ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT FOR YEAR 2010

REPORT OF THE BOARD OF DIRECTORS OF ELGEKA S.A. TO THE SHAREHOLDERS' GENERAL ASSEMBLY COVERING BOTH THE ACTIVITIES OF THE PARENT COMPANY AND THE GROUP, FOR THE FINANCIAL YEAR 01.01.2010 – 31.12.2010

Dear Shareholders,

In accordance with the Commercial Law and the Articles of Association of the Company, we submit to the Shareholders' General Assembly for approval, the Annual Report of the Board of Directors. The report was prepared in accordance with articles 43a, par.3 and 107 of Company Law 2190/1920, article 4 of Law 3556/2007 and the decisions of the Capital Market Commission.

The present report includes the financial status and results of the Company and the Group of year 2010 along with all significant transactions occurring during the current accounting period and until the date of submission. In addition, the report refers to an analysis of the main threat / risks, perspectives and expectations, corporate governance statement, as well as all transactions with related parties. The abovementioned information refers to both the Parent Company and the Group.

The accounting period, ended December 31st, 2010, is the thirteenth period during which "ELGEKA S.A. TRADE – DISTRIBUTIONS – REPRESENTATIONS – INDUSTRY" operated as the parent company of the Group. The companies included in the consolidated financial statements, together with the interests of our company in the subsidiaries, are disclosed in detail, in Note 1 of the Annual Financial Statements.

The Financial Statements for the year ended December 31st, 2010, are the sixth consecutive, which have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.), and the accounting principles and policies, which have been adopted by the Board of Directors of the Company.

The contents of the report are presented as follows:

A. <u>FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE FISCAL YEAR 01/01/2010 TO 31/12/2010</u>

The main characteristic of 2010 was the recession of the Greek economy, as a result of the restrictive fiscal policy and the subsequent reduction in disposable income. As a consequence, there was intense pressure on all domestic business both in sales and in profitability level.

However, ELGEKA Group by taking the appropriate business decisions managed to strengthen its position in the Greek market and also to set the foundation for its further enhancement and development through important agreements concluded during the year.

The financial results of the Group for the year 2010 are summarized as follows:

<u>Turnover (sales)</u> of the Group amounted to 352.720 thousand euro in the current financial year over 317.620 thousand euro the previous year of 2009, showing a significant increase of 35.100 thousand euro or 11.05%. Positive contribution in the Group's turnover increase for the year 2010 had "VITA PI S.A." (i.e. 56.758 thousand euro), whose results were incorporated for the first time in July 7, 2010, as well as "VIOTROS S.A." (i.e. from the amount of 9.205 thousand euro contributed to the consolidated turnover - net of intercompany transactions - the comparable fiscal year 2009, to 12.471 thousand euro during 2010) and the newly formed company "DIAKINISIS PORT AND CO" (i.e. 2.340 thousand euro). On the other hand, negative impact had the reduction of the turnover of the parent company "ELGEKA S.A." (i.e. from 141.762 thousand euro contributed to consolidated turnover of the year 2009 to 130.979

thousand euro for 2010) due to the reduction in disposable income in the domestic market and the subsequent decrease in the demand for consumer products, as well as the reduction in the turnover of the company “SAMBROOK PHARMACEUTICALS S.A.” (i.e. from 16.850 thousand euro in 2009 fell to 8.798 thousand euro in 2010) due to the interruption of its activity in the manufacturing and distribution of pharmaceutical generics.

Gross profit of the Group amounted to 45.009 thousand euro for the year 2010 compared with 51.509 thousand euro the previous year, a decrease of 6.500 thousand euro or 12.62% in percentage, while gross profit margin fell to 12.76% against 16.22% in the corresponding previous year, mainly due to the consolidation into the Group for the first time, of the wholesale company "VITA PI S.A.”, which operates with lower margins in comparison with other companies of Group.

Other operating income of the Group is increased by 16.68% compared with 2009, or by 3.753 thousand euro, due mainly to increased revenues from the participation of suppliers in the costs of promoting sales in "ELGEKA S.A.” (from 8.640 thousand euro in 2009 to 10.358 thousand euro in 2010) and its subsidiary company "VITA PI S.A.” (4.888 thousand euro in 2010).

Reduction was recorded in the Group's Operating Costs, i.e. by rate 2.77%, mainly due to lower sales expenses. More specifically, during 2010 operating expenses amounted to 64.275 thousand euro as opposed to 66.104 thousand euro during the corresponding period of 2009.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to 12.813 thousand euro as opposed to 13.795 thousand euro in the previous year, a decrease of 7.12%, mainly due to the significant reduction in gross profit, while in contrast were positively affected by the significant increase in other operating income (participation of suppliers in the costs of advertising and promoting activities) by 3.753 thousand euro, mainly in "VITA PI S.A." and "ELGEKA S.A.”.

Earnings before interest, tax and depreciation (Operating profit) amounted to 6.981 thousand euro against 7.899 thousand euro in the previous year, a decrease of 918 thousand euro or a percentage of 11.62%. The subsidiaries that contributed positively to the formation of this amount are "VIOTROS S.A.”, due to the fact it limited its losses considerably (i.e. from 1.779 thousand euro in 2009 to 495 thousand euro in 2010), “DIAKINISIS PORT AND CO” with a profit of 1.076 thousand euro and "VITA PI S.A." with a profit of 970 thousand euro. In contrast, negative contribution was the loss of 1.210 thousand euro by “SAMBROOK PHARMACEUTICALS S.A.” in comparison to 1.651 thousand euro profit in 2009, and the reduction of operating profit of the parent company "ELGEKA S.A.” from 3.420 thousand euro in 2009 to 2.452 thousand euro in 2010.

Finance costs fell by 7.06% or 392 thousand euro (i.e. amounted to 5.164 thousand euro in 2010 versus 5.556 thousand euro in 2009), while Other Financial Expenses are significantly reduced, amounting to 504 thousand euro in 2010 versus 1.769 thousand euro in 2009. This is due to the significant reduction in foreign exchange loans (from 1.660 thousand euro in 2009 to 376 thousand euro in 2010) and to realization of profit from selling participations during 2010, totaling 883 thousand euro.

Net result (loss) before tax amounted to 416 thousand euro in closing year against losses of 7.169 thousand euro in 2009, showing great improvement by 6.753 thousand euro. The significant improvement in economic figures is the result of two contrasting factors: lower operating earnings and lower loss (compared to the previous year) resulting from the valuation (by an international firm of independent valuators) as at fair value of investment properties of the Group. Specifically, the "Losses from fair value of investment property" amounted to 2.255 thousand euro in 2010 versus 8.082 thousand euro in comparable year 2009.

Net result (loss) after tax amounted to losses of 1.486 thousand euro during 2010 compared with a loss of 6.671 thousand euro in the previous year of 2009, presenting a considerable improvement of 5.185 thousand euro.

Results (Loss) of Group attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to a loss of 1.214 thousand euro in the year 2010 compared to a loss of 2.909 thousand euro in the previous year 2009, showing an improvement of 1.695 thousand euro.

Results (Loss) per share reached (0.0381) euro in 2010 compared to (0.0911) euro in the comparable year of 2009, an improvement of 0.0530 per share.

From the above analysis, it is concluded that during 2010 the improvement of economic fundamentals of ELGEKA Group is obvious in comparison with the previous year. However, there is no doubt that there is much potential for growth and development, despite the current economic climate. The key financial highlights that characterized 2010, in Group level, briefly are the following:

- Increase in turnover, mainly due to the incorporation for the first time of the subsidiary "VITA PI S.A.", as well as of the beginning of cooperation with COSCO Group (through the subsidiary "DIAKINISIS PORT AND CO").
- Decrease in gross margin, due to the low margins of the market in which operates the acquired subsidiary "VITA PI S.A.".
- The significant (16.68%) increase in Other Operating Income, which is the result of increased participation of suppliers to advertising - promotion expenditures.
- The significant reduction of losses from the revaluation of investment property, due to the gradual stabilization of the real estate market in Romania.
- The major reduction in Other Financial Results, due both to the reduction of unrealized foreign exchange losses on loans and to the profitable sale of participations during 2010 (mainly from the sale of interest in "PAPADIMITRIOU S.A.").

The Group's financial position is deemed overall as satisfactory and it is fairly presented in the Consolidated Financial Statements for the year 2010.

Specifically, the net book value of Intangible Assets, Tangible Fixed Assets and Investment Property of the Group amounted, as at 31/12/2010, to 124.918 thousand euro representing 37.51% of the Group's Total Assets as opposed to 125.706 thousand euro in prior year.

In 2010, the Group Equity represents 22.18% of the Group's Total Equity and Liabilities amounting to 73.868 thousand euro as opposed to 78.359 thousand euro in 2009, showing a decrease of 5.73%.

The Group's total Liabilities amounted to 259.130 thousand euro as opposed to 216.894 thousand euro in 31/12/2009, representing an increase by 19.47%. The long term liabilities amounted to 55.084 thousand euro as opposed to 62.832 thousand euro in prior year, a reduction of 12.33%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 27.346 thousand euro as opposed to 36.415 thousand euro in 2009, representing an reduction of 9.069 thousand euro or 24,90%.

Finally, the Group's Short term bank liabilities amounted to 73.542 thousand euro (22.09% of the Total Liabilities and Equity), increased by 14.666 thousand euro as opposed to 2009, which amounted to 58.876 thousand euro.

We present below an analysis of the trend in financial ratios relating to the Group's financial structure, effectiveness, efficiency and working capital management for the fiscal year 2010, in relation to the fiscal year of 2009:

A) Financial Structure Ratios

	2010	2009
1. Property Funding Ratio		
Fixed Assets / Total Assets	43,73%	46,30%
Current Assets / Total Assets	56,27%	53,70%
2. Leverage ratio		
Total Debt* / Equity	167,27%	152,00%
* Financial leasing liabilities included		
3. Fixed Assets Coverage Ratio		
Equity / Fixed Assets	50,73%	57,33%
Equity & Long-term Liabilities / Fixed Assets	88,56%	103,29%
4. Current ratio		
Current Assets / Current Liabilities	91,83%	102,92%

B) Profitability Ratios

	2010	2009
1. Return on Equity		
Earnings before tax (EBT) / Equity	(0,56%)	(9,15%)
2. Gross profit margin		
Gross profit / Sales	12,76%	16,22%
3. Equity turnover		
Sales / Equity	477,50%	405,34%
4. Gross Profit to Cost of Sales Ratio		
Gross Profit / Cost of Sales	14,63%	19,36%

C) Activity Ratios

	2010	2009
1. Creditors' Turnover ratio		
Trade Creditors X 360 days / Cost of Sales	116 days	96 days
2. Debtors' Turnover ratio		
Trade Debtors X 360 days / Sales of Stock & Services on credit	123 days	113 days
3. Inventory Turnover ratio		
Cost of Sales / Stock Value as at 31/12	8 days	8 days

As regards to the financial performance of the Parent Company, we note the following:

Turnover (sales) of "ELGEKA S.A." for the current financial year amounted to 131.123 thousand euro as opposed to 141.873 thousand euro in the previous year of 2009, showing a reduction of 10.750 thousand euro, or 7.58% in proportion.

Gross profit amounted to 26.445 thousand euro in 2010 from 28.533 thousand euro in the corresponding previous period, which is a decrease of 2.088 thousand euro or 7.32%, while gross profit margin showed a marginal improvement, formed at 20.17% from 20.11% in the year 2009.

Operating Expenses increased by 3.14%, namely from 34.188 thousand euro in the previous year of 2009 amounted to 35.262 thousand euro in the closing year of 2010, an increase of 1.074 thousand euro. This increase is derrived from both the increase in Distribution Expenses, amounting to 726 thousand euro, and the increase in Administrative Expenses, totaling 504 thousand euro.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 3.675 thousand euro against 4.757 thousand euro in the previous year of 2009, a decrease of 22.75%, mainly due to reduced sales and hence to reduced gross profit and also to increased operating costs.

Earnings before interest, tax and depreciation (Operating profit) amounted to 2.452 thousand euro as opposed to 3.420 thousand euro of the previous year, a decrease of 968 thousand euro.

Results (Loss / Profit) before tax amounted to loss of 1.508 thousand euro during 2010 versus profit of 1.436 thousand euro in 2009, a decrease of 2.944 thousand euro. Causes of this deterioration are the decline in sales, which caused a corresponding decrease in gross profit (by 2.088 thousand euro compared with 2009), the impairment loss of subsidiaries “MEDIHELM PHARMACEUTICALS WHOLESALE STORE S.A.” and “SAMBROOK PHARMACEUTICALS S.A.”, totaling 1.517 thousand euro, as well as the recorded loss from the evaluation of investment property of 600 thousand euro.

Results (Loss / Profit) after tax of year 2010 amounted to 1.969 thousand euro loss against profits of 414 thousand euro in the previous year, a decrease of 2.383 thousand euro.

(Loss) / Earnings per share of the Parent Company amounted to (0.0619) euro for the year 2010 compared to 0.0130 euro for the year 2009.

The Company's dividend policy is directly related to the Company's strategy and therefore to its capital needs and general financial developments, taking into account the Company's and its Shareholders' long-term benefits.

Therefore, the Company's Board of Directors, taking into consideration the unfavorable recent developments in the economic field and having as priority to retain high liquidity, will not recommend dividend distribution for the year 2010 to the Annual Shareholders' Meeting.

From the above data, it is suggested that the current financial year 01/01/2010-31/12/2010 the financial figures of "ELGEKA S.A." came under intense pressure due to the special economic conditions in the domestic economy. The key financial highlights of 2010, for the Parent Company, briefly are the following:

- The decrease in Turnover by 7.58% caused a corresponding decrease in gross and operating profit of the Company. However, it should be noted that this reduction is less than the average of the industry of consumer products in Greece, meaning that "ELGEKA S.A." confronted more effectively the adverse economic conditions over the competition and managed to increase its market share on individual represented products.
- The marginal improvement in gross margin rationalizing the negative impact of falling sales.
- The significant (24.18%) increase in Other Operating Income, due to the increased participation of suppliers to advertising - promotion expenditures.
- The provision for impairment of investments in pharmaceutical subsidiaries, amounting to 1.517 thousand euro, due to the adverse financial position of the pharmaceutical industry in Greece.
- The increased loss occurred, compared to 2009, by the valuation of investment property at fair value, totaling 600 thousand euro.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2010

In Group level, during 2010, were made the following investment - business developments:

- On March 16, 2010, the Group proceeded with the disposal of its interest in "SAMBROOK PHARMA Pharmaceutical Ltd" in which the sole shareholder was the subsidiary "SAMBROOK PHARMACEUTICAL S.A." where the Parent Company participated with 91.34%. The sale price was 21 thousand euro, representing the cost of acquisition by the subsidiary. This sale has not materially affected the Consolidated Financial Statements as the financial figures of the subsidiary are immaterial for the Group (Equity at 31/12/2009 amounted to approximately 70 thousand euro and Losses before taxes amounted to 10.6 thousand euro).

  From this disposal there was a profit for the Group amounting to 70 thousand euro, which is included in "Other Financial Results."

- On April 15, 2010, Parent Company proceeded to the sale of part of its participation in the company "PAPADIMITRIOU S.A.". Specifically, the Parent Company sold 37.372 shares of the subsidiary from the total 62.283 shares held, representing a participation of 30% plus two (2) shares. Consequently, the new participation percentage in that company is 19.99% from 50% plus one (1) share that was before this sale. The sale price of the abovementioned transaction amounted to 1.800 thousand euro.

In the stand-alone financial statements there was no result, as the participation was valued at cost less any accumulated impairment losses.

In the Consolidated Financial Statements there was a profit of 1.008 thousand euro, which includes a profit of 403 thousand euro as a result of fair value of the remaining participation.

The results and the equity of the subsidiary had no material effect on the Consolidated Financial Statements. Specifically, turnover and loss after tax and non-controlling interest of this subsidiary at 15/04/2010, which were included in the Consolidated Financial Statements, amounted to 1.734 thousand euro and 128 thousand euro respectively (31/12/2009: 6.603 thousand euro and 82 thousand euro respectively).

Consequently, the company “PAPADIMITRIOU S.A.” which was incorporated in the Consolidated Financial Statements of “ELGEKA S.A.” under the full consolidation method as at December 31, 2009, after the disposal on 15/04/2010, is no longer consolidated and it is presented as Financial Assets Available for Sale at fair value of 1.200 thousand euro.

- On April 27, 2010, the 99.99% subsidiary "DIAKINISIS S.A. Warehousing-Distribution-Packages" signed a 2-year cooperation agreement with “COSCO PCT” (with automatic renewal in the absence of written notice six months before the expiry of the contract by one of the parties) for the provision of services related to loading and unloading of containers, as well as other services at the Pier II of the New Container Terminal in Port of Piraeus.

  This agreement, which may be transferred to any subsidiary of ELGEKA Group, concerns the handling and movement of containers arriving at the port of Piraeus, especially at Pier II, which has been handed over to “COSCO PCT” for the next 35 years.

  This cooperation, which is particularly important at national level, it is one of the first to arise in the context of broader cooperation between Greece and the COSCO Group and creates the conditions for the further development of business relationships between Greece and China. The importance of this cooperation was sealed by the visit of Capt. Wei Jiafu, President and Managing Director of “COSCO” in the facilities of “DIAKINISIS S.A.”.

  The organization and infrastructure of “DIAKINISIS S.A.” in conjunction with the support provided from ELGEKA Group led “COSCO” to the choice of “DIAKINISIS S.A.” as the main "player" in the partnerships that sought to implement for its business plans in the port of Piraeus.

- At the Annual General Meeting of the Parent Company held on June 28, 2010, was decided among others to restart treasury share repurchase program, in accordance with Article 16 paragraph 1 of Codified Law 2190/1920, and, in particular the repurchase of treasury shares by the Company, through the Athens Stock Exchange during the period from 01/07/2010 until 22/06/2012, up to 10% of the subscribed share capital, which now amounts to 3.193.703 shares, including 140.850 treasury shares previously acquired by the Company (pursuant to the 30/06/2008 and 21/04/2010 decisions of the Annual General Meeting of shareholders and the Board of Directors respectively for the purchase of treasury shares up to 30/06/2010).

  Maximum purchase price was set at a price of 10.00 euro and minimum purchase price was set at 0.50 euro per share.

The Company will be able to use its treasury shares, in whole or part thereof, for the fulfillment of future stock option plans to employees of the Company or the possibility of exchanging shares acquired under a future program to purchase equity shares of other companies or future reduction of share capital by cancellation of treasury shares.

Subsequently, in execution of the decision of the Annual General Meeting of the Parent Company held on June 28, 2010 and the decision of the Board of Directors held on June 29, 2010, the company purchased 61.650 treasury shares from 01/07/2010 up to the date of approval of this Report of the Board of Directors. Thus, total treasury shares currently held by the Parent Company amount to 202.500 ordinary shares, which represent 0,634% of share capital and total number of shares, while the total acquisition value amounts to 158 thousand euro (average price of 0.777319 euro per share).

- The Annual General Meeting of the subsidiary “MEDIHELM PHARMACEUTICAL S.A.” held on June 30, 2010 decided to reduce its share capital by the amount of 1.174 thousand euro, reducing the nominal value of its shares from 20 euro to 10 euro each for the capitalization of previous years losses and, at the same time, to increase the share capital by 1.186 thousand euro by issuing 118.600 new ordinary shares with a nominal value of 10 euro each. By doing so, the new share capital amounts to 2.360 thousand euro, divided into 236.000 ordinary shares with a nominal value of 10 euro each. “ELGEKA S.A.” entirely undertook the aforementioned increase by paying on 19/08/2010 1.186 thousand euro, increasing its participation percentage from 96.95% to 98.48% approximately.
- On July 5, 2010, “ELGEKA (CYPRUS) LTD”, a 100% subsidiary, has founded a new company under the name “DIAKINISIS PORT (CY) LIMITED”, which is based in Nicosia, Cyprus. The participation percentage of “ELGEKA (CYPRUS) LTD” in the share capital (40 thousand euro) of the newly formed company is 50.01%, and its objective is to participate in other companies.
- On July 7, 2010, the Parent Company acquired a rights option on the share capital increase of the wholesaler "VITA PI S.A". The participation percentage of the listed company "ATLANTIC SUPER MARKET S.A.”, before the rights purchase, was 99,71%. “ELGEKA S.A.” acquired from "ATLANTIC SUPER MARKET S.A.” the abovementioned participation for the amount of 10.280 thousand euro.

  The Parent Company, in conjunction with the resignation of the other shareholder regarding its participation in the share capital increase, has participated solely in the aforementioned share capital increase for the amount of 1.855 thousand euro (3.500 thousand shares of 0,53 euro each) and as result its participation percentage raised up to 72,92%.

  In addition, on the same day the Parent Company has purchased the remaining participation percentage of the listed company “ATLANTIC SUPER MARKET S.A.” to the wholesaler “VITA PI S.A.” (1.296.182 shares of nominal value of 0,53 euro each or 27% of the share capital) for 4.520 euro thousand.

  As a result, the Parent Company’s participation percentage is finally formed to 99,92%.

  “VITA PI S.A.” was founded in 1986 and its headquarters are located in Anchialos of Thessaloniki, Municipality of Agios Athanasios. Its operation is the representation, distribution and merchandise of food and other consumer goods. Following a consistent quality strategy and implementing innovative techniques in the field of sales and marketing, the company was easily distinguished from other companies in the market.

"VITA PI S.A.", formerly a subsidiary of the listed company "ATLANTIC SUPER MARKET S.A.", which held the majority of its shares (99.71%), is able to cover each category of retail sales, providing the best possible service to satisfy the needs of a gradually growing number of customers, having as basic policy its continuous development and improvement. Today, "VITA PI S.A." has an exclusive distribution contract for the products of TASTY / LAYS in the areas of Thessaloniki, Kavala, Kilkis. The Company's distribution centers and warehouses in Thessaloniki, Kavala, Komotini, Trikala, Athens and Iraklio of Crete are able to support the company's operations and satisfy even the most remote requirements and expectations of its customers.

- On August 5, 2010, "DIAKINISIS PORT (CY) LIMITED", newly formed subsidiary with participation percentage of 50.01%, has founded a new trade limited company under the name "DIAKINISIS PORT & Co", which is situated in the Municipality of Piraeus. The participation percentage of "DIAKINISIS PORT (CY) LIMITED" in the equity (30 thousand euro) of newly formed company "DIAKINISIS PORT & Co" is 99%. The objective of the new company is to conduct port services associated with loading, unloading and handling of containers as well as their transportation.

- On October 2, 2010, ELGEKA Group and "Cosco Pacific Limited" signed a memorandum of understanding regarding the construction, development and operation of a Container Freight Station at the New Container Terminal of the Port of Piraeus.

  The above collaboration further strengthens the existing strategic alliance between the two groups.

  The agreement consists of the following basic terms:

  - Incorporation of a common corporate scheme "COSCO" – "DIAKINISIS PORT" with 50%-50% participation from each part in the paid up share capital.
  - Construction, development and operation of a Container Freight Station of a total surface of approximately 7,000 sqm.
  - The aforementioned investment is estimated to amount up to 5.000 thousand euro.
  - Creation of approximately 50 new employee positions for the new Station.

  The specific strategic collaboration between the two groups, establishes a new era on the wider sector of storage and transportation in relation to a) the connection of the Piraeus Port as the transportation centre in East and North Europe and b) the management of inventories-products from companies operating either in Greece or in other European countries with the objective to offer lower prices towards to the end consumer.

- During 2010, in accordance with Article 5 of the Law 3845/2010 (Government Gazette A 65/06-05-2010) a special contribution for social responsibility on the overall net income of companies for the year 2010 was imposed, in case their net income exceeded 100 thousand euro.

  Consequently, and according to received paycheck from the relevant tax authorities, the special contribution of Article 5 of Law 3845/2010 which was included in the results of year 2010 amounted to 71 thousand euro for the Parent Company and the Group.

- Finally, the investments in Fixed Assets and Investment Property for 2010 amounted to 3.984 thousand euro and 1.147 thousand euro for the Group and the Parent Company, respectively.

b) Significant post – balance sheet events until the date of the Report

There were no events after the Financial Statements date that relate to the Group or the Company, which deserve special notice.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

The environment in which the Group operates is characterized by adverse economic conditions prevailing in the Greek economy and the explosive situation created in recent months on a global scale (instability in several countries of North Africa and Middle East). As a consequence, it is expected during 2011 a further reduction in disposable income, a fall in domestic demand or stabilization at low levels, rising energy prices and cost of money.

Given these circumstances, ELGEKA Group reacts seeking constantly new markets to operate, while at the same time giving emphasis on developing existing operations. Furthermore, it continuously invests in new technology, fixed assets and human capital (highly educated and of professional level), aiming to strengthen its position in its core markets of Greece and Romania, which operates the majority of its companies.

During 2011, the Group is expected to further extend and expand its activities, while emphasizing in the development of the operations of subsidiaries acquired (“VITA PI S.A.”) and established (“DIAKINISIS PORT (CY) LIMITED”, “DIAKINISIS PORT AND CO”) during 2010.

In particular, the Group will focus in 2011 on the development of profitable operations, and will make efforts to exit from loss-making activities or activities outside of its main scope of work.

In this context, ELGEKA Group proceeded during 2010 to the sale of its participation in the company “SAMBROOK PHARMA PHARMACEUTICAL Ltd”, and significantly reduced its participation in the company "PAPADIMITRIOU S.A." which is no longer a subsidiary of the Group and therefore is not consolidated in the Group's results.

On the other hand, the strategic cooperation that has been achieved with COSCO Group during 2010 creates for ELGEKA Group the necessary conditions to obtain the maximum benefits possible from 2011 onwards.

In particular, the signing of the strategic cooperation agreement with COSCO Group for the provision of services related to loading and unloading of containers, as well as other services at Pier II of the New Container Terminal in Port of Piraeus is one of the first to arise in the context of broader cooperation between Greece and the COSCO Group and creates the conditions for the further development of business relationships between Greece and China. ELGEKA Group expects to gain from the specific cooperation multiple benefits: increased activity (which means increased turnover and profitability), know-how from one of the largest Groups worldwide, as well as prospects for further cooperation and common progress.

The close cooperation between the two Groups was confirmed by the signing of a memorandum of understanding regarding the construction, development and operation of a Container Freight Station in the New Container Terminal of the Port of Piraeus. The agreement consists, through the incorporation of a common corporate scheme “COSCO” – “DIAKINISIS PORT” with 50%-50% participation from each part, the construction, development and operation of a Container Freight Station of a total surface of approximately 7,000 sqm, an investment that is estimated to amount up to 5.000 thousand euro.

This investment is expected to be completed within 2011 and will be one of the main pillars of the ELGEKA Group's growth for the coming years.

Regarding the Parent "ELGEKA S.A.”, the Management will intensify its efforts to improve and extend its distribution network of products through developing alternative retail channels, having as its main objectives on one hand the continuous investment in existing brands, through advertising - marketing activities at the points of sale, and on the other hand the attraction of new partnerships.

Being a leader in such a competitive industry, requires a continuous effort to satisfy represented suppliers, direct customers and the end user, to which the Company addresses. Retaining the above customer-oriented attitude, the Management of "ELGEKA S.A." expects to achieve its objectives and despite the intense competition and shrinking demand for consumer goods, will continue to strengthen its leading position in the Greek market.

From the above business developments, substantial operational and economic benefits are expected in 2011, through the more effective operation of the distribution network of the Parent and the achievement of further economies of scale in the Group.

For 2011, the Group's Management has set a key target to increase turnover, reduce operating costs and further improve working capital, thus reducing bank borrowings.

The Group's subsidiaries are expected to contribute more effectively to strengthening the economic fundamentals in 2011, facing successfully the difficult and volatile market conditions and intense competition in the industries involved.

Regarding the subsidiary “DIAKINISIS S.A.”, which operations relate to third party logistics (3PL) services, it is expected that the increased need for variability in warehouse and distribution expenses within a stable or shrinking Greek market will create increased prospects for the signing of new agreements.

In order to achieve company’s goals, Management will focus on the improvement of its competitiveness as well as the development of its organizational structure. The Company has already commenced its investment plan according to the investment Law 3299/2004, by investing to necessary equipment (storage shelves, forklifts, pc, etc).

Cost control (cost improvements), quality of services provided, upgrading and automation of equipment, improvement of professional training of human resources (training, new specialists that have already entered into its human resources) in combination with the long experience of its employees and the reduction of its operating expenses are an indicative number of actions that the company implemented in order to improve its results during 2010 and will continue to operate towards this direction in 2011 as well.

The acquired, during 2010, subsidiary "VITA PI S.A." is expected to reach its full potential for ELGEKA Group during 2011. The subsidiary is currently in phase of full development and harmonization in alignment with the general policies and procedures of ELGEKA Group. In this context, an investment program is being implemented, which includes the installation and operation of CRM and ERP system of SAP, the renewal of its fleet of vehicles, the renewal of storage equipment (complete system of barcode), etc. In addition, "VITA PI S.A." also implements actions in the commercial level in order to further increase its turnover and profitability. The result of these actions is expected to have a significant impact on the financials figures of the Group during 2011.

"ELGEKA FERFELIS ROMANIA S.A." has had a satisfactory year in 2010 and is estimated that 2011 will further enhance its position in the Romanian market through new agreements as well as through the further development of the existing ones, which are expected to significantly strengthen its financial figures. Furthermore, subsidiaries "ELGEKA FERFELIS BULGARIA LTD" and "ELGEKA FERFELIS SRL", through which the Group operates in the markets of Bulgaria and Moldova respectively, are in a developing phase, which is expected to continue during 2011.

The economic crisis, which affected significantly the industry of milk and dairy products in recent years, was the main cause of the worst than expected performance of the subsidiary "VIOTROS S.A.". However, during 2010 the subsidiary company carried out the appropriate steps to end that trend and managed to significantly reduce its losses. These actions included reassessment of the margins of operating costs and reducing production costs (through improvements in costing process), while maintaining the high quality of its products. These efforts will be further developed in 2011, in order for "VIOTROS S.A." to return to full and profitable growth.

The current economic climate has also significantly affected the real estate market, both domestically and internationally. ELGEKA Group, which operates in property management in Romania, through the companies "SC GATEDOOR HOLDINGS COM SRL" and "GREC - ROM BUSINESS GROUP SRL", faced the negative consequences of this situation over the last two years.

During 2010, the decline in property prices was restricted to lower percentages abroad and reached high levels in Greece. As a result, the losses resulting from the revaluation of property in Romania in 2010 were considerably reduced, while increased losses accrued from the Greek market.

During 2011, this trend is expected to continue, at least at international level, resulting to a limited effect on the financial figures of 2011 from the specific sector.

The Group's strategic priority in relation to the real estate portfolio in Romania, whose value amounts to 26 million euro approximately (according to an accredited independent valuation), remains unchanged. Therefore, the exploitation of these properties is considered a potential opportunity, in partnership with companies specializing in this field. In any case, Group's Management proceeds to careful actions by thoroughly examining every possible scenario, in order to obtain the maximum potential benefits.

Finally, the pharmaceutical industry, in which ELGEKA Group operates through the subsidiaries "SAMBROOK PHARMACEUTICAL S.A." and "MEDIHELM PHARMACEUTICAL S.A.", has received a strongly negative impact due to domestic economic crisis. However, ELGEKA Group takes appropriate steps to revise or enhance the activity of these companies with a view to enable them to cope with the new conditions. In this context, efforts are being held to concentrate the operation of the specific subsidiaries in purely commercial activities.

The Group mainly operates in the Greek and Romanian markets which are very competitive and, as such, it is exposed in a series of financial risks, which are managed by the Parent Company's Management in constant cooperation with each subsidiary's local management. The most significant financial risks and uncertainties that the Group may face during 2011 are the following:

a) Price Changes Risk

The recession of the Greek economy has sharply differentiated the profile of the average consumer, so and consequently increased uncertainty exists about the future developments. The Greek economy has fallen into a combination of simultaneous inflation and recession (stagflation), mainly due to increased indirect taxation. The continued decline in demand in combination with higher prices of raw materials and energy will boost inflation and further deteriorate the climate of inflationary pressures.

The Group is not exposed to price change risk related to securities as there are no investments in listed securities.

b) Credit Risk

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, due to its highly differentiated client list and to high credibility of those clients that are responsible for the most significant percentage of revenues. The exposure to credit risks and the customers' financial position is assessed on a constant basis, so as the granted credit for significant customers not to exceed the predefined credit limit. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and "VIOTROS S.A." the insurance of a significant part of their credits to a well-known insurance company (EULER HERMES). Moreover, both the Parent Company and "VIOTROS S.A." has obtained additional guarantees from major customers, the balances of which are not fully insured by the insurance company. As a result, the Management considers that during 2011 there is not any significant credit risk unsecured or not adequately accrued for both the Parent Company and its subsidiaries.

c) Interest and Foreign Exchange Risk

Group's bank loans are mostly denominated in Euro and bear a floating interest rate. Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates, despite the apparent upward trend in base rates (EURIBOR). Specifically, the companies "ELGEKA FERFELIS ROMANIA S.A." and "GATEDOOR HOLDINGS COM SRL", which operate in Romania and conduct significant transactions in local currency (functional currency), had proceeded to appropriate actions both in 2009 and 2010, with the conclusion of contracts in financial derivatives, to reduce or eliminate any potential foreign exchange losses resulting from the valuation of debt obligations in foreign currency (in case of adverse changes in exchange rate), using financial instruments (options) to limit foreign exchange risk. In this way, the impact of foreign exchange losses was significantly reduced without adding new risks in their operation.

Specifically for 2010, "ELGEKA FERFELIS ROMANIA S.A." exercised its right at strike date and accrued a net profit amounted to 257 thousand euro, which is included in "Other operating income", while the subsidiary "GATEDOOR HOLDINGS COM SRL" exercised its right at strike date and accrued a net profit of 175 thousand euro, which is also included in "Other operating income ".

The two subsidiaries will continue the same policy during 2011 in order to mitigate (if not fully eliminate) the amount of foreign exchange losses which will potentially arise on 31/12/2011.

Furthermore, the Parent Company's Management decided, during 2009, to enter into hedging contracts with "Alpha Bank" and "Emporiki Bank of Greece". These are interest rate hedging contracts up to 7.500 thousand euro each in order to hedge for the Company's interest rate exposure. For the same reasons, the subsidiary "DIAKINISIS S.A." entered into a hedging contract with the amount of 7.500 thousand euro (Parent Company as guarantor). The abovementioned contracts were signed at the beginning of July 2009 and activated in October 2009.

The products "Plain Vanilla IRS" qualify for hedge accounting in accordance with IAS 39 "Financial Instruments: Recognition and Measurement" and, therefore, changes in their fair value recorded directly in the Statement of Other Comprehensive Income. Based on the valuation as at December 31, 2010, a loss of 98 thousand euro and 78 thousand euro for the Group and the Company accrued respectively (31.12.2009: 200 thousand euro and 147 thousand euro respectively), that was recorded in "Other Comprehensive Income. Out of this amount, income tax of 12 thousand euro and 10 thousand euro (31.12.2009: 48 thousand euro and 35 thousand euro respectively) for the Group and the Company respectively was deducted and the remaining 238 thousand euro and 180 thousand euro (31.12.2009: 152 thousand euro and 112 thousand euro respectively) for the Group and Company respectively was recorded in "Other Reserves" in the Statement of Financial Position. Consequently, on 31 December 2010, the cumulative loss from derivatives is 298 thousand euro (31.12.2009: 200 thousand euro) and 224 thousand euro (31.12.2009: 147 thousand euro) and is presented in current liabilities in the Statement of Financial Position.

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a Sale & Lease Back property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during 2011 will have a negative impact on the Group's financial results, due to the increased interest expenses. However, the signing of the above interest rate derivatives will significantly offset the negative impact of such possibility.

Group short-term loans are contracted on floating interest rates. The interest rates' renewal takes place, for short-term loans, every 1 to 3 months, and for long-term loans every 3 to 6 months. This enables the Group to avoid the risk from immense interest rate fluctuations.

Furthermore, due to Group international activities, there are trade transactions in foreign currency. Consequently, it is exposed to the fluctuations of the exchange rates (main country, apart from Greece, is Romania). Finally, the Group's exposure to translation foreign exchange risks is limited.

d) Liquidity Risk (financial risk)

The Group faces no difficulties in the settlement of its liabilities, due to a) good operating cash flows, b) high debt capacity from financial institutions and c) financial assets, whose book values do not deviate from their fair values.

It is characteristic that, according to a press release from ICAP Group, in late 2010, "ELGEKA S.A." and its subsidiary "DIAKINISIS S.A." are among the strongest companies in Greece credit-wise, namely positioned No.22 and No.69 respectively among companies such as "Vodafone", "Motor Oil", "3E", Athens International Airport "Eleftherios Venizelos", "DEPA ", "Sklavenitis", "Philips", "EVGA", "XEROX", etc.

The ranking of companies was based on criteria such as profitability, liquidity, cash flows, trading behavior and moral credit risk and included the ones that registered for the initiative of ICAP Group.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. As at 31/12/2010, the Group possessed 8.364 thousand euro in cash, whereas the available unused and approved bank credit limits amounted to 17.677 thousand euro, which are deemed adequate for the Group to cover for a potential short-fall in cash or cash equivalents.

e) Capital management

The Group's primary goal regarding capital management is to ensure the maintenance of high credit rating and strong capital ratios, in order to secure and expand the Group's activities and to maximize shareholders' value.

No changes are expected to occur regarding the Group's approach in relation to capital management during 2011.

The Group and the Parent Company, manage capital efficiency using the ratio of total borrowings to Equity, with the purpose to constantly improve their capital structure.

f) Macroeconomic risk

The main macroeconomic risks to which the Group is exposed are the inflation cost, the income policy and the recession risk that might lead into compression and shrinkage of consumer's disposable income. The decrease in consumption might lead not only to an intension of competition but also to a sales decline, a gross profit decline and, as a result, a negative influence on profitability.

g) Risk relevant to Food safety

The Group's main area of activity is the food sector.

Packaging, marketing, distribution and food sales include inherent risks as far as the products' quality liability, the potential recall and the consequent unfavorable publicity is concerned. This might lead to negative consequences in reputation, operation, financial position and Group's financial results.

Such products might be unintentionally distributed by the Group and might have consequences in customers' health. As a result, the Group has the legal responsibility for potential damage claims and, as a result, has engaged to a corresponding insurance coverage.

The Group applies a strict quality and safety policy for food products, in order to offer to its customers, high quality and secure products and to faithfully and strictly follow safety and hygiene rules.

Both Management and the entire Group structure are socially sensitive, in order to offer to customers high quality and safe products, as indicated by the following certifications granted to the Parent Company:

"ELGEKA S.A.", following relevant amendments – reviews of Food Hygiene and Safety System (H.A.C.C.P.) in Athens and Thessaloniki premises (04.03.2004 and 10.03.2004 respectively), received certificate approval in regard with:

- "CODEX ALIMENTARIUS" standard by TUV-NORD, accredited by the German organization DAR.
- "ELOT 1416" standard by TUV-NORD (member of RWTUV Group), accredited by E.S.I.D.

It is noted that "ELGEKA S.A." is one of the few companies, which have certifications for H.A.C.C.P. from two (2) non-associated organizations with global reputation based on two (2) different standards.

D. CORPORATE GOVERNANCE STATEMENT

1. Reference to the Corporate Governance Code which applies to the Company and the place where the Code is available to the public

"ELGEKA S.A.”("Company" hereafter) is committed to high standards of corporate governance, beyond those provided by relevant laws. In implementing L.3873/2010, the Company states that, according to the decision of the Board of Directors on 18.02.2011, it follows the Code of Corporate Governance adopted by the Hellenic Federation of Enterprises (SEV). The Code is posted on the website of SEV, at the following address:

www.sev.org.gr/uploads/pdf/KED_TELIKO_JAN2011.pdf

2. Reference to deviations from the Corporate Governance Code

The Company confirms that applies faithfully and strictly the provisions of Greek law, which establish the minimum requirements to be followed by any Code of Corporate Governance (L.2190/1920, L.3016/2002, L.3693/2008, L.3873/2010, L.3884/2010).

The Company deviates or does not apply in total some of the special practices of the Code, as following:

- The Board of Directors consists of two (2) independent non-executive directors, whereas according to the proposed ratio of the Code (1/3), the independent non-executive directors should be three (3). The membership of the directors of the current Board expires in the first half of 2013, so at that date it will be reviewed the implementation of this practice (A.II, par.2.3 of the Code).
- The Board has not appointed an independent non-executive Vice-Chairman, despite the fact that it has assigned to the same person the roles of Chairman and Managing Director. The membership of the directors of the current Board expires in the first half of 2013, so at that date it will be reviewed the implementation of this practice (A.III, par.3.3 of the Code).
- There is no provision for approval by the Board of Directors to appointment of an executive member of the Board as a non-executive member in a company that is not affiliated or subsidiary. There will be provision in the Operation Regulation of the Board to align with this practice (A.IV, par.4.3 of the Code).
- The Board members are elected for a term of five (5) years in accordance with the Company’s Articles of Association, instead of four (4) years under the Code. Given the complexity of the Company and the Group in general, it is provided five-year term, so that members have sufficient time to promote their work. The application of this practice will be reviewed (A.V, par.5.1 of the Code).
- The Company does not have a Nomination Committee for candidates for the Board positions. The implementation of this practice will be reviewed at a later stage (A.V, par.5.4 of the Code).
- There is no provision for support of the Board of Directors by qualified and experienced corporate secretary, introductory programs to inform members of the Board and grant of company resources to fulfill their duties. We consider amending the Operation Regulation of the Board to align with this practice (A.VI, par.6.2, 6.3, 6.10 of the Code).
- It has not established evaluation procedure of the Board and its Committees. The Board is assessed by the Shareholders’ Annual General Meeting through the Activity Report (A.VII, par.7.1 of the Code).

- In the contracts of executive directors, there is no provision for return of part or all of the bonus that has been awarded, in case of revised financial statements of previous years, according to which it has been estimated this bonus. In the case of a new contract, it will be reviewed the application of this practice (C.I., par.1.3 of the Code).
- The Company does not have a Remuneration Committee. The remuneration of executive Board members is approved by the Board of Directors, while the remuneration of non-executive Board members is approved by the General Meeting of Shareholders, after a proposal by the Board of Directors (C.I., par.1.6 of the Code).
- At the Annual General Meeting of 2011, the Company will comply with L.3884/2010 and the corresponding provisions of the Code (D.II, par.1.1 of the Code).
- Regarding the vote in the General Meeting through electronic voting or voting by mail, the Company's Articles of Association does not provide relevant procedure. The proposed practice will be reviewed when the relevant Minister's decisions are issued, in which there will be setting out the requirements to safeguard the identity of the voter-shareholder (D.II, par.1.2 of the Code).

It is noted that the Code of S.E.V. has been recently issued and the Company had not enough time to elaborate it in order to make all necessary amendments to the internal rules of procedure.

3. Reference to corporate governance practices implemented by the Company that go beyond the provisions of Law and reference to the place where they are published

The Company, in order to strengthen its corporate governance system, has adopted practices beyond those provided by Law. Illustratively:

- The operation of the Board is clearly described in the Operating Regulations of the Board, which has been circulated to all members.
- The main duties and responsibilities of the Audit Committee are defined in the Internal Operation Regulation of the Company.
- The Board has adopted a clear policy of empowerment in the management of the Company, through the Chart of Authorities, which describes explicitly delegated powers.
- The Board is assisted by the Financial Committee, which is responsible for the advice on specific matters entrusted to it.

The above will be posted on the website of "ELGEKA S.A." shortly.

4. Description of the main characteristics of internal control system and risk management of the Company, in relation to the preparation of financial statements

One of the main concerns of the Company is the development and continuous improvement of internal control system, which is consists of detailed written procedures and controls, covering in continuous basis all activities and transactions and contributes to the efficient and secure operation of the Company.

The Board confirms that the Company has internal control system in place, and is responsible for monitoring and evaluating its adequacy and effective implementation. The examination of the internal control system by the BOD is supported by the Audit Committee and the Internal Audit Division.

Aim of the Board of Directors is the implementation of internal control systems that respond effectively to risk management. The Board is responsible for the identification, evaluation and monitoring of risks that the Company faces, as well as for their management.

The risk assessment is a continuous process, carried out during the preparation of business planning and annual budget, during the fiscal year, through periodic reporting, as well as through the evaluation of the activity report at the end of the year.

In addition, the Company implements insurance programs (fixed assets, credit balances, etc.) and risk management programs (foreign exchange and interest rate).

The Internal Audit Department expresses opinion on the internal control system of each controlled area, based on the audit conducted in accordance with the annual audit plan. The annual audit plan is approved by the Audit Committee and is the result of a risk assessment of potential risks that the Company faces per function.

In order to encourage the risk management process, the Company has established detailed procedures on transactions that are considered important and of high risk and a Chart of Authorities which describes delegated authorities.

The adequacy and accuracy of compliance with safeguards, is controlled by the Internal Audit Department, informing appropriately the Company's Board of Directors.

In particular, regarding the individual and consolidated financial statements, the Company has established procedures to ensure proper preparation, which among others include:

- Creation, development and implementation of uniform accounting practices and procedures
- Compliance of subsidiaries' accounting department to financial policies and procedures of the Group. Accounting treatments of non-recurring transactions not covered by the procedures should be given special approval.
- Review of Financial Reporting issues at regular intervals.
- Adequate knowledge of personnel in financial services, with clearly segregation of duties.
- Ongoing training and staff development.
- Process of monitoring and controlling intra-group transactions.
- Process of controlling and approving all documents prior to their accounting entry, to ensure their accuracy and validity according to the procedures of the Company and the accounting standards.
- Monthly balance agreements.
- Annual agreements of customers and suppliers.
- Stock counting at the end of the year.
- Procedures regarding the end of the fiscal year, which include deadlines, allocation of responsibilities, classification of accounts and information on required disclosures.
- Regulation approval levels (Chart of Authorities), which sets out the powers granted to the executives of the Company to carry out important transactions.
- Limited access to applications and files, from which the financial statements are derived.

5. **Information required by article 10, par. 1, points c), d), f), h), i) of Directive 2004/25/EC of the European Parliament and Council, of 21 April 2004, regarding takeover bids**

The above requested information about the significant direct and indirect holdings, the holders of any securities giving rights of control and description of these rights, the limitations on voting rights, the rules for appointing and replacing Board members and the rules for amending the Articles of Association, have been developed in detail in the Explanatory Report of the Board, which is in Chapter F.

6. **Information about how the General Meeting of Shareholders operates and its main powers, as well as a description of shareholders rights and how they are exercised**

6.1. Main powers

The General Meeting is the supreme body of the Company and decides on all important matters, in accordance with the provisions of L.2190/1920.

The General Assembly has exclusive jurisdiction to decide on:

- The amendment of Articles of Association.
- The appointment of new members in the Board of Directors and Auditors.
- The approval of Annual Financial Statements of the Company.
- The profit allocation of profits in any financial year
- The merger, division, conversion, revival or extension of term or winding up of the Company.
- The appointment of liquidators.

6.2. Operation

The General Meeting is convened by the Board of Directors and is met in the Company's headquarters at least once a year, within six (6) months from the end of the fiscal year. Participation right holds all shareholders either in person or by duly authorized representative in accordance with the prescribed legislation.

The General Meeting, with the exception of repeated meetings, convened at least 20 days before the meeting date (includes any holidays). The invitation contains all the information necessary for the conduct of the General Meeting, as well as the information that help to inform its shareholders in order to effectively exercise their rights (place, date and time, entitled to participate, record date, minority rights, voting procedure by representative, the website address of the Company where is available additional information, etc.).

Along with the publication of the invitation, the Company posts on its website the complete text of the invitation and information about:

- The total number of shares and voting rights at the time of the invitation.
- Documents to be submitted to the General Meeting.
- Any proposed draft decisions.
- The forms of defining representative.

6.3. Conditions for participation in the General Meeting

Right of representation in the General Meeting, regular or special, has any shareholder, owner of at least one (1) share.

The General Meeting is entitled to be attended by any individual or legal entity presented as shareholder in the records of Dematerialized Securities System managed by the “Hellenic Exchanges S.A.”, in which are held the securities of the Company at the beginning of the fifth (5th) day before the day of session of General Meeting (record date).

The shareholder status is evidenced by a written acknowledgement of the above institution or by direct online connection of the Company with the records of the institution. The written statement or electronic certification must be received by the Company at least three (3) days before the General Meeting.

The exercise of these rights does not require the blocking of shares by the recipient.

Each shareholder participates in the General Meeting and votes either in person or by proxy holders, setting up to three (3) proxy holders. Also, entities may participate in the General Meeting, setting up to three (3) natural persons as proxy holders. A proxy holder acting for more shareholders may vote differently for each shareholder.

The appointment and revocation of a proxy holder must be done in writing and be communicated to the Company at least three (3) days before the date of the General Meeting. The relevant documents authorizing a proxy holder are available on the Company’s website. According to the Company’s Articles of Association is not provided the possibility for participation in the General Meeting and the exercise of voting electronically or by mail.

The proxy holder is obliged to disclose to the Company, before the beginning of the session of the General Assembly, any fact which might be useful to the shareholders in assessing whether the proxy holder might pursue any interest other than the interest of the represented shareholder (these events are explicitly defined in Article 28a, par.3 of L.2190/1920).

6.4. Shareholders’ rights and way of exercising them

The rights of minority shareholders are provided in Article 39 of L.2190/1920. In particular, the following are in force:

1. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall convene an Extraordinary General Meeting, not later than within forty-five (45) days.
2. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors is required to include additional items in the agenda of the General Meeting that has been already convened, if the request is received by the Board of Directors at least fifteen (15) days before the General Meeting. The request is accompanied by a justification or a draft decision for approval by the General Meeting.
3. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors makes available to shareholders draft decisions on agenda items, at least six (6) days before the date of the General Meeting, provided the request has been received seven (7) days before the General Meeting.
4. At the request of shareholders representing 1/20 of paid share capital, the President of the General Meeting is obliged to postpone only once decisions’ approval by the General Meeting, regular or extraordinary, for all or some matters, defining a day continuance of the meeting, that day specified in the request of shareholders, which cannot be more than thirty (30) days from the date of deferral.

5. At the request of any shareholder, which is received five (5) days before the General Meeting, the Board of Directors provides to the General Meeting the requested specific information about Company's cases, provided that they are useful for the real appraisal of the issues on the agenda.
6. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall notify the General Meeting, in the case that it is a Regular one, the amounts and benefits have been paid in the last two years to each member of the Board of Directors or to executives of the Company.
7. At the request of shareholders representing 1/5 of paid share capital, submitted five (5) days before the General Meeting, the Board of Directors provides information to the General Meeting regarding the progress of corporate affairs and financial position of the Company.
8. At the request of shareholders representing 1/20 of paid share capital, the decision taking on the agenda of the General Meeting shall be by name.
9. In all these cases, the applicant shareholders must prove their ownership status and number of shares owned during the exercise of the specific right. Such evidence is supported by a certification from the institution where the securities are held or by a certification of the shareholder status by direct online connection between the institution and the Company.

7. Composition and function of Board of Directors, oversight bodies and committees of the Company

7.1. Board of Directors

The Company is managed by the Board of Directors, which is elected by the General Meeting of Shareholders by secret voting and by an absolute majority. It has a five year term, which may be extended until the end of the period within which must be convened the next Annual General Meeting.

The Board of Directors is the top governing body of the Company and is empowered to decide for any matter relating to the administration and representation of the Company, to management of its assets and generally ensure its operational efficiency.

The Operation's Regulation of the Board of Directors, which has been approved by a decision of the Board of Directors, includes the basic operating rules and obligations of its members.

Illustratively, among the responsibilities are including the following:

- Approve the Company's strategy and annual budget.
- Convene the General Meeting of Shareholders and defines the agenda items.
- Prepare and approve the Annual Financial Statements of the Company and submit them for approval by the General Meeting of Shareholders, together with the Annual Management Report.
- Specifies the Board of Directors' members, who sign the statements of L.3556/2007 and certify, by signing, the accuracy and the true representation of the information contained in the Annual Financial Report.
- Approve the quarterly Financial Statements of the Company.
- Propose the dividend that will be distributed to shareholders and the amounts to be reserved for the formation of reserve capital.
- Decide on the establishment and expansion of branches.

- Decide the participation of the Company in existing or newly established companies and the creation of new segments.
- Supervise the operation of the Internal Audit Department, through the Audit Committee.
- Approve any kind of fees paid to managers of the Company and its internal auditors, as well as the general remuneration policy of the Company.

The Board of Directors has the possibility to delegate powers to its members, executives of the Company, to third parties or to committees, identifying each time the limits of that power through relevant decision.

In achieving high standards of corporate governance, the Board of Directors has approved the Chart of Authorities, in which they are described all necessary approvals from the various administrative levels to carry out important transactions of the business of the Company.

The Board of Directors convened by the Chairman or his deputy, by invitation communicated to its members, two (2) working days at least before the meeting. The invitation includes clearly the agenda. The convocation may require two (2) of its members, by application to the Chairman, who shall convene the Board within seven (7) days.

Each director has one vote, but when it represents director who is validly absent, can have two votes, provided that he has been awarded representation.

The Board of Directors is in quorum and convenes validly, when are present or are represented at this half plus one of its directors. The Board of Directors' decisions are taken by absolute majority of those present and represented members.

The Company is managed by a nine (9) member Board of Directors, whose term is five years and expires on 30/6/2013. The following table shows the composition of the Board, as it was in 2010:

	Board of Directors	**Name of member**	**Capacity**
1.	Chairman and Managing Director	Alexandros Katsiotis	Executive
2.	Vice-Chairman	Elli Drakopoulou	Executive
3.	Member	Vasilios Evgenios	Executive
4.	Member	Anthimos Misailidis	Executive
5.	Member	Paraskevas Toktokoglou	Non-executive
6.	Member	Stylianos Georgioudakis	Non-executive
7.	Member	Michalis Fandridis	Non-executive
8.	Member	Stylianos Stefanou	Non-executive, independent
9.	Member	Kyriakos Sachanidis	Non-executive, independent

The Board of Directors held twenty-seven (27) meetings in 2010, attended by all members, except for a meeting which was attended by only five (5) members.

The CVs of Board of Directors members listed on the website of the Company (http://www.elgeka.gr/page/default.asp?la=1&id=8).

7.2. Audit Committee

The Audit Committee support the Board of Directors in the performance of its duties related to the internal control system.

Under Article 37 of L.3693/2008, the Audit Committee is appointed by the General Meeting of the Company.

The members of Audit Committee are the following:

1.	Chairman	Stylianos Stefanou	Non-executive, independent
2.	Member	Kyriakos Sachanidis	Non-executive, independent
3.	Member	Paraskevas Toktokoglou	Non-executive

The Chairman of Audit Committee Mr. Stefanou, as an independent non-executive director, meets the requirements of Article 37 of L.3693/2008, having demonstrated proficiency in the fields of accounting and auditing.

The term of the Audit Committee is similar to that of the Board Directors and expires on 30.06.2013.

The main responsibilities of the Audit Committee are the following:

- Monitor the financial reporting process.
- Monitor the effective operation of the Internal Control System and the Risk Management System.
- Monitor of proper functioning of the Company's Internal Audit activities.
- Monitor of the statutory audit of individual and consolidated financial statements.
- Review and monitor issues related to the existence and maintenance of objectivity and independence of the external auditor or audit firm, particularly regarding the provision of other services to the Company by the external auditor or audit firm.
- Review the financial statements prior to approval by the Board of Directors.
- The Company's compliance with legal and regulatory framework of operation.

The responsibilities of the Audit Committee are detailed described in the Internal Operation Regulation of the Company, which is approved by the Board of Directors.

The Committee held seven (7) meeting in 2010 and all members were present.

The Audit Committee receives annually from the collaborated audit firm Ernst & Young (Hellas SA), confirmation regarding the independence and objectivity of external auditors.

The main topics handled by the Audit Committee during 2010 were the following:

- Review the results of audits performed by Internal Audit Department.
- Review the process of creating the annual audit plan and proceeded to its approval.
- Review the financial statements prior to its approval by the Board of Directors.
- Review the effective operation of internal control system and risk management system.
- Review issues related to ensuring the objectivity and independence of external auditors, regarding the provision of non-audit services.
- Advise the Board of Directors regarding the selection of the audit firm.

7.3. Financial Committee

The Board of Directors is supported by the Financial Committee, composed of non-executive members.

1.	Chairman	Paraskevas Toktokoglou	Non-executive
2.	Member	Kyriakos Sachanidis	Non-executive, independent

The Committee operates since December 2008 and its role is advisory. It mediates for the greater association of the Board of Directors to the Economic Department and the Department of Information Technology of the Company, providing information to the Board of Directors and advises on the economic field, having as an ultimate aim the accurate and efficient operation of the Company.

The term of the Committee is similar to the Board of Directors. Financial Committee held four (4) meetings during 2010.

The main responsibilities of the Committee are described in the Internal Operation Regulation of the Company and relate mainly to provide advisory opinion to the Board of Directors regarding the following:

- Annual budget.
- Significant excess of the approved investment program.
- Establishment, acquisition, sale, merger of another company or segment, sale of segment, restructuring of companies (holding), as well as the cease of operating or winding up of companies (holding).
- Structure of loans and bonds conclusion.
- Hire, lease, purchase, sale and general exploitation of real estate (owned or not).
- Sale, removal, rental or other disposition of other assets of significant value.
- Investing cash, purchase / sale of financial assets, purchase / sale / cancellation of treasury shares.

E. RELATED-PARTY TRANSACTIONS (in thousand euro)

The related-party transactions and Parent Company's intercompany balances in accordance with IAS 24, refer to the transactions with the following subsidiaries and other related parties (in accordance with Codified Law 2190/1920, article 42e, par.5), as presented in the following table:

	2010		2009	
Parent Company's related-party transactions	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	417	-	366
b) Purchases	4	4.431	12	2.502
c) Receivables	-	129	-	73
d) Liabilities	4	962	3	701
e) Key management personnel and members of Board compensation	1.081	1.077	1.291	1.068
f) Receivables from key management personnel and members of Board	1	1	-	-
g) Payables to key management personnel and members of Board	4	4	3	3

The related-party transactions and Parent Company's intercompany balances for 2010 are presented below:

SUBSIDIARIES	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	89	4.072	9	932
PAPADIMITRIOU S.A.	7	21	-	-
VIOTROS S.A.	119	319	-	23
SAMBROOK PHARMACEUTICALS S.A.	12	-	-	-
MEDIHELM PHARM. WHOLESALE STORE S.A.	111	-	82	-
VITA PI S.A.	41	15	19	3
ELGEKA FERFELIS ROMANIA S.A.	38	-	19	-
Total	**417**	**4.427**	**129**	**958**
OTHER RELATED PARTIES	**-**	**4**	**-**	**4**
TOTAL OF SUBSIDIARIES AND OTHER RELATED PARTIES	**417**	**4.431**	**129**	**962**

The related-party transactions and Parent Company's intercompany balances for the prior year 2009 are presented below:

SUBSIDIARIES	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	165	2.069	9	682
PAPADIMITRIOU S.A.	10	79	-	3
VIOTROS S.A.	54	342	-	13
SAMBROOK PHARMACEUTICALS S.A.	8	-	2	-
MEDIHELM PHARM. WHOLESALE STORE S.A.	121	-	58	-
SAMBROOK PHARMA PHARMACEUTICALS LTD	8	-	4	-
Total	**366**	**2.490**	**73**	**698**
OTHER RELATED PARTIES	**-**	**12**	**-**	**3**
TOTAL OF SUBSIDIARIES AND OTHER RELATED PARTIES	**366**	**2.502**	**73**	**701**

Analytically, the following relationships exist between "ELGEKA S.A." and related companies:

1. ELGEKA S.A. – DIAKINISIS S.A.

"DIAKINISIS S.A." renders 3rd party logistics services to "ELGEKA S.A". based on a contractual agreement and it relates to warehousing and product distribution. "DIAKINISIS S.A." has charged "ELGEKA S.A." the amount of 1.588 thousand euro for services related to warehousing and 2.284 thousand euro for distribution services.

The headquarters and the warehouses of "ELGEKA S.A." in Thessaloniki are located in premises which are leased by "DIAKINISIS S.A." (since May 2010 they are leased only offices). "DIAKINISIS S.A." has charged "ELGEKA S.A." for this leases the amount of 178 thousand euro and for miscellaneous expenses (water and electricity expenses) the amount of 22 thousand euro.

"ELGEKA S.A." charged "DIAKINISIS S.A." the amount of 54 thousand euro for the provision of consulting services regarding the support in SAP, the amount of 12 thousand euro for accounting services rendered in relation to the preparation of the financial statements in accordance with IFRS, the amount of 13 thousand euro for compensation due to lack of supplies and merchandise sales.

In addition, “ELGEKA S.A.” sold to “DIAKINISIS S.A.” fixed assets, totaling amounted to 10 thousand euro.

2. ELGEKA S.A. – PAPADIMITRIOU S.A.

"PAPADIMITRIOU S.A." was associated company with "ELGEKA S.A." until 15.4.2010. Since then, the proportion of "ELGEKA S.A." fell to 19.99% and ceased to be consolidated. Until that date, transactions between the two companies were formed as follows.

“ELGEKA S.A.” purchased from “PAPADIMITRIOU S.A.” goods amounting to 21 thousand euro. “PAPADIMITRIOU S.A.”, whose operations are processing and standardization of raisins, vinegar and mustard production, uses as an exclusive agent and distributor “ELGEKA S.A.” for the promotion of TESTA mustard, according to an agreement signed by both parties.

In addition, “ELGEKA S.A.” charged “PAPADIMITRIOU S.A.” the amount of 10 thousand euro as fee for preparing financial statements in accordance with IFRS.

3. ELGEKA S.A. – VIOTROS S.A.

According to the private agreement signed by both counterparties, “ELGEKA S.A.” has undertaken “VIOTROS S.A.”’s products distribution in the Greek market. “VIOTROS S.A.” sales to “ELGEKA S.A.” amounted to 290 thousand euro.

In addition, “VIOTROS S.A.” sold to “ELGEKA S.A.” fixed assets of total amount 29 thousand euro.

“ELGEKA S.A.” sold fixed assets to “VIOTROS S.A.” of amount 5 thousand euro and goods that were intended to be given to its personnel as presents amounting to 5 thousand euro.

“ELGEKA S.A.” charged “VIOTROS S.A.” the amount of 10 thousand euro as a fee for preparing financial statements in accordance with IFRS, the amount of 97 thousand euro for the provision of consulting services, 1 thousand euro for rentals and miscellaneous expenses (lighting)

4. ELGEKA S.A. - SAMBROOK PHARMACEUTICALS S.A.

“ELGEKA S.A.” charged “SAMBROOK PHARMACEUTICALS S.A.” the amount of 12 thousand euro as fee for preparing financial statements in accordance with IFRS.

5. ELGEKA S.A. - MEDIHELM PHARM. WHOLESALE STORE S.A.

“ELGEKA S.A.” sold to “MEDIHELM PHARM. WHOLESALE STORE S.A.” goods amounting to 102 thousand euro. In addition, it charged “MEDIHELM PHARM. WHOLESALE STORE S.A.” the amount of 9 thousand euro as a fee for preparing financial statements in accordance with IFRS.

6. ELGEKA S.A. – VITA PI S.A.

In July 2010, "ELGEKA S.A." acquired wholesale company "VITA PI S.A.", whose business objective is the representation, distribution and trade of food and other consumer products.

"VITA PI S.A." purchased by "ELGEKA S.A." goods and office furniture, totally worth 36 thousand euro.

"ELGEKA S.A." charged "VITA PI S.A." 4 thousand euro for rentals and co-location costs (lighting, water).

"VITA PI S.A." charged "ELGEKA S.A." 15 thousand euro for promotional and marketing expenses.

7. ELGEKA S.A. – ELGEKA FERFELIS ROMANIA S.A.

"ELGEKA S.A." charged "ELGEKA FERFELIS ROMANIA S.A." 38 thousand euro for consulting services.

Companies are identified in the capital of which are involved with a percentage of at least 10%, members of the Board of Directors of "ELGEKA S.A." or shareholders. Subsequently, it was checked the existence of transactions between such companies and "ELGEKA S.A.".

The only company in which a member of the Board of Directors participates in the share capital with a percentage higher than 10% is "EXCEED CONSULTING S.A. (FANDRIDIS & PARTNERS – CONSULTANTS)". The transactions with "ELGEKA S.A." amounting to 4 thousand euro (without VAT) related to fees for market research.

Finally, key management personnel and Board members remunerations for the Parent Company, during 2010, amounted to 1.077 thousand euro (2009: 1.068 thousand euro) and for the Group to 1.081 thousand euro (2009: 1.291 thousand euro) and include the following:

Board of Directors members' salaries, who offer their services as Managers to the Company amounted to 798 thousand euro (2009: 832 thousand euro) and to the Group amounted to 798 thousand euro (2009: 902 thousand euro) respectively.

The expenses for the presence of Board of Director's members, who do not offer their services as Managers to Company and the Group amounted to 111 thousand euro (2009: 90 thousand euro).

Other remunerations to Managers of the Parent Company amounted to 168 thousand euro (2009: Euro 146 thousand euro) and of the Group 172 thousand euro (2009: 299 thousand euro).

No loans were given to the Board of Directors' members or to the Group's Managers (nor their families), as well as to legal entities that are controlled by the previously mentioned individuals.

There were no changes in transactions between the Company and its related parties' individuals which could lead to important consequences with regard to the financial position and performance of the Company during 2010.

All aforementioned transactions were accomplished under the standard market rules.

F. EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ANNUAL SHAREHOLDERS' GENERAL ASSEMBLY OF ELGEKA S.A.
(in accordance with L.3556/2007, article 4, par. 7 and 8)

Detailed information and requested explanations for the year 01/01/2010 – 31/12/2010 are presented below:

a) Structure of the Company's share capital including the shares which are not traded in organized market in Greece or in any other member-state. Report for any share category along with the rights and obligations derived from these shares as well as portion on share capital that these shares represent.

The Company's share capital amounts to 51.099.248 euro, divided in 31.937.030 ordinary shares with nominal value of 1,60 Euro each.
All shares representing 100% of the total share capital are registered and listed for trading in the Securities Market of the Athens Stock Exchange (Medium and Small Capitalization Category).
The owner of a share has voting rights in any shareholders Annual or Special General Assembly, whereas the number of votes increases proportionally (one vote for each share). Own shares bare no voting rights.
Each share bares all the rights and obligations set out in law and in the Articles of Association of the Company.
Shareholders are liable towards third parties and the Company up to the shares' nominal value.
Holding a single share entails the acceptance of the Company's Articles of Association and the General Assembly and the Board of Directors' decisions.
Each shareholder is considered as resident at the Company's headquarters and is liable to Greek laws.

b) Limits on transfer of Company Shares, as suggestively the limits in shares possession or in obligation for pre-approval by the Company, from other shareholders of Public or Administrative Authority, with saving clauses of Law 3371/2005, article 4, par. 2.

The Company shares may be transferred as provided by the law. According to the Articles of Association of the Company there are no restrictions as regards to the transfer of shares. These shares are listed in the Athens Stock Exchange and are incorporeal.

c) Significant direct or indirect holdings in the sense of the articles 9 and 11 of law 3556/2007.

On 31/12/2010 the following shareholders held more than 5% of the total voting rights of the Company:

Shareholder's name	Number of shares	% of share capital
Katsiotis Alexandros	10.641.100	33,32%
Drakopoulou Elli	10.509.000	32,90%
Katsioti Eleni	1.847.840	5,79%
TOTAL	**22.997.940**	**72,01%**

d) Shares conferring special control rights.

There are no company shares, which provide to their owners' special control rights.

e) Limitations on voting rights, as suggestively the limits in voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

With the exception of treasury shares, there are no limitations on voting rights of shareholders with a defined percentage of share capital or to owners of defined number of voting rights and the deadlines for voting rights.

f) Agreements among Company Shareholders, which are known to the Company and entail limitations on the transferring of shares or on voting rights.

The Company is not aware of any agreements among shareholders entailing limitations on the transfer of shares or limitations on voting rights, nor is there any provision in the Articles of Association providing the possibility of such agreements.

g) Rules governing the appointment and replacement of members of the Board of Directors and the amendment of the Articles of Association deviating from those provided for in the Codified Law 2190/1920.

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors as envisaged in Codified Law 2190/1920, as valid after law 3604/2007, are presented below:
1. The Board of Directors can elect its members in replacement of those resigned, passed away or misplaced their status with any other manner. The prerequisite for this election is that the replacement of the above mentioned members is not possible by alternate members potentially elected by General Assembly. The above mentioned election from the Board of Directors is done by the remaining members, if they are at least three (3), and it is valid until the end of the service of the replaced member.

2. It is explicitly defined that in cases of resignation, death or loss of status of member or members of Board of Directors with any other manner, the remaining members can continue with managing and representing the Company without the replacement of absent members. The prerequisite is that the number of them exceeds half of the total number of members before the above mentioned events. In any case these members cannot be less than three (3).

3. In any case, the remaining members of Board of Directors, regardless the number, might proceed to a General Assembly with exclusive issue the election of new Board of Directors.

The terms of Articles of Association in regard with its amendments are not varied from the predefined terms in Codified Law 2190/1920, as valid.

h) Authority of the Board of Directors or certain of its members to issue new shares or to purchase the own shares of the Company, pursuant to article 16 of Codified Law 2190/1920.

The Board of Directors of the Company decides to call for the appointment of the Shareholders; General Assembly. Among the issues of the agenda of that Shareholders' General Assembly can be the issue of the new shares or the purchase of own shares as per article 16, of Codified Law 2190/1920.

Apart from the aforementioned case, the Board of Directors is restricted to the implementation of the relevant decisions taken during the General Assembly.

The decision of the General Assembly to establish the terms and conditions of scheduled acquisitions, and in particular, the maximum number of shares to be acquired, the duration for which the authorization is granted, which may not exceed 24 months, and in the case of acquisition under unfavorable conditions, the minimum and maximum value of purchase.

Under those provisions, the, realized at 28.6.2010, General Assembly of Shareholders has granted permission to Company to purchase its own shares, according to Article 16 par.1 of L.2190/1920, of a percentage up to 10% of the subscribed share capital, with a maximum purchase price of 10 euro per share and a minimum price of 0.50 euro per share, in the period from 1.7.2010 until 22.6.2012. Following the above decision of the General Assembly, the Board of Directors is authorized to decide to buy treasury shares. In accordance with this decision, there have been 61.650 purchases of own shares. The total number of treasury shares currently held by the Company pursuant to that decision and the earlier decision of the General Assembly and in particular decisions of 30.6.2008 and 28.6.2010 is 202.500 shares, representing in total 0.634 % of issued share capital of the Company.

i) Significant agreements put in force, amended or terminated in the event of a change in the control of the Company, following a public offer. The results of this agreement would cause severe loss in the Company, except for the case of fact that the publicity of this agreement, due to the nature. The exception disclosure agreement does not apply if the obligation to disclose arises from other provisions.

"ELGEKA S.A." has no agreements which are put in force, amended or terminated in the event of a change in the control of the Company following a public offer.

j) Significant agreements with members of the Board of Directors or employees of the Company, for the payment of compensation on the case of resignation, or dismissal without ample explanation or termination of office or employment as a result of the public offer.

The Company has no significant agreements with members of the Board of Directors or its employees providing for the payment of compensation, especially in the case of resignation or dismissal without good reason or termination of their period of office or employment due to a public offer.

Exact abstract from the Board of Directors minutes book
Municipality Delta – Industrial Area Sindos Thessaloniki

Thessaloniki, 29 March 2011

President & Managing Director
Alexandros Katsiotis