	5.131.318,43	4.831.318,43
Current tax liabilities		2.209.556,09	4.567.764,62	2.209.556,09	4.567.869,62
		90.532.831,93	103.621.976,74	89.005.922,91	103.256.815,24
Total of Liabilities		98.805.294,24	111.724.808,67	97.261.394,62	111.338.456,90
Total of Equity Capitals and Liabilities		252.767.396,89	240.978.257,61	252.945.235,02	241.884.564,60

KARELIA TOBACCO COMPANY

Statement of results / profits and losses account (II)

	Note	The Group		The Company	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
Sales	21	435.558.765,82	412.362.392,60	432.315.041,95	410.081.663,41
Other revenues	22	4.969.910,99	3.980.482,43	4.802.204,30	3.904.095,47
Excise taxes on products		(268.322.085,74)	(282.806.982,50)	(267.819.183,36)	(282.806.982,50)
Raw materials used	24	(77.509.544,20)	(40.177.231,90)	(75.182.582,02)	(38.216.178,56)
Allowances to workers	25	(18.028.620,72)	(18.933.320,52)	(17.608.061,99)	(18.519.912,64)
Depreciations	26	(5.200.163,97)	(3.833.284,90)	(5.152.409,21)	(3.783.430,49)
Other operating expenses	27	(37.378.952,62)	(36.327.849,75)	(36.823.288,65)	(35.735.861,66)
Operating results		34.089.309,56	34.264.205,46	34.531.721,02	34.923.393,03
Financial cost – net	28	1.897.367,48	760.532,58	1.868.154,38	766.641,75
Currency discrepancies		3.280.811,92	(1.224.077,32)	3.280.811,92	(1.224.077,32)
Net profits before taxation		39.267.488,96	33.800.660,72	39.680.687,32	34.465.957,46
Income tax	29	(7.364.848,16)	(6.044.626,62)	(7.366.954,21)	(6.046.643,87)
Net results of period distributed to:		31.902.640,79	27.756.034,10	32.313.733,10	28.419.313,59
Parent Company shareholders		31.903.871,95	27.757.679,87	32.313.733,10	28.419.313,59
Minority's rights		(1.231,16)	(1.645,77)		
		31.902.640,79	27.756.034,10	32.313.733,10	28.419.313,59
Basic profits per share	30	11,56	10,06	11,71	10,30

KARELIA TOBACCO COMPANY

Equity Capitals Statement of Changes (III)

The Group

	Refunded to Parent Company shareholders				Minority's Rights	Total of Equity Capitals
	Share Capital	Above Par	Other Reserves	Profits carried Forward		
Balance on January 1st 2003	15.511.200,00	33.526,64	60.253.518,69	31.754.519,69	16.348,70	107.569.113,72
Net profits 01/01 - 31/12/04	-	-	8.969.467,81	18.788.212,06	(1.645,77)	27.756.034,10
Other reserves	2.511.600,00	-	-	(2.511.600,00)	-	-
	2.511.600,00		8.969.467,81	16.276.612,06	(1.645,77)	27.756.034,10
Dividend for 2003	-	-	-	(6.072.000,00)	-	(6.072.000,00)
				(6.072.000,00)		(6.072.000,00)
Balance on December 31st 2004	18.022.800,00	33.526,64	69.222.986,50	41.959.431,88	14.702,93	129.253.447,95
Balance on January 1st 2004	18.022.800,00	33.526,64	69.222.986,50	41.959.431,88	14.702,93	129.253.447,95
Net profits 01/01 - 31/12/05	-	-	-	31.903.871,95	(1.231,16)	31.902.640,79
				31.903.871,95	(1.231,16)	31.902.640,79
Other reserves	3.229.200,00	-	14.502.065,10	(17.749.250,86)	-	(17.985,76)
Dividend for 2004	-	-	-	(7.176.000,00)	-	(7.176.000,00)
	3.229.200,00		14.502.065,10	(24.925.250,86)		(7.193.985,76)
Balance on December 31st 2005	21.252.000,00	33.526,64	83.725.051,60	48.938.052,97	13.471,77	153.962.102,98

The Company

	Refunded to Parent Company shareholders				Total of Equity Capitals
	Share Capital	Above Par	Other Reserves	Profits carried Forward	
Balance on January 1st 2003	15.511.200,00	33.526,64	60.133.899,03	32.520.168,44	108.198.794,11
Net profits 01/01 - 31/12/04	-	-	8.968.465,47	19.450.848,12	28.419.313,59
Other reserves	2.511.600,00	-	-	(2.511.600,00)	-
	2.511.600,00		8.968.465,47	16.939.248,12	28.419.313,59
Dividend for 2003	-	-	-	(6.072.000,00)	(6.072.000,00)
				(6.072.000,00)	(6.072.000,00)
Balance on December 31st 2004	18.022.800,00	33.526,64	69.102.364,50	43.387.416,56	130.546.107,70
Balance on January 1st 2004	18.022.800,00	33.526,64	69.102.364,50	43.387.416,56	130.546.107,70
Net profits 01/01 - 31/12/05	-	-	-	32.313.733,10	32.313.733,10
				32.313.733,10	32.313.733,10
Other reserves	3.229.200,00	-	14.504.825,54	(17.734.025,66)	(0,00)
Dividend for 2004	-	-	-	(7.176.000,00)	(7.176.000,00)
	3.229.200,00		14.504.825,54	(24.910.025,66)	(7.176.000,00)
Balance on December 31st 2005	21.252.000,00	33.526,64	83.607.190,04	50.791.124,00	155.683.840,68

KARELIA TOBACCO COMPANY

Statement of Cash Flows (IV)

	Note	The Group		The Company	
		31/12/2005	31/12/2004	31/12/2005	31/12/2004
Net earnings of period		31.902.640,79	27.756.034,10	32.313.733,10	28.419.313,59
Adjustments for:					
Income taxes	29	7.364.848,16	6.044.626,62	7.366.954,21	6.046.643,87
Depreciations of fixed assets	26	5.221.539,76	3.914.625,97	5.199.375,00	3.890.361,56
Depreciations of intangible assets	26	129.561,41	110.232,86	103.971,41	84.642,86
Depreciations of subsidies	26	(150.937,20)	(191.573,93)	(150.937,20)	(191.573,93)
Profits / (losses) from sale of fixed Assets		(294.880,70)	(1.088,03)	(294.880,70)	(1.088,03)
Losses from sale of financial elements					317,95
Revenues from interests	28	(853.385,52)	(560.248,23)	(851.522,85)	(559.546,11)
Expenses from interests	28	375.147,39	422.613,36	367.444,00	415.802,07
Profits / (losses) of reasonable value of other financial elements at reasonable value through results		(872.170,62)	(368.017,10)	(838.759,62)	(351.616,10)
Currency discrepancies		(17.685,63)			
		42.804.677,85	37.127.205,62	43.215.377,36	37.753.257,73
Changes of Operating Capital					
Increase / (decrease) of inventories	23	19.739.091,28	(45.818.419,63)	19.776.217,18	(45.835.480,75)
Increase / (decrease) of receivables		(3.592.907,02)	(1.756.035,56)	(3.591.528,51)	(1.781.055,45)
Increase / (decrease) of liabilities		(16.006.790,10)	40.474.969,34	(16.572.480,21)	39.597.927,23
Increase / (decrease) of provisions		265.105,55	334.894,45	300.000,00	300.000,00
Increase / (decrease) of liabilities for allowances to the personnel due to retirement/pensioning		20.041,09	(54.618,92)	22.134,71	(63.590,27)
		424.540,80	(6.819.210,32)	(65.656,83)	(7.782.199,24)
Net cash flows from operational activities		43.229.218,65	30.307.995,30	43.149.720,53	29.971.058,49
Interests paid		(375.147,39)	(422.613,36)	(367.444,00)	(415.802,07)
Income tax paid		(8.625.420,05)	(4.462.013,81)	(8.625.420,05)	(4.462.013,81)
Net cash flows from operational activities		34.228.651,21	25.423.368,13	34.156.856,48	25.093.242,61
Cash flows from investing activities					
Purchases of fixed assets		(15.449.229,88)	(12.701.281,04)	(15.436.691,96)	(12.697.332,85)
Purchases of intangible property assets		(60.000,00)	(263.730,70)	(60.000,00)	(263.730,70)
Sales of fixed assets		321.868,42	1.088,03	321.868,42	1.088,03
Sales of financial elements			386,38		386,38
Interests collected		853.385,52	560.248,23	851.522,85	559.546,11
Net cash flows from investing activities		(14.333.975,94)	(12.403.289,10)	(14.323.300,69)	(12.400.043,03)
Cash flows from financing activities					
Dividends paid to Parent Company shareholders		(7.176.000,00)	(6.072.000,00)	(7.176.000,00)	(6.072.000,00)
Payments of financial leases capital		(343.962,54)	(354.656,25)	(343.962,54)	(354.656,25)
Net cash flows from financing activities		(7.519.962,54)	(6.426.656,25)	(7.519.962,54)	(6.426.656,25)
Net (decrease) / increase in cash and cash equivalents		12.374.712,73	6.593.422,78	12.313.593,25	6.266.543,33
Cash and cash equivalents at opening of period		69.892.259,73	63.298.836,95	69.249.047,56	62.982.504,23
Cash and ash equivalents at ending of period		82.266.972,46	69.892.259,73	81.562.640,81	69.249.047,56

KARELIA TOBACCO COMPANY

Appendix of interim individual and consolidated financial statements (V)

1. General information

The KARELIA TOBACCO COMPANY (the "Company") is an anonymous society registered in Greece, which is established in 1962 and is active in the production and trading of tobacco products.

The Company seat is installed in Athinon Avenue – Asprochoma, Kalamata, its website is www.karelia.gr, and the Company is listed on the Athens Stock Exchange ("branch of tobacco").

The consolidated financial statements of the Company cover the Company itself and its subsidiaries also (the "Group").

Structure of the Group

Company	Seat	Participation Percentage
KARELIA TOBACCO INDUSTRY S.A.	KALAMATA	Parent Company
MERIDIAN S.A.	ATHENS	99.54% Subsidiary
KARELIA INVESTING S.A.	KALAMATA	85% Subsidiary
KARELIA TOBACCO LTD	LONDON	100% Subsidiary

The financial statements in question have been approved by the Board of Directors on **March 22nd 2006** so as to be published.

The significant accounting principles used by the Group

2.1. Framework of drawing up of financial statements

The present financial statements of KARELIA TOBACCO COMPANY regard the fiscal year 2005. They have been drawn up in conformity with the FIIS (Financial Information International Standards) adopted by the European Union.

The accounting principles that are described herebelow have been applied to all the periods shown.

The individual and consolidated financial statements of the Company have been drawn up on the basis of the Greek Accounting Standards up to 31.12.2004 inclusive. In some areas these standards differ from the FIIS. The 2004 comparative elements have been reformulated in conformity with the accounting principles and accounting appraisals adopted for the FIIS.

Reconciliations and descriptions of the impact due to the transition from the Greek Accounting Standards to the FIIS for the net position and the results are provided for in note 5.

The present financial statements have been drawn up in the framework of the historical cost with the exception of some financial property assets (participation titles), which were assessed at their reasonable value and with changes acknowledged in the results (Assessable at reasonable value with changes in the results) and is expressed in Euros.

The drawing up of the financial statements in accordance with the FIIS requires the use of analytical accounting appraisals and deliberations for the application of accounting principles. The areas for which appraisals and admissions have been made are quoted in note 32.

2.2. Consolidation – Assessment of subsidiaries and affiliate enterprises

The accounting method used for the consolidation is the method of acquisition. The cost for the acquisition of a subsidiary is the reasonable value of the property assets employed, the participation titles issued and the obligations taken up on the date of the exchange, plus any eventual cost directly imputable to the transaction. The individualized property assets, obligations and eventual obligations which constitute an enterprising consolidation, are assessed when acquired at their reasonable values irrespective of the participation percentage. The cost beyond the reasonable value of the partial elements acquired is entered as surplus value. If the overall acquisition cost is inferior to the reasonable value of the partial elements acquired, the discrepancy is directly entered in the results.

Inter-corporate transactions and inter-corporate balances as well as unrealized profits from transactions held between the companies of the Group are deleted. The unrealized losses are deleted unless there is an indication of wastage regarding the transferred property asset. The accounting principles are identical with those adopted by the Group.

KARELIA TOBACCO COMPANY

The participations in subsidiaries on the individualized balance-sheet of the Parent Company are assessed at their acquisition cost minus the wastage losses.

2.3. Information per sector

The productive activity of the Company (Mother Company) is exclusively pursued within Greece. The sales regard exports at a percentage of 70%, towards more than 60 countries.

2.4. Corporeal fixed assets

a) Self-used corporeal fixed assets

The corporeal fixed assets are assessed at their acquisition cost minus depreciations. The acquisition cost includes all the directly imputable expenditure for the acquisition of the fixed assets. Any posterior expenditure is entered in so as to enhance the accounting value of the corporeal fixed assets only when it is thought likely that future economic benefits will inflow into the Company the cost of which can be reliably assessed. The repairs and maintenances, when carried out, are entered in the results.

The building plots are not depreciated. The depreciations of the other assets of the corporeal fixed assets are calculated on the basis of the steady method during their useful life, which has as follows:

Building premises	60	years
Machinery and mechanical equipment	3 -48	years
Means of transport	5 - 7	years
Data processing equipment	3 - 5	years

The residual values are not acknowledged.

When the accounting values of the corporeal fixed assets exceed their recoverable value, the discrepancies (wastage) are entered in the results as expenses.

When selling the corporeal fixed assets, the discrepancies between the price received and their accounting value are entered in the results as profits or losses.

b) Investments in real properties

The investments in real properties are assessed at their acquisition cost minus depreciations and losses of wastage.

2.5. Incorporeal property assets

Software

The software licenses are assessed at their acquisition cost minus depreciations. The depreciations are carried out on the basis of the steady method during the useful life of such property assets which oscillates between 3 and 5 years.

2.6. Wastage of property assets value

The depreciated property assets are subject to wastage control of their value, when there are indications that their accounting value will not be recovered. The recoverable value is the highest value between the reasonable value decreased by the cost required for the sale, and the usage value. The wastage losses, when occurring, are entered in the results as expenses.

2.7. Inventories

The inventories stated at the lower value between acquisition cost and net liquidable value. The cost is determined by means of the average (annual) leveled cost for the products and goods, and the monthly circulatory mean for the raw materials and other stocks. The net liquidable value is estimated on the basis of the stocks current sales prices in the framework of the usual activity deducted any eventual sale expenses, as the case may be.

2.8. Claims from clients

The claims from clients are initially entered in at their reasonable value, which coincides with their nominal value, deducted the wastage losses. The wastage losses (losses from contingent claims) are acknowledged when there is an objective substantiation that the Group is not able to collect all the amounts that are due on the basis of the contractual

clauses. The amount of the wastage loss is the discrepancy between the accounting value of the claims and the estimated future cash flows. The amount of the wastage loss is entered in the results as expense.

2.9. Cash and cash equivalents

The cash and cash equivalents include cash money, deposits and short-term investments up to 3 months, of high liquidability and low risk

2.10. Transactions in foreign currencies

The transactions that are expressed in foreign currencies are converted into Euros by virtue of the currency parity effective on the transaction date. On the balance-sheet date, the numismatic property assets and the obligations, which are expressed in foreign currencies, are converted into Euros by virtue of the currency parity that is effective on that date. The currency discrepancies arising from the conversion are entered in the results account.

2.11. Share capital

The common shares are classified among the equity capitals. Direct costs for the issue of shares emerge after the deduction of the relevant income tax, so as to decrease the product of the issue. Direct costs related to the issue of shares for the acquisition of enterprises are included in the acquisition cost of the acquired enterprise.

The acquisition cost of own shares decreased by the income tax (depending on the case) is shown deductively on the equity capitals of the Group, till when the own shares are sold or cancelled. Any profit or loss from the sale of own shares net from any other direct costs and income tax regarding such transaction, depending on the case, is shown as reserve in the equity capitals.

2.12. Deferred income tax

The deferred income tax is determined through the method of obligation deriving from the provisional discrepancies between the accounting value and the tax base of the property assets and the obligations.

The adjourned tax is determined through the tax coefficients that are expected to be effective during the recovery time of the property assets and the obligations accounting value.

The adjourned tax claims are entered in to an extent, under which there will be a future taxable profit for the use of the provisional discrepancy which creates the adjourned tax claim.

2.13. Allowances to workers

(a) Short-term allowances

The short-term allowances in money or in species towards the personnel are entered in as expense when they become accrued.

(b) Allowances after retirement from service

The allowances after the retirement from service include not only plans of determined contributions (state social insurance) but also plans of determined allowances (lump sum allowances at the retirement imposable by Law 2112/20). The accrued cost of plans for determined allowances is entered in as expense in the concerned period.

The obligation that is entered in the balance-sheet for the plans of determined allowances is the actual value of the commitment for the determined allowance. The commitment of the determined allowance is annually calculated on an actuarial basis using the projected unit credit method. For the prepayment the long-term bonds interest rate of the Greek State is used.

2.14. Provisions

The provisions are made when the Group has a legal or deemed obligation, as a result of facts of the past, and it is thought likely that an outflow of economic benefit for the settlement of such obligation will be required.

2.15. Revenue recognition

KARELIA TOBACCO COMPANY

The revenues include the reasonable value of the sales of goods and services rendered net from recovered taxes, discounts and refunds. The inter-corporate revenues of the Group are fully deleted. The revenue recognition is effected as follows:

(a) Sales of goods

The sales of goods are recognized when the Group delivers the goods to the clients, the goods are acceptable by the clients and the collection of the claim is reasonably ensured. The sales of goods include also the consumption tax (domestic sales).

(b) Revenues from interests

The revenues from interests are recognized on the basis of the annual proportion and with the use of the real rate of interest.

(c) Revenues from rights

The revenues from rights are deemed on the basis of the accrued, in accordance with the essence of the respective contracts.

(d) Dividends

The dividends are deemed as revenues when their right of collection, namely when they are acknowledged and approved by the organ that is competent by the law to grant them, is established.

2.16. Leases (The Group as lessee)

Leases of corporeal fixed assets where the Group runs essentially all the risks and has all the rewards of the property are classified as financial leases. The financial leases are capitalized when concluding the lease, at the lowest value between the reasonable value of the leased corporeal fixed assets and the current value of the minimum rents. Each rent is divided into the obligation and the financial expense so as a stable interest rate on the unpaid obligation to be obtained. The obligation for the payable rents net from the financial cost is included in the other long-term obligations. The interests are entered in the statement of results account during the lease period so as a stable periodic rate of interest to exist for the remainder of the obligation on each date of balance-sheet. The corporeal fixed assets that are acquired by means of financial leases are depreciated in the shorter period as it is determined by the useful life and the time of lease. In the operational leases the rents are entered in the results as expenses by virtue of the steady method on the basis of the accrued.

2.17. Distribution of dividends

The distribution of dividends to the Parent Company shareholders is entered in the financial statements, either individual or consolidated, as obligation when the distribution is approved by the General Assembly of the Shareholders.

3. Management of financial risk

Factors of financial risk

(a) Credit risk

The Company has no significant concentrations of credit risk. The sales are achieved towards selected clients and in some cases guarantees are given.

(b) Risk of liquidity

The risk of liquidity is zero through the availability of high cash availabilities/liquid funds and credit margins.

(c) Currency risk

The Company is subject to currency risk granted that the 40% of the sales (achieved) and, by extension, of the claims (expressed) in US Dollars (US\$). This risk, however, is significantly moderated because of the obligations in US\$ to purchase tobacco.

4. Critical Accounting Policies and Estimates

The appraisals and deliberations of the Administration are constantly under reexamination on the basis of the historic facts and the expectations for future occurrences, which are judged reasonable in accordance with what is operative.

The Company proceeds to appraisals and acceptances with regard to the evolution of the future occurrences. There are no appraisals or acceptances involving significant risk so as to cause essential adjustments to the accounting values of the property assets and the obligations for the next 12 months.

5. Transition to the FIIS (Financial Information International Standards)

5.1 Basis for the transition to the FIIS

5.1.1 Application of the FIIS 1

The Company and the Group financial statements for the fiscal year to end on December 31st 2005 will be the first annual financial statements in conformity with the FIIS. The Group has applied the FIIS 1. The reference date is December 31st 2005. The FIIS adoption date is January 1st 2005. For the drawing up of the first financial statements pursuant to the FIIS, the Group has applied some of the optional exceptions of the retroactive application.

5.1.2 Exceptions from full retroactive application selected by the Group

(a) Deemed cost of corporeal fixed assets

Some corporeal fixed assets of the Company (immovable properties) were assessed at the value configured on 01.01.2004, on the basis of the readjustment coefficients of Law 2065/92 granted that these values were almost identical with the reasonable values on that date and were only readjusted the accumulated depreciations so as to reflect the useful life of such fixed assets.

(b) Allowances to workers

The Company has chosen to acknowledge all the accumulated actuarial profits and losses as of 01.01.2004.

5.1.3 Effect of appraisals between Greek Accounting Standards and FIIS

The appraisals in conformity with the FIIS on 01.01.2004 are consistent with the appraisals made on the same date in conformity with the Greek Accounting Standards, except for the cases that there is evidence of such appraisals being erroneous. Such cases are the useful lives of the fixed assets which, under the previous regime, were based on the tax provisions.

KARELIA TOBACCO COMPANY

Reconciliations between FIIS and Greek Accounting Standards

The below reconciliations provide with a complete and precise picture of the proprietary structure, financial position and results of the Company in relation to the previous Accounting Standards. More particularly:

The Group

		01.01.2004	31.12.2004	
		EQUITY CAPITALS	RESULTS	EQUITY CAPITALS
GREEK ACCOUNTING STANDARDS		92.622.659,60	22.998.066,59	111.278.931,64
Reversal of Law 2065/92 immovable properties readjustment of the fiscal year 2004	(1)			-3.038.420,30
Discrepancy from depreciations with coefficients on the basis of useful life	(1)	21.385.771,49	2.624.469,60	24.010.241,09
Assessment of financial elements at reasonable value	(2)	203.203,90	133.972,17	337.176,07
Entry of additional tax for unaudited fiscal years and deletion of withheld taxes from revenues taxed in a special way	(3)	-847.864,06	-293.365,76	-1.141.229,82
Discrepancy of reserves value from costing of accounting depreciations	(1)	-42.754,00	-224.069,00	-266.823,00
Entry of financial lease obligation	(4)	233.547,23	228.651,57	462.198,80
Provisions of disputed claims	(5)	-4.681.318,43		-4.681.318,43
Acknowledge of deferred taxes	(6)	-6.551.369,18	2.026.991,13	-4.524.378,05
Rehabilitation of provision for workers' allowances after retirement from service	(7)	-175.241,65	209.307,31	34.065,66
Reversal of obligation from dividends	(8)	6.072.000,00		7.176.000,00
Transfer of subsidies to obligations	(9)	-415.462,94		-223.889,01
Provisions for currency discrepancies		4.410,11	-3.517,14	892,89
Discrepancies of entries of consolidation method		-238.168,30	55.527,71	-169.999,59
Total of readjustments		14.946.754,17	4.757.967,59	17.974.516,31
INTERNATIONAL ACCOUNTING STANDARDS		107.569.413,77	27.756.034,10	129.253.447,95

KARELIA TOBACCO COMPANY

The Company

		01.01.2004	31.12.2004	
		EQUITY CAPITALS	RESULTS	EQUITY CAPITALS
GREEK ACCOUNTING STANDARDS		93.019.635,47	23.718.890,96	112.402.372,89
Reversal of Law 2065/92 immovable properties readjustment of the fiscal year 2004	(1)			-3.038.420,30
Discrepancy from depreciations with coefficients on the basis of useful life	(1)	21.385.771,49	2.624.469,60	24.010.241,09
Assessment of financial elements at reasonable value	(2)	203.203,90	133.972,17	337.176,07
Entry of additional tax for unaudited fiscal years and deletion of withheld taxes from revenues taxed in a special way	(3)	-847.864,06	-293.365,76	-1.141.229,82
Discrepancy of reserves value from costing of accounting depreciations	(1)	-42.754,00	-224.069,00	-266.823,00
Entry of financial lease obligation	(4)	233.547,23	228.651,57	462.198,80
Provisions of disputed claims	(5)	-4.681.318,43		-4.681.318,43
Acknowledgement of deferred taxes	(6)	-6.557.133,01	2.024.973,87	-4.532.159,14
Rehabilitation of provision for workers' allowances after retirement from service	(7)	-175.241,65	209.307,31	34.065,66
Reversal of obligation from dividends	(8)	6.072.000,00		7.176.000,00
Transfer of subsidies to obligations	(9)	-415.462,94		-223.889,01
Provisions for currency discrepancies	(10)	4.410,11	-3.517,14	892,97
Total of readjustments		15.179.158,64	4.700.422,62	18.136.734,81
INTERNATIONAL ACCOUNTING STANDARDS		108.198.794,11	28.419.313,58	130.546.107,70

- (1) The corporeal fixed assets are admeasured at the acquisition cost. Subsequently, the tax readjustments of Law 2065/92 and the depreciation tax coefficients are adjusted accordingly. Similarly, by the rectifications of the depreciations it is also readjusted the value of the remained reserves to the extent they are affected by the discrepancies of the depreciations (International Accounting Standards 16 – FIIS 1).
- (2) Pursuant to the provisions of the Greek Accounting Standards, the financial elements are admeasured at the lowest value between acquisition cost and current value. Pursuant to the FIIS, the financial elements possessed for speculation are admeasured at their reasonable value (IAS 39).
- (3) Pursuant to the FIIS, provisions for all the obligations are acknowledged and, in spite of their uncertainty, they can be reliably admeasured (IAS 37).
- (4) Pursuant to the Greek Accounting Standards, the financial leases are accounted as operational. Pursuant to the FIIS, the corporeal fixed assets that are subject to financial lease are acknowledged as corporeal fixed assets with simultaneous acknowledgement of obligation (IAS 17).
- (5) Pursuant to the FIIS, the claims are depreciated on the basis of the current value of the remained cash flows (IAS 39).
- (6) Pursuant to the Greek Accounting Standards, adjourned taxes are not acknowledged. Pursuant to the FIIS, for almost all the temporary discrepancies between the accounting value and the tax base of the property assets and the obligations adjourned taxes are acknowledged (IAS 12).
- (7) Pursuant to the Greek Accounting Standards, no provisions were acknowledged for indemnities of personnel due to retirement from service. Pursuant to the FIIS, these provisions are acknowledged by means of actuary method (IAS 19).
- (8) Pursuant to the Greek Accounting Standards, the obligation for dividends is acknowledged on the Balance-sheet date. Pursuant to the FIIS, it is acknowledged when the dividend is approved by the General Assembly (IAS 10).
- (9) Pursuant to the Greek Accounting Standards, the subsidies are acknowledged as element of the net position. Pursuant to the FIIS, they are considered as obligations (IAS 20). However, the way in which they are depreciated is the same in both frameworks.
- (10) Pursuant to the Greek Accounting Standards, the credit currency discrepancies from conversion of claims and obligations are acknowledged as obligations and from there are transferred to the results of the forthcoming fiscal year. Pursuant to the FIIS, these discrepancies are acknowledged as revenues of the fiscal year during which they arise from (IAS 21).

KARELIA TOBACCO COMPANY

6. Corporeal Fixed Property Assets

The Group

	Grounds & Building Plots	Buildings & Building Installations	Machinery & Mechanical Equipment	Means of Transport	Furniture & Other Equipment	Fixed Assets under Execution	Total
<u>01.01.2004</u>							
Cost	5.713.035,72	18.145.047,99	63.424.708,49	2.860.924,60	5.186.776,33		95.330.493,13
Extensions	0,01	56.384,32	5.921.215,00	176.412,77	752.993,49	1.273.459,20	8.180.464,79
Sales				-1.721,34	-880,40		-2.601,74
Balance 31.12.04	5.713.035,73	18.201.432,31	69.345.923,49	3.035.616,03	5.938.889,42	1.273.459,20	103.508.356,18
<u>Accumulated depreciations</u>							
Balance 01.01.2004	0,00	6.561.904,60	21.873.479,04	1.235.881,06	4.341.685,88	0,00	34.012.950,58
Depreciations of period	0,00	400.210,55	2.947.596,98	176.350,25	390.468,19	0,00	3.914.625,97
Sales	0,00			-1.721,34	-880,40	0,00	-2.601,74
Balance 31.12.04	0,00	6.962.115,15	24.821.076,02	1.410.509,97	4.731.273,67	0,00	37.924.974,81
Undepreciated value	5.713.035,73	11.239.317,11	44.524.847,46	1.625.106,06	1.207.615,75	1.273.459,20	65.583.381,37
<u>01.01 – 31.12.2005</u>							
Balance at opening	5.713.035,73	18.201.432,31	69.345.923,49	3.035.616,03	5.938.889,42	1.273.459,20	103.508.356,18
Extensions	0,00	60.305,77	19.895.850,83	62.522,00	630.658,88	-1.273.459,20	19.375.878,28
Sales			-2.343.520,24	-45.387,88	-14.351,98		-2.403.260,10
Balance 31.12.05	5.713.035,73	18.261.738,08	86.898.254,08	3.052.750,15	6.555.196,32	0,00	120.480.974,36
<u>Accumulated depreciations</u>							
Balance 01.01.2005	0,00	6.962.115,15	24.821.076,03	1.410.509,97	4.731.273,67	0,00	37.924.974,81
Depreciations of period	0,00	401.630,41	4.154.630,43	242.547,03	422.731,89		5.221.539,76
Decrease of depreciations	0,00		-2.324.516,76	-39.792,44	-11.195,13	0,00	-2.375.504,33
Balance 31.12.05	0,00	7.363.745,56	26.651.189,70	1.613.264,56	5.142.810,43	0,00	40.771.010,25
Undepreciated value 31.12.2005	5.713.035,73	10.897.992,47	60.247.064,38	1.439.485,59	1.412.385,89	0,00	79.709.964,11

KARELIA TOBACCO COMPANY

The Company

	Grounds & Building Plots	Buildings & Building Installations	Machinery & Mechanical Equipment	Means of Transport	Furniture & Other Equipment	Fixed Assets under Execution	Total
01.01.2004							
Cost	5.713.035,72	18.139.449,64	63.424.708,49	2.782.484,99	5.059.981,93		95.119.660,77
Extensions	0,01	56.384,32	5.921.215,00	176.412,77	749.150,56	1.273.459,20	8.176.621,86
Sales				-1.721,34	-880,40		-2.601,74
Balance 31.12.04	5.713.035,73	18.195.833,96	69.345.923,49	2.957.176,42	5.808.252,09	1.273.459,20	103.293.680,89
Accumulated depreciations							
Balance 01.01.2004	0,00	6.556.306,30	21.873.479,04	1.173.261,87	4.249.506,46	0,00	33.852.553,67
Depreciations of period	0,00	400.210,55	2.947.596,98	167.945,61	374.608,42	0,00	3.890.361,56
Sales	0,00			-1.721,34	-880,40	0,00	-2.601,74
Balance 31.12.04	0,00	6.956.516,85	24.821.076,02	1.339.486,14	4.623.234,48	0,00	37.740.313,49
Undepreciated value	5.713.035,73	11.239.317,11	44.524.847,46	1.617.690,28	1.185.017,61	1.273.459,20	65.553.367,40
01.01 – 31.12.2005							
Balance at opening	5.713.035,73	18.195.833,96	69.345.923,49	2.957.176,42	5.808.252,09	1.273.459,20	103.293.680,89
Extensions	0,00	60.305,77	19.895.850,83	62.522,00	618.120,96	-1.273.459,20	19.363.340,36
Sales			-2.343.520,24	-45.387,88	-13.295,49		--2.402.203,61
Balance 31.12.05	5.713.035,73	18.256.139,73	86.898.254,08	2.974.310,54	6.413.077,56	0,00	120.254.817,64
Accumulated depreciations							
Balance 01.01.2005	0,00	6.956.516,85	24.821.076,03	1.339.486,14	4.623.234,48	0,00	37.740.313,50
Depreciations of period	0,00	401.630,41	4.154.630,43	237.008,52	406.105,64		5.199.375,00
Decrease of depreciations	0,00		-2.324.516,76	-39.792,44	-10.907,00	0,00	-2.375.215,89
Balance 31.12.05	0,00	7.358.147,26	26.651.189,70	1.536.702,22	5.018.433,43	0,00	40.564.472,61
Undepreciated value 31.12.2005	5.713.035,73	10.897.992,47	60.247.064,38	1.437.608,32	1.394.644,13	0,00	79.690.345,03

In the immovable properties are also included investments in immovable properties of € 1,628,920.65 acquisition cost and of € 7,500,000.00 reasonable value.

Note: On the immovable properties and machinery of the Company are inscribed prenotations of mortgage of € 39,362,521 overall value.

	31.12.2005	31.12.2004
Means of transport under financial lease (Capitalization)	1.775.567,21	1.775.567,21
Accumulated depreciations	-584.434,54	-406.977,82
Undepreciated value	1.191.132,67	1.368.589,39

7. Investments in subsidiaries

	31.12.2005	31.12.2004
Investments in subsidiaries (acquisition cost)	1.493.105,86	1.493.105,86
Analysis of subsidiaries (31.12.2005)		

Trade name	Country of Installation	Property Assets	Obligations	Revenues	Profits (Losses)	Percentage of participation

KARELIA TOBACCO COMPANY

MERIDIAN S.A.	Greece	2.248.163,02	1.681.821,69	3.515.999,21	(123.638,58)	99,54%
KARELIA INVESTING S.A.	Greece	70.776,59	223,41		(3.808,87)	85%
KARELIA TOBACCO LTD	England	344.250,68	1.264.798,18	677.005,68	(278.488,27)	100%

8. Clients

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Claims from Clients	20.444.532,42	16.296.920,52	19.264.600,75	15.404.102,85
Claims from associated companies	0	0	1.336.177,69	865.254,91
Postdated checks – Bills receivable	4.243.611,13	4.965.421,20	4.243.611,13	4.741.320,96
Minus: Provisions for contingent claims	(1.766.976,48)	(1.766.976,48)	(1.696.976,48)	(1.696.976,48)
Clients, net balance	22.921.167,07	19.495.365,24	23.147.413,09	19.313.702,24

9. Other claims

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Claims from the Greek State	1.689.814,81	1.852.161,66	1.557.899,90	1.658.051,12
Other claims	1.679.034,09	1.305.926,58	1.633.683,69	2.011.061,34
	3.368.848,90	3.158.088,24	3.191.583,59	3.669.112,46

The reasonable values of the claims coincide approximately with the accounting values.

10. Down-payments

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Orders of circulating assets	1.811,32	11.992,02	1.811,32	28.792,49
Down-payments to providers	351.270,49	3.327,95	351.270,49	26.299,66
Prepaid expenses	21.259,78	84.658,94	20.722,78	84.953,91
	374.341,59	99.978,06	373.804,59	140.046,06

11. Inventories

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Raw Materials	23.623.101,15	34.343.918,00	23.623.101,15	34.360.386,10
Goods	1.202.581,15	1.230.980,09	656.279,32	705.336,06
Products	29.378.372,48	38.761.688,21	29.378.372,48	38.761.688,21
Spare parts and consumables	6.228.495,83	5.835.055,59	6.228.495,83	5.835.055,59
Provision for devaluation of stocks	(75.000,00)	(75.000,00)	0,00	0,00
	60.357.550,61	80.096.641,89	59.886.248,78	79.662.465,96

KARELIA TOBACCO COMPANY

12. Cash availabilities/liquid funds and cash equivalents

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Availabilities in cash and banks	70.666.972,46	21.715.366,96	69.962.640,81	21.359.978,76
Other availabilities (equivalents)	11.600.000,00	48.176.892,77	11.600.000,00	47.889.068,80
	82.266.972,46	69.892.259,73	81.562.640,81	69.249.047,56

13. Financial property assets with measurement changes at reasonable value, acknowledged in the results

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Shares	246.432,94	246.432,94	246.432,94	246.432,94
Other securities (Bonds)	3.218.423,54	2.906.790,93	2.866.259,20	2.866.258,20
Minus: Loss of devaluation	(311.288,00)	(1.183.457,56)	(101.521,42)	(940.280,04)
	3.153.568,48	1.969.585,00	3.011.170,72	2.172.411,10

14. Share capital and above par

	Number of Shares	Common Shares	Issued Capital	Above Par	Own Shares	Total
January 1 st 2004	2.760.000	2.760.000	15.511.200	33.526,64	0	15.544.726,64
Increase of share capital			2.511.600,00			2.511.600,00
December 31 st 2004	2.760.000	2.760.000	18.022.800	33.526,64	0	18.056.326,64
Increase of share capital			3.229.200		0	3.229.200,00
December 31 st 2005	2.760.000	2.760.000	21.252.000	33.526,64	0	21.285.526,64

The overall issued common shares come up to 2,760,000 shares, of a € 6.53 initial nominal value each. On June 22nd 2005, by decision of the General Assembly, the Company share capital has increased by three millions two hundreds twenty-nine thousands and two hundreds Euros (€ 3.229.200,00) by capitalization of reserves and increase of each share nominal value from six Euros and fifty-three cents (€ 6.53) to seven Euros and seventy cents (€ 7.70). Thus, the Company share capital has been configured to twenty-one millions two hundreds and fifty-two thousands Euros (€ 21,252,000.00), divided into two millions seven hundreds and sixty thousands (2,760,000) anonymous shares of seven Euros and seventy cents (€ 7.70) nominal value each.

15. Reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Ordinary Reserves	7.141.425,34	6.091.425,34	7.100.000,00	6.050.000,00
Untaxed Reserves	62.470.771,18	49.017.703,58	62.472.529,12	49.017.703,58
Reserves from revenues exempted from taxation	12.506.482,81	12.507.485,31	12.428.288,65	12.428.288,65
Reserves from revenues taxed in a special way	1.606.372,27	1.606.372,27	1.606.372,27	1.606.372,27
	83.725.951,60	69.222.986,50	83.607.190,04	69.102.364,50

KARELIA TOBACCO COMPANY

Pursuant to the dispositions of the Hellenic Corporate Legislation (Law 2190/20), the formation of Ordinary Reserves, by means of the per annum transfer of an amount equal to the 5% of the annual after taxation profits, is obligatory up to the Ordinary Reserves reach the amount of one third (1/3) of the share capital. The remaining reserves (untaxed reserves) regard accumulated profits that are exempted from taxation or are taxed on lower tax coefficient, provided they are not distributed. In case of distribution, income tax is due on the tax coefficient that is operative at the time of distribution. The distribution of the reserves is decided by the Shareholders General Assembly.

16. Long-term obligations The Group – The Company

	31.12.2005	31.12.2004
Long-term obligations of financial leases (1)	177.011,13	542.874,71
Subsidies (Balance at opening of the fiscal year)	223.889,01	415.462,94
Transfer to results	(150.937,20)	(191.573,93)
Subsidies (Balance at ending of the fiscal year) (2)	72.951,81	223.889,01
Total (1) + (2)	249.962,94	766.763,72

To the existent financial lease contracts apply the following:

	31.12.2005	31.12.2004
Future rents	587.784,81	961.993,22
Payable		
Within a year	406.983,36	398.066,16
From 1 to 5 years	180.801,45	563.927,06
	587.784,81	961.993,22
Minus: Charges of future financial cost	25.356,76	55.622,44
Obligations from financial lease	562.428,05	906.390,78
Up to 1 year	385.416,92	363.516,07
From 1 to 5 years	177.011,13	542.874,71
Σύνολο	562.428,05	906.390,78

17. Suppliers and other obligations

	<u>The Group</u>		<u>The Company</u>	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Suppliers & Special Consumption Tax (SCT)	79.413.449,88	91.084.002,14	78.993.240,94	91.009.268,51
Obligations from taxes (except for income) – dues	418.501,42	816.594,82	378.764,76	813.808,37
Obligations to Insurance Funds	764.604,81	831.962,78	724.073,98	794.443,29
Other obligations	2.209.984,38	1.091.923,43	1.183.551,79	876.591,14
	82.806.540,49	93.824.483,17	81.279.631,47	93.494.111,31

18. Short-term provisions for remaining obligations and expenses

	<u>The Group</u>		<u>The Company</u>	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Provision for pendencies of proceedings	3.931.318,43	3.931.318,43	3.931.318,43	3.931.318,43
Taxes of unaudited fiscal years	1.234.894,45	934.894,45	1.200.000,00	900.000,00

KARELIA TOBACCO COMPANY

Unused provisions that were reversed	(34.894,45)			
	5.131.318,43	4.866.212,88	5.131.318,43	4.831.318,43

The provision for pendencies of proceedings regards imputed fine for Special Consumption Tax.

19. Deferred income taxes

The deferred income claims are offset with the deferred tax obligations when there is a legally exercised right of offsetting and are both subject to the same tax principle.

The offset amounts have as follows:

The Group

The overall change of the deferred income tax has as follows:

	<u>31.12.2005</u>	<u>31.12.2004</u>
Balance at opening	4.524.378,05	6.551.369,18
Tax on results	666.390,07	-2.026.991,13
Balance at ending of period	5.190.768,12	4.524.378,05

The accounts statement of the deferred tax claims and deferred tax obligations during the period to the same tax principle, without taking into consideration offsets, has as follows:

Deferred tax obligations	Discrepancies in corporeal fixed assets	Currency discrepancies	Total
01.01.2004	8.008.127,94	1.543,54	8.009.671,48
Debit / (credit) on the results statement	-2.368.061,34	-1.443,53	-2.369.504,87
31.12.2004	5.640.066,60	100,01	5.640.166,62
Debit / (credit) on the results statement	418.538,51	15.326,10	433.864,61
31.12.2005	6.058.605,12	15.426,12	6.074.031,23

Deferred tax claims	Provisions for indemnities to Workers	Financial Lease	Discrepancy in Stocks Cost	Total
01.01.2004	1.001.972,01	441.366,39	14.963,90	1.458.302,30
Debit / (credit) on the results statement	-237.176,64	-175.756,56	70.419,46	-342.513,74
31.12.2004	764.795,37	265.609,84	85.383,36	1.115.788,57
Debit / (credit) on the results statement	-55.800,91	-109.586,15	-67.138,41	-232.525,46
31.12.2005	708.994,46	156.023,69	18.244,95	883.263,11

The Company

The overall change of the adjourned income tax has as follows:

	<u>31.12.2005</u>	<u>31.12.2004</u>
Balance at opening	4.532.159,14	6.557.133,01
Tax on results	668.496,12	-2.024.973,87
Balance at ending of period	5.200.655,25	4.532.159,13

The accounts statement of the adjourned tax claims and adjourned tax obligations during the period to the same tax principle, without taking into consideration offsets, has as follows:

KARELIA TOBACCO COMPANY

Deferred tax obligations	Discrepancies in corporeal fixed assets	Currency discrepancies	Total
01.01.2004	8.008.127,95	1.543,54	8.009.671,49
Debit / (credit) on the results statement	-2.368.061,34	-1.443,53	-2.369.504,87
31.12.2004	5.640.066,60	100,01	5.640.166,62
Debit / (credit) on the results statement	418.538,51	15.326,10	433.864,61
31.12.2005	6.058.605,12	15.426,12	6.074.031,23

Deferred tax claims	Provisions for indemnities to workers	Financial Lease	Discrepancy in Stocks cost	Total
01.01.2004	996.208,18	441.366,39	14.963,90	1.452.538,47
Debit / (credit) on the results statement	-239.193,89	-175.756,56	70.419,46	-334.530,99
31.12.2004	757.014,29	265.609,84	85.383,36	1.108.007,48
Debit / (credit) on the results statement	-55.800,91	-109.586,15	-69.244,46	-234.631,51
31.12.05	701.213,38	156.023,69	16.138,90	873.375,98

20. Obligations for allowances to workers due to retirement from service (Law 2112/20)

Pursuant to the dispositions of Law 2112/20 the Company is obligated to pay the workers that retire for pensioning, a severance pay to be multiple of their monthly remunerations received at the retirement time (determined by Law), on the basis of the years of previous service. These allowances were determined by an independent actuary. The main actuarial acceptances that have been used have as follows:

	2005	2004
Retractable interest rate (%)	3,9%	3,9%
Future salarial increases	4,5%	4,5%

The account statement from 01.01.2004 to 31.12.2005 had as follows:

	<u>The Group</u>	<u>The Company</u>
Balance of obligations on 01.01.2004	2.866.309,08	2.846.309,08
Expenditure of current employment burdening the period 01.01.-31.12.2004	171.232,65	166.515,07
Financial cost that burdened the period 01.01.-31.12.2004	115.259,82	111.006,05
Total of debit to the results	286.492,47	277.521,12
Indemnities paid 01.01.-31.12.2004	-341.111,39	-341.111,39
Balance of obligations on 31.12.2004	2.811.690,16	2.782.718,81
Expenditure of current employment burdening the period 01.01.-31.12.2005	168.299,93	170.735,07
Financial cost that burdened the period 01.01.-31.12.2005	116.234,82	111.786,05
Expenditure burdening the period 01.01.-31.12.2005	284.534,75	282.657,03
Indemnities paid 01.01.-31.12.2005	-264.493,66	-260.522,32
Balance of obligations on 31.12.2005	2.831.731,25	2.804.853,52

21. Sales

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Sales of abroad	107.571.571,55	102.837.452,79	104.614.569,81	100.825.948,61

KARELIA TOBACCO COMPANY

Domestic sales (net)	51.228.498,49	54.432.040,24	50.941.776,36	54.162.815,23
Special Consumption Tax and Value Added Tax	276.758.695,78	255.092.899,57	276.758.695,78	255.092.899,57
TOTAL:	435.558.765,82	412.362.392,60	432.315.041,95	410.081.663,41

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Gross profits from sales of abroad	46.832.541,76	44.324.537,56	46.482.924,64	44.085.710,12
Gross profits from domestic sales without Special Consumption Tax and Value Added Tax	21.127.716,29	23.755.795,10	21.056.211,86	23.674.946,62
TOTAL:	67.960.258,05	68.080.332,66	67.539.136,50	67.760.656,74

22. Other revenues

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Collected goods consignment expenses	3.245.257,34	3.114.692,38	3.245.257,34	3.114.692,38
Other revenues	1.724.653,65	865.790,05	1.556.946,96	789.403,09
Total	4.969.910,99	3.980.482,43	4.802.204,30	3.904.095,47

23. Alterations in stocks of raw materials, goods, end-products and production in progress

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Balance at opening of period (Raw Materials)	34.360.386,10	22.359.172,95	34.360.386,10	22.289.558,47
Minus: Balance at ending of period (Raw Materials)	23.623.101,15	34.360.386,10	23.623.101,15	34.360.386,10
	-10.737.284,95	12.001.213,15	-10.737.284,95	12.070.827,63
Balance at opening of period (Goods)	1.139.511,99	1.353.622,51	705.336,06	971.999,94
Minus: Balance at ending of period (Goods)	1.127.581,15	1.139.511,99	656.279,32	705.336,06
	-11.930,84	-214.110,52	-49.056,74	-266.663,88
Balance at opening of period (End-products)	38.761.688,21	5.834.958,49	38.761.688,21	5.834.958,49
Minus: Balance at ending of period (End-products)	29.378.372,48	38.761.688,21	29.378.372,48	38.761.688,21
	-9.383.315,73	32.926.729,72	-9.383.315,73	32.926.729,72
Balance at opening of period (Other Stocks)	5.835.055,59	4.730.468,31	5.835.055,59	4.730.468,31
Minus: Balance at ending of period (Other Stocks)	6.228.495,83	5.835.055,59	6.228.495,83	5.835.055,59
	393.440,24	1.104.587,28	393.440,24	1.104.587,28
Total	(19.739.091,28)	45.818.419,63	(19.776.217,18)	45.835.480,75

24. Raw Materials and other stocks that were used

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>

KARELIA TOBACCO COMPANY

Balance at opening of period (Raw Materials)	34.360.386,10	22.359.172,95	34.360.386,10	22.289.558,47
Purchases of period	52.310.444,18	79.594.089,54	52.310.444,18	79.663.704,02
Value of destroyed Raw Materials	838.768,86	218.166,52	838.768,86	218.166,52
Minus: Balance at ending of period (Raw Materials)	23.623.101,15	34.360.386,10	23.623.101,15	34.360.386,10
Consumptions of Raw Materials of period	62.208.960,27	67.374.709,87	62.208.960,27	67.374.709,87
Balance at opening of period (Goods)	1.139.511,99	1.353.622,51	705.336,06	971.999,94
Purchases of period	5.342.495,96	5.197.998,20	2.978.407,86	3.184.391,50
Value of destroyed Goods	324.323,27	258.576,73	324.323,27	258.576,73
Minus: Balance at ending of period (Goods)	1.127.581,15	1.139.511,99	656.279,32	705.336,06
Consumptions of Goods of period	5.030.103,53	5.153.531,99	2.703.141,35	3.192.478,65
Balance at opening of period (End-products)	38.761.688,21	5.834.958,49	38.761.688,21	5.834.958,49
Self-use of stocks	979.401,96	894.912,56	979.401,96	894.912,56
Value of destroyed End-products		1.749,89		1.749,89
Minus: Balance at ending of period (End-products)	29.378.372,48	38.761.688,21	29.378.372,48	38.761.688,21
Consumptions of period	8.403.913,77	-33.823.392,17	8.403.913,77	-33.823.392,17
Balance at opening of period (Spare parts and other stocks)	5.835.055,59	4.730.468,31	5.835.055,59	4.730.468,31
Purchases of period	2.260.006,87	2.576.969,49	2.260.006,87	2.576.969,49
Minus: Balance at ending of period (Spare parts and other stocks)	6.228.495,83	5.835.055,59	6.228.495,83	5.835.055,59
Consumptions of period	1.866.566,63	1.472.382,21	1.866.566,63	1.472.382,21
Total	77.509.544,20	40.177.231,90	75.182.582,02	38.216.178,56

In the end-products and goods is included a Special Consumption Tax amounting to the 73% of their value.

25. Allowances to workers

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Salaries and day's wages	13.820.366,69	14.512.297,22	13.458.929,11	14.163.737,61
Patronal contributions	3.466.486,87	3.635.775,56	3.409.243,44	3.579.898,64
Provision for allowances to workers after retirement from service	284.534,75	282.521,12	282.657,03	277.521,12
Other allowances	457.232,41	502.726,62	457.232,41	498.755,27
Total	18.028.620,72	18.933.320,52	17.608.061,99	18.519.912,64
Average workers	511	508	496	493

26. Depreciations

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Depreciations of buildings	401.630,41	400.210,55	401.630,41	400.210,55
Depreciations of machinery	4.154.630,43	2.947.596,98	4.154.630,43	2.947.596,98
Depreciations of means of transport	242.547,03	176.350,25	237.008,52	167.945,61
Depreciations of furniture	422.731,89	390.468,19	406.105,64	374.608,42
Depreciations of soft/hard ware	129.561,41	110.232,86	103.971,41	84.642,86
Depreciations of subsidies	(150.937,20)	(191.573,93)	(150.937,20)	(191.573,93)

KARELIA TOBACCO COMPANY

Total	5.200.163,97	3.833.284,90	5.152.409,21	3.783.430,49
--------------	---------------------	---------------------	---------------------	---------------------

27. Other expenses

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Rents	1.404.357,59	956.189,97	1.300.766,17	836.879,46
Expenses of promotion and advertisement	16.315.191,05	16.097.333,02	16.264.139,19	16.019.372,97
Electric power – telecommunications – water supply	1.132.944,86	1.107.530,75	1.132.944,86	1.107.530,75
Fees of third parties	1.173.965,66	928.495,91	1.028.877,40	843.843,03
Traveling expenses	660.984,86	547.692,96	660.984,86	547.692,96
Destruction of stocks	1.163.092,13	478.493,14	1.163.092,13	478.493,14
Transport charges	5.839.760,44	5.682.986,13	5.795.653,80	5.642.355,94
Repairs and maintenances	2.052.744,59	1.879.374,51	2.046.983,76	1.868.283,69
Premiums	1.397.903,77	1.271.560,61	1.387.684,75	1.249.378,10
Commissions	2.431.875,24	2.365.288,67	2.431.875,24	2.365.288,67
Various taxes	962.750,84	1.683.174,21	961.013,04	1.625.977,01
Other	2.843.381,59	3.329.729,87	2.649.273,45	3.150.765,94
Total	37.378.952,62	36.327.849,75	36.823.288,65	35.735.861,66

28. Financial cost net

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Various financial expenses (1)	375.147,39	422.613,36	367.444,00	415.802,07
Credit interests	(853.385,52)	(560.248,23)	(851.522,85)	(559.546,11)
Revenues from securities	(1.419.129,35)	(622.897,71)	(1.384.075,53)	(622.897,71)
Total of revenues (2)	(2.272.514,87)	(1.183.145,94)	(2.235.598,38)	(1.182.443,82)
Total (1) + (2)	(1.897.367,48)	(760.532,58)	(1.868.154,38)	(766.641,75)

29. Income tax

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Current tax of period	6.698.458,09	8.071.617,75	6.698.458,09	8.071.617,75
Deferred tax	666.390,07	(2.026.991,13)	668.496,12	(2.024.973,88)
Total	7.364.848,16	6.044.626,62	7.366.954,21	6.046.643,87

The tax on the Company profits before taxation differs from the theoretical amount that would derive from when using the average leveled tax coefficient. The discrepancy has as follows:

	<u>The Group</u>		<u>The Company</u>	
	<u>31.12.2005</u>	<u>31.12.2004</u>	<u>31.12.2005</u>	<u>31.12.2004</u>
Profits before taxation	39.267.488,96	33.800.660,72	39.680.687,32	34.465.957,46
Operative tax coefficient	0,32	0,35	0,32	0,35
Assessment of tax on the basis of the operative tax coefficients	12.565.596,47	11.830.231,25	12.697.819,94	12.063.085,11
Tax of expenses not acknowledged for tax effects	530.226,57	537.470,84	400.109,15	306.634,23

KARELIA TOBACCO COMPANY

Impact of Law 2065/1992 readjustment discrepancy		(1.063.447,10)		(1.063.447,10)
Impact of tax coefficients change		(777.938,92)		(777.938,92)
Income tax from revenues not subject to the tax	(5.730.974,88)	(4.481.689,45)	(5.730.974,88)	(4.481.689,45)
Income tax	7.364.848,16	6.044.626,62	7.366.954,21	6.046.643,87

The average leveled tax coefficient for the fiscal years 2005 and 2004 was 18.80 and 17.20 for the Group, and 18.57 and 17.55 for the Company respectively.

30. Profits per share

Basic profits

The basic profits per share are calculated by dividing the profit by the average leveled number of the common shares during the period, except for the own common shares that have been purchased by the Company.

	The Group		The Company	
	31.12.2005	31.12.2004	31.12.2005	31.12.2004
Net profits of period	31.902.640,79	27.756.034,10	32.313.733,10	28.419.313,59
Distributed to:				
Company shareholders	31.903.871,95	27.757.679,87	32.313.733,10	28.419.313,59
Minority's rights	(1.231,16)	(1.645,77)		
Average leveled number of shares	2.760.000	2.760.000	2.760.000	2.760.000
Basic profits per share	11,56	10,06	11,71	10,30

31. Dividends per share

The dividends that were paid in 2004 come up to Euros 6,072,000 (€ 2.2 per share) and regarded the profits of the fiscal year 2003. A dividend with regard to the fiscal year 2004 from € 2.6 per share, of an overall amount of Euros 7,176,000 was suggested by the General Assembly on 22/06/2005 and was approved. For the fiscal year 2005 a dividend of Euros 8,059,200.00 has been suggested. This dividend in the present financial statements is shown under profits carried forward.

32. Contingencies

The Group has contingent obligations with regard to the Greek State, to banks, other guarantees and other matters that arise from in the framework of the usual activity. No essential surcharges from contingent obligations are expected to derive. No additional payments, after the date these financial statements are drawn up, are expected. The Company has been tax audited till the fiscal year 2001 inclusive. For the fiscal years 2002 – 2003 – 2004 and 2005 have been made provisions for contingent taxes of an overall amount of € 1,234,894.45 (Note 18).

The Company gives letters of guarantee to the Greek State in order to secure Special Consumption Taxes the value of which on 31/12/2005 comes up to € 127,127,301.29 while on 31/12/2004 comes up to € 167,698,604.42.

33. Commitments

Capitalized commitments

There is no essential unexecuted capitalized expenditure on 31.12.2005.

34. Transactions with associated parties

The below transactions regard transactions with associated parties:

KARELIA TOBACCO COMPANY

i) Sales of goods and services

	<u>31.12.2005</u>	<u>31.12.2004</u>
Sales of goods to subsidiaries	782.451,31	680.758,11

The sales to subsidiaries are achieved on the same conditions that apply to the non-associated parties.

ii) Indemnity of members of Board of Directors and managerial personnel

	<u>31.12.2005</u>	<u>31.12.2004</u>
Salaries and other short-term allowances	1.328.034,58	1.362.918,51

iii) Balances at ending of period that have derived from sales of goods and services

	<u>31.12.2005</u>	<u>31.12.2004</u>
Claims from associated parties		
• Subsidiaries	1.336.177,69	865.254,91

35. Analytical accounting appraisals

Useful lives of corporeal fixed assets.

The Company Administration determines the appraised useful lives and the respective depreciations of the corporeal fixed assets.

No essential changes to the useful lives due to the type of Company activities are expected. The Administration will increase the depreciations when the useful lives become shorter in relation to the previous appraisals or it will decrease the values of the fixed assets that have technologically suffered wastage or of the fixed assets that are no longer of strategic importance and are abandoned or about to be sold.