KARELIA

Fine Tobaccos Since 1888

FINANCIAL REPORT FOR THE FINANCIAL YEAR 1 JANUARY – 31 DECEMBER 2015

(ACCORDING TO LAW 3556/2007 ARTICLE 4)

KARELIA TOBACCO COMPANY INC.

General Electronic Commercial Registry (G.EM.I.) 15082945000 (former Commercial Registry for Societe Anonyme 10174/06/B/86/126)

Athinon Str. 24100 Kalamata

CONTENTS

Statements of Member of the Board of Directors of KARELIA TOBACCO COMPANY, INC.

(According to Article 4 par. 2 of Law 3556/2007)

The members of the Board of Directors of KARELIA TOBACCO COMPANY, INC.,

1. Victoria G. Karelia, Chairwoman
2. Efstathios G. Karelias, Vice-President
3. Andreas G. Karelias, Managing Director

WE STATE THAT

As far as we are aware:

a. The Separate and Consolidated Financial Statements of the Company for the financial year 2015, which were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union, present, in a true manner, the Assets and Liabilities, Equity and Profit for the year ended 31 December 2015 of Karelia Tobacco Company, Inc., as well as of the companies included in the Group consolidation taken as a whole, according to the provisions of Article 4 of Law 3556/2007.
And

b. The Board of Directors Report reflects, in a true manner, the development, performance and financial position of **Karelia Tobacco Company, Inc.**, as well as the companies included in the Group consolidation taken as a whole, including the description of the major risks and uncertainties that they face.

Kalamata, 29 March 2016

Chairman of the Board of Directors	The Vice Chairman	The Managing Director
Victoria G. Karelia	Efstathios G. Karelias	Andreas G. Karelias

Independent Auditor's Report

To the Shareholders of

KARELIA TOBACCO COMPANY INC.

Report on the Financial Statements

We have audited the accompanying Separate and Consolidated Financial Statements of TOBACCO INDUSTRY KARELIA A.E. (the "Company") which comprise the Separate and Consolidated Statement of Financial Position as of 31 December 2015, the Separate and Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Separate and Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of Separate and Consolidated Financial Statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone and consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate and Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate and Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the standalone and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Separate and Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Separate and Consolidated Financial Statements give a true and fair view of the financial position of KARELIA TOBACCO INDUSTRY KARELIA A.E. as of 31 December 2015 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on Other Legal and Regulatory Requirements

(a) The Board of Directors' Report includes a corporate governance statement, which provides the information set by paragraph 3d of article 43a of C.L. 2190/1920.

(b) We verified that the contents of the Board of Directors' Report are consistent and correspond with the accompanying standalone and consolidated financial statements within the scope set by the provisions of C.L. 2190/1920.

Athens, 30 March 2016

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153 42 Aghia Paraskevi
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AM SOEL 114

KPMG Certified Auditors A.E.

Michael Kokkinos, Certified Auditor Accountant
AM SOEL 12701

Annual Management Report

Of the Board of Directors of KARELIA TOBACCO COMPANY, INC. on the results for Financial Year 2015 and the annual accounts (annual Financial Statements)

Dear Shareholders,

We submit for approval the Separate and Consolidated Financial Statements (the "Financial Statements") of KARELIA TOBACCO COMPANY, INC., (the "Company") for the Financial Year which ended on 31st December 2015.

The Group consists of the Company (Parent Company) and its subsidiaries as well as the subsidiaries of these subsidiaries.

This report was prepared in accordance with the provisions of Law 2190/1920 and Law 3556/2007 and accompanies the Financial Statements. Since the Company prepares Consolidated Financial Statements as well, this report is unified, with main reference to the consolidated financial data of the Company and its subsidiaries in this report and with special reference to the separate (non-consolidated) financial data of the Company only where it is considered appropriate or necessary for the better understanding of its content.

This report, together with the Financial Statements and other requirements, information and statements imposed by Law, is included in the annual Financial Report for the Financial Year 2015.

GROUP – SEGMENTS OF ACTIVITY

The principal activity of the Company and its subsidiaries is the wholesale of tobacco products, i.e. cigarettes, cigars, hand rolling cigarettes and other duty free tobacco products.

The Group companies other than the Company, which are included in the Consolidated Financial Statements (full consolidation), per country of operation, are:

MERIDIAN A.E. IMPORT - EXPORT DUTY FREE SHOPS AND GENERAL TRADE, registered in Greece, in which the Company holds 99.54% of the share capital.

KARELIA INVESTMENT A.E., registered in Greece, in which the Company holds 85% of the share capital.

KARELIA BULGARIA EOOD, registered in Bulgaria, in which the Company holds 100% of the share capital.

KARELIA TOBACCO COMPANY (UK) LTD, registered in England, in which the Company holds 100% of the share capital.

KARELIA TÜTÜN VE TICARET A.Ş., registered in Turkey, in which the Company holds 97% of the share capital.

GK DISTRIBUTORS EOOD, registered in Bulgaria, in which the Company holds indirectly 100% of the share capital (a 100% subsidiary of KARELIA BULGARIA EOOD).

KARELIA BELGIUM LTD, registered in Belgium, in which the Company holds 85% of the share capital.

CONSOLIDATED GROUP RESULTS

(Amounts are in thousands of Euros unless otherwise stated)

Consolidated Equity, on 31.12.2015, after minority interests amounts to Euro 349,8 million, compared to Euro 321,3 million on 31.12.2014.

Consolidated Group Results

We present Financial Year 01.01.2015-31.12.2015 data, comparable to the previous Financial Year, of the Consolidated Results which confirm the true performace of the Group's activities, as established within the Financial Year ended 31 December 2015.

Information about consolidated results:

	2015	2014	Change 2015/2014
Revenue (net of Special Consumption Tax)	**225,667**	**196,834**	**14.65%**
Profit before interest, FX results, taxes and depreciation	**80,163**	**73,968**	**8.38%**
Profit before tax	**84,039**	**87,040**	**-3.45%**
Profit after tax and minority interests	**53,904**	**63,912**	**-15.66%**

Key ratios of the Consolidated Group Results

We present below the key financial ratios related to the financial structure and performance of the Group in accordance with the consolidated figures included in the Annual Financial Report of the Group, for the FY 2015 and for the previous financial year.

Financial Structure Ratios

	2015	2014
Current Assets / Total Assets	**84.19%**	**82.60%**
Total Liabilities / Total Equity and Liabilities	**25.74%**	**21.09%**
Equity after Minority Interests / Total Equity and Liabilities	**74.26%**	**78.91%**

Performance and Efficiency Ratios

	2015	2014
Operating Income / Total Revenue (net)	**33.65%**	**35.38%**
Profit before tax / Equity after minority interests	**24.02%**	**27.09%**

Employees:

On 31.12.2015, the Group employed 518 employees (Company: 487 employees), representing an increase of 0.4% compared to 31.12.2014 when the number of employees was 516 (Company: 481 employees).

These ratios and the review of the annual Financial Report enable all interested parties to ascertain the progress in the Group's activities as well as the effort made to achieve the corporate objectives.

Business developments - Significant events

In an environment where the global economy grew at lower pace, with strong geopolitical tensions, while the economic recovery in the Eurozone remained fragile, with low inflation and unemployment, the Company's results were this year very encouraging. The increase of turnover in the current year compared to the previous, both on consolidated and company level, marked the Group's continuing upward trend in recent years.

The slight decrease in pre-tax profits, was mainly caused by the payment of a controversial Customs penalty of EUR 14 million approximately, for which the Company has already filed an appeal in the Greek Council of State. (Note 24 e).

Furthermore, the restraint in operating expenses to levels similar to those of previous years, and the remarkable maintenance of cash liquidity, at both Group and Company level, are the results of defensive measures undertaken by Management in order to shield the companies of the Group against the negative consequences of the economic crisis.

Stronger international demand for the Company's brands during FY 2015, despite high leves of uncertainty and lack of liquidity that prevailed and continue to prevail in international markets, combined with volume increases in the Greek domestic market, resulted in a Group net turnover (i.e. without excise tax) increase of 14,65%. In the Greek domestic market, the Company achieved a significant increase of 21,33% in net turnover compared to the year before, despite the ongoing recession, heftier taxation measures, continuous rumours on possible excise tax increases on tobacco products, high unemployment and fierce competition.

The significantly favorable exchange rate of the U.S. Dollar in relation to the Euro, for most of 2015, as well as the lower than anticiapted depreciation of local currencies and ex-factory prices in countries where the Group operates, werethe main factors that led to the gross profit margin increases for the companies of the Group. Consequently, the Group achieved gross profit margin of 51.94% versus 51.36 the year before, whereas the Company achieved gross profit margin of 46.82 % % compared to 46.57% in the year before

In accordance with the provisions of Greek Tax Legislation (Law 3296/2004) the applicable income tax rate on 31st December 2015 is 29%.

INFORMATION ON GROUP PROSPECTS

GREEK MARKET

The overall political and economic environment in Greece remains unstable with significant sources of uncertainty for the country's future. The delay in the conclusion of the Review on the third bailout program by the country's creditors, the continuation of capital controls, combined with the explosion of the refugee problem and the overall economic recession, could lead to situations becoming out of control which make any predictions highly unreliable.

As far as excise taxation is concerned, there is wide acceptance that any additional increase in the already draconian taxation will result in lower state revenues and a further increase in the consumption of contraband tobacco products, which already exceed 20% of total consumption. Nonetheless, further increases in excise duties cannot be ruled out, given the difficulty in finding commonly agreed solutions for the funding of the state budget between the government and the country's creditors.

Furthermore, scenarios for the further increases in income tax, both for individuals as well as enterprises, increases in dividend tax as well as new taxes on other forms of economic activity are widely discussed in the press.

During the first months of 2016 and until the date of this report, our company continues to record stronger sales and market share performance, both in cigarettes and fine cut tobacco. Nevertheless, these adverse economic developments as well as the unprecedented changes in the packaging of our products deriving from the implementation of the new EU Tobacco Products Directive in May 2016 (which has not yet been introduced into Greek Law, hence important elements on its implementation in Greece remain unknown even to this day) force us to be increasingly cautious in our Greek market sales performance forecasts.

INTERNATIONAL MARKETS

The continuation of our brands' positive sales performance recorded in EU and Western European markets during the first months of 2016 will greatly depend on the implementation of the EU Tobacco Products Directive (TPD) from May 2016 onwards. Several member states have yet to adopt the directive into their national legislation, on the other hand, the United Kingdom, France and Ireland have adopted Plain Packaging legislation which bans the use of logos and colours in tobacco products packaging, where the brand name will be printed in specified locations and in a uniform font for all brands. In the remaining Member States, the ban of packaging similar to that of our Omé trademark, as well as the use of terms like Slims etc., force us to undertake significant changes in the packaging and names of our leading brands. We are satisfied that the changes we have adopted under these very strict conditions are the best possible, nonetheless, we must stress that such levels of redesigning contain significant business risk, because it is almost impossible to predict the reaction of European smokers to such unprecedented changes and the shifts in market shares that these may cause.

Further to the above and due to the necessary stockpiling within the very strict limits allowed, we expect a significant increase in our shipments towards our customers in EU Member States in the months prior to the implementation of the TPD, and a subsequent temporary decrease in our shipments during the first month following the implementation of the Directive (beginning of second half of 2016)

In Bulgaria we anticipate our market share to remain close to 20% while profitability per unit sold is expected to increase due to higher ex-factory prices. Nonetheless, the same concerns to those for the rest of EU member states, following the implementation of the TPD, are applicable here as well.

In the Balkan countries (except Bulgaria) we anticipate the continuation of our positive sales performance, however, the ever increasing levels of excise taxation call for caution in our pricing policy in order to maintain our brands' competitiveness. Consequently, an increase in volume shipments could be combined with small reduction in our ex-factory prices per unit sold, to be offset by a reduction in import duties due to increased usage of European tobaccos in our blends destined for these markets.

In the markets of North Africa, the ever increasing political instability together with the drop in the price of oil and the contraction of tourism causes continuous devaluations of local currencies and shortages in the availability of hard currency (like US Dollars or Euros). We expect these developments to have an adverse effect on our shipment volumes to these markets, furthermore, we cannot exclude increased penetration of counterfeit product from illegal third world manufacturers, bearing designs of our highly recognisable and commercially successful trademarks.

Lastly, we anticipate a reduction in our shipments to the Turkish and other Middle East Duty Free markets caused by contraction in tourism, terrorist attacks, the refugee crisis as well as the overall political instability in the region.

COSTS

We do not anticipate significant changes in the cost of procuring tobacco and other raw materials, apart from the one time cost of adjusting our packaging material to the TPD, which is expected to reach 750.000 Euros. Recent investments in machinery, necessary for producing TPD compatible products, are expected to increase depreciation costs and production complexity.

During the first months of the year and due to highway and border closures by protesting Greek farmers, and in order to continue the uninterrupted supply of our key markets with product, we were forced to seek high cost transportation solutions. We cannot exclude the possibility of utilizing similar shipment methods in the future, should we face increased social unrest in the country.

IN GENERAL

We expect 2016 to be a difficult year full of challenges and externally derived issues, with reduced profitability after tax being the moist likely scenario. Our Company has undertaken all necessary measures to ensure, as much as possible, the uninterrupted function of our production plant, as well as the supply of our markets with our products. Our strong financial position, with significant cash reserves and lack of any debt is the prime source of optimism in our efforts to overcome these challenges.

MAIN RISKS AND UNCERTAINTIES WHICH THE GROUP FACES

The Group is exposed to financial risks such as currency and credit risk. The Company's Finance and Treasury Division identifies, evaluates and hedges (if necessary) these financial risks. The Board of Directors provides instructions and guidelines for the overall risk management as well as specific instructions for managing specific risks such as currency risk, credit risk, interest rate risk and the overall cash liquidity cycle.

Currency risk

Currency risk is the volatility risk in the value of financial instruments, assets and liabilities due to changes in the foreign exchange rates.

The Company undertakes transactions denominated in foreign currencies, mainly U.S. dollars and, therefore, is exposed to foreign exchange risk. Hedging this currency risk has not been deemed necessary until now. There are no middle-term or long-term Company liabilities denominated in foreign currency, therefore the foreign currency exposure primarily concerns Assets.

In Bulgaria, the local currency BGN is pegged to the Euro (EUR / BGN = 1.95583), but this does not mean that headwinds in the economy and the effects of the global recession in Bulgaria, do not increase the risk of destabilizing the exchange rate.

Credit Risk

Due to the high fragmentation in the Group's customer base, there is no risk of dependence on specific customers; there is no customer purchasing on credit who generates more than 5% of the Company's gross turnover.

To safeguard against the risks arising from the credit terms given to customers, the Group where appropriate, requests from them additional guarantees for any credit fascilities provided. A special computerized software application monitors the level of credit as well as the credit limits of our customers. Credit limits are set for each customer, which are reviewed in line with the prevailing conditions, and if appropriate, credit terms are adjusted.

The Company and the Group form provision for doubtful debts, by reviewing periodically the receivables, based on the aging of unpaid balances and any recoverability issues that may arise.

Credit risk, which may occur from inability of financial institutions to meet their obligations towards the Group, in respect of the Group's investments and bank deposits, has been significantly reduced, since the vast majority of our cash reserves has been been invested and deposited with highly rated international banks, outside Greece.

Interest rates and Liquidity Risks

The interest rates risks refer to the volatility in the return of interest rate based investments and to the volatility in borrowing costs due to the change in interest rates. The majority of Assets and Liabilities of the Group are interest free (excluding cash) and therefore the Group is not exposed to high risk of interest rate volatility. Available cash is invested in short term money market instruments. Furthermore, the Group has no bank debt.

Inventory-Suppliers

The Group believes that the imposition of capital controls in Greece does not affect the procurement of raw and other materials from overseas suppliers, as sufficient cash reserves have been deposited with international banks abroad.

RISKS ARISING FROM THE ENFORCEMENT OF CAPITAL CONTROLS IN GREECE

The Legislative Act dated 28.06.2015 declared a bank holiday in Greece while capital controls were imposed. Banks resumed their operations on 20.07.2015, while capital controls still remain in force.

The aforementioned developments had a negative impact on the overall economic activity in Greece However, risks stemming out of the Group's exposure in Greece are mitigated.

In terms of liquidity, the Group maintains adequate cash reserves deposited with international banks outside Greece.

IMPORTANT LITIGATIONS AND CLAIMS

(a) On 31st December 2015 there were litigations and claims against the Company but according on the Board of Directors and the our legal advisors, these cases are not expected to have a material effect on the Company's profitability.

(b) Under the No. 8/2005/2008 Assessment Act, issued by the Head of Customs at Niki, the Company was found jointly civilly liable for payment of total amount of EUR 14,381 thousand for alleged infringements of the customs legislation committed by, non-related to the Company, individuals. On June 2015, the Administrative Court of Thessaloniki issued decision no.1160/2015, dismissing the Company's challenge of the Act. Subsequently, the Company paid to the Customs Authorities of Niki the amount of EUR 14,381 thousand. Against this Act, the Company set up a relevant provision, and filed an appeal with the Council of State.

(c) The Administrative Appeal Court of Piraeus has determined the civil liability of the Company for a Special Consumption Tax case to EUR 1,039 thousand, for which the Company formed a provision of EUR 366 thousand during 2009 and EUR 673 thousand during 2012, and has filed annulment petition for these decisions with the Council of State. The Customs office of Kalamata, under the No 157/2012/17.01.2013 Assessment Act, assessed additional Excise Tax equal to Euro 343 thousand against the Company, as difference on tobacco excise tax declared and paid and the corresponding tax arising as a result of the amendment of the provisions of L.2960/2001 «National Customs Codes» of article 1 of L.2960/2001. Against this act the Company filed a legal challenge with the Administrative Court of First Instance of Tripoli in 2013 and formed a provision. Finally, the Company filed an appeal with the Council of State for Euro 4,681 thousand, which the Company paid in January 2011 to the Greek State, regarding acts of assessments of Excise Tax.

RELATED PARTIES TRANSACTIONS

In order to facilitate Group operations abroad, the Company granted, during FY 2015, interest-free loans to its subsidiaries KARELIA TOBACCO COMPANY (UK) LTD and KARELIA BULGARIA EOOD, which on December 31, 2015 amounted to Euro 23,000 thousand and Euro 7,500 thousand respectively.

Trading transactions between the Company with its related parties, during FY 2015 have been conducted at arm's length, and do not vary compared to the respective transactions conducted during the previous year 2014 and, therefore, they do not materially affect the financial position and performance of the Company, during FY 2015.

The table below, presents the intercompany sales (there are no other intercompany transactions), and the loans between the Company and its subsidiaries during the year as well as the intercompany receivables and liabilities of the Company and its subsidiaries on 31st December 2015.

Amounts in thousand of Euros	**Sales of products**	**Receivables**	**Liabilities**	**Loans**
MERIDIAN A.E.	349	76	0	0
KARELIA BULGARIA EOOD	26,899	8,677	0	7,500
G.K DISTRIBUTORS EOOD(1)	3,743	0	0	0
KARELIA TOBACCO COMPANY (UK) LTD	3,151	162	0	23,000
KARELIA TÜTÜN VE TICARET A.Ş.	0	218	36	0
TOTAL	**34,142**	**9,133**	**36**	**30,500**

(1) The transaction relates to sales (net of excise tax), of Subsidiary KARELIA BULGARIA EOOD, to its own subsidiary G.K DISTRIBUTORS EOOD.

Group Management and Directors' fees amounted to Euro 3,124 thousand in FY 2015 against Euro 3,211 thousand for the year 2014 (Company 2015: Euro 2,883 thousand, 2014: Euro 3,003 thousand). There are no transactions between the companies of the Group and their Directors or their managerial stuff.

TREASURY SHARES

The Company and its subsidiaries do not hold treasury shares.

INVESTMENTS

Investments made during the current year amounted to EUR 8,891 thousand and are related mainly to machinery necessary for improving the production processes as well as machinery necessary for adaptation to the new EU Tobacco Product Directive that will be implemented by EU Member States by May 2016

DIVIDEND

The Board of Directors of the Company, taking into account the results of FY 2015, the Company's financial position, its prospects, and the information received from the general financial environment, will propose to the next Annual General Meeting of Shareholders which will be held on 15 June 2016, dividend distribution, amounting to Euro 23,460.00 thousand, equivalent to EUR 8.50 per share. The proposed dividend, is 8.60% lower to that of the previous year, and forms a dividend yield of 3.41% based on the share market price of 31st December 2015.

SIGNIFICANT EVENTS SUBSEQUENT TO THE 31 DECEMBER 2015 STATEMENT OF FINANCIAL POSITION

No significant events have occurred subsequent to the date of the Statement of Financial Position which affect the Financial Statements for the year 2015.

As we mentioned above, the Board of Directors follows the progress of the global financial crisis and is able, with appropriate decisions and measures taken, to intervene correctively and prevent its adverse effects.

Based on our current assessment of the environment in the countries that the Group conducts its activities, we believe that we have no reason to adjust our business strategy, except for the measures discussed in section INFORMATION FOR THE PROSPECTIVE DEVELOPMENT OF THE GROUP". We believe that despite the overall unfavourable business environment, the Group with its strong financial position as a key competitive advantage, is in a position to to overcome any headwinds deriving from the financial crisis and at the same time benefit from any opportunities that might arise.

OTHER MATTERS

Mortgages amounting to Euro 71,733 thousand on the Company's real estate and capital equipment, have been pledged to the Greek State against deferment of Special Consumption Taxes.

Kalamata 29 March 2016
Chairman of the Board of Directors
Victoria G. Karelia

Explanatory Report to the Annual General Meeting of Shareholders KARELIA TOBACCO COMPANY, INC.

IN ACCORDANCE WITH ARTICLE 11a LAW 3371/2005

This explanatory report of the Board of Directors towards the Annual General Meeting of shareholders of KARELIA TOBACCO COMPANY, INC., (the "Company") contains detailed information on the issues of paragraph 7 of Article 4 of Law 3556/2007.

I. Structure of share capital

The Company's share capital amounts to Euro 32,650,800 (Euro thirty twe million six hundred fifty thousand and eight hundred) divided into 2,760,000 (two million seven hundred sixty thousand) common shares with par value of Euro 11.83 (Euros eleven point eighty three cents) each. The shares of the Company, as a whole, are listed for trading, in the Securities Market of the Athens Stock Exchange.

The rights of the shareholders of the Company arising from its shares are proportionate to the capital, which corresponds to the paid value of the share. Each share grants all rights provided by Law and the Articles of Association, and specifically:

• The right to dividends from the annual profits or upon liquidation profits of the Company, at 35% of net profit after deduction of Statutory Reserve, is distributed from each year's profits to the Shareholders as dividend, while the granting of additional dividend is decided at the Annual General Meeting. Dividend beneficiaries are the shareholders on the dividend record date. The dividend is paid within the legal time limits, starting from the date of the Annual General Meeting of the Shareholders which approves the annual Financial Statements. The way and place of payment is announced through the Press. The right to receive dividend lapses, after 5 years from the end of the year during which the distribution is approved by the Annual General Meeting of the Shareholders and the corresponding amount is allocated to the Greek State.

• The right to receive the contribution, in liquidation or, respectively, the return of capital corresponding to the shares, if so decided by the General Meeting of the Shareholders.

• **The right of preference, in any increase in the share capital of the** Company, by cash payment and the acquisition of new shares.

• The right to receive a copy of the Financial Statements and of the Reports of the independent auditors and the Board of Directors.

• The right to participate in the General Meeting of the Shareholders, which consists of the following rights: Authorization, attendance, participation in discussions, submission of proposals over the agenda, recording of the views in the minutes and voting.

• The General Meeting of the Company reserves all of its rights during liquidation (pursuant to paragraph 3 of Article 40 its Articles of Association). The shareholders' liability is limited to the nominal value of their shares.

II. Restrictions on transfer of shares

The transfer of shares is performed as prescribed by Law and there are no limitations on their transfer, especially Since they are bearer shares listed on the Athens Stock Exchange.

III. Significant direct or indirect participations as defined by PD 51/1992

There are shareholders who directly own more than 5% of total shares, each.

IV. Shares with special control rights

There are no shares which provide their holders with special control rights.

V. Restrictions on voting rights

The Articles of Association do not restrict the voting rights of the shareholders, unless the shareholders, whose right is granted by Article 12 of the Articles of Association, decide to exercise the right to appoint members in the Board of Directors, in which case they are not eligible to participate in the voting process for the remaining members of the Board.

VI. Agreements between the Company's Shareholders

The Company is not aware of any agreements between shareholders which impose restrictions on the transfer of shares or the exercise of voting rights arising from the shares.

VII. Rules of the appointment and replacement of Board members and amendment of the Articles of Association

The rules provided in the Articles of Association regarding the appointment and replacement of members of the Board of Directors and the amendment of its provisions do not differ from the provisions of Codified Law 2190/1920.

VIII. Jurisdiction of the Board of Directors to issue new shares or the purchase of treasury shares

According to Article 13 paragraph 1 (b) of Law 2190/1920, the Board of Directors has the right, following a decision of the General Meeting of Shareholders subject to the publication requirements of article 7b of Codified Law 2190/1920, to increase the share capital by issuing new shares, by resolution adopted by the majority of at least two thirds (2/3) of all members. In this case, the share capital may be increased up to the amount of capital paid-in on the date that the Board is empowered by the General Meeting of the Shareholders. The power of the Board may be renewed by the General Meeting of Shareholders for a period that cannot exceed a five-year period for each renewal.

IX. Significant agreements contracted by the Company and put in force, amended, or terminated, in the evnt of a change in the control of the Company following a public offer bid, , unless and because of its nature, the disclosure of such agreement would cause serious harm to the Company.

There are no significant agreements which become effective, are amended, or terminated exclusively in the event of a change in the control of the Company specifically following a public offer.

It should be noted though, that there are numerous agreements with suppliers and ccustomers of the Company where, as it is common in such agreements, any party has the right to terminate at no cost to the terminating party, the agreement prematurely, following a change of control in the other party, however this right is not granted specifically in case the change of control of any party which results from a public offer.

X. Agreements with members of the Board of Directors or employees of the Company

There are no agreements between the Company and the members of the Board of Directors or its employees, which provide for the payment of compensation in case of resignation or dismissal without cause or termination of service or employment due to a takeover bid.

CORPORATE GOVERNANCE STATEMENT (Law 3873/2010)

Corporate governance refers to a set of principles which tries to achieve adequate organization, operation, management and control of an entity, with long-term goal of maximizing its value and safeguarding of the legitimate interests of all those related with it.

In Greece, the corporate governance framework has been developed mainly through the adoption of mandatory rules (Codified Law 2190/1920, Law 2778/1999, Law 3016/2002, Law 3693/2008, Law 3873 /2010, Law 3884/2010, etc.).

The Corporate Governance Code (hereinafter referred to as the "Code") adopted by the Company was based on the Code of Corporate Governance prepared by the SEB for Listed Companies, on the Corporate Governance Principles issued by O.E.C.D. published in 2004, and the generally accepted principles of corporate governance applied within the European Union. This Code is found in the Company's website, at the following website address: www.karelia.gr

GORPORATE GOVERNANCE CODE
OF KARELIA TOBACCO COMPANY INC
INTRODUCTION

This Code of Corporate Governance was prepared by the "KARELIA TOBACCO COMPANY, INC.," and includes all corporate governance practices applied by the Company, as per requirement of current legislation (Codified Law 2190/1920, Law 2778/1999, Law 3016/2002, Law 3693/2008, Law 3873/2010, Law 3884/2010, etc.) and as per its normal practice.

For the recording of these practices, the Company relied on the Code of Corporate Governance prepared by SEB for Listed Companies, on Corporate Governance Principles issued by O.E.C.D. published in 2004, and the generally accepted principles of corporate governance applied within the European Union.

The purpose of this Code is to promote good governance in the belief that this will enhance the long-term success and competitiveness of the Company. Specific objectives of the Code are to strengthen the supervisory role of the Board, to improve information to the shareholders, strengthening their participation in corporate affairs and the adoption of transparent and timely information. Finally, the aim of the Code is to create an accessible and comprehensive system of operations, effective for the Company's compliance with the requirements of the newly established Law 3873/2010, which incorporates in the Greek law the Directive 2006/46/EC of the European Parliament.

PART A
GENERAL PRINCIPLES

I. Role and responsibilities of the Board (hereinafter the "Board")

The Board must effectively exercise its leadership role and direct the entity's affairs for the benefit of the Company and its shareholders, ensuring the implementation of corporate strategy. Moreover, the fair and equitable treatment of all shareholders should be ensured, including minority shareholders and foreign shareholders.

While performing its duties, the Board takes account of the stakeholders whose interests are related to those of the Company, such as customers, creditors, employees and social groups directly affected by the operation of the Company. The main, non- assignable responsibilities of the Board include:

- Approving business plans and decisions and making recommendations for major capital expenditures, acquisitions, mergers and sales;
- the selection and, if necessary, replacement of executive members;
- to ensure the reliability of financial statements, financial information systems and data and information receiving publicity, and ensuring the effectiveness of internal control systems;
- to ensure effective compliance of the Company with relevant laws and regulations;
- responsibility to take decisions and monitor the effectiveness of the Company's management, including decision-making and delegation of powers and duties to other directors; and
- the formulation, spread and application of the basic values and principles that govern the Company's relationships with all other parties, whose interests are related to those of the Company.

II. Size and composition of the Board

The size and composition of the Board should allow the effective exercise of its duties and reflect the size and the activity of the Company. Board members should be characterized by a high level of integrity and have diverse knowledge, skills and experience to meet the corporate goals.

III. Role and profile of the Chairman of the Board

The Chairman presides over Board meetings. He is responsible of setting the agenda and ensuring good organization of work of the Board, and the effective conduct of its meetings.

IV. Duties and conduct of the Board

Each member of the Board has a duty of loyalty to the Company. Board members act with integrity and in the best interests of the Company and shall preserve the confidentiality of non- publicly available information. No competition with the Company exists and they should avoid any position or activity that creates or is perceived to create a conflict between their personal interests and those of the Company, including holding positions as members of the Board in competing companies, without the permission of the General Assembly. Board members contribute their experience and devote time and attention necessary to their duties. Finally, members of the Board should aspire to participate in all meetings of the Board and of the committees in which they are placed.

V. Selection of the Board members

The selection of the Board members is performed in such way so as to ensure the smooth succession of members and the long-term business success of the Company.

VI. Operation of the Board

The Board shall meet as frequently as required to perform its duties effectively.

VII. Evaluation of the Board

The Board assess its effectiveness while fulfilling its duties.

VIII. Internal control system

The Board presents to the shareholders and the public a clear assessment of the true position and prospects of the Company and ensures the reliability of the financial statements and the correctness of press releases, when these are imposed.

The Board maintains an effective system of internal controls to safeguard the assets of the Company, and to identify and address the most significant risks. Furthermore, the Board monitors the implementation of the corporate strategy and reviews the main risks faced by the Company and the effectiveness of internal controls in managing these risks. The Board, also, through the Audit Committee (where a Committee has been established), develops direct and regular contact with the external auditors in order to receive regular updates in relation to the proper and effective conduct of corporate business.

IX. Level and structure of the remuneration

The level and structure of the remuneration of the Board's members, aim to add value to the Company through their skills, knowledge and experience. The level of remuneration shall correspond to their contribution to the Company.

X. The General Meeting of Shareholders

The Board ensures that the preparation and procedures of the General Meeting of Shareholders, facilitates the effective exercise of Shareholders' rights, which will be informed about the items provided by law, on all matters related to their participation in the General Meeting, including agenda for discussion and their rights at the General Meeting. The Board facilitates, within the framework of the relevant provisions, the participation of Shareholders in the General Assembly, particularly of the minority Shareholders. The Board uses the General Meeting to enhance meaningful and open dialogue with the Company.

PART B
The Board of Directors

I. Purpose

Primary responsibility and duty of the Board is the constant pursuit of enhancing long-term financial value of the Company and the defence of the Company's general interests. The Board, acting as a whole, is competent to manage the Company's affairs, taking and executing decisions regarding physical and legal acts, and to represent the Company in and out of court i.e. performing legal transactions, lawful acts and procedures. Exceptionally, the Company's affairs which are within the exclusive area of the Shareholders General Meeting are not managed by the Board. Moreover, the Board has the power to appoint subordinate bodies for taking over part or the whole of its activities.

II. Size and Composition

1. The Company is managed by a Board which is composed of **five (5)** at least or **seven (7)** maximum members, elected by the Shareholders General Meeting.

2. Board members are elected by the shareholders for a **maximum service period of five (5) years**, but their re-election is permitted. If during these five years, a new Board has not been elected, the service of the current elected and appointed members, is extended until the first meeting after the five-years service, of the General Assembly that will elect the new Board, but its duration cannot exceed six-year service.

3. In case of death, resignation or in any other case, the post of any member is vacated, and the remaining Directors are at least five (5), then it is not required to replace them, but if the Board assess it is appropriate, it will replace the member.

4. If instead due to withdrawal, the number of active members falls below five (5), then the Board should immediately elect a temporary or transitional member to replace the one that has left. This election must be approved by the first Shareholders General Meeting. The new members appointed to replace those who left, remain in service for the remaining service period of those replaced.

5. If the election of members, following the previous paragraph, has not been approved by the Shareholders General Meeting, then their acts remain valid.

6. In case where the number of remaining members is less than three (3), then the Board should immediately invite a Shareholders General Meeting with sole purpose to elect a new Board.

7. The Board elects a Chairman, a Vice-President and a Managing Director. The powers of the Chairman, the Vice-President and the Managing Director may be concentrated in one person. When the Chairman is absent or indisposed, his duties are performed by the Vice-President.

8. The Board consists of executive and non-executive members. The number of non-executive directors should not be less than one third of the total members. Among the non-executive members there should be at least two independent members. The existence of independent members is not mandatory when representatives of minority shareholders have been declared and appointed as Board members.

Currently, the Board includes **three (3) non-executive** members, of which two (2) are independent members and **two (2) executive members**.

9. The independent non-executive members of the Board remain free from conflicts of interest with the Company.

During their service, the independent non-executive members, if these exist, are not permitted to own more than 0.5% of the share capital of the Company, nor have dependency relationship with the Company or individuals related to the Company. The independent members are appointed by the General Meeting of the ShareholdersIn evaluating the independence of its members, the Board should consider that dependency relationship exists, if the member:

Maintains a corporate or other business relationship with the Company or with a related entity within the meaning of Article 42e paragraph 5 of Codified Law 2190/2910, which relationship affects due to its nature, its business operations, especially when it is a major supplier or customer of the Company;

- Is the Chairman or Manager of the Company, or maintains the above position or is an executive member of the Board in a related entity within the meaning of Art. 42e paragraph 5 of Codified Law 2190/1920 or maintains an employee or salaried relationship with the Company or any of its related entities;
- Has an affinity up to second degree or is spouse to an executive Board member or Manager or shareholder who has the majority of the share capital of the Company or of its related entities within the meaning of Art. 42e paragraph 5 of Codified Law 2190/1920;
- Appointed in accordance with the article 18 paragraph 3 of Codified Law 2190/1920;
- It has been the external auditor of the Company or its subsidiary for the last three (3) years or partner or an employee of the Company who audits the Company or its related entities.

10. The Corporate Governance statement includes information over the composition of the Board, and the names of the Chairman, the Vice-President, the CEO, and the chairmen of the committees of the Board (see below VI) and their members. Also, in the Corporate Governance statement should be disclosed the duration of the service of Board members.

III. Meetings and Operation

1. The Board shall meet at the headquarters of the Company, whenever the Law, the Articles of Association or the Company's needs require.

2. The Board of Directors is headed by its Chairman, who may appoint a person who is capable and experienced to perform the duties as the secretary of the Board (corporate secretary).

3. The Board is deemed to have a quorum and meet when one half plus one member attends or is represented, but the number of members who are present cannot be less than three. To decide on the quorum any fraction is omitted. Decisions of the Board are taken by the absolute majority of the members present or represented.

4. For the meetings of the Board and its decisions, minutes are kept, which are written in the book specially kept for them, and are signed by the Chairman and the members who are present. None of the members has the right to refuse to sign the minutes of the meeting, in which he took part, but he has a right to note his disagreement with the decision taken.

5. Copies or extracts of the minutes to be used in court or other authority are certified by the Chairman or his deputy.

6. Board members are responsible for their regular update regarding business development and the major risks to which the Company is exposed to. Furthermore, they should be promptly updated to changes in legislation and market environment.

7. The Board may use independent consultants on the Company's expense, where it is considered necessary for the performance of their duties.

IV. Responsibilities

1. The responsibilities of the Board are clearly defined in the Articles of Association.

2. The main unassigned responsibilities of the Board are those mentioned above (Part A, I).

3. It is permitted for the Board, under its resolution, to delegate the exercise of all or part of its responsibilities concerning management and representation to one or more persons, members of the Board or not and employees of the Company or not, determining at the same time the scope. Persons entrusted with the above responsibilities represent the Company, throughout the extent of the powers entrusted to them.

4. The Board may establish committees to support the preparation of its final decisions and to ensure its proper operations.

V. Duties and conduct of Board members

1. Each member of the Board has a duty of loyalty to the Company. Each member of the Board should manage the affairs of the Company under the perspective of a prudent businessman.

2. The Chairman presides of the Board. He has the responsibility to convene the Board and post specific issues on the agenda, as well as ensuring good organization of work of the Board, and the effective conduct of its meetings.

3. Board members should not participate in Boards of more than five (5) listed companies.

4. The executive members of the Board are engaged to the routine management issues. Executive and non-executive Board members are responsible for the promotion of all corporate issues, participate in any Boards and Committees and are charged with the proper execution of the principles of good Corporate Governance. They should know in depth both operations and main transactions of the Company and the general industry environment and for this reason they receive any possible facilitation. Generally, each member takes care of his continuing education in order to contribute effectively and efficiently to the smooth and efficient operation of the Company.

VI. Committees

1. The Board may establish committees to support the preparation of its decisions and ensure proper overall operation.

2. The committees of the Board, as long as they exist, receive sufficient resources to carry out their duties and to engage external consultants up to the extent they are required. Their engagement requires the informing of the Chairman of the Board and the submission of reports at regular intervals to the Board concerning the activities of consultants.

3. According to Law 3693/2008, an Audit Committee is indispensable, to support the Board concerning their involvement on financial reporting, internal control and supervision of statutory audit. Based on the Articles of Association, when the participation in the Board of independent non- executive members is not mandatory, the establishment of an Audit Committee is optional. The composition and responsibilities of the Audit Committee are defined below (Part C, No. 7).

4. Assessing the effectiveness of the Audit Committee (if such committee exists), of the Internal Audit and of any other committees that may be established by the Board, should take place at least every two (2) years. The assessment, headed by the Chairman and its results are discussed among the Board and then, the Chairman should take measures to address the identified weaknesses.

PART C
INTERNAL CONTROL

1. The Board should maintain an effective system of internal control to safeguard the investments and assets of the Company, and to identify and address the most significant risks.

2. The internal audit system is defined as the set of processes that are implemented by the Board and other employees of the Company and intends to ensure the effectiveness and efficiency of corporate operations, reliability of financial reporting and compliance with applicable Laws and regulations.

3. The Board, as part of this system, monitors the implementation of the corporate strategy and reviews it. In the meantime, the Board reviews the main risks that the Company faces and the effectiveness of internal control in managing those risks. The Board, through the Internal Control Department imposed by Articles 7-8 of Law 3016/2002, has direct contact with the statutory auditors in order to receive information from the latter in relation with the proper operation of the internal audit system.

4. Board members have the ultimate responsibility for ensuring the adequacy and effectiveness of internal control system and the monitoring and supervision of the effective implementation.

5. The Board establishes Internal Audit Department under the requirements of Greek Law that operates in accordance with the written procedures. The Internal Audit Department is independent from the other business units and reports directly to the Board.

6. The Board assesses the internal control system. The assessment includes the consideration of the range of activities and effectiveness of the Internal Audit Department, the adequacy of risk management reports and the internal control department reports addressed to the Board, and the responsiveness and effectiveness of management regarding detected errors or weaknesses in the internal control system. The Board indicates in the statement of corporate governance that it has examined the major risks potentially faced by the Company, and the internal control system.

7. The Audit Committee

a. The Audit Committee, whenever such committee is mandatory or potentially established, aims to support the Board's duties relating to financial reporting, internal audit and supervision of statutory audit.

b. The Audit Committee members are appointed by the General Meeting of the Shareholders, upon proposal of the Board in accordance with applicable regulations.

c. The Committee shall meet at least four times a year in order to perform its duties. At least twice a year, the Committee meets with the auditor of the Company, without the presence of Management.

d. The main duties and responsibilities of the Committee are set out, in writing, in its procedure regulation, which should be available at the Company's website.

e. Without changing or decreasing the responsibilities of Board's members appointed by the General Meeting of the Shareholders, the main responsibilities of the Audit Committee are:

- Monitoring the financial reporting process.
- Monitoring the effective operation of internal control system.
- Monitoring the risk management system.
- Monitoring the proper function of internal control systems unless such responsibility relies exclusively on Board.
- Monitoring the progress of the statutory audit of separate and consolidated financial statements.
- Review and monitoring issues related to the existence and preservation of the independence of the statutory auditor of the Company.
- The proposal through the Board of Directors to the General Meeting of the Shareholders on the appointment, re-appointment and revocation of the external auditor, and to the approval of the remuneration and terms of appointment of the external auditor.
- Review and monitoring the external auditors' independence and the objectivity and effectiveness of audit procedures, taking into account the relevant professional and regulatory requirements in Greece.
- The monitoring of the external auditor's reports on matters related to the progress and the outcome of the statutory audit and the monitoring of separate report in relation to any weaknesses in internal control system and specifically to the weaknesses of the financial reporting procedures and the preparation of the Financial Statements.

PART D
REMUNERATION OF BOARD MEMBERS

1. The determination of the remuneration of the Board's members should be characterized by objectivity, transparency and professionalism and be free of conflicts of interest.

2. The primary responsibility of the Board regarding the remuneration of its members is to propose to the General Assembly the determination of the remuneration of executive and non-executive members. Furthermore, in financial sectors that are highly dependent on the quality of human resources, the Board should have a wide monitoring of the remuneration policy of the Company. In order to create a long-term corporate value, the incentives should aim to the balance between short and long-term performance of Board's members and to promote meritocracy.

3. Executive Board members

a. The remuneration of executive members is linked to corporate strategy, the objectives of the Company and their realization, with ultimate goal of creating long-term value to the Company. Therefore, the appropriate balance between **fixed** and **variable elements** of performance is ensured.

b. In determining the remuneration of executive members, duties and responsibilities, performance against predetermined quantitative and qualitative objectives, financial position, performance and prospects of the Company and the amount of remuneration for executive members in similar companies are taken into account.

4. Non-executive Board members

The remuneration of non-executive Board's members is decided by the General Meeting of the Shareholders, upon proposal of the Board, and reflects the time of employment dedicated within the Company whilst performing their duties as non executive members and the scope of their duties.

PART E
RELATIONSHIPS WITH SHAREHOLDERS

I. Website of the Company

The Company maintains an active website, where it describes corporate governance, management structure, and other information useful to Shareholders and investors.

II. The General Meeting of the Shareholders

1. The General Assembly is the ultimate body of the Company, gathered by the Board of Directors and authorized to decide on all matters concerning the Company, in which Shareholders, either in person or by representative, should participate, according to prescribed legal procedure.

2. The Board ensures that the preparation and conduct of the General Meeting of the Shareholders facilitate the effective exercise of shareholders' rights, who should be fully informed on all matters relating to their participation in the General Meeting, including the daily agenda and their rights at the General Meeting.

3. In conjunction with the articles of Law 3884/2010, the Company posts on its website, twenty (20) days prior to the General Assembly, information about the date, time and place of the Shareholders General Assembly, basic rules and participation practices , including their right of submission subjects for discussion in the daily agenda and questions, and the deadlines within which these rights can be exercised, the voting procedure, the terms of representation and the forms to be used to vote through representatives, the proposed daily agenda of the meeting, including drafts for discussion and voting, as well as any accompanying documents and the total number of shares and voting rights at the date of the meeting.

4. Summary of the minutes of the General Assembly of the Shareholders, including the results of voting for any decision of the General Assembly, is available on the Company's website within fifteen (15) days after the Shareholders General Assembly date.

5. The Chairman, the Managing Director or General Manager, and the Chairmen of the Committees of the Board, as well as the internal auditor and the statutory auditor, at least, should attend the Shareholders General Meeting in order to provide information on matters within their responsibility area, posed for discussion as well as on questions or clarifications requested by the Shareholders.

Kalamata 29 March 2016
Chairman of the Board of Directors
Victoria G. Karelia

Statement of Financial Position (Separate and Consolidated) for the year ended 31 December 2015

(Amounts in thousands of Euros)

	Note	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
ASSETS					
Long-term assets					
Intangible assets		33	43	21	31
Tangible assets	5	74,390	70,761	74,350	70,709
Participations	6	0	0	1,724	2,050
Other non-current assets		36	39	33	36
Total long-term Assets		**74,459**	**70,843**	**76,128**	**72,826**
Current assets					
Stocks	7	96,146	55,957	66,761	53,734
Accounts receivables	8	34,151	16,673	53,721	17,941
Investments at fair value through P&L	9	151,190	189	151,190	189
Cash and cash equivalents	10	115,122	263,477	73,656	241,381
Total Current Assets		**396,609**	**336,296**	**345,328**	**313,245**
Total Assets		**471,068**	**407,139**	**421,456**	**386,071**
EQUITY AND LIABILITIES					
Equity					
Share capital	11	32,651	32,651	32,651	32,651
Share premium		34	34	34	34
Other reserves	12	96,429	92,987	96,387	92,924
Retained earnings		220,713	195,591	215,574	191,003
Equity attributable to shareholders of the Company		**349,827**	**321,263**	**344,646**	**316,612**
Minority interests		(14)	(7)	0	0
Total Equity		**349,813**	**321,256**	**344,646**	**316,612**
Liabilities					
Long-term liabilities					
Deferred taxes	13	8,580	7,564	8,884	7,704
Staff leaving benefits	14	3,160	3,447	3,075	3,356
Total long-term liabilities		**11,740**	**11,011**	**11,959**	**11,060**
Current liabilities					
Suppliers and other payables	15	95,118	58,216	50,898	42,122
Current provisions for liabilities and expenses	16	1,484	4,495	1,484	4,495
Income taxes payable	21	12,913	12,161	12,469	11,782
Total Current Liabilities		**109,515**	**74,872**	**64,851**	**58,399**
Total Liabilities		**121,255**	**85,883**	**76,810**	**69,459**
Total Equity and Liabilities		**471,068**	**407,139**	**421,456**	**386,071**

Statement of Profit or Loss and other Comprehensive Income (Separate and Consolidated) for the year ended 31 December 2015

(Amounts in thousands of Euros)		**GROUP**		**COMPANY**	
	Note	**2015**	**2014**	**2015**	**2014**
Turnover	17	836,866	728,820	629,520	552,819
Cost of sales	18	(719,644)	(636,656)	(514,985)	(464,345)
Gross Profit		**117,222**	**92,164**	**114,535**	**88,474**
Administrative expenses	18	(7,926)	(8,708)	(7,149)	(7,985)
Distribution costs	18	(22,856)	(21,764)	(21,230)	(20,272)
Disputed Duties		(14,381)	0	(14,381)	0
Other operating income	19	3,876	7,952	3,860	7,632
Results from operating activities		**75,935**	**69,644**	**75,635**	**67,849**
Financial income-net	20	178	2,160	(284)	1,496
Exchange differences		7,926	15,236	7,999	15,250
Net profit before tax		**84,039**	**87,040**	**83,350**	**84,595**
Income tax	21	(30,135)	(23,128)	(29,942)	(22,671)
Net profit for the year	22	**53,904**	**63,912**	**53,408**	**61,924**
Other Comprehensive Income					
(a) Items reclassified to P&L					
Foreign currency translation differences – Foreign operations		14	(55)	0	0
(b) Items that will never be reclassified to P&L					
Actuarial (losses)		390	(661)	377	(644)
Deferred tax		(83)	167	(83)	167
Total Comprehensive Income		**54,225**	**63,363**	**53,702**	**61,447**
Net profit attributable to:					
Shareholders of the Company		53,911	63,917	53,408	61,924
Minority interests		(7)	(5)	0	0
Total		**53,904**	**63,912**	**53,408**	**61,924**
Total Comprehensive income attributed to:					
Shareholders of the Company		54,232	63,368	53,702	61,447
Minority interests		(7)	(5)	0	0
Total		**54,225**	**63,363**	**53,702**	**61,447**
Basic and diluted earnings, per share, after tax (in absolute figures)	**22**	**19.5304**	**23.1565**	**19.3507**	**22.4362**

Statement of Changes in Equity (Separate and Consolidated) for the year ended 31 December 2015

(Amounts in thousands of Euros)

Group

	Share Capital	Share Premium	Reserves	Retained earnings	Minority Interests	Total Equity
Balance as at 1 January 2014	**21,252**	**34**	**105,260**	**154,809**	**(2)**	**281,353**
Change in P&L and OCI						
Exchange differences	0	0	0	(55)	0	(55)
Actuarial losses	0	0	(661)	0	0	(661)
Deferred tax	0	0	167	0	0	167
Net profit for the year	0	0	0	63,917	(5)	63,912
	21,252	**34**	**104,766**	**218,671**	**(7)**	**344,716**
Transactions with Shareholders - Direct effect to Equity						
Transfer to Reserves	11,399	0	(11,779)	380	0	0
Dividends of 2013	0	0	0	(23,460)	0	(23,460)
	11,399	**0**	**(11,779)**	**(23,080)**	**0**	**(23,460)**
Balance as at 31 December 2014	**32,651**	**34**	**92,987**	**195,591**	**(7)**	**321,256**
Balance as at 1 January 2015	**32,651**	**34**	**92,987**	**195,591**	**(7)**	**321,256**
Change in P&L and OCI						
Exchange differences	0	0	0	14	0	14
Actuarial losses	0	0	390	0	0	390
Deferred tax	0	0	(83)	0	0	(83)
Net profit for the year	0	0	0	53,911	(7)	53,904
	32,651	**34**	**93,294**	**249,516**	**(14)**	**375,481**
Transactions with Shareholders - Direct effect to Equity						
Transfer to Reserves	0	0	3,135	(3,135)	0	0
Dividends of 2014	0	0	0	(25,668)	0	(25,668)
Balance as at 31 December 2015	**32,651**	**34**	**96,429**	**220,713**	**(14)**	**349,813**

Statement of Changes in Equity (Separate and Consolidated) as of 31 December 2015

(Amounts in thousands of Euros)

Company

	Share Capital	Share Premium	Reserves	Retained earnings	Total Equity
Balance as at 1 January 2014	**21,252**	**34**	**105,180**	**152,159**	**278,625**
Change in P&L and OCI					
Actuarial losses	0	0	(644)	0	(644)
Deferred tax	0	0	167	0	167
Net profit for the year	0	0	0	61,924	61,924
	21,252	**34**	**104,703**	**214,083**	**340,072**
Transactions with Shareholders - Direct effect to Equity					
Transfer in Retained Earnings	11,399	0	(11,779)	380	0
Dividends of 2013	0	0	0	(23,460)	(23,460)
Balance as at 31 December 2014	**32,651**	**34**	**92,924**	**191,003**	**316,612**
Balance as at 1 January 2015	**32,651**	**34**	**92,924**	**191,003**	**316,612**
Change in P&L and OCI					
Actuarial losses	0	0	377	0	377
Deferred tax	0	0	(83)	0	(83)
Net profit for the year	0	0	0	53,408	53,408
	32,651	**34**	**93,218**	**244,411**	**370,314**
Transactions with Shareholders - Direct effect to Equity					
Transfer in Retained Earnings	0	0	3,169	(3,169)	0
Dividends of 2014	0	0	0	(25,668)	(25,668)
Balance as at 31 December 2015	**32,651**	**34**	**96,387**	**215,574**	**344,646**

Statement of Cash Flows for the year ended 31 December 2015

(Amounts in thousands of Euros)	Note	GROUP 2015	GROUP 2014	COMPANY 2015	COMPANY 2014
Net cash flows from operating activities					
Profit for the year after taxes		**53,904**	**63,912**	**53,408**	**61,924**
Adjustments for:					
Income tax	21	30,135	23,128	29,942	22,671
Impairment of tangible assets		966	0	966	0
Depreciation of tangible assets	18	4,218	4,314	4,202	4,296
Amortization of intangible assets	18	10	10	10	10
(Profit) from sale of tangible assets		(3)	0	(3)	0
Interest income	20	(871)	(2,717)	(300)	(1,949)
Interest expense	20	696	505	587	401
Disputed Duties	24ε	14,381	0	14,381	0
(Loss)/Profit of investments in fair value through results		176	(9)	501	260
Reversal of provision		0	(4,487)	0	(4,487)
Changes in liabilities due to retirement		285	398	278	393
Impairment of receivables		3,432	(451)	3,432	(523)
Provision for obsolete stock		278	476	278	476
		107,607	**85,079**	**107,682**	**83,472**
Changes in Working Capital					
Decrease/(Increase) in stocks		(40,467)	46,149	(13,305)	36,762
(Increase)/Decrease in accounts receivable		(38,348)	730	(26,151)	4,440
Increase/(Decrease) in liabilities		27,345	764	(744)	4,170
(Decrease)/Increase in staff leaving benefits		(182)	(422)	(182)	(422)
		(51,652)	**47,221**	**(40,382)**	**44,950**
		55,955	**132,300**	**67,300**	**128,422**
Interest paid	20	*(696)*	*(505)*	*(587)*	*(401)*
Income tax paid	21	(22,314)	(18,589)	(22,071)	(18,369)
Net cash flows from operating activities		**32,945**	**113,206**	**44,642**	**109,652**
Cash flows from investment activities					
Acquisition of tangible assets		(5,357)	(1,941)	(5,353)	(1,923)
Acquisition of intangible assets		0	(27)	0	(27)
Purchase of securities	9	(151,176)	0	(151,176)	0
Sales of tangible assets		3	0	3	0
Proceeds from bond sale		0	0	(30,500)	0
Interest received	20	871	2,717	300	1,949
Net cash flows from investment activities		**(155,659)**	**749**	**(186,726)**	**(1)**
Cash flows from financing activities					
Dividends paid to shareholders of the Company		(25,641)	(23,435)	(25,641)	(23,435)
Net cash flows from financing activities		**(25,641)**	**(23,435)**	**(25,641)**	**(23,435)**
Net (decrease)/increase in cash and cash equivalents		**(148,355)**	**90,520**	**(167,725)**	**86,216**
Cash and cash equivalents at the beginning of the year		263,477	172,957	241,381	155,165
Cash and cash equivalents at the end of the year		**115,122**	**263,477**	**73,656**	**241,381**

Notes of the Financial Statements

1. Formation of the Company and Group's activities

Karelia Tobacco Company Inc. (the "Company") is a Societe Anonyme, located in Greece, which was founded in 1962 and is specialized in the production and sale of tobacco industry products. The Company's seat is in Kalamata (Asprohoma-Athinon Avenue), its website address is www.karelia.gr and is listed on the Athens Stock Exchange Market ("Tobacco" sector).

The Financial Statements of the Company, for the year ended 31st December 2015, include the Separate and Consolidated Financial Statements.

The Company is managed by the Board of Directors composed of five members, elected by the Annual Shareholders General Assembly on 21 June 2013, The Board of Directors service expires on 30 June 2018, and its composition is as follows:

Executive Members

Efstathios G.Karelias – Vice chairman
Andreas G.Karelias – Managing Director

Non Executive Members

Victoria G.Karelia - Chairman
Vassilios G.Antonopoulos – Member
Robin Derlwin Joy - Member

The General Assembly of Shareholders which was held on 21 June 2013 elected as members of the Audit Committee:

Mrs Victoria - Margarita G. Karelia, Prof. Vassilios G. Antonopoulos and Mr. Robin Derlwyn Joy.

All amounts referred below are in Euros, unless otherwise stated in the individual notes, and any differences in amounts are due to roundings.

The Consolidated Financial Statements include the Company and its subsidiaries (the "Group") as set out below:

Company	Location	Country	Percentage of shareholding	Consolidation Method
KARELIA TOBACCO COMPANY INC	Kalamata	Greece	Parent company	Full
MERIDIAN A.E.	Athens	Greece	99,54%	Full
KARELIA INVESTMENT INC	Kalamata	Greece	85%	Full
KARELIA TOBACCO COMPANY (UK) LTD	London	Great Britain	100%	Full
KARELIA BULGARIA EOOD	Sofia	Bulgaria	100%	Full
G.K. DISTRIBUTORS EOOD	Sofia	Bulgaria	100%	Full
KARELIA TÜTÜN VE TICARET A.Ş.	Istanbul	Turkey	97%	Full
KARELIA BELGIUM S.A.R.L.	Brussels	Belgium	85%	Full

All subsidiaries are incorporated in the Group with the full consolidation method.

The Separate and Consolidated Financial Statements (the "Financial Statements") have been approved for publication by the Board of Directors on 29 March 2016.

The number of employees of the Company, as of 31 December 2015, was 487 employees and for the Group 518 employees. (2014: Group 516 employees, Company 481 employees)

2. Basis for preparation of Financial Statements

2.1 Statement of Compliance: The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Financial Statements were approved by the Board of Directors on 29 March 2016 and have been posted on the Company's website at www.karelia.gr

2.2 Preparation of Financial Statements - Basis for measurement: The Financial Statements are expressed in thousands of Euros and have been prepared under the historical cost basis, except for certain Assets and Liabilities which are reported at fair value. As further described in Note 2.1., the Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, applying IFRS 1 "Adoption of International Financial Reporting Standards", with transition date as of 1 January 2004.

The Financial Statements have been prepared in accordance with the «going concern» principle for the Company's activities. There is no objective evidence for questioning the assumption of the «going concern» principle in the Financial Statements.

2.3 IFRS adoption: Until 31 December 2004, the Financial Statements were prepared, in accordance with Codified Law 2190/1920 and the accounting standards prescribed by Greek Law, which were applicable up and until that date and in many cases differed from the provisions of IFRS. According to EU regulation 1606/2002 and Law 3229/2004 as amended by Law 3301/2004. Greek companies listed on any stock exchange (domestic or foreign) must prepare their Financial Statements in accordance with IFRS for the years starting from 1 January 2005 and onwards. Based on IFRS 1 and the above mentioned Laws, these companies are required to provide comparative financial statements. according to IFR, at least for one prior year. The first annual financial statements published. were those of the year ended as of 31 December 2005.

2.4 Accounting estimates: The Group makes estimates, assumptions and judgments in order to select the most appropriate accounting policies so as to assess the future development of events and transactions while the actual results may differ from these estimates. These estimates. assertions and judgments are reviewed periodically in order to meet the available data. and include the potential risks. Estimates are based on the experience of the management. including expectations for future events that are expected under normal conditions and are applicable to the following captions:

- Deferred taxes(Note 13). Depreciation (Note 5). Employee benefits (Note 14). Provision for doubtful debts (Note 8). Provision for slaw moving stocks (Note 7). Provisions for Liabilities and expenses (Note 16).
- The method of estimates and assumptions of the Management is analyzed in detail at the relevant Notes of the Financial Statements Accounts.

2.5 Effect of the unstable macroeconomic environment and conditions in the financial markets to the Financial Statements

FY 2015 was marked by significant events which negatively influenced the growth of the Greek economy. Two elections and a referendum, prolonged economic instability with the risk of the country leaving the eurozone, a highly vulnerable banking sector which underwent one more recapitalization, capital controls imposed on individuals and companies. Moreover, the exaltation of the immigration problem has tested the strength of the State and that of local communities, and constantly threatens to impair the freedom of movement and employment within the European Union.

The extremely low interest rates, offered by financial institutions of high credit rating, led to the reduction of the Group's interest income from time deposits and other investment products. This situation is not expected to improve in the medium term. Due to the instability of the macroeconomic environment, any significant movements in the exchange rates of currencies, particularly that of the US dollar against the Euro, can significantly affect the profitability of the Group. During 2015 the strengthening of the US dollar against the Euro, had a positive impact on the Group's profitability, but its volatility may adversely affect the Group's profitability in the future.

The Group believes that the imposition of capital controls in Greece does not affect the procurement of raw and other materials from overseas suppliers, as sufficient cash reserves have been deposited with international banks abroad.

3. Basic Accounting Policies

The basic accounting policies set out below have been applied consistently in all financial years. They have also been applied consistently by all Group companies.

3.1 Management Estimates: The preparation of financial statements, in accordance with IFRS, requires that management make estimates and assertions, which may affect the application of accounting policies and the amounts included in the Financial Statements. The estimates and assumptions are reviewed on an ongoing basis. Such revisions are registered in the year in which they are undertaken, and if the revision concerns only the year in which they occur, they affect that year; if the revision concerns the current and future periods, they affect the year of revision and the future periods. These estimates and assumptions are based on existing experience and other various factors that are considered reasonable at the time. These estimates are the basis for decisions on the carrying values of Assets and Liabilities. Actual future results may differ from these estimates and these variations may have a material effect on the Financial Statements.

3.2 Basis for Consolidation

3.2.1 Subsidiaries: The Consolidated Financial Statements include the Financial Statements of the Company and of all subsidiaries that are under the control of the Company, directly or indirectly through other subsidiaries. Control exists when the parent Company has the power to determine the decisions that, directly or indirectly, affect the financial and operating policies of the subsidiaries, so as to benefit from their activities. The Financial Statements of subsidiaries are consolidated using the full (total) consolidation method on the same date and using the same accounting policies which the Company uses in its own Financial Statements. Where required, all necessary adjustments are made in order to ensure consistency of accounting policies. All intercompany balances and transactions, together with any intercompany profits or losses are eliminated from the

Consolidated Financial Statements. Subsidiaries are consolidated as of the date on which the Company obtains their control and cease to be consolidated as of the date on which control is transferred outside of the Group.

3.2.2 Associate companies: Associates are companies over which the Company exercises significant influence, but does not have control over their financial and operating strategy. Significant influence is presumed to exist when the Company has the right to participate in the financial and business policy, but there is no control over such decisions. Investments in associated companies are consolidated using the equity method. Under this method, investments are initially recognised at cost, which approximates their fair value, adjusted to recognize the Company's share in the profits and losses of the investee, after the date of acquisition and until the date of cessation, as well as any changes in the net equity of the associate company. The share value in the associate is then adjusted by the cumulative impairment.

When the Company's share of losses in an associate, exceeds its interest in the associate, the carrying amount is nil without further recognition of losses, unless the Company has undertaken obligations or made payments related to the associate.

The accounting policies of the associate companies have been adjusted, where necessary, to ensure consistency with the accounting policies of the Company.

In the Separate Financial Statements, investments in subsidiaries and associates are reported at cost, reduced by any impairment.

3.3 Investments in Financial Assets: Financial instruments are classified as current assets (Financial Assets) and are recognized initially at the value initially invested, while the resulting gains or losses are reported in the Statement of Comprehensive Income. Subsequent to initial recognition and according to the purpose for which they were acquired, these investments are classified at fair value, with any changes recognized in the Statement of Comprehensive Income, whereeas current values derived from the financial markets are used for the valuation of these assets. Investments held to maturity are measured at amortized cost, less impairment losses.

The investments, which are held to maturity or are destined for sale, are classified as Investments Available for Sale. Following their initial recognition, these investments are carried at fair value. Gains or losses arising from the valuation of Investments Available for Sale are recognized directly in a separate Equity account. In case of interest-bearing investments, interest is calculated using the applicable interest rate method and is recognized in the Statement of Comprehensive Income.

Investments intended for use or are available for sale are recognized / derecognized on the date that the Group purchases / sells the investments. Investments that are not held to maturity are recognized / derecognized on the date of transfer to / from the Group.

3.3.1 Fair value of a Financial asset:

The fair value of a financial asset is the amount received from the sale of the asset, or paid to settle a liability in a transaction under normal conditions, between two commercial traders on the valuation date. In cases where no information from the financial markets is available, or in case such information is limited, such valuations are performed by the Company's management, using any information available.

Methods of estimating fair value are prioritized into three levels:

- Level 1: Quoted values of identical tradable items from financial markets.
- Level 2: Values that are not Level 1 but may be located or identified, directly or indirectly through quotations from active financial markets.
- Level 3: Values for assets or liabilities that are not based on quoted prices from active financial markets.

3.4 Foreign currency: The Company maintains its accounting records in Euros (operating currency). Transactions in foreign currencies are translated into Euros using the official exchange applicable on the date of transaction. In the Statement of Financial Position, Assets and Liabilities in foreign currencies are translated into Euros, using the official exchange rates valid on the relevant date. Gains or losses from exchange differences are recognized in the Statement of Comprehensive Income statement.

Non-monetary items denominated in foreign currencies and valued at historical cost, are translated into Euros, using the exchange rates applicable on the date acquired and, therefore, no exchange differences are recorded. Non-monetary Assets and Liabilities, denominated in foreign currencies, are valued at fair value and are translated into Euros at the exchange rates applicable on the date of calculating these values. In this case, the resulting exchange differences constitute part of gains or losses from changes in fair value and are recognized in the Statement of Comprehensive Income or directly in Equity, depending on the nature of the monetary item.

The official currency of Group companies, outside Greece, is the currency of the country in which they operate. The Assets and Liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euros at the official exchange rates applicable on the date of the Statement of Financial Position are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions). All resulting exchange differences (gains or losses), are recognized in a separate line in the Statement of Changes in Equity under Exchange Differences and transferred to the Statement of Comprehensive Income when the subsidiary is sold.

3.5 Goodwill: Goodwill represents the difference between the purchase price and the fair value of net Assets of the acquired companies at the date of acquisition. Goodwill is tested periodically (at least annually) for impairment. This estimate is based on the provisions of IAS 36 "Impairment of Assets". Thus, after its initial recognition, goodwill is measured at cost, less any accumulated impairment losses. An impairment loss of goodwill should not be subsequently reversed. Goodwill on acquisitions of subsidiaries is presented as Intangible Asset. Goodwill on acquisitions of associates is included in investments in associates.

3.6 Tangible Assets: Tangible assets are stated at historical cost and reduced by accumulated depreciation and by impairment losses. Some tangible assets (property) were measured at 1.1.2004 values, based on the adjustment ratios of Law 2065/1992, given that these values were approximately equal to their fair values on that date and an adjustment was made only for the accumulated depreciation, so as to reflect the useful life of these assets.

The cost and the accumulated depreciation of tangible assets that are disposed of or sold are transferred from the relative accounts at the time of sale or disposal and any gain or loss that arises is included in Statement of Comprehensive Income.

Expenditure incurred to replace part of tangible assets, is incorporated in the cost of assets, if it can be reliably estimated that the Group will benefit from the asset in the future. All other costs are recognized in the Statement of Comprehensive Income when incurred.

The costs associated with obligations for asset disposal, are recognized in the period in which they are generated to the extent that their fair value can be reasonably estimated. The related asset disposal costs are capitalized as part of the cost of the acquired tangible assets.

3.7 Depreciation: Depreciation of tangible assets is calculated on a straight-line basis, over the estimated useful lives of tangible assets, which is reviewed on a periodic basis. The residual value, if significant, is redefined annually.

3.8 Intangible assets: Intangible assets acquired separately are recognized at cost, while intangible assets acquired through a business acquisition are recognized at fair value at the date of their acquisition. The useful lives of intangible assets can be definite or indefinite. The cost of intangible assets with definite useful lives is amortized over the period of its useful life, using the straight-line method.

The cost of intangible assets with an indefinite useful life is not amortized. Residual values are not recognized. The useful lives of intangible assets are reviewed annually. Intangible assets with indefinite useful lives are tested for impairment at least annually, on an individual level or cash-generating unit level to which they belong.

Any Intangible asset with a limited life span is amortized from the date when the asset is available for use. Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits, incorporated in the specific asset to which they relate. All other expenditure is expensed when incurred.

3.9 Share Capital Increase expenses: Expenses concerning share capital increase, excluding the relevant tax benefit, are offset against the Share Premium Reserve.

3.10 Cash and cash equivalents: This category includes cash balances and deposits. For Cash Flow statement purposes, time deposits and highly liquid investments with maturity up to three months (from the date of acquisition) and low risk are considered cash.

3.11 Non-current assets / liabilities: Non-current assets or liabilities, that are interest-free or bear interest lower than the prevailing market interest rates, are initially recognized at their net present value. Unwinding is recorded as interest income/ expense.

3.12 Stocks: Stocks of the Group are valued at cost or net realizable value, whichever is lower. Cost is determined using the method of average monthly weighted averages. The cost of finished and semi-finished goods includes the cost of direct materials, direct labor costs and overheads. Net realizable value is the estimated selling price, at the context of the ordinary course of business, less the estimated costs of completion and any estimated costs necessary to proceed with the sale. In case of any reversal of any impairment, this is recognized in the Statement of Comprehensive Income of the year that the reversal occurs.

3.13 Accounts receivable - allowance for doubtful debts: Accounts receivable (short term) are recognized initially at fair value. Subsequent to initial recognition, they are measured at fair value, less any impairment. On any balance sheet date, the recoverability of accounts is estimated based on historical and statistical data and allowances for any doubtful debts that can be quantified, is recorded. The provision made is then being recorded, as expense in the Statement of Comprehensive Income of the financial year during which they occured. Receivables assessed as bad debts are written off. Any write-offs of accounts receivable are realized through provisions.

3.14 Defined contribution plans: Obligations for contributions to defined contribution plans are recognized as an expense when incurred.

3.15 Defined employees benefit plans: Obligations arising from defined benefit plans to employees, are calculated separately for each plan, by estimating the amount of future benefits to employees that are accrued at the date of the Statement of Financial Position. Future benefits are discounted to their present value, after deducting the fair value of plan assets. The discount rate is the yield, at the date of the Statement of Financial Position, of government bonds, whose maturity date approximates the term duration of the obligations. These obligations are calculated on the basis of financial and actuarial assumptions, based on actuarial studies prepared by an independent actuarial firm. The net cost for the year, calculated by the direct method, is included in the Statement of Comprehensive Income and consists of the present value of the benefits accrued during the year, the discounting of the future obligation and vested service cost. Actuarial gains or losses that arise from the increase or decrease of the present value of defined benefits due to changes in the actuarial assumptions are recognized directly in Equity and are never reclassified in the results. The non-vested service cost is recognized on a straight-line basis, over the average remaining service period of employees, until the benefits are vested. To the extent that the benefits have already been vested, following the introduction of, or changes to, a defined benefit plan, past service cost is recognized immediately.

3.16 Employment Termination benefits

According to Greek Labor Law, employees are entitled to compensation in case of dismissal or retirement, the amount of which is related to the remuneration, duration of service and on whether they are dismissed or retiring. Employees who resign, or are dismissed with cause, are not entitled to compensation. The amount payable, in case of retirement, is equal to 40% of the amount that would be payable in the event of dismissal without cause.

The provision for compensation payable for staff separation from employment, presented in the Financial Statements, is in accordance with IAS 19, and it is based on an independent actuarial study Compiled by an independent certified actuary.

3.17 Earnings per share: Basic and diluted earnings per share, are calculated by dividing net profit after tax by the weighted average number of shares during each year.

3.18 Dividends: Dividends distributed to shareholders are recognized as a liability, at the time at which they are ratified by the Annual General Meeting of Shareholders.

3.19 Leasing: Any leasing agreement, during which the lessor transfers the rights and obligations (risks) of ownership of the asset, is considered as a finance lease and is classified as an acquisition of an asset and recognition of an obligation. In such case, payments are classified either as financial costs (interest) or reduction of the lease liability. Financial costs are recorded immediately as a comprehensive expense.

The finance leases are stated either

a) at their fair value

   or

b) at the present value of the minimum lease payments, from the beginning of the lease,

whichever is lower, less the accumulated depreciation and any impairment losses.

Leases where substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged as expenses on a straight-line basis over the period of the lease.

3.20 Related parties: Transactions and balances of receivables / payables with related parties are disclosed separately in the Financial Statements. These related parties mainly concern shareholders and management of a company and / or its subsidiaries.

3.21 Interest-bearing Loans: Interest-bearing loans are recognized initially at fair value, less the direct costs related to these transactions. They are subsequently measured at amortized cost. Gains or losses are recognized as interest income or expense through the amortization throughout the duration of the loan with the effective interest rate.

3.22 Provisions: Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources which embeds economic benefits in order to settle the obligation and the amount of the settlement can be reliably estimated. If the effect is significant, provisions are recognized as discounted expected future cash flows, using a pre-tax rate that reflects current market assessments of the historical value of money and the risks related to the obligation.

In case of discounting provisions, the increase in the provision due to time passing by, is recognized as a borrowing cost. Provisions are reviewed at each date of the Statement of Financial Position and if it is no longer probable that an outflow of resources, which creates financial benefits to settle the obligation, exists, provisions are reversed. Provisions are used only for the purpose for which they were originally created. Provisions are not recognized for future operating losses. Contingent assets and liabilities are not recognized.

3.23 Revenue: Revenue of the Group mainly includes the sale of goods and services, net of discounts and returns.

The recognition of revenue is as follows:

- **Sale of goods:** Sales of goods, net of discounts offered, are recognized as revenue when the significant risks and ownership are transferred to the buyer and the recoverability of related receivables is reasonably assured. Sales of goods include also the excise duty (domestic sales).
- **Services:** Revenue from services provided is recognized in the year tendered.
- **Dividend income:** Dividend income is recognized at the time when it is ratified by the Annual General Meeting of Shareholders.
- **Interest income:** Interest income is recognized when the interest accrues (based on the applicable interest rate method).

3.24 Advertising Costs: Advertising costs are expensed when incurred

3.25 Borrowing Costs: Underwriting costs, legal and other direct costs incurred during the issuing of long-term debt, adjust the carrying amount of loans and are recorded in the Statement of Comprehensive Income based on the applicable interest method during the debt facility agreement. All other costs related to debt are recognized in the Statement of Comprehensive Income when incurred.

3.26 Income tax: The income tax for the year consists of current taxes and deferred taxes. The charge of income tax is recognized in the Statement of Comprehensive Income, except for the tax relative to transactions recognized directly in Equity, which is directly recorded in Equity.

Current income taxes are calculated over the taxable income for the year, based on the applicable tax rates at the date of the Statement of Financial Position.

Deferred income taxes are calculated using the method in the Statement of Financial Position, on temporary differences between the amount used for tax purposes and the carrying amount of assets and liabilities for financial reporting purposes. They are calculated using tax rates which will be effective during the periods when Assets and Liabilities are expected to be recovered and settled.

Deferred tax assets are recognized for deductible temporary differences and unused tax losses, to the extent that it is probable that there will be sufficient future taxable profits against which the unused tax losses can be utilized.

The following temporary differences are not provided for: Goodwill not deductible for tax purposes, the initial recognition of Assets and Liabilities that does not affect either accounting or taxable profit, and differences relating to investments in subsidiaries, to the extent that these will not be reversed in the foreseeable future.

The value of deferred tax assets is reviewed at each date of the Statement of Financial Position and reduced to the extent that expected taxable income will not be sufficient to cover the deferred tax asset.

3.27 Derivative Financial Instruments and Hedging: Initially, derivatives are recognized in the Statement of Financial Position at cost. Subsequently, they are measured at fair value. All derivatives are carried as Assets when their fair value is positive and as Liabilities when their fair value is negative.

The fair value of interest rate swaps is the amount estimated to be received, or paid, by the Group, to terminate the swap at the date of Statement of Financial Position, taking into account current interest rates and credit worthiness of the contracting parties. The fair value of forward exchange contracts is the market price at the date of the Statement of Financial Position, which is the present value of the quoted forward price.

When a derivative financial instrument is used to hedge the foreign exchange exposure of a recognized monetary Asset or Liability, no hedging accounting is applied and any gain, or loss, on the hedging item is recorded in Statement of Comprehensive Income.

3.28 Offsetting Assets – Liabilities: Offsetting financial assets and liabilities and the presentation of the net amount in the Financial Statements is allowed only when there is a legal right to offset, and an intention to settle, either the net amount derived by offsetting, or by simultaneous payments, exists.

3.29 Impairment of assets: IAS 36 requires that the recoverable amount of an asset should be assessed whenever there is an indication that the asset may be impaired, except for goodwill and intangible assets with indefinite lives, which are assessed at least annually whether there is an indication of impairment or not. When the carrying value of an asset exceeds its recoverable value, the impairment loss is recognized in Statement of Comprehensive Income, for assets carried at cost, while it is considered as a reduction in Equity, for assets carried at readjusted values. For the assessment, whether there is any indication that an asset may be impaired, external and internal sources of information should be considered.

When the carrying value exceeds the estimated recoverable value, then an impairment loss is recognized directly in the Statement of Comprehensive Income. The recoverable value is defined as the higher of the fair value less the selling costs of the assets, and the value in use. Fair value is the amount obtainable from the sale of an asset in an arm's length transaction in which the parties are fully knowledgeable. For assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax interest rate, which reflects current market assessments of the time value of money and the risks associated with these assets. For an asset that does not generate significant independent cash inflows, the recoverable value is determined by the cash-generating flows of assets in the same asset category.

An impairment loss on goodwill is not reversed. For other assets, the loss is reversed if there is a change in the estimates used to calculate the recoverable value.

3.30 Operating Segments: IFRS 8 "Operating Segments", sets criteria for the identification of operating segments of business activity. These segments are defined in accordance with the business structure and internal reporting system of the Group, as long as decision makers monitor the financial information separately, on the one hand as reported by the parent company, and on the other hand as reported by each of its subsidiaries included in the consolidation. The segments that should be reported separately are determined using the quantitative criteria set by the Standard. Given that the Group is considered as one segment, this standard is applied only to the general information. The Company's (parent company) production is operating in Greece. Sales are exported as a percentage of 85% of total sales to over 60 countries.

3.31 Financial risk management

The Group has significant interest income from time deposits and investment products, as well as financial expenses which are classified as cash flows from investment activities.

The Group paid dividends to shareholders which are classified as cash flows from financing activities.

3.32 State Subsidies

State subsidies are recognized at their fair value when it is probable that they will be collected, provided that all conditions relevant to Government subsidies provisions are met.

State subsidies relating to the purchase of fixed assets are recognized as income in Statement of Comprehensive Income on a straight-line basis, over the expected useful life of the acquired assets.

State subsidies relating to the compensation received by the Group for subsidized costs are recognized in the Statement of Comprehensive Income, in a way which matches the subsidized costs and the respective subsidy.

3.33 Changes in accounting policies

The accounting policies for the preparation of the financial statements have been consistently applied by the Group to the years 2014 and 2015, after taking into account the following amendments to standards and Interpretation 21 which were issued by the International Accounting Standards Board (IASB), adopted by the European Union and applied on 1.1.2014:

- **Amendment to International Accounting Standard 19** "Employee Benefits": Defined benefit Plans: Employee Contributions (Regulation 2015/29/17.12.2014)

On 21.11.2013 the International Accounting Standards Board amended the requirements of IAS 19 for the accounting of employee contributions that are linked to service but are independent of the number of years of service. Examples of contributions that are independent of the number of years of service include those that are a fixed percentage of the employee's salary, a fixed amount throughout the service period or depend on the employee's age. In accordance with this amendment, the entity is permitted to recognize such contributions either as a reduction of service cost in the period in which the related service is rendered (as if a short term employee benefit is recognized) or to continue to attribute them to periods of service.

The adoption of the above amendment had no impact on the financial statements of the Group.

- **Improvements to International Accounting Standards:**
  - **cycle 2010-2012** (Regulation 2015/28/17.12.2014)
  - **cycle 2011-2013** (Regulation 1361/18.12.2014)

As part of the annual improvements project, the International Accounting Standards Board issued, on 12.12.2013, non- urgent but necessary amendments to various standards.

The adoption of the above amendments is not expected to have any impact on the financial statements of the Group.

3.34 Effect of recently issued Accounting Standards and Interpretations

Apart from the standards mentioned above, the European Union has adopted the following amendments to standards which are compulsory for annual financial periods beginning after 1.1.2015 and have not been adopted prematurely by the Group.

- **Amendment to International Financial Reporting Standard 11** "Joint Arrangements": Accounting for acquisition of interests in joint operations (Regulation 2015/2173/24.11.2015)

Effective for annual financial periods beginning on or after 1.1.2016

On 6.5.2014 the International Accounting Standards Board issued an amendment to IFRS 11 with which it is clarified that when an entity acquires an interest in a joint operation in which the activity of the joint operation constitutes a business (as defined in IFRS 3), it shall apply all of the principles on business combinations accounting in IFRS 3, and other IFRSs, that do not conflict with the guidance in IFRS 11. In addition, it shall disclose the information required by IFRS 3 and other related standards. This applies both when acquiring the initial interest in the joint operation that constitutes a business and when acquiring an additional interest.

The above amendment is not expected to have any impact on the financial statements of the Group.

- **Amendment to International Accounting Standard 1** "Presentation of Financial Statements": Disclosure Initiative (Regulation 2015/2406/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014 the International Accounting Standards Board issued an amendment to IAS 1 in the context of the project it has undertaken to analyze the possibilities for improving the disclosures in IFRS financial reporting. The main amendments are summarized below:

- the restriction to disclose only a summary of significant accounting policies is removed;
- it is clarified that even when other standards require specific disclosures as minimum requirements, an entity may not provide them if this is considered immaterial. In addition, in case the disclosures required by the IFRS are insufficient to enable users to understand the impact of particular transactions, the entity shall consider whether to provide additional disclosures;
- it is clarified that the line items that IFRS require to be presented in the balance sheet and the statements of profit or loss and other comprehensive income are not restrictive and that the entity may present additional line items, headings and subtotals;
- it is clarified that in the Statement of Comprehensive Income the share of other comprehensive income of associates and joint ventures accounted for using the equity method shall be separated into:
  - amounts that will not be reclassified subsequently to profit or loss and
  - amounts that will be reclassified subsequently to profit or loss;
- it is clarified that the standard does not specify the presentation order of the notes and that each entity shall determine a systematic manner of presentation taking into account the understandability and comparability of its financial statements.

The Group is evaluating the impact that the above amendment will have on its financial statements.

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 38** "Intangible Assets": Clarification of Acceptable Methods of Depreciation and Amortization (Regulation 2015/2231/2.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.5.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 38 with which it expressly prohibits the use of revenue as a basis for the depreciation and amortization method of property, plant and equipment and intangible assets respectively. An exception is provided only for intangible assets and only when the following conditions are met:

- when the intangible asset is expressed as a measure of revenue, i.e. when the right over the use of the intangible asset is expressed as a function of revenue to be generated in such a way that the generation of a specific amount of revenue determines the end of the right of use, or
- when it can be demonstrated that the revenue and the consumption of the economic benefits are highly correlated.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

- **Amendment to International Accounting Standard 16** "Property, Plant and Equipment" and **to International Accounting Standard 41** "Agriculture": Bearer Plants (Regulation 2015/2113/23.11.2015)

Effective for annual periods beginning on or after 1.1.2016

On 30.6.2014 the International Accounting Standards Board issued an amendment to IAS 16 and IAS 41 with which it clarified that bearer plants, which are living plants that:

a) are used in the production or supply of agricultural produce;

b) are expected to bear produce for more than one period; and

c) have remote likelihood of being sold as agricultural produce, except for incidental scrap sales,

shall be accounted for based on IAS 16 instead of IAS 41.

The above amendment does not apply to the activities of the Group.

- **Amendment to International Accounting Standard 27** "Separate Financial Statements": Equity Method in Separate Financial Statements (Regulation 2015/2441/18.12.2015)

Effective for annual periods beginning on or after 1.1.2016

On 12.8.2014 the International Accounting Standards Board issued an amendment to IAS 27 with which it provides the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. In addition, with the above amendment it is clarified that the financial statements of an investor that does not have investments in subsidiaries but has investments in associates or joint ventures, which under IAS 28 are accounted for with the equity method, do not constitute separate financial statements.

The above amendment does not apply to the activities of the Group.

- **Improvements to International Accounting Standards – cycle 2012-2014** (Regulation 2015/2343/15.12.2015)

Effective for annual periods beginning on or after 1.1.2016

As part of the annual improvement plan, the International Accounting Standards Board issued, on 25.9.2014, non- urgent but necessary amendments to various standards.

The Group is evaluating the impact from the adoption of the above amendments on its financial statements.

In addition, the International Accounting Standards Board has issued the following standards and amendments to standards which have not yet been adopted by the European Union and they have not been adopted prematurely by the Group.

- **International Financial Reporting Standard 9** "Financial Instruments"

Effective for annual periods beginning on or after 1.1.2018

On 24.7.2014, the International Accounting Standards Board completed the issuance of the final text of IFRS 9: Financial Instruments, which replaces the existing IAS 39. The new standard provides for significant differentiations in the classification and measurement of financial instruments as well as in hedge accounting. An indication of the new requirements is presented below:

Classification and measurement

Financial instruments shall be classified, at initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets and

ii. The contractual cash flow characteristics of the financial assets.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. Moreover, with regards to embedded derivatives, if the hybrid contact contains a host that is within the scope of IFRS 9, the embedded derivative shall not be separated and the accounting treatment of the hybrid contact should be based on the above requirements for the classification of the financial instruments.

With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognized in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognized directly in other comprehensive income.

Impairment

Contrary to the existing IAS 39, under which an entity recognizes credit losses only when these have been incurred, the new standard requires the recognition of expected credit losses throughout the life of the financial instrument when the credit risk of its issuer has deteriorated significantly since the initial recognition. On the other hand, for those financial instruments from issuers whose credit risk has not significantly deteriorated since the initial recognition, 12-month expected credit losses shall be recognized.

Hedging

The new requirements for hedge accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below:

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness tests to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The Group is examining the impact from the adoption of IFRS 9 on its financial statements.

- **Amedment to International Financial Reporting Standard 10** "Consolidated Financial Statements", **to International Financial Reporting Standard 12** "Disclosure of Interests in Other Entities" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Investment Entities: Applying the Consolidation Exception

Effective for annual periods beginning on or after 1.1.2016

On 18.12.2014, the International Accounting Standards Board issued an amendment to the above standards with which it clarified that the exception provided in IFRS 10 and IAS 28, for the preparation of consolidated financial statements and the application of the equity method respectively, applies also to a parent entity that it is a subsidiary of an investment entity which measures all of its subsidiaries at fair value according to IFRS 10. In addition, with the aforementioned amendment it was clarified that the disclosure requirements of IFRS 12 apply to the investment entities which measure all of their subsidiaries at fair value through profit or loss.

The adoption of the above amendment by the Group is not expected to have any impact on its financial statements.

- **Amendment to International Financial Reporting Standard 10** "Consolidated Financial Statements" and **to International Accounting Standard 28** "Investments in Associates and Joint Ventures": Sale or contribution of assets between an investor and its associate or joint venture

Effective date: To be determined

On 11.9.2014 the International Accounting Standards Board issued an amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognize to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognizes the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, respectively, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognized.

On 17.12.2015, the International Accounting Standards Board deferred the effective date for the application of the amendment that had been initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

The adoption of the above amendment by the Group is not expected to have any impact on its financial statements.

- **International Financial Reporting Standard 14** "Regulatory deferral accounts"

Effective for annual periods beginning on or after 1.1.2016

On 30.1.2014 the International Accounting Standards Board issued IFRS 14. The new standard addresses the accounting treatment and the disclosures required for regulatory deferral accounts that are maintained in accordance with local legislation when an entity provides rate-regulated goods or services. The scope of this standard is limited to first-time adopters that recognized regulatory deferral accounts in their financial statements in accordance with their previous GAAP. IFRS 14 permits these entities to capitalize expenditure that non-rate-regulated entities would recognize as expense.

The above standard does not apply to the financial statements of the Group.

- **International Financial Reporting Standard 15** "Revenue from Contracts with Customers"

Effective for annual periods beginning on or after 1.1.2018

IFRS 15 "Revenue from Contracts with Customers" was issued on 28.5.2014 by the International Accounting Standards Board. The new standard is the outcome of a joint project by the IASB and the Financial Accounting Standards Board (FASB) to develop common requirements as far as the revenue recognition principles are concerned.

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced, by applying the following five steps:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

(a) IAS 11 "Construction Contracts";

(b) IAS 18 "Revenue";

(c) IFRIC 13 "Customer Loyalty Programmes";

(d) IFRIC 15 "Agreements for the Construction of Real Estate";

(e) IFRIC 18 "Transfers of Assets from Customers";and

(f) SIC-31 "Revenue—Barter Transactions Involving Advertising Services".

The Group is examining the impact from the adoption of IFRS 15 on its financial statements.

• **International Financial Reporting Standard 16** "Leases"

Effective for annual periods beginning on or after 1.1.2019

On 13.1.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- IAS 17 " Leases"
- IFRIC 4 "Determining whether an arrangement contains a lease"
- SIC 15 "Operating Leases – Incentives" and
- SIC 27 "Evaluating the substance of transactions involving the legal form of a lease".

The new standard significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.

The Group is examining the impact from the adoption of IFRS 16 on its financial statements.

• **Amendment to International Accounting Standard 7** "Statement of Cash Flows": Disclosure Initiative

Effective for annual periods beginning on or after 1.1.2017

On 29.1.2016 the International Accounting Standards Board issued an amendment to IAS 7 according to which an entity shall provide disclosures that enable users of financial statements to evaluate changes in liabilities for which cash flows are classified in the statement of cash flows as cash flows from financing activities. The changes that shall be disclosed, which may arise both from cash flows and non-cash changes, include:

- changes from financing cash flows,
- changes arising from obtaining or losing control of subsidiaries or other businesses,
- the effect of changes in foreign exchange rates,
- changes in fair values and
- other changes.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

• **Amendment to International Accounting Standard 12** "Income Taxes": Recognition of Deferred Tax Assets for Unrealized Losses

Effective for annual periods beginning on or after 1.1.2017

On 19.1.2016 the International Accounting Standards Board issued an amendment to IAS 12 with which the following were clarified:

- Unrealized losses on debt instruments measured at fair value for accounting purposes and at cost for tax purposes may give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the asset by sale or by use.
- The recoverability of a deferred tax asset is assessed in combination with other deferred tax assets. However, if tax law offsets specific types of losses only against a particular type of income, the relative deferred tax asset shall be assessed in combination with other deferred tax assets of the same type.
- During the deferred tax asset recoverability assessment, an entity compares the deductible temporary differences with future taxable profit that excludes tax deductions resulting from the reversal of those deductible temporary differences.
- The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

4.Other Information

There were no major extraordinary events during the period 1 January - 31 December 2015 which influenced the Financial Statements, except the Thessaloniki Administrative Court's decision No. 1160/2015, by which the Company's challenge to the Niki Customs Assessment Act No 8/2005/2008 was dismissed. Subsequently, the Company paid the amount of Euro 14,381 thousand (Note. 12f) and filed an appeal in front of the Council of State.

Finally, we note that there is no seasonality in the production and in the operations of the Company.

5. Tangible assets

Group

(Amounts in thousands of Euros)	Land	Buildings &Installations	Plant &equipment	Motor vehicles	Fixture &fittings	Assets under construction	Total
2014							
Cost							
Balance 01.01.2014	**6,130**	**19,059**	**113,084**	**1,838**	**5,014**	**54**	**145,179**
Additions	0	15	776	1	414	68	1,274
Disposals	0	0	(24)	0	(5)	0	(29)
Balance 30.12.2014	**6,130**	**19,074**	**113,836**	**1,839**	**5,423**	**122**	**146,424**
Accumulated depreciation							
Balance 01.01.2014	**0**	**10,100**	**54,876**	**1,645**	**4,757**	**0**	**71,378**
Depreciation for the year	0	348	3,780	87	99	0	4,314
Depreciation of disposals	0	0	(24)	0	(5)	0	(29)
Balance 31.12.2014	**0**	**10,448**	**58,632**	**1,732**	**4,851**	**0**	**75,663**
Net book value as at 31.12.2014	**6,130**	**8,626**	**55,204**	**107**	**572**	**122**	**70,761**
2015							
Cost							
Balance 01.01.2015	**6,130**	**19,074**	**113,836**	**1,839**	**5,423**	**122**	**146,424**
Additions	0	109	8,571	55	160	(82)	8,813
Disposals	0	0	0	(73)	(12)	0	(85)
Balance 30.12.2015	**6,130**	**19,183**	**122,407**	**1,821**	**5,571**	**40**	**155,152**
Accumulated depreciation							
Balance 01.01.2015	**0**	**10,448**	**58,632**	**1,732**	**4,851**	**0**	**75,663**
Depreciation for the year	0	345	3,691	64	118	0	4,218
Depreciation of disposals	0	0	0	(73)	(12)	0	(85)
Impairment	0	0	966	0	0	0	966
Balance 31.12.2015	**0**	**10,793**	**63,289**	**1,723**	**4,957**	**0**	**80,762**
Net book value as at 31.12.2015	**6,130**	**8,390**	**59,118**	**98**	**614**	**40**	**74,390**

Company

(Amounts in thousands of Euros)	Land	Buildings &Installations	Plant &equipment	Motor vehicles	Fixture &fittings	Assets under construction	Total
2014							
Cost							
Balance as at 01.01.2014	**6,130**	**19,052**	**113,084**	**1,718**	**4,752**	**54**	**144,790**
Additions	0	15	776	1	394	68	1,254
Disposals	0	0	(24)	0	0	0	(24)
Balance 31.12.2014	**6,130**	**19,067**	**113,836**	**1,719**	**5,146**	**122**	**146,020**
Accumulated depreciation							
Balance 01.01.2014	**0**	**10,094**	**54,876**	**1,554**	**4,515**	**0**	**71,039**
Depreciation for the year	0	348	3,780	81	87	0	4,296
Disposals	0	0	(24)	0	0	0	(24)
Balance 31.12.2014	**0**	**10,442**	**58,632**	**1,635**	**4,602**	**0**	**75,311**
Net book value as at 31.12.2014	**6,130**	**8,625**	**55,204**	**84**	**544**	**122**	**70,709**
2015							
Cost							
Balance as at 01.01.2015	**6,130**	**19,067**	**113,836**	**1,719**	**5,146**	**122**	**146,020**
Additions	0	109	8,571	55	156	(82)	8,809
Disposals	0	0	0	(73)	(12)	0	(85)
Balance 31.12.2015	**6,130**	**19,176**	**122,407**	**1,701**	**5,290**	**40**	**154,744**
Accumulated depreciation							
Balance 01.01.2015	**0**	**10,442**	**58,632**	**1,635**	**4,602**	**0**	**75,311**
Depreciation for the year	0	345	3,691	59	107	0	4,202
Disposals	0	0	0	(73)	(12)	0	(85)
Impairment	0	0	966	0	0	0	966
Balance 31.12.2015	**0**	**10,787**	**63,289**	**1,621**	**4,697**	**0**	**80,394**
Net book value as at 31.12.2015	**6,130**	**8,389**	**59,118**	**80**	**593**	**40**	**74,350**

Land is not depreciated. Depreciation of the other tangible assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Years
Buildings and installations	60
Electrical – Electronic - Air conditioning installations	3 - 15
Machinery for tobacco processing - Steam products	16 - 24
Machinery for shoulder box production, cigarette makers, packers, filter makers	25 - 48
Motor vehicles	5 - 7
Computer equipment	3 - 5

Note that the majority of the machinery is fully depreciated over 25 years.

The estimation of the machinery useful lives was based on past data (usage of machinery of similar type), as well as on past Company experience acquired over 100+ years of operations. There is no change from the previous financial year.

There is no need for impairment since the tangible assets are measured at cost and have high value in use, due to the Company's strong profitability.

Prenotation for mortgages amounting to Euro 71,733 thousand on the Company's property, plant and equipment have been pledged as guarantee to the Greek State for Special Consumption Taxes deferment.

6. Participations

(Amounts in thousands of Euros)

The movement of Participations is analyzed as follows:

	2015	2014
Opening balance	2,050	2,317
Provision of impairment	(326)	(267)
Balance 31 December	**1,724**	**2,050**

The participations are analyzed as follows:

Company	Location	Historic Cost	Cost after impairment	Assets	Liabilities	Income	Profit/ (Loss)	Percentage of participation
MERIDIAN A.E.	Greece	3,065	688	1,091	400	1,075	(318)	99,54%
KARELIA INVESTMENTS A.E.	Greece	210	6	10	4	0	(8)	85%
KARELIA TOBACCO COMPANY (UK) LTD	England	0	0	24,352	23,622	5,672	896	100%
KARELIA BULGARIA EOOD	Bulgaria	1,030	1,030	66,819	59,890	261,907	1,493	100%
G.K. DISTRIBUTORS EOOD	Bulgaria	0	0	37,661	37,081	0	5	100%
KARELIA TÜTÜN VE TICARET A.Ş.	Turkey	342	0	107	412	0	(131)	97%
KARELIA BELGIUM LTD	Belgium	18	0	10	3	0	0	85%
		4,665	**1,724**	**130,050**	**121,412**	**268,654**	**1,937**	

GK DISTRIBUTORS EOOD is a subsidiary of KARELIA BULGARIA EOOD. This years's provision of impairment concerns MERIDIAN A.E, and KARELIA INVESTMENTS A.E.

7. Stocks

(Amounts in thousands of Euros)

	Group		Company	
	2015	2014	2015	2014
Raw materials	25,044	27,255	25,044	27,255
Merchandise	29,852	2,549	467	326
Finished products	32,318	17,577	32,318	17,577
Spare parts and consumables	8,932	8,576	8,932	8,576
	96,146	**55,957**	**66,761**	**53,734**

Stocks have been impaired by Euro 2,703 thousand (Euro 2,425 thousand up to year 2014 and Euro 278 thousand in year 2015) and the impairment relates to obsolete products, raw materials and spare parts. The estimation of this provision was based on stocks not utilised for at least one year and the very low prospect of utilising them in the future.

Finished goods include Excise Consumption Tax which, on average, amounts to 93% of their value.

8. Accounts receivable

(Amounts in thousands of Euros)

	Group		Company	
	2015	2014	2015	2014
Receivables from customers	11,081	11,105	19,001	12,978
Other receivables	22,904	5,376	4,075	4,793
Advances-Prepaid expenses	166	192	145	170
Loans	0	0	30,500	0
	34,151	**16,673**	**53,721**	**17,941**

Receivables from Customers is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Receivables from outstanding balances	13,603	13,779	12,160	12,473
Receivables from affiliated companies	0	0	9,132	2,932
Postdated cheques–Notes receivables-Accrued income	988	806	957	791
Provision for doubtful debts	(3,510)	(3,480)	(3,248)	(3,218)
	11,081	**11,105**	**19,001**	**12,978**

Other Receivables is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Receivables from Greek and Bulgarian State	38,099	3,475	19,378	3,268
Other receivables	2,589	1,901	2,481	1,525
Provision for doubtful debts from Greek State	(17,784)	0	(17,784)	0
	22,904	**5,376**	**4,075**	**4,793**

The significant change in receivables from the Greek and Bulgarian State, at Group's level, has been caused by increased cash amounts pledged by KARELIA BULGARIA EOOD to the Bulgarian State as guarantee for excise tax deferment. At Company level the increase has been caused by receivables under litigation (note 24e).

The movement in Provision for Doubtful Debts is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Balance 1 January	3,480	3,932	3,218	3,741
Release / Write offs	0	(523)	0	(523)
Charge for the year	30	71	30	0
	17,784	0	17,784	0
Balance 31 December	**21,294**	**3,480**	**21,032**	**3,218**

The estimation of the provision for doubtful debts was based on the unmoved, for at least one year, overdue receivables balances as well as the prospect of collecting taking into consideration legal or other means of collection.

Advances and Prepaid Expenses is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Stocks orders	3	2	3	2
Prepayments to suppliers	90	122	85	116
Prepaid expenses	73	68	57	52
	166	**192**	**145**	**170**

During 2015, the Company, granted interest-free loans to subsidiaries KARELIA TOBACCO COMPANY (UK) LTD and KARELIA BULGARIA EOOD, which on December 31, 2015 amounted to Euro 23,000 thousand and Euro 7,500 thousand respectively.

9. Investments at fair value through P&L

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Shares	13	189	13	189
Funds	151,177	0	151,177	0
	151,190	**189**	**151,190**	**189**

Shares have been valued at fair value, and the profit resulted from the revaluation has been recorded in the results of the year.

Investments at fair value through Profit and Loss account amounted to 151,177 thousand Euros, related to five investments in Money Market Funds, operated by UBS Switzerland AG, and Deutsche Bank. The valuation of these Fund investments has been performed by the Fund administrator and the valuation method hierarchy is level 2 because it includes listed low-risk securities of short-term maturities. The acquisition cost of these products (other than shares), amounted to Euro 145,508 thousand, and the valuation difference at current market price amounted to EUR 5,669 thousand.

10. Cash and cash equivalents

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Cash in hand	19	25	15	23
Sight and time deposits	115,103	263,452	73,641	241,358
	115,122	**263,477**	**73,656**	**241,381**

The average interest rate for deposits and time deposits of the Company, amounted to 0.19% p.a. for the year 2015 and 0.97% p.a. for the year2014.

The analysis of sight deposits and time deposits by currency, as at 31 December 2015 is as follows:

(Amounts in thousands of Euros)	Group			
	Euro	USD	Other	Total
Sight deposits	65,625	27,057	17,590	110,272
Time deposits	4,850	0	0	4,850
	70,475	**27,057**	**17,590**	**115,122**

(Amounts in thousands of Euros)	Company			
	Euro	USD	Other	Total
Sight deposits	41,546	26,960	950	69,456
Time deposits	4,200	0	0	4,200
	45,746	**26,960**	**950**	**73,656**

The analysis of sight deposits and time deposits by geographical area as at 31 December 2015 is as follows:

(Amounts in thousands of Euros)	Group	Company
Domestic	6,554	5,802
Foreign Countries	108,568	67,854
Total	**115,122**	**73,656**

11. Share capital

On 31 December 2015, the fully paid in Share capital of the Company was Euro 32,650,800 (Euro thirty two million sixty five hundred eight thousand) divided into 2,760,000 (two million seven hundred sixty thousand) shares of nominal value Euro 11.83 (Euro seven and seventy cents) each. There is no change compared to the previous year.

12. Other reserves

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Statutory Reserves	22,591	19,423	22,551	19,383
Non-taxed Reserves	72,502	72,502	72,502	72,502
Reserves from non-taxable income	124	124	93	93
Reserves from income taxed in a special way	1,620	1,620	1,620	1,620
Reserves of actuarial gains / (losses)	(408)	(682)	(379)	(674)
	96,429	**92,987**	**96,387**	**92,924**

The Statutory Reserve is used exclusively for the equation of any debit balance of Retained Earnings, before the distribution of dividends.

Non-taxed Reserves relate to accumulated profits which, if not distributed, were either not taxed, or taxed at a lower rate. In case these reserves are ever distributed, income tax is due at the tax rate applicable on the distribution date.

The distribution of Reserves is decided by the General Meeting of Shareholders.

13. Deferred taxes

Deferred tax assets are offset against deferred tax liabilities when there is a legally enforceable right to offeset and are also subject to the same tax authority. The offset amounts for the Group and the Company are as follows:

(Amounts in thousands of Euros)	**Group**	**Company**	**Group**	**Company**	**Group**	**Company**
Deferred tax assets	**Balance 31/12/2014**	**Balance 31/12/2014**	**Effect in P&L and OCI for 2015**	**Effect in P&L and OCI for 2015**	**Balance 31/12/2015**	**Balance 31/12/2015**
Provision for securities adjustment down -wards	738	738	231	231	969	969
Provision for staff indemnities	874	874	18	18	892	892
Provision for doubtful debts	368	368	51	51	419	419
Difference in stocks valuation method	4	4	(4)	(4)	0	0
	1,984	**1,984**	**296**	**296**	**2,280**	**2,280**
Deferred tax liabilities						
Adjustment of depreciation and reversal of revaluation Law 2065/1992	(10,398)	(10,398)	(652)	(652)	(11,050)	(11,050)
Other	850	710	(660)	(824)	190	(114)
	(9,548)	**(9,688)**	**(1,312)**	**(1,476)**	**(10,860)**	**(11,164)**
Net amount in the P&L and Statement of Comprehensive Income			**(1,016)**	**(1,180)**		
Net Asset/ (Liability) from Deferred Taxes	**(7,564)**	**(7,704)**			**(8,580)**	**(8,884)**

The determination of the amount of deferred taxes is based on estimates concerning future taxable profits and the time needed for these to be achieved as well as on future tax planning considerations. The effect of the tax rate increase, from 26% to 29%, on deferred tax amounted to Euro 915 thousand, compared to the previous financial year for both the Group and the Company.

The total movement in deferred income tax is as follows:

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Opening balance	7,564	9,403	7,704	9,537
Amount recognized in results	933	(1,672)	1,097	(1,666)
Amount recognized in Equity	83	(167)	83	(167)
Closing balance	**8,580**	**7,564**	**8,884**	**7,704**

14. Employment Termination Benefits

According to Greek Labor Law, employees are entitled to compensation in case of dismissal or retirement, the amount of which is related to the remuneration, duration of service and the type of employment termination (dismissal or retirement). Employees who resign or are dismissed with cause, are not entitled to compensation. The amount payable, in case of retirement, is equal to 40% of the amount that would be payable in the event of dismissal without cause.

The Provision for employment termination benefits, presented in the Financial Statements, is in accordance with IAS 19, and it is based on an independent actuarial study.

The principal actuarial assumptions used were as follows:

	2015	**2014**
Discount rate (%)	2%	1,9%
Future salaries increase	4%	4,5%
Remaining working life of employees (years)	15.3	15.,4

As shown below, the sensitivity analysis (changes in the discount rate and future salary increases) of the actuarial study on the Company, shows no significant change on the amount of compensation due to retirement, which amounts to Euro 3,075 thousand,

Scenarios	Change + / (-)% discount rate	Payment + / (-)% future salary increases	**Company**
Scenario 1	0,5%	0	2.862
Scenario 2	(0,5%)	0	3.311
Scenario 3	0	0,5%	3.305
Scenario 4	0	(0,5%)	2.865

The account is analyzed as follows:

(Amounts in thousands of Euros)	**Group**	**Company**
Liability balance as at 31.12.2013	**2,811**	**2,741**
Cost of current employment	137	134
Benefits of service due to amendment	171	171
Financial cost 1.1.2014-31.12.2014	90	88
Total expense recognized in results for the year	**398**	**393**
Actuarial (profits) for the year recognized in Equity	660	644
Benefits paid by employer	(422)	(422)
Liability balance 31.12.2014	**3,447**	**3,356**
Liability balance 31.12.2014	**3,447**	**3,356**
Cost of current service	183	178
Benefits due to staff voluntary resignation	36	36
Financial cost 1.1.2014-31.12.2014	66	64
Total expense recognized in results for the year	**285**	**278**
Actuarial losses for the year recognized in Equity	(390)	(377)
Benefits paid by employer	(182)	(182)
Liability balance 31.12.2015	**3,160**	**3,075**

In the following year, 3 employees will leave the Company, due to retirement, and will get paid a total amount of approximately Euro 20 thousand. The service cost and the financial cost are included in the account "Salaries and other employee benefits" (Note 18).

15. Trade and other payables

Trade and Other Payables is analyzed as follows:

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Trade Payables	88,408	51,738	44,654	35,841
Social security	1,573	1,549	1,557	1,534
Taxes (except income tax)	1,456	1,400	1,358	1,320
Other liabilities	3,681	3,529	3,329	3,427
	95,118	**58,216**	**50,898**	**42,122**

Trade and other payables are short term and do not bear interest.

16. Provisions for other liabilities and expenses

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Provisions for litigation	1,039	1,039	1,039	1,039
Other provisions	445	3,456	445	3,456
	1,484	**4,495**	**1,484**	**4,495**

The movement of the provisions is as follows:

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Opening balance	4,495	8,904	4,495	8,904
Reversal	0	(4,487)	0	(4,487)
Income tax charge on untaxed reserves	0	3,060	0	3,060
Reversal of Income tax charge on untaxed reserves	(3,060)	0	(3,060)	0
Reversal of Income tax charge on untaxed reserves	0	(2,678)	0	(2,678)
Reversal of Additional Special Consumption Tax	0	(343)	0	(343)
Additional provision for open tax year	49	39	49	39
	1,484	**4,495**	**1,484**	**4,495**

A charge of Euro 1,039 thousand for Excise tax fines is included in the provision for Litigations and claims. Other Provisions on 31 December 2015 include an amount of Euro 445 thousand for additional tax on financial years not yet audited by the tax authorities.

As far as the subsidiaries are concerned, there is no justification for provisions related to financial years not yet audited by tax autoities, or for provisions related to litigation or arbitration.

The estimate of the provisions was based on the history of the cases and the estimation of the Legal Counselors of the Company and the Management.

17. Turnover

Turnover is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
International sales	185,903	163,264	183,557	157,443
Domestic sales (net)	39,764	33,570	39,469	32,531
Excise tax and VAT	611,199	531,986	406,494	362,845
	836,866	**728,820**	**629,520**	**552,819**

The analysis of Overseas Sales is as follows:

(Amounts in thousands of Euros)	Group		Company	
Continent	2015	2014	2015	2014
European Union countries	43,666	36,274	41,320	30,453
Other European countries	21,898	24,662	21,898	24,662
Africa	108,085	89,333	108,085	89,333
Asia	12,254	12,995	12,254	12,995
	185,903	**163,264**	**183,557**	**157,443**

18. Expenses per function

(Amounts in thousands of Euros)	Group					
	2015			2014		
	Cost of sales	Administrative expenses	Distribution costs	Cost of sales	Administrative expenses	Distribution costs
Salaries and other employee benefits	11,425	4,089	6,953	12,866	4,460	7,418
Consumption stocks	95,840	0	0	84,393	0	0
Excise tax and VAT	604,793	0	0	533,106	0	0
Tangibles depreciation	3,752	97	379	3,665	126	533
Third party fees	2,400	2,051	3,917	2,243	1,719	3,776
Provisions	0	18	29	0	0	67
Other operating expenses	468	1,200	11,261	362	1,991	9,775
Impairment of tangible assets	966	0	0	0	0	0
Other	0	471	317	21	412	195
	719,644	**7,926**	**22,856**	**636,656**	**8,708**	**21,764**

(Amounts in thousands of Euros)	Company					
	2015			2014		
	Cost of sales	Administrative expenses	Distribution costs	Cost of sales	Administrative expenses	Distribution costs
Salaries and other employee benefits	11,425	3,504	6,554	12,866	3,885	7,020
Consumption stocks	89,627	0	0	82,674	0	0
Excise tax and VAT	406,347	0	0	362,514	0	0
Tangibles depreciation	3,752	86	374	3,665	114	527
Third party fees	2,400	1,703	3,449	2,243	1,457	3,371
Provisions	0	343	29	0	267	(5)
Other operating expenses	468	1,144	10,662	362	1,898	9,274
Impairment of tangible assets	966	0	0	0	0	0
Other expenses	0	369	162	21	364	85
	514,985	**7,149**	**21,230**	**464,345**	**7,985**	**20,272**

Third Party Fees, includes repair and maintenance costs, telecommunication expenses, electricity expenses, insurance fees, rental expenses, free lancers fees, commission fees etc.

Included in Other Operating Expenses and Other expenses, are transportation expenses, publicity expenses, consumables, taxes expenses, other general expenses etc.

Third Party Fees includes, the independent auditors' fees, amounting to Euro 157 thousand for the year 2015.

Salaries and other employees benefits

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Salaries	17,457	19,156	16,543	18,253
Social Contributions	4,020	4,533	3,957	4,467
Staff Leaving Benefits provision (Note 14)	284	398	278	393
Other benefits	706	657	706	658
	22,467	**24,744**	**21,484**	**23,771**
Average number of employees	**516**	**523**	**481**	**486**

Depreciation

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Buildings	345	348	345	348
Machinery	3,691	3,780	3,691	3,780
Vehicles	64	87	59	81
Furniture	118	99	107	87
Software	10	10	10	10
	4,228	**4,324**	**4,212**	**4,306**

19. Other operating income

Other Operating Income is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Income from transportation costs billed to customers	3,154	2,705	3,147	2,700
Unused provision	0	4,487	0	4,487
Other income	722	760	713	445
	3,876	**7,952**	**3,860**	**7,632**

20. Financial income – (expenses) net

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Other financial expenses	**(696)**	**(505)**	**(587)**	**(401)**
Interest income	871	2,717	300	1,949
Securities income / (expenses)	3	(52)	3	(52)
Financial income	**874**	**2,665**	**303**	**1,897**
	178	**2,160**	**(284)**	**1,496**

21. Income tax

In accordance with the provisions of Greek tax legislation (Law 3296/2004), the income tax rate at 31 December 2015 is 29%. Greek tax laws and regulations are subject to interpretations by the tax authorities. Income tax returns are submitted to the tax authorities on an annual basis, but the profits or losses declared for tax purposes remain temporarily unsettled until the tax authorities examine the tax returns and books of each company and after their examination, determine as final the related tax liabilities. Tax losses, to the extent they are recognized by the tax authorities, can be used to offset taxable profits of the next five years following the current year.

The Company has been audited by the tax authorities up to the Financial Year 2009. The year 2010 remains open, while the years 2011, 2012, 2013, 2014 and 2015 were audited by the statutory auditors in accordance with the article 82 of the law 2238/1994 and the article 65A of the law 4174/2013. The subsidiary MERIDIAN A.E., had been audited by the tax authorities up to the Financial Year 2002. During 2015 MERIDIAN was audited- by the tax authorities – for the Financial Years 2003-2009. The audit revealed additional taxes of EUR 36 thousand, amount which burdened the results.KARELIA INVESTMENT INC has been audited since its establishment (1997) untill the year 2010. Financial Years 2011, 2012 , 2013, 2014 and 2015 were audited by the statutory auditors in accordance with article 82 of Law 2238/1994 and article 65A of Law 4174/2013. During the tax audit, no additional taxes were imposed. Foreign subsidiaries KARELIA TOBACCO COMPANY (UK) LTD (2002), KARELIA BULGARIA EOOD (2006), KARELIA BELGIUM SARL and KARELIA TÜTÜN VE TICARET A.Ş. (2008), have not been audited by their respective tax authorities. Consequently, the tax liabilities of the Company and its subsidiaries for Financial Years not yet audited have not been established yet. The provision for additional tax resulting from Financial Years of the Company not yet audited by the tax authorities amounts to Euro 445 thousand.

Income tax charged to the results is analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	**2014**	**2015**	**2014**
Current tax	29,202	21,739	28,846	21,277
Reserves taxation (Law 4099/2012)	0	3,060	0	3,060
Deferred tax	933	(1,671)	1,096	(1,666)
	30,135	**23,128**	**29,942**	**22,671**

Tax on profit before tax, of the Group and the Company differs from the theoretical tax that would arise using the applicable tax rate. The difference is as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	**2014**	**2015**	**2014**
Profit before tax	84,039	87,040	83,350	84,595
Applicable tax rate	**29%**	**26%**	**29%**	**26%**
Tax calculated based on applicable tax rate	24,371	22,630	24,172	21,995
Change in Greek income tax rate	915	0	915	0
Effect of different tax rates of foreign subsidiaries	(328)	(207)	0	0
Tax on expenses not recognized for tax purposes	5,574	351	5,373	240
Losses of subsidiaries not recognized	121	59	0	0
Reserves taxation (Law 4099/2012)	0	3,060	0	3,060
Untaxed income	(518)	(2,765)	(518)	(2,624)
Income tax	**30,135**	**23,128**	**29,942**	**22,671**

The weighted average tax rate for the years 2015 and 2014 for the Group was 35.86% and 26.75% respectively, and for the Company was 35.92% and 26.80%, respectively.

The analysis of the Current Tax Payable is as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Opening balance	12,161	6,622	11,782	6,486
Current income tax charge	29,202	21,739	28,845	21,276
Taxes paid	(22,314)	(18,589)	(22,071)	(18,369)
Movement in tax advances	(6,136)	2,389	(6,087)	2,389
	12,913	**12,161**	**12,469**	**11,782**

22. Earnings after tax per share

Earnings after taxes, per share are calculated by dividing profit after tax attributable to shareholders to the weighted average number of shares in circulation during the reporting period, and are analyzed as follows:

(Amounts in thousands of Euros)	Group		Company	
	2015	2014	2015	2014
Net profit, after tax	**53,904**	**63,912**	**53,408**	**61,924**
Attributable to:				
Company's shareholders	53,911	63,917	53,408	61,924
Minority interests	(7)	(5)	0	0
Weighted average number of shares	2,760,000	2,760,000	2,760,000	2,760,000
Basic earnings per share (in absolute figures)	**19.5304**	**23.1565**	**19.3507**	**22.4362**
Diluted earnings per share (in absolute figures)	**19.5304**	**23.1565**	**19.3507**	**22.4362**

23. Dividends

Under Greek Corporate Law, each year, companies are required to distribute to their shareholders at least 35% of after tax profit, after deduction of Statutory Reserves. The Company may not distribute dividend provided there is consent from 70% of its Shareholders.

The General Assembly of Shareholders of 18th June 2015, decided to distribute as dividends for the Financial Year 2014, a total amount of Euro 25.668 thousand, which is equivalent to a gross dividend per share of EUR 9.30.

24. Contingencies – Commitments – Subsequent Events

The Group has contingent liabilities relating to the Greek State, to banks for other guarantees and for other matters, such as legal cases arising from the Group's ordinary business activities. These cases are not expected to have a material effect on the Financial Statements.

(a) The Company has granted Bank Letters of Guarantee to the Greek State, as security in respect to the amount of the Excise Tax, relating to goods in transit, which are under suspension of duty. On 31 December 2015, the value of these these Bank Letters of Guarantee was Euro 134,491 thousand, while on 31 December 2014 their value was Euro 160,703 thousand.

(b) Subsidiary KARELIA BULGARIA EOOD has granted Bank Letters of Guarantee to the Bulgarian State as security with respect to Excise Tax deferment. The value of these Bank Letters of Guarantee on 31st December 2015 was Euro 20,963 thousand compared to Euro 20,963 thousand on 31 December 2014.

(c) The Company, following the decision of its Board of Directors, has guaranteed in favor of ALPHA BANK, for an amount of EUR 43,000 thousand in order the aforementioned Bank to issue Letters of Guarantee to its subsidiary, KARELIA BULGARIA EOOD, in favor of the Bulgarian State. The forfeiture of the above warranty, is considered unlikely because the goods imported in Bulgaria, and on which the amount of Excise Tax is calculated, are sold for cash, well before the deadline for payment of the Excise Tax (the Company does not maintain high stocks in Bulgaria).

(d) The Greek tax law and regulations are subject to interpretations by the tax authorities. Income tax returns are submitted to the tax authorities on an annual basis, but the profits or losses declared, for tax purposes, remain temporarily unsettled until the tax authorities examine the tax returns and books of each company and after their examination, settle, as final, the related tax liabilities. Tax losses, to the extent they are recognized by the tax authorities, can be used to offset taxable profits of the next five years following the current year. The

Company had been audited by the tax authorities up to the Financial Year 2009. The year 2010 remains open, while the years 2011, 2012, 2013, 2014 and 2015 were audited by the statutory auditors in accordance with the article 82 of the law 2238/1994 and the article 65A of the law 4174/2013. The subsidiary MERIDIAN A.E., had been audited by the tax authorities up to the Financial Year 2002. During 2015 MERIDIAN was audited- by the tax authorities – for the Financial Years 2003-2009. The audit revealed additional taxes of EUR 36 thousand, amount which burdened the results.KARELIA INVESTMENT INC has been audited since its establishment (1997) untill the year 2010. Financial Years 2011, 2012 , 2013, 2014 and 2015 were audited by the statutory auditors in accordance with article 82 of Law 2238/1994 and article 65A of Law 4174/2013. During the tax audit, no additional taxes were imposed. Foreign subsidiaries KARELIA TOBACCO COMPANY (UK) LTD (2002), KARELIA BULGARIA EOOD (2006), KARELIA BELGIUM SARL and KARELIA TÜTÜN VE TICARET A.Ş. (2008), have not been audited by their respective tax authorities. Consequently, the tax liabilities of the Company and its subsidiaries for Financial Years not yet audited have not been established yet. The provision for additional tax resulting from Financial Years of the Company not yet audited by the tax authorities amounts to Euro 445 thousand.

(e) Under the No. 8/2005/2008 Assessment Act, issued by the Head of Customs at Niki, the Company was found jointly civilly liable for payment of total amount of EUR 14,381 thousand for alleged infringements of the customs legislation committed by, non-related to the Company, individuals. On June 2015, the Administrative Court of Thessaloniki issued decision no.1160/2015, dismissing the Company's challenge of the Act. Subsequently, the Company paid to the Customs Authorities of Niki the amount of EUR 14,381 thousand. Against this Act, the Company set up a relevant provision, and filed an appeal with the Council of State.

(f) The Administrative Appeal Court of Piraeus has determined the civil liability of the Company for a Special Consumption Tax case to EUR 1,039 thousand, for which the Company formed a provision of EUR 366 thousand during 2009 and EUR 673 thousand during 2012, and has filed annulment petition for these decisions with the Council of State. The Customs office of Kalamata, under the No 157/2012/17.01.2013 Assessment Act, assessed additional Excise Tax equal to Euro 343 thousand against the Company, as difference on tobacco excise tax declared and paid and the corresponding tax arising as a result of the amendment of the provisions of L.2960/2001 «National Customs Codes» of article 1 of L.2960/2001. Against this act the Company filed a legal challenge with the Administrative Court of First Instance of Tripoli in 2013 and formed a provision. Finally, the Company filed an appeal with the Council of State for Euro 4,681 thousand, which the Company paid in January 2011 tothe Greek State, regarding acts of assessments of Excise Tax.

(g) On 31 December 2015, there were litigations and claims the outcome of which, according to the Board's view, would not significantly affect the Company's results.

25. Capital Commitments

No significant capital commitments existed as of 31 December 2015.

26. Financial instruments

Financial risk factors

The Group's activities give rise to various financial risks, including exchange rate risks. The overall risk management program of the Group focuses in the volatility of financial markets and seeks to minimize the potential impact of these fluctuations on the Group's financial performance.

The financial instruments used by the Group are as follows:

(Amounts in thousands of Euros)	**Group**		**Company**	
Financial instruments of Assets	**2015**	**2014**	**2015**	**2014**
At fair value				
Investments at fair value through P&L	151,190	189	151,190	189
At amortized cost				
Accounts receivables	34,151	16,673	53,721	17,941
Cash and cash equivalents	115,122	263,477	73,656	241,381
Financial instruments of Liabilities				
At amortized cost				
Suppliers and other payables	95,118	58,216	50,898	42,122

Risks Arising From The Enforcement Of Capital Controls In Greece

The Legislative Act dated 28.06.2015 declared a bank holiday in Greece while capital controls were imposed. Banks resumed their operations on 20.07.2015, while capital controls still remain in force.

The aforementioned developments had a negative impact on the overall economic activity in Greece However, risks stemming out of the Group's exposure in Greece are mitigated.

Currency risk

The Group's exposure to currency risks derives from bank deposits , investments and foreign currency transactions (imports/ exports), mainly in U.S. Dollars. This risk is managed without hedging instruments.

The following table shows the changes in Profits after tax of the Group and in Equity, due to possible changes in the U.S. dollar exchange rate, provided that all other variables remain unchanged.

Sensitivity analysis to changes in foreign currency (in USD)

(Amounts in thousands of Euros)	**2014**		
Account	**Balance**	**Currency risk**	
		+ 5%	**- 5%**
Receivables	998	(47)	52
Cash and cash equivalents	124,113	(5,910)	6,532
Liabilities	(14,174)	675	(746)
Effect of changes in foreign exchange on income tax gains/ (losses)		1,373	(1,518)
Net effect		**(3,909)**	**4,320**

(Amounts in thousands of Euros)	**2015**		
Account	**Balance**	**Currency risk**	
Receivables	843	(40)	44
Cash and cash equivalents	117,557	(5,598)	6,187
Liabilities	(10,743)	511	(565)
Effect of changes in foreign exchange on income tax gains/ (losses)		1,487	(1,643)
Net effect		**(3,640)**	**4,023**

Credit risk

The Group has no significant concentrations of credit risk. The trade receivables derive mainly from a large, widespread customer base. The financial position of clients is constantly monitored by the Group companies.

When appropriate, additional insurance coverage is received as credit guarantee. A special computer application monitors the size of credit and credit limits. Credit limits are set for each client, which are reviewed in line with current conditions, while commercial and credit terms are adjusted when necessary.

At the end of the Financial Year, the Company management, having considered all available information, decided that there is no significant credit risk that has not already been covered by a covered secured credit agreement or by bad debt provisions. On 31 December 2015, doubtful receivables including those which are more than one year overdue, amounted to Euro 21,294 thousand (for the Group) and Euro 21,032 thousand (for the Company), and for which appropriate provisions have been formed.

Potential credit risk exists in deposits and investments. In such cases, the risk may arise when a counterparty's failure to meet its obligations towards the Group. The Group takes appropriate mesasures to maintain sufficient dispersion in its efforts to reduce risk.

There are no formal credit ratings on the receivables.

Credit risk, which may occur from inability of financial institutions to meet their obligations towards the Group, in respect of investments and deposits, has been significantly reduced, since the majority of reserves has been invested and/or deposited with international banks of high credit rating, outside Greece.

The certified credit rating (of the banks) based on the assessment of Fitch Credit Agency on cash and cash equivalents as well as investments in Funds, of the Company are as follows:

Cash and cash equivalents

(Amounts in thousands of Euros)	Group
Credit Rating Bank (long-term)	**2015**
AA (low)	62,565
A	4,990
RD	4,531
-	910
A	197
Other	448
Total	**73,641**

Funds

(Amounts in thousands of Euros)	Group
Credit Rating Bank (long-term)	**2015**
A	87,021
AA (low)	64,157
Total	**151,178**

The maximum exposure to credit risk for trade receivables of the Group, at the date of the Statement of Financial Position, by geographic region, was:

(Amounts in thousands of Euros)	2015	2014
Domestic	8,280	7,916
Overseas	25,934	8,757

Liquidity Risk

Prudent management of liquidity is achieved by appropriate combination of cash, resulting in nil borrowing in the Group companies.

Interest rate risk is related to the change in the value of the return on any investment with interest rate performance, as well as the change in borrowing costs due to the change in interest rates. The majority of the assets and liabilities of the Group are not subject to interest yield or liability (excluding cash and held-to-maturity investment), and therefore the Group is not exposed to any significant risk from interest rate fluctuations.

The Group maintains adequate cash reserves (Euro 266 million), most of these held in bank deposits or invested in money market funds with international banks abroad. Furthermore, the Group has no bank debt.

The Group believes that the imposition of capital controls in Greece does not affect the procurement of raw and other materials from overseas suppliers, as sufficient cash reserves have been deposited with international banks abroad.

The table below summarizes the maturity of liabilities at year-end based on payments under the relevant policies.

(Amounts in thousands of Euros)	Group		Company	
	2015	**2014**	**2015**	**2014**
	Less than 4 months	Less than 4 months	Less than 4 months	Less than 4 months
Trade payables and other payables	95,118	58,216	50,898	42,122

Fair value of financial instruments

There is no difference between the fair values and the corresponding carrying values of financial Assets and Liabilities (i.e. trade and other receivables, cash and cash equivalents, trade and other liabilities).

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

- Cash and cash equivalents, trade and other receivables, trade and other payables: The carrying value is approximately the same as the fair value because either the maturity of these financial instrument is short-term, or the currency risk is limited and, therefore, does not affect the fair value.

27. Post Balance Sheet events

No significant events have occurred after 31 December 2015 that require disclosure in or change of the Financial Statements.

28. Transactions and balances with related parties

KARELIA TOBACCO COMPANY INC, its subsidiaries, the subsidiaries of the subsidiaries, the Management and its executives are classified as related parties of the Group.

The Company sells goods and services to related parties, and additionally provides interest free loans and liquidity fascilities to them.

Sales of Company's products to related parties concern sales of products and merchandise. Selling prices are at cost plus a profit margin.

The following transactions were carried out with related parties:

i) Sales of products and services

(Amounts in thousand of Euros)	**2015**	**2014**
MERIDIAN A.E.	349	384
KARELIA BULGARIA COMPANY EOOD	26,899	18,970
G.K. DISTRIBUTORS EOOD(1)	3,743	0
KARELIA TOBACCO COMPANY (UK) LTD	3,151	2,441
KARELIA TÜTÜN VE TICARET A.Ş.	0	61
Total	**34,142**	**21,856**

(1) The transaction relates to sales (net of excise tax), from the Subsidiary KARELIA BULGARIA EOOD, to its subsidiary G.K DISTRIBUTORS EOOD.

ii) Outstanding balances derived from sales of products and services

(Amounts in thousands of Euros)	**2015**	**2014**
Receivables from related parties		
MERIDIAN A.E.	76	163
KARELIA BULGARIA COMPANY EOOD	8,677	2,418
KARELIA TOBACCO COMPANY (UK) LTD	162	133
KARELIA TÜTÜN VE TICARET A.Ş.	218	218
Total	**9,133**	**2,932**

	2015	**2014**
Liabilities to related parties		
KARELIA TÜTÜN VE TICARET A.Ş.	36	36
Total	**36**	**36**

iii) Outstanding balances derived from loans

(Amounts in thousands of Euros)	**2015**	**2014**
Receivables from related parties		
KARELIA BULGARIA COMPANY EOOD	7,500	0
KARELIA TOBACCO COMPANY (UK) LTD	23,000	0
Total	**30,500**	**0**

Loans granted by the Company, are interest free

iv) Board of Directors and Executives remuneration(High and Top management)

(Amounts in thousands of Euros)	**Group**		**Company**	
	2015	**2014**	**2015**	**2014**
Remuneration for the Members of the BOD,	403	397	403	397
Salaries and other short-term benefits for Heads of Departments	2,721	2,814	2,480	2,606
	3,124	**3,211**	**2,883**	**3,003**

The Company, following the decision of its Board of Directors, has provided ALPHA BANK with a company guarantee, for Euro 43,000 thousand, in order the aforementioned Bank to grant Bank Letters of Guarantee to its subsidiary, KARELIA BULGARIA EOOD, in favour of the Bulgarian State.

29. Operating segments

The following information refers to operating segments of the Group Companies, which have to be disclosed separately in the Financial Statements.

Operating segments are defined based on the structure of the Group and mostly relate to the segmentation of the Group in Greece and Overseas and on the basis that the Chief Operating decision makers monitor the financial information, separately, as disclosed by the Company and each of its subsidiaries included in the consolidation. Responsible for the monitoring and the decision making are the Managing Director and the General Manager.

Management evaluates the impact of the operating segments based on operating profit and net profit.

Information on the operating segments of the Group's Greek entities is based on Greek Accounting Standards stipulated by Greek Law (C.L. 2190/1920) and is as follows:

(Amounts in thousands of Euros)	**2015**		**2014**	
	Greece	**Overseas**	**Greece**	**Overseas**
Revenues from customers (Greece and Overseas)	226,759	35,705	193,256	27,591
Financial income	826	561	2,231	748
Financial expenses	587	109	400	104
Total depreciation	3,304	7	3,591	8
Profit / (Loss) before taxes	98,906	2,252	81,673	2,171

The balance reconciliation for the captions "Revenue from customers (Greece and Overseas)" and "Profit / (Loss) before taxes" with the financial statements is as follows:

(Amounts in thousands of Euros)	**Group**	
	2015	**2014**
Revenues from customers (Greece and Overseas)	262,464	220,847
Other operating income (Note 19)	(3,154)	(2,705)
Eliminations of intergroup sales (Note 28)	(34,142)	(21,856)
Other	499	548
Excise and VAT (Note 17)	611,199	531,986
Revenue in accordance with Profit of Loss and Other Comprehensive Income	**836,866**	**728,820**

Amounts in thousands of Euros)	**Group**	
Profit/ Loss before taxes	**2015**	**2014**
Profit before taxes (Greece and Overseas)	101,158	83,843
Adoption from C.L.2190/1920 to IFRS	(15,871)	2,679
Eliminations of intergroup profits	(1,248)	518
(Loss) before taxes	**84,039**	**87,040**

ΚΑΡΕΛΙΑ

Παρουσία από το 1888

KARELIA TOBACCO COMPANY INC.

Company's Number in the General Electronic Commercial Registry: 15082945000
(former Company's Number in the Register of Societes Anonymes: 10174/06/B/86/126)
Athinon str 24100 Kalamata

FIGURES AND INFORMATION FOR THE PERIOD OF 1 JANUARY 2015 UNTIL 31 DECEMBER 2015

(in terms of article 135 of Law 2190, for companies publishing annual financial statements in accordance with IAS/IFRS)

The figures illustrated bellow provide summary information about the financial position of KARELIA TOBACCO COMPANY INC. and its subsidiaries. We advise the reader, before making any investment decision or other transaction concerning the company, to visit the company's web site where the financial statements together with the review report of the external auditor, when required, are presented.

Company's web address:	www.karelia.gr
Board of Directors approval date:	29 March 2016
Name of the auditor:	Michael Kokkinos
Auditing firm:	KPMG Cerified Auditors SA
Certificate of Certified Auditor Accountant:	Without qualification

Board of Directors:

Victoria G. Karelia	Chairman
Efstathios G. Karelias	Vice Chairman – Executive Member
Andreas G. Karelias	Managing Director-Executive Member
Robin Derlwyn Joy	Member
Vassilios G. Antonopoulos	Member

CONDENSED STATEMENT OF FINANCIAL POSITION
(Amounts in thousand Euros)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
ASSETS				
Tangible assets	74.390	70.761	74.350	70.709
Intangible assets	33	43	21	31
Other non current assets	36	39	1.757	2.086
Inventories	96.146	55.957	66.761	53.734
Trade receivables	34.151	16.673	53.721	17.941
Other current assets	266.312	263.666	224.846	241.570
TOTAL ASSETS	**471.068**	**407.139**	**421.456**	**386.071**
SHAREHOLDERS EQUITY AND LIABILITIES				
Share Capital	32.651	32.651	32.651	32.651
Retained earnings and other reserves	317.176	288.612	311.995	283.961
Total share capital and reserves (a)	349.827	321.263	344.646	316.612
Minority interests (b)	−14	−7	0	0
Total Equity (c)=(a)+(b)	349.813	321.256	344.646	316.612
Provisions and other long-term liabilities	11.740	11.011	11.959	11.060
Other short-term liabilities	109.515	74.872	64.851	58.399
Total liabilities (d)	121.255	85.883	76.810	69.459
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES (c)+(d)	**471.068**	**407.139**	**421.456**	**386.071**

NOTES (Amounts in thousand Euros)

1) On property, plant and equipment of the Company, prenotation for, mortgages amounting to Euros 71.733 thousand, have been registered as guarantee to the Greek State against Excise Taxes.
2) Number of employees at the end of the reporting period: Group 518 (31.12.2015: 516), Company 487 (31.12.2014: 481).
3) The unaudited by the tax authorities fiscal years for the Company and the Group's subsidiaries are presented in detail in the note 24d of the financial statements.
4) The Administrative Appeal Court of Piraeus has determined the civil liability of the Company for a Special Consumption Tax case to EUR 1,039 thousand, for which the Company formed a provision of EUR 366 thousand during 2009 and EUR 673 thousand during 2012, and has filed annulment petition for these decisions with the Council of State. The Customs office of Kalamata, under the No 157/2012/17.01.2013 Assessment Act, assessed additional Excise Tax equal to Euro 343 thousand against the Company, as difference on tobacco excise tax declared and paid and the corresponding tax arising as a result of the amendment of the provisions of L.2960/2001 "National Customs Codes" of article 1 of L.2960/2001. Against this act the Company filed a legal challenge with the Administrative Court of First Instance of Tripoli in 2013 and formed a provision. Finally, the Company filed an appeal with the Council of State for Euro 4,681 thousand, which the Company paid in January 2011 to the Greek State, regarding acts of assessments of Excise Tax.
5) Under the No. 8/2005/2008 Assessment Act, issued by the Head of Customs at Niki, the Company was found jointly civilly liable for payment of total amount of EUR 14,381 thousand for alleged infringements of the customs legislation committed by, non-related to the Company, individuals. On June 2015, the Administrative Court of Thessaloniki issued decision no.1160/2015, dismissing the Company's challenge of the Act. Subsequently, the Company paid to the Customs Authorities of Niki the amount of EUR 14,381 thousand. Against this Act, the Company set up a relevant provision, and filed an appeal with the Council of State.
6) The companies of Karelia Group, their respective addresses, the percentage of Group participation in their share capital and their consolidation method are comprehensively presented in note 1 of the interim financial statements.
7) The balance of other provisions on 31.12.2015 amounted:

	GROUP	COMPANY
Provision for litigations	1.039	1.039
Unaudited fiscal years	445	445

8) The accounting principles applied in preparing these interim condensed financial statements are the same as those applied for preparing the financial statements on 31.12.2014 except for the adoption of the new or amended standards and interpretations.
9) Transactions during the period 1.1-31.12.2015 and balances as at 31 December 2015 with related parties, as defined in IAS 24, are as follows:

Amounts in thousand Euros	GROUP	COMPANY
a) Income	–	34.142
b) Commercial Receivables	–	9.133
c) Loans Granted to Subsidiaries	–	30.500
d) Commercial Liabilities	–	36
e) Receivables from Loans to subsidiaries	–	30.500
f) Salaries and other short-term benefits of directors	2.721	2.480
g) Remuneration of the members of the BOD	403	403
h) Receivables from key management	–	–
i) Payables to key management	–	–

CONDENSED INCOME STATEMENT
(Amounts in thousand Euros)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Revenue	836.866	728.820	629.520	552.819
Gross profit	117.222	92.164	114.535	88.474
Profit before interest, taxes and depreciation	75.935	69.644	75.635	67.849
Profit before taxes	84.039	87.040	83.350	84.595
Profit after taxes (a)	**53.904**	**63.912**	**53.408**	**61.924**
– Shareholders of the Company	53.911	63.917	53.408	61.924
– Minority interests	−7	−5	0	0
Other comprehensive income/(expenses) after taxes (b)	321	−549	294	−477
Total comprehensive income after taxes (a)+(b)	54.225	63.363	53.702	61.447
– Shareholders of the Company	54.232	63.368	53.702	61.447
– Minority interests	−7	−5	0	0
Basic earnings per share (in Euros)	**19.5304**	**23.1565**	**19.3507**	**22.4362**
Proposed dividend per share	**8.5000**	**9.3000**	**8.5000**	**9.3000**
Profit before interest, taxes, depreciation and amortization	**80.163**	**73.968**	**79.847**	**72.155**

CONDENSED STATEMENT OF CHANGES IN EQUITY
(Amounts in thousand Euros)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Equity balance at beginning of the period (1/1/2015 and 1/1/2014 respectively)	321.256	281.353	316.612	278.625
Total comprehensive income net of tax	54.225	63.363	53.702	61.447
Dividends	−25.668	−23.460	−25.668	−23.460
Equity balance at the end of the period (31/12/2015 and 31/12/2014 respectively)	**349.813**	**321.256**	**344.646**	**316.612**

CASH FLOW STATEMENT
(Amounts in thousand Euros)

	GROUP		COMPANY	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Operating activities				
Profit before taxes	84.039	87.040	83.350	84.595
Adjustments for:				
Depreciations	4.218	4.314	4.202	4.296
Impairment of tangible and intangible assets	976	10	976	10
Provisions	3.995	−4.064	3.988	−4.141
Results (income, expenses, gains and losses) of insting activities	−698	−2.726	198	−1.689
Interest expense	696	505	587	401
Adjudication fees	14.381	0	14.381	0
Adjustments related to working capital accounts:				
Decrease/(Increase) in inventories	−40.467	46.149	−13.305	36.762
(Increase)/decrease in trade and other receivables	−38.348	730	−26.151	4.440
Increase/(Decrease) in trade & other payables (excluding banks)	27.345	764	−744	4.170
(Decrease) in liability for employee retirement from service	−182	−422	−182	−422
Less:				
Interest expense	−696	−505	−587	−401
Income tax (paid)/received	−22.314	−18.589	−22.071	−18.369
Net cash flows (used in)/from operating activities (a)	**32.945**	**113.206**	**44.642**	**109.652**
Cash flows from investing activities				
Purchase of tangible and intangible assets	−5.357	−1.968	−5.353	−1.950
(Purchase) / Sale of financial assets with changes in the results	−151.176	0	−151.176	0
Loans to Subsidiaries	0	0	−30.500	0
Sale of assets	3	0	3	0
Interest received	871	2.717	300	1.949
Net cash flows (used in)/from investing activities (b)	**−155.659**	**749**	**−186.726**	**−1**
Cash flows from financing activities				
Dividends paid to shareholders of the company	−25.641	−23.435	−25.641	−23.435
Net cash flows used in financing activities (c)	**−25.641**	**−23.435**	**−25.641**	**−23.435**
Net (decrease)/increase in cash and cash equivalents (a)+(b)+(c)	**−148.355**	**90.520**	**−167.725**	**86.216**
Cash and cash equivalents at beginning of the period	**263.477**	**172.957**	**241.381**	**155.165**
Cash and cash equivalents at end of the period	**115.122**	**263.477**	**73.656**	**241.381**

KALAMATA, 29 March 2016

VICE CHAIRMAN	MANAGING DIRECTOR	FINANCE DIRECTOR	ACCOUNTING MANAGER
EFSTATHIOS G. KARELIAS	**ANDREAS G. KARELIAS**	**GEORGE D. ALEVIZOPOULOS**	**JOHN A. ARGIRIS**

ΑΘΗΝΑΪΚΗ ΔΙΑΦΗΜΙΣΤΙΚΗ