

**REPORT OF THE BOARD OF DIRECTORS OF ELGEKA SA TO THE SHAREHOLDERS'
GENERAL ASSEMBLY COVERING BOTH THE ACTIVITIES OF THE PARENT COMPANY
AND THE GROUP, FOR THE FINANCIAL YEAR 01.01.2009 – 31.12.2009.**

Dear Shareholders,

In accordance with the commercial law and the articles of association of the Company, we submit to the Shareholders' 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 Hellenic Capital Markets.

The present report includes the financial status and results of the Company and the Group of year 2009 along with all significant transactions occurring during the current accounting period and until the date of submission. Moreover, the report refers to an analysis of the main threats/risks, perspectives and expectations 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 31, 2009, is the twelfth period during which 'ELGEKA SA – 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, to the notes of the Annual Report.

The financial statements for the year ended December 31, 2009, are the fifth ones, which have been prepared in accordance with the International Financial Reporting Standards (IFRS), 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. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP
FOR THE FISCAL YEAR 01/01/2009 TO 31/12/2009**

The negative economic conditions during 2009 on an international level influenced severely the consumption trend due to lack of liquidity in the Greek market. As a consequence, some of the Group companies' gross margins decreased significantly which had a negative impact on the Groups' net results.

The financial results of both the Group and the parent Company are summarized as follows:

Group Sales Turnover for the year ended 31/12/2009 amounted to Euro 317.620 thousand as opposed to Euro 317.880 thousand in previous year, representing a decrease of Euro 260 thousand or by 0,08%. A positive effect to the Group's turnover was due to the turnover of the Parent Company, ELGEKA S.A., and its subsidiary SAMBROOK Pharmaceuticals S.A. However, negative effects on the Group's turnover resulted from: (a) VIOTROS S.A. lower turnover which contributed Euro 9.205 thousand in 2009 as opposed to Euro 15.238 thousand in 2008. The main reason for the decrease is the reduction in demand for dairy products on an international level and their retail prices and (b) the reduction in MEDIHELM Medical Warehouse S.A. turnover (from Euro 20.568 thousand in 2008 to Euro 14.572 thousand in 2009) due to the decrease in exports and the change in the company's sales mix.

The consolidated Gross Operating Results (profits) amounted to Euro 51.509 thousand for the year ended 31/12/2009 as opposed to Euro 58.056 thousand in 2008, representing a decrease of Euro 6.546 thousand or by 11,28%, whereas the gross profit margin decreased to 16,22% as

opposed to 18,26% in 2008. The latter is due to a gross profit margin reduction adopted by certain subsidiaries (mainly ELGEKA Ferfelis Romania S.A., and VIOTROS S.A.) following the unfavorable economic conditions in local and international markets during 2009.

A slight decrease in the Operating Expenses (by 2,59%) is mainly due to the reduction in management expenses. Specifically, during 2009, the operating expenses amounted to Euro 66.104 thousand as opposed to Euro 67.864 thousand in 2008.

The consolidated Profits before tax, financial, investing results and depreciation (EBIDTA) amounted to Euro 13.795 thousand in 2009 as opposed to Euro 14.324 thousand in prior year, indicating a minor decrease of 3,70%. The change in EBIDTA was influenced by a significant decrease in the gross profit margin in conjunction with a significant increase in other operating income (participation of foreign principals in promotion and advertising expenses) of ELGEKA S.A. and ELGEKA Ferfelis Romania S.A.

The consolidated Profits before tax, financial and investing results (operating profits) amounted to Euro 7.899 thousand as opposed to Euro 8.535 thousand in prior year, representing a decrease of Euro 636 thousand or by 7,45%.

It should be taken into consideration that the consolidated profits before tax, financial and investing results (operating profits) and the consolidated profits before tax, financial, investing results and depreciation for the years ended 31/12/2009 and 31/12/2008, do not include the net income resulting from the valuation of investment property (conducted by an international accredited valuation company) at their market value. Such an income, which is included under the heading 'Gain from fair value of investment property' in the Consolidated Income Statement, amounted to Euro (8.082) thousand and Euro 7.267 respectively. The investment property in Romania is a significant operation for the Group, however, the negative economic climate has significantly influenced the market value of property in Romania and, as a consequence, the property's valuation results were negative.

The consolidated (Losses)/Profits before tax amounted to Euro (7.169) thousand as opposed to Euro 5.406 thousand for the year ended 31/12/2008, representing a significant decrease of Euro 12.575 thousand. The significant decrease is mainly attributed to the sharp drop in VIOTROS S.A. results (from profits of Euro 949 thousand in 2008 to losses of Euro 2.153 thousand in 2009) and to the significant reduction of the SC GATEDOOR HOLDING COM SRL results before tax (from profits of Euro 4.930 thousand to losses of Euro 6.253 thousand in 2009) due to the investment property valuation results as the company operates in the specific sector.

The consolidated Net (losses)/profits after tax amounted to Euro (6.671) thousand as opposed to Euro 8.443 thousand in prior year, representing a significant decrease by Euro 15.114 thousand. The main reason, apart from the ones already mentioned above, for the significant decrease in the after tax results relates to 'Income Taxes' which incorporate the following changes:

On October 21st, 2008, the subsidiary 'DIAKINISIS' signed a land and building sale & leaseback agreement with 'Ethniki Leasing S.A.' amounting to a capital of Euro 24 mil. for 25 years. This transaction resulted in the recognition of deferred tax asset of Euro 3.662 thousand in 2009 and Euro 3.739 thousand in 2008.

The Group (Losses)/Profits, which are attributable to the shareholders' of ELGEKA S.A., after income tax and minority rights, during the year ended December 31st, 2009 amounted to Euro (2.909) thousand as opposed to Euro 6.448 thousand during the year ended December 31st, 2008, representing a decrease of Euro 9.357 thousand.

The (Losses)/Earnings per share amounted to Euro (0,0911) in 2009 as opposed to Euro 0,2019 in 2008, reduced by Euro 0,2930 per share.

The Group's 'Other Operating Income' increased by 22,63% compared to 2008 or by Euro 4.151 thousand, mainly due to the increase in the participation of foreign principals to the promotion & advertising expenses of ELGEKA S.A. (from Euro 6.455 thousand in 2008 to Euro 8.640 thousand in 2009) and ELGEKA Ferfelis Romania S.A. (from Euro 6.719 thousand in 2008 to Euro 8.102 thousand in 2009).

'Finance Expenses' decreased by 30,26% or Euro 2.411 thousand (2009: Euro 5.556 and 2008: Euro 7.967) a major part of which is attributable to: (a) the significant decrease of base rates (EURIBOR) during 2009 which occurred during the first quarter of 2009 and (b) to Management's efforts in order to decrease the levels of Group borrowings.

The Group's financial position is deemed overall as satisfactory and it is fairly presented on the consolidated financial statements for the year ended December 31st, 2009.

Specifically, the net book value of intangible assets, tangible fixed assets and investment property of the Group amounted to Euro 125.706 thousand representing the 42,58% of the Group's total assets as opposed to Euro 137.470 thousand in prior year.

In 2009, the Group shareholders' equity represents 26,54% of the Group's total shareholders equity & liabilities amounting to Euro 78.359 thousand as opposed to Euro 86.840 in 2008, representing a decrease of 9,39%.

The Group's total liabilities amounted to Euro 216.894 thousand as opposed to Euro 220.338 thousand in 31/12/2008, representing a decrease by 1,56%. The long term liabilities amounted to Euro 62.832 thousand as opposed to Euro 66.956 thousand in prior year, representing a slight reduction of 6,16%.

The Group's long term bank liabilities (long term liabilities payable within the following year included) amounted to Euro 36.415 thousand as opposed to Euro 41.963 thousand in 2008, representing an reduction of Euro 5.548 thousand or by 13,22%.

Finally, the Group's short term bank liabilities amounted to Euro 58.876 thousand (19.94% of the total liabilities and shareholders' equity) and decreased by Euro 274 thousand as opposed to 2008, which amounted to Euro 59.150 thousand.

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

A) Financial Structure Ratio

1. Property Funding Ratio

| | 2009 | 2008 |
|---------------------------------------|-------------|-------------|
| <u>Fixed Assets</u> Total Assets | 46,30% | 48,21% |
| <u>Current Assets</u> Total Assets | 53,70% | 51,79% |

2. Leverage Ratio

| | | |
|---|---------|---------|
| $\frac{\text{Total Debt}^*}{\text{Shareholders' Equity}}$ | 152,00% | 145,75% |
|---|---------|---------|

* Sale & leaseback liabilities included

3. Fixed Assets Coverage Ratio

| | | |
|---|---------|---------|
| $\frac{\text{Shareholders' Equity}}{\text{Tangible Assets}}$ | 74,44% | 58,47% |
| $\frac{\text{Shareholders' Equity \& L/T Liabilities}}{\text{Tangible Assets}}$ | 103,29% | 103,73% |

4. Current Ratio

| | | |
|--|---------|---------|
| $\frac{\text{Current Assets}}{\text{Current Liabilities}}$ | 102,92% | 103,60% |
|--|---------|---------|

5. Working Capital Ratio

| | | |
|--|-------|-------|
| $\frac{\text{Working Capital}}{\text{Current Assets}}$ | 2,84% | 3,47% |
|--|-------|-------|

B) Profitability Ratios

1. Return on Equity

| | 2009 | 2008 |
|--|-------------|-------------|
| $\frac{\text{Earnings before Tax (EBT)}}{\text{Shareholder's equity}}$ | (9,15%) | 6,25% |

2. Gross profit margin

| | | |
|---|--------|--------|
| $\frac{\text{Gross Profit}}{\text{Sales of goods \& services}}$ | 16,22% | 18,26% |
|---|--------|--------|

3. Equity turnover

| | | |
|---|---------|---------|
| $\frac{\text{Sales of goods \& services}}{\text{Shareholders' Equity}}$ | 405,34% | 367,58% |
|---|---------|---------|

4. Gross Profit to Cost of Sales Ratio

| | | |
|--|--------|--------|
| $\frac{\text{Gross Profit}}{\text{Cost of Sales}}$ | 19,36% | 22,34% |
|--|--------|--------|

C) Activity Ratios

1. Creditors Turnover

| | 2009 | 2008 |
|--|---------|---------|
| $\frac{\text{Trade Creditors X 360 days}}{\text{Cost of Sales}}$ | 96 days | 90 days |

2. Debtors Turnover

| | | |
|--|----------|----------|
| $\frac{\text{Trade Debtors X 360 days}}{\text{Sales of Stocks \& Services on credit}}$ | 113 days | 112 days |
|--|----------|----------|

3. Inventory Turnover

| | | |
|--|--------|--------|
| $\frac{\text{Cost of Sales}}{\text{Stock value on 31/12}}$ | 8 days | 7 days |
|--|--------|--------|

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

Turnover of the parent Company for the year ended amounted to Euro 141.873 thousand as opposed to Euro 135.956 thousand in the previous year resulting in an increase of Euro 5.917 thousand or by 4,35%. The increase is mainly due to the contracting of new agencies and the continuous investment of the Company to its brand names.

Gross Profits (gross margin) amounted to Euro 28.533 thousand in 2009 as opposed to Euro 27.817 thousand in prior year, thus increased by Euro 716 thousand or by 2,57% whereas gross profit margin reached 20,11% in 2009 compared to 20,46% in 2008 due to the Company's policy to maintain selling prices at the same levels when the suppliers increased their own.

The Operating Expenses increased by 3,63% that is Euro 32.992 thousand in 2009 as opposed to Euro 34.188 thousand in prior year, representing an increase of Euro 982 thousand. In 2009, the most significant item in the Operating Expenses relates to 'Distribution Expenses' which are the advertising and promotion expenses of already existing and/or new agencies of the Parent Company and resulted in an increase of turnover.

Profits before tax, finance, investing results and depreciation amounted to Euro 4.757 thousand as opposed to Euro 3.364 thousand in prior year, representing an increase by 41,41% which is a result of (a) increased turnover and, consequently, increased gross margin, (b) significant decrease in administration expenses by Euro 458 thousand or by 6,79% and (c) the improvement of the ratio between promotion expenses and other operating income/expenses (participation of foreign principals in the advertising and promotion expenses).

Profits before tax, finance and investing results (Operating profits) amounted to Euro 3.420 thousand compared to Euro 1.978 thousand in 2008 representing a significant increase of Euro 1.442 thousand or by 72,90%.

Profits before tax amounted to Euro 1.436 thousand during the current year as opposed to Euro 950 thousand in prior year, representing an increase of Euro 486 thousand or by 51,16% which was due to a reduction in 'Other Finance Results'. A negative effect occurred due to the impairment of the cost of a subsidiary and the loss from the valuation of investment property.

Profits after tax amounted to Euro 414 thousand during the current year as opposed to Euro 1.124 thousand in prior year, representing a decrease of Euro 710 thousand or by 63,17% affected mainly from the increased income tax (increase in taxable profits during the year) and the increased deferred taxes compared to 2008.

Earnings per share (EPS) amounted to Euro 0,0130 in 2009 decreased by 63,07% in comparison to prior year, which amounted to Euro 0,0352.

The Company's dividend policy is directly related to the Company's approach and its capital needs and, by and large, to the market 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 global markets and having as priority to retain high liquidity, will not recommend dividend distribution for the current year to the Annual Shareholders' Meeting.

Due to the aforementioned issues, it is a fact that ELGEKA S.A.'s progress was very satisfactory with regard to Sales/Turnover and Gross Profits, while it was very satisfactory in regard with the rest of its figures.

The main reasons which contributed to the figures mentioned above of the Parent Company are represented below:

1. Increase in Sales/Turnover, mainly due to: (a) further development of the chilled products network, sales and distribution (starting November 2008) of Ferrero chilled products (semifreddi), like Kinder milky bars, Kinder Paradiso, Kinder Pingui and Kinder Maxi King, (b) newly signed commercial agreement with the company 'CH. KATSELIS Sons SA (currently known as "NUTRIART S.A.") for the distribution of its long-life products, which contributed by Euro 2.606 thousand approximately and (c) Management's ongoing effort for increase in sales on the already existing portfolio.
2. Increase of "Other Operating Income": It is significantly increased by 26,87% in comparison to 2008 or by Euro 1.922 thousand, due to: a) increased participation of suppliers – foreign principals in advertising and promotion expenses aiming at the best promotion of the represented products and b) the augmented participation of Ferrero in increased demands of the new trade and marketing strategy to the Company's customers, after the inclusion of chilled products in its distributed "product portfolio".

B. SIGNIFICANT EVENTS

1. Significant events for the year 2009

On a Group level the following investments – business activities occurred during 2009:

- ✓ Since the beginning of 2009, the Parent Company has entered into an exclusive distribution agreement in Greece (more specifically, in super markets, retail and wholesale/Food Service) of long-life products of its supplier "CH. KATSELIS SONS S.A". ELGEKA S.A. has undertaken sales, trade marketing, logistics and merchandising for the aforementioned products.
- ✓ Since May 1st, 2009, the Company changed its head office address, as it has been relocated at new (leased from DIAKINISIS subsidiary) premises of total surface 8.354 m² (Offices 704 m² – Warehouse 7.650 m²), which are located in Sindos, Echedoros Municipality, within the Industrial Area of Thessaloniki.

The main reason for the relocation at the new premises is the need for larger warehouse premises for storing products in order to maintain the high quality in customer service. Consequently, the new warehouse is 7.650 m² of total surface while the previous one was 3.802 m².

It is noted that the branch of the subsidiary “DIAKINISIS S.A. – Warehousing – Distribution – Promotional Packaging” operates at the same premises. ELGEKA S.A. has already assigned to DIAKINISIS S.A. (99,99% subsidiary), the storage services of its products in the whole Northern Greece. On 01/07/2009, DIAKINISIS S.A. undertook the distribution of all sales in Greece and the management of ELGEKA’s warehouses in Athens.

In addition, at 1st of May 2009, the head office of subsidiary “VIOTROS - FOOD INDUSTRY – MANUFACTURING – MILK PROCESSING – WAREHOUSING – INDUSTRIAL AND COMMERCIAL S.A.” was relocated at the new (leased) premises (Offices of 588 m² surface) at the above mentioned address along with the Parent Company.

- ✓ During the Annual General Assembly of Parent Company dated 29/06/2009, one of the issues discussed was the right to issue one or more bond loans (Law 3156/2003), amounting to Euro 20 million at most for financing its corporate activities. Furthermore, the share capital decrease by the amount of Euro 187.680 was approved via a decrease in the total number of shares from 32.054.330 to 31.937.030, due to the cancellation of 117.300 treasury shares, according to Codified Law 2190/1920, article 16.
These treasury shares were acquired during the period from 02/06/2006 to 20/06/2006, in accordance with the decision of the Annual General Assembly of the Parent Company dated 27/06/2005, as well as the decision of the Board of Directors dated 29/05/2006.
At 15/07/2009, the trading of the abovementioned treasury shares ceased after the cancellation. Following the above mentioned event, the Parent Company’s share capital amounts to Euro 51.099.248.
- ✓ The Annual General Assembly of MEDIHELM PHARMAC. WHOLESAL STORE S.A. dated 30/06/2009 approved its share capital decrease by the amount of Euro 846 thousand via a decrease of shares' face value from Euro 40 to Euro 20 each, with the intention of capitalization of prior years' losses. During the same Annual General Assembly, a share capital increase was approved by the amount of Euro 1.502 thousand by issuing 75.100 new shares with face value Euro 20 each. As a result, the new share capital of the company would amount in Euro 2.348 thousand divided into 117.400 shares with face value Euro 20 each. ELGEKA S.A. covered the full amount of this share capital increase and at 23/07/2009 paid the amount of Euro 1.502 thousand, resulting in increase of its participation percentage from 91,54% to 96,95%.
- ✓ The Annual General Assembly of SAMBROOK PHARMACEUTICALS S.A. dated 30/06/2009 approved its share capital increase by the amount of Euro 61.500 with the issue of 4.100 new shares with face value Euro 15 each. As a result, the new share capital of the company amounts to Euro 1.014 thousand divided into 67.600 shares with face value Euro 15 each. At 23/07/2009, the Company paid the amount of Euro 56.190, by participating through its percentage (91,34%) in its subsidiary's SAMBROOK PHARMACEUTICALS S.A. share capital increase.
- ✓ On 01/09/2009, ELGEKA’s Board of Directors decided to assign to local real estate offices the lease or sale of its old headquarters premises (land and buildings) in Kalohori Thessaloniki along with investment property in Avlona Attikis. On the same date, the Board of Directors of “DIAKINISIS S.A.” decided to assign to local real estate offices the lease or sale of its old premises held in Kalohori, Thessaloniki. Up to this date, no interest arose.
- ✓ Furthermore, since September 01st, 2009 ELGEKA S.A. leased and operates three warehouses in Kavala, Kozani and Argos targeting to increase local sales mainly through storage and distribution of short life products, thus serving its local clients even better.

- ✓ On 30/12/2009, an agreement between the subsidiary "SAMBROOK Pharmaceuticals S.A." (participation by 91,34%) and the company "SAMBROOK MED S.A. Pharmaceutical Company" (known as "SAMBROOK MED S.A."), 100% subsidiary of ALAPIS S.A. was signed for the sale of the business segment which relates to the trade and distribution of "SANDOZ" products.
In this agreement, the assets of "SAMBROOK Pharmaceuticals S.A." amounting to Euro 1.423 thousand were transferred whereas the liabilities of Euro 1.500 thousand would be paid out by the buyer "SAMBROOK Med S.A.". The proceeds from the transfer of the business segment amounted to Euro 75 thousand.
- ✓ Finally, the investment in fixed assets for the Group during the fiscal year 2009 amounted to Euro 4.579 thousand, while the investments in fixed assets made by the Parent Company amounted to Euro 569 thousand.

2. Significant post – balance sheet events until the date of the Report

- ✓ On 16/03/2010, the company "SAMBROOK Pharmaceuticals S.A.", where the Parent Company participated with 91,34%, transferred to third parties its 100% interest (that is 100 x 210 face value) in the company "SAMBROOK Pharma Warehouse Ltd", receiving proceeds of Euro 21 thousand.
As a result "SAMBROOK Pharma Warehouse Ltd", which was fully (indirectly) consolidated in Group's Financial Statements as at 31.12.2009, will cease to be consolidated. It is noted that its financial figures are immaterial for the Group.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

The Group operates in a highly competitive environment constantly investing in technology, fixed assets and human resources (highly educated and of professional level), having as a perspective to reinforce its leading position into Greek and Romanian markets, where most of the companies are operating.

The efforts for further development, expansion and increase in the Group's activities tend to be visible and will be also exercised during the year 2010, despite the present credit crisis that directly affects all sectors of global economy.

As far as the Parent Company "ELGEKA S.A." is concerned, Management actively seeks for the improvement and expansion of its distribution network of its portfolio through alternative growing retail channels. The main perspectives are not only the constant investment in existing brand names that represents, through advertising and marketing expenses and activities aiming at points of sale but also the attraction of new cooperation agreements.

In order to remain a leading company in such a competitive sector, an effort is needed regarding the satisfaction not only of the representing suppliers but also of the direct customers and the final consumer, to which the Company addresses. ELGEKA's Management, following consistently the above mentioned customer-focused approach, anticipates that it will handle in the most efficient way its goals' accomplishment and, in spite of the high competition and the lower demand of consumer products, it will continue to enforce its position in the Greek market.

In order to fulfill ELGEKA's increased requirements in relation to 3PL activities and to retain a high level of service to its customers, the Board of Directors decided in March 2009 the relocation of the head office address as of 01/05/2009 in new (leased) premises at Industrial Area of Sindos. On the same date, ELGEKA's assigned the logistics and distribution services in North Greece to

DIAKINISIS S.A. (99,99% subsidiary) while two months later (01/07/2009) it was assigned with the management of the Parent Company's warehouse in Athens and the distribution of its products to the rest of Greece. It should be noted that among the Parent Company's short term plans is the assignment of full 3PL services to DIAKINISIS S.A. (only in Thessaloniki).

This restructuring is expected to result in operating and financial synergies, via a more effective structure of the distribution network and the accomplishment of further economics of scale at a Group level.

Furthermore, in 2010, ELGEKA S.A. plans to lease additional (apart from the three already leased in 2009) warehouse spaces all over the Greek territory, aiming at a better service rendered to its clients and an increase in sales through the distribution of short life products.

For the year 2010, ELGEKA S.A. has set as main goals the increase of the Group revenues/turnover, the reduction of the Group's operating expenses and the improvement of working capital requirements along with a decrease in bank borrowings.

As far as the development perspectives of the remaining companies that participate in the Group, it is expected that they will contribute even more in the reinforcement of the Group's financial results during 2010, successfully facing the unfavorable and variable conditions in the market, as well as the high competition in their sectors.

Regarding the subsidiary DIAKINISIS S.A., whose operations concern logistics and distribution 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.

For the achievement of the DIAKINISIS S.A.'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 its necessary equipment (storage shelves, forklifts, etc).

The cost in the control (cost improvement), the quality of services provided, the upgrading and automation of equipment, the 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 decrease of its operating expenses are a number of actions that the company took in order to improve its results during 2009 and it will continue to operate this way in 2010 as well.

During 2010, ELGEKA FERFELIS ROMANIA S.A. is expected to further reinforce its position into the Romanian market through new agreements as well as through the expansion of the existing ones, which are expected to significantly strengthen its figures. In addition, it is expected to additionally reinforce its subsidiaries' figures (ELGEKA FERFELIS BULGARIA L.T.D. and ELGEKA FERFELIS S.R.L.), throughout actions taken into the Bulgarian and Moldavian markets.

The expectations created by the development of VIOTROS S.A. during 2007, which achieved significant results in Sales (Revenue) and profits, were not confirmed during the fiscal years 2008 and 2009, due to the fact that the global credit crisis also affected the dairy-farming and cheese-making products. This fact had as a consequence the decline in demand in the domestic market as well as the markets that the company is present, which led into cancellation of numerous orders as a result of customers' uncertainty.

Management keeps up with the progress of countries' economies in which its subsidiary operates and takes appropriate actions in order to adjust accordingly under the new circumstances.

As a result, all potential cases of cost reduction (including production cost) through cost improvement are examined, having as a prerequisite the retention of high quality of its products.

Following the results from the corrective steps already taken, Management proceeded during the first quarter of 2010 to the expansion of its client base by entering in new markets (i.e. Turkey, Malta, etc.) and of the product range by adding new products targeting increased financial results.

The recent global credit crisis, which severely affects the trade activities, has also negatively affected the real estate prices.

Due to the fact that the Group operates in the real estate sector in Romania, through its companies SC GATEDOOR HOLDINGS COM SRL and GREC-ROM BUSINESS GROUP SRL, it is expected that the drop in real estate market values and leases will continue during 2010. However, it is deemed that the decrease will have a more moderate rate, thus, the Group's results are expected to be less affected compared with the ones of 2009.

The Group's strategic priority in relation to the real estate portfolio in Romania, whose value amounts to Euro 28 million approximately (according to an accredited independent valuation), remains. As a result, there is a cooperation with Greek companies, which operate in real estate development in Romania, in order to take advantage of these investments. Due to the fact that the Group's Management estimates that the credit crisis will further decrease the demand for real estate property in Romania, it aims at very prudent actions of development within 2010.

Finally, as far as the pharmaceutical sector is concerned, in which SAMBROOK PHARMACEUTICALS S.A. and MEDIHELM PHARM. WHOLESALE STORE S.A. operate, it is anticipated that it will not be significantly affected by the present credit crisis. On the contrary, a reduction in sales prices of medicine is expected along with an increase of exports, which will cover for the loss in turnover. In specific, given the fact that (a) the subsidiary SAMBROOK PHARMACEUTICALS S.A. disposed of its loss making business segment in the end of 2009, (b) in 2009 turnover increased by 46,31% (that is from Euro 11.517 thousand in 2008 to Euro 16.850 thousand in 2009 – intercompany transactions excluded) and (c) profits increased by ten times (reporting earnings before taxes of Euro 1.651 thousand in 2009 as opposed to Euro 165 thousand in 2008), Management believes that the financial perspectives are quite promising for the current year.

However, we need to note that 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 of the group are the following:

a) Price Changes Risk

Due to the economic turbulent environment both on an international and Greek level, consumers' consumption decrease having as a consequence a significant decline in product demand. The continuous decline in demand in conjunction with the price increase in raw materials will boost the international inflation and intensify the inflationary pressures.

The Group is not exposed to price changes 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 initially 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). As a result, the Management considers that during 2010 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 bank loans are mostly denominated in Euro and bore a floating interest rate. Group Management considers that there is no significant risk deriving from possible significant changes in interest rates, taking into account the constant decrease of interest rates (EURIBOR). Especially for ELGEKA Ferfelis Romania S.A., based on the fact that there are significant transactions in local currency (functional currency), the Group decided, since the beginning of 2009, to enter into two hedging agreements, so as to decrease or eliminate currency losses that might arise at 31/12/2009 in the valuation process of its borrowing liabilities in foreign currency (in case of negative variations in exchange rates), using financial products (options). Thus, the effects of recording potentially a high amount of exchange losses decreased significantly, without adding new risks in its operation.

In the beginning 2010, the company and the its associate, GATEDOOR Holdinds COM SRL, entered into new contractual agreements for derivatives in order to minimize (not eliminate) the amount of foreign exchange losses which may arise at 31/12/2010.

Furthermore, the Parent Company's (ELGEKA S.A.) management decided to enter into hedging contracts with Alpha Bank & Emporiki Bank of Greece. These are interest rate hedging contracts up to Euro 7.500 thousand 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 Euro 7.500 thousand (Parent Company as guarantor). The abovementioned contracts were signed at the beginning of July 2009 and activated in October 2009. At the year-end valuation of the derivatives there was a loss recorded amounting to Euro 200 thousand and Euro 147 thousand approximately for the Group and the Company respectively, which was recorded in line item "Derivatives" in the Statement of Comprehensive Income. The aforementioned amounts were decreased due to the corresponding income tax by Euro 48 thousand and 35 thousand approximately for the Group and the Company respectively and the net of taxes amounts of Euro 152 thousand and 112 thousand for the Group and the Company respectively were recorded in "Other reserves" in Equity.

The Group finances its investments and needs for working capital by means of bank loans, bond loans (long-term borrowings) 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 2010 will have a negative impact on the Group's financial results, due to the increased interest expenses.

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.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. As of 31/12/2009, the Group had Euro 7.871 thousand in cash, whereas the available unused and approved bank credit limits amounted to Euro 38.854 thousand 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 2010.

Not only the Group but the Parent Company as well, 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 is 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 exacerbation of competition but also to a sales decline, a gross profit decline and, as a result, to a negative influence on profitability.

g) Risk relevant to Food safety

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

Packing, 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 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 policy and safety 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. 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:

| Parent Company's Related-party transactions | 2009 | | 2008 | |
|---|--------------|---------------|--------------|---------------|
| | GROUP | PARENT | GROUP | PARENT |
| a) Sales / Revenue from services | - | 366 | - | 236 |
| b) Purchases | 12 | 2.502 | 14 | 582 |
| c) Receivables | - | 73 | - | 64 |
| d) Liabilities | 3 | 701 | - | 37 |
| e) Key management personnel and members of board compensation | 1.291 | 1.068 | 1.363 | 1.241 |
| (f) Receivables from personnel and members of board | - | - | - | - |
| (g) Payables to personnel and members of board | 3 | 3 | - | - |

The related-party transactions and Parent Company's intercompany balances for 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 |
| | Sales / Income | Purchases / Expenses | Receivables | Liabilities |
| OTHER RELATED PARTIES | - | 12 | - | 3 |
| TOTAL OF SUBSIDIARIES AND OTHER RELATED PARTIES | 366 | 2.502 | 73 | 701 |

The related-party transactions and Parent Company's intercompany balances for the prior year 2008 are presented below:

| SUBSIDIARIES | Sales / Income | Purchases / Expenses | Receivables | Liabilities |
|---|---------------------------|---------------------------------|--------------------|--------------------|
| DIAKINISIS S.A. | 48 | - | - | - |
| PAPADIMITRIOU S.A. | 10 | 69 | - | - |
| VIOTROS S.A. | 45 | 499 | - | 37 |
| SAMBROOK PHARMACEUTICALS S.A MEDIHELM PHARM. WHOLESALE STORE S.A. | 8 118 | - - | - 64 | - - |
| SAMBROOK PHARMA PHARMACEUTICALS LTD | 7 | - | - | - |
| Total | 236 | 568 | 64 | 37 |
| | Sales / Income | Purchases / Expenses | Receivables | Liabilities |
| OTHER RELATED PARTIES | - | 14 | - | - |
| TOTAL OF SUBSIDIARIES AND OTHER RELATED PARTIES | 236 | 582 | 64 | 37 |

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. This cooperation started since 01/05/2009 for the premises in Thessaloniki and since 01/07/2009 for the premises in Athens. DIAKINISIS has charged ELGEKA the amount of Euro 931 thousand for the services related to warehousing and Euro 821 thousand for the distribution services.

Furthermore, starting from May 2009 the headquarters and the warehouses of ELGEKA in Thessaloniki are located in premises which are leased by DIAKINISIS S.A. The subsidiary has charged ELGEKA for this leases the amounts of Euro 281 thousand and for miscellaneous expenses (water and electricity expenses) Euro 36 thousand.

ELGEKA charged DIAKINISIS the amount of Euro 153 thousand for the sale of fixed assets and Euro 12 thousand for accounting services rendered in relation to the preparation of the financial statements in accordance with IFRS.

2. ELGEKA S.A. – PAPADIMITRIOU S.A.

ELGEKA purchased from PAPADIMITRIOU goods amounting to Euro 79 thousand. PAPADIMITRIOU, 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 charged PAPADIMITRIOU Euro 10 thousand 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 sales to ELGEKA amounted to Euro 332 thousand during 2009. Furthermore, VIOTROS S.A. charged ELGEKA S.A. the amount of Euro 10 thousand for warehouse services.

VIOTROS purchased from ELGEKA goods that were intended to be given to its personnel as presents amounting to Euro 7 thousand.

Until 30/04/2009, ELGEKA rented part of its premises totally sized to 148 m² in Thessaloniki, to VIOTROS for housing its offices, thus paying rent and facility expenses (water supply, electricity) to ELGEKA amounting to Euro 5 thousand.

Furthermore, ELGEKA charged VIOTROS Euro 10 thousand fee for preparing financial statements in accordance with IFRS and Euro 32 thousand for participation in promotion and advertising expenses.

4. ELGEKA S.A. – SAMBROOK PHARMACEUTICALS S.A.

ELGEKA charged SAMBROOK PHARMA PHARMACEUTICALS LTD Euro 8 thousand as fee for preparing financial statements in accordance with IFRS.

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

ELGEKA sold to MEDIHELM goods amounting to Euro 103 thousand, which refer to Fisherman products. MEDIHELM undertook the distribution of these products to pharmacies.

In addition, ELGEKA charged MEDIHELM Euro 10 thousand fee for preparing financial statements in accordance with IFRS and Euro 8 thousand for services in relation to the analysis of its financial data.

6. ELGEKA S.A. – SAMBROOK PHARMA PHARMACEUTICALS LTD

ELGEKA charged SAMBROOK PHARMA PHARMACEUTICALS LTD Euro 8 thousand as fee for preparing financial statements in accordance with IFRS.

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 (FANDRIDIS & PARTNERS – CONSULTANTS). The transactions with ELGEKA S.A. amounting to Euro 12 thousand related to fees for training seminars of Euro 9 thousand and to fees for market research of Euro 3 thousand.

Finally, key management personnel and Board members remunerations for the Parent Company, until 31st December 2009, amounted to Euro 1.068 (2008: Euro 1.241 thousand) and for the Group to Euro 1.291 thousand (2008: Euro 1.363 thousand) and include the following:

BoD members' salaries, who offer their services as Managers to the Company and the Group amounted to Euro 832 thousand (2008: Euro 953 thousand) and Euro 902 thousand (2008: Euro 1.068 thousand) respectively.

The expenses for the presence of BoD's members, who do not offer their services as Managers to Company and the Group amounted to Euro 90 thousand (2008: Euro 67 thousand).

Other remunerations to Managers of the Parent Company amounted to Euro 146 thousand (2008: Euro 221 thousand) and of the Group Euro 299 thousand (2008: Euro 228 thousand).

No loans were given to the BoD's 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 2009.

All aforementioned transactions were accomplished under the standard market rules.

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

Detailed information and requested explanations for the year 01/01/2009 – 31/12/2009 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 Euro 51.099.248 Euro, divided among 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 31/12/2009 the following shareholders held more than 5% of the total voting rights of the Company:

| Shareholder's Name | Number of Shares | % Share Capital |
|---------------------------|-------------------------|------------------------|
| Alexandros Katsiotis | 10.641.100 | 33,32% |
| Elli Drakopoulou | 10.509.000 | 32,91% |
| Eleni Katsioti | 1.847.840 | 5,79% |
| TOTAL | 22.997.940 | 72,02% |

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 can not 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.

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 Company 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.

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 Echedorou – Industrial Area Sindos Thessaloniki

Thessaloniki, 26 March 2010

President & Managing Director
Alexandros Katsiotis