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 01.01.2008 – 31.12.2008

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 2008 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 accounting period, ended December 31, 2008, is the eleventh 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 financial statements.

The financial statements for the year ended December 31, 2008, are the fourth 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 have as follows:

A. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP

During the current year the Group continued its expansion in the areas of operation and set the basis for undertaking further business initiatives and agreements that will strengthen its position in the business environment.

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

Group sales turnover for the year ended 31/12/2008 amounted to € 317.880 thousand as opposed to € 264.013 thousand in previous year, representing an increase of € 53.867 thousand or by 20,40%. The increase is on the one hand due to a significant increase in turnover of the Parent Company, ELGEKA S.A., and its subsidiaries ELGEKA Ferfelis Romania S.A., ELGEKA Ferfelis Bulgaria Ltd. and SAMBROOK Pharmaceuticals S.A. and on the other hand due to the full consolidation of the DIAKINISIS S.A. turnover (which was not fully consolidated during prior year as the initial date of consolidation was on 25/07/2007). However, negative effects on the Group's turnover resulted from VIOTROS S.A. lower turnover which contributed € 15.238 thousand in 2008 as opposed to € 20.096 thousand in 2007. The main reason for the decrease is the international reduction in demand, especially during the fourth (4^{th}) quarter of 2008, in the dairy products which resulted in the cancellation of many customers' orders.

The consolidated gross operating results (profits) amounted to € 58.347 thousand for the year ended 31/12/2008 as opposed to € 52.209 thousand in 2007, representing an increase of € 6.138 thousand or by 11,76%, almost in line with turnover, whereas the gross profit margin decreased to 18,36% as opposed to 19,94% in 2007. 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, especially during the last quarter of 2008.

The significant increase in the operating expenses (by 18,54%) is due to the full consolidation of DIAKINISIS S.A. financial results in 2008 and the Parent Company's new strategic alliances/co-operations. In specific, during 2008 the operating expenses increased to € 64.756 thousand as opposed to € 54.629 thousand in 2007.

The consolidated profits before tax, financial, investing results and depreciation amounted to € 11.514 thousand in 2008 as opposed to € 8.229 thousand in prior year, indicating an increase by 39,92% which is due to a considerable increase in turnover followed by an increase in gross profit along with a significant increase in operating income (participation of suppliers in the advertising & promotion expenses).

The consolidated profits before tax, financial and investing results (operating profits) amounted to € 5.725 thousand as opposed to € 4.143 thousand in 2007, representing an increase of € 1.582 thousand or by 38,18%.

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 31/12/2008 and 31/12/2007, do not include the net income emanated from the valuation of investment property of 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 € 7.267 thousand and € 9.403 respectively.

The consolidated profits before tax amounted to € 5.406 thousand as opposed to € 10.110 thousand for the year ended 31/12/2007, representing a significant decrease of € 4.704 thousand or by 46,53%. The decrease is mainly attributed to the significant increase in finance expenses, major part of which relates to the buy out of the share of DIAKINISIS S.A. from LOGISTICS SERVICE HELLAS S.A. In addition, it is attributed to the significant decrease in 'Other finance expenses', given the fact that in 2007 the Group recorded Extraordinary Gains amounting to € 1.221 thousand though the disposal of Available for Sale assets (shares in PROTON Bank). Furthermore, the decrease in VIOTROS S.A. profits before tax had also a negative effect (€ 949 thousand in 2008 as opposed to € 2.671 thousand in 2007), as a result of the significant reduction in turnover and gross margin already mentioned above.

The consolidated net profits after tax amounted to € 8.443 thousand as opposed to € 6.875 thousand in prior year, representing an increase by 22,81%.

The main reasons for the overall increase in the Group's financial results are the following:

(a) In 2007, during the merger through absorption of LOGISTICS SERVICE HELLAS S.A. (acquiring company) from DIAKINISIS S.A. in accordance with Law 2166/1993, there was a loss amounting to € 35 million approximately, in respect to the cancellation of treasury shares on which there was not any initial identification of proportionate deferred tax asset. The Company's Management, in accordance with the reply (no 1014370/B0012/09-05-2008) of the Income Tax department of the Ministry of Economy to a request that was raised from another company regarding this issue, and following relevant evaluations concerning the future recovery of part of relevant loss, decided the recognition of deferred tax asset amounting to € 3.750 during the first semester of 2008.

In October 2008, DIAKINISIS S.A. engaged in a sale & leaseback contract from which € 18 million tax gain resulted. A part of this amount was offset with tax losses and, consequently, with part of the deferred tax assets from the first semester of 2008. As the economic conditions are unfavorable/unstable this period, Management decided to continue its conservative policy and not recognize a deferred tax asset for the remaining part of the tax losses in December 2008. Finally, the Company recognized the amount of € 3.739 thousand as a deferred tax asset.

(b) The tax benefit affecting the deferred tax, which is due to the gradual decrease of the tax rates (effective from 2010 until 2014 – from 25% to 20%) and the revaluation reserve from the tax revaluation of land & buildings (in accordance with Law 2065/1992) in certain Group companies, was recognized in the Income Statement during the current year.

The Group profits, which are attributable to the shareholders' of ELGEKA S.A., after income tax and minority rights, during the year ended December 31st, 2008 amounted to € 6.448 thousand as opposed to € 3.495 thousand during the year ended December 31st, 2007, representing a significant increase of € 2.953 thousand or by 84,49% and the earnings per share amounted to € 0,2019 as opposed to € 0,1094 during the year ended December 31st, 2007.

Other Operating Income are significantly increased by 51,49% in comparison to 2007, or by € 5.880 thousand, mostly due to the increase in income from participation of suppliers in advertising expenses of ELGEKA S.A. (from € 3.554 thousand in 2007 to € 6.455 thousand in 2008) and of ELGEKA FERFELIS ROMANIA S.A. (from € 4.086 thousand in 2007 to € 6.179 thousand in 2008).
Other Operating Expenses amounted to € 5.166 thousand for the year ended December 31st, 2008 as opposed to € 4.857 thousand, thus representing a slight increase of € 309 thousand or by 6,36%.

Finance Expenses were increased by 68,72% or € 3.245 thousand (2008: € 7.967 and 2007: € 4.722) a major part of which is attributable to: (a) the financing for the buy out of DIAKINISIS S.A., as already mentioned and (b) the significant increase of base rates (EURIBOR) notes during 2008.

Moreover, the Group derived gains from the fair values increase of its investment property assets, according to valuations by independent real estate assessors of international reputation, which amounted to € 7.267 thousand as opposed to € 9.403 thousand in 2007. The real estate operations is a significant activity for the Group in Romania and the increasing profitability constitutes a reward for the conscious decision of the Group Management to operate in the certain business sector.

It is noted that in "Group Profits before taxes", which amounted to € 5.406 thousand (as opposed to € 10.110 thousand in 2007), the most significant participation have the "Profits before tax" of company SC GATEDOOR HOLDINGS COM SRL, which amounted to € 4.930 thousand (as opposed to € 6.319 thousand in 2007).

The above mentioned results were positively affected by the performance of some subsidiaries of ELGEKA S.A., which achieved their goals that had been set during the previous budgeting process concerning the improvement of their financial results and a more efficient operation, contributing significantly to the well shaped course of the Group's financial measures.

The Group's financial results which are deemed as satisfactory are shown in the Consolidated Financial Statements for the year ended December 31st, 2008.

The net book value of the tangible fixed assets amounted to € 137.470 thousand representing the 44,81% of the Group's total assets as opposed to € 131.780 thousand in prior year.

The Group shareholders' equity represent 28,19% of the Group's total shareholders equity & liabilities amounting to € 86.480 thousand as opposed to € 80.299 in 2007, representing an increase by 7,70%.

The Group’s total liabilities amounted to € 220.338 thousand as opposed to € 205.589 thousand in 31/12/2007, representing an increase by 7,17%. The long term liabilities amounted to € 66.956 thousand as opposed to € 38.760 thousand in prior year, representing a significant increase by 72,75%. This is due to significant increase in long term bank liabilities for the reasons already mentioned above but mainly due to the other long term liabilities (2008: € 26.292 thousand and 2007: € 3.875 thousand) as a result of the sale and leaseback contract in which DIAKINISIS S.A. engaged at the end of December 2008.

The Group’s long term bank liabilities (long term liabilities payable within the following year included) amounted to € 41.963 thousand as opposed to € 28.967 thousand in 2007, representing an increase of € 12.996 thousand or by 44,86%. The increase is due to refinancing of short term bank liabilities through the issue of bonds (ELGEKA S.A. and DIAKINISIS S.A.).

At year end, the Group’s short term bank liabilities amounted to € 59.150 thousand (19.25% of the total liabilities and shareholders’ equity) and decreased by € 24.858 thousand or by 29,59% as opposed to 2007 which amounted to € 84.008 thousand. The main reason for the decrease is due to the payment of the bridge financing related to the acquisition of DIAKINISIS S.A. from LOGISTICS SERVICE HELLAS S.A. (merged since 30/11/2007 through absorption). The financing of the payment was accomplished through the proceeds received from the disposal of an investment property of DIAKINISIS S.A. (via sale and leaseback) after entering into a contract with ETHNIKI LEASING S.A. on 21/10/2008.

We present below an analysis of the trend of financial ratios relating to the Group’s financial structure, efficiency and working capital management.

A) Financial Structure Ratio

1. Property Funding Ratio

	2008	2007
Fixed Assets / Total Assets	48,21%	49,94%
Current Assets / Total Assets	51,79%	50,06%

2. Leverage Ratio

	2008	2007
Total Debt ***** / Shareholders’ Equity	145,75%	142,97%

***** Sale and lease back liabilities included.

3. Fixed Assets Coverage Ratio

	2008	2007
Shareholders’ Equity / Tangible Assets	58,47%	56,24%
Shareholders’ Equity & L/T Liabilities / Tangible Assets	103,73%	83,39%

4. Current Ratio

	2008	2007
Current Assets / Current Liabilities	103,60%	110,20%*

5. Working Capital Radio

Working Capital / Current Assets	3,47%	9,27%*

* In 2007, for the disclosure of ratios No. 4 and 5 was not taken to consideration the eighteen-month term, bridge financing contract, of total value € 37.000 thousand, which was disbursed in 24/07/2007 for the acquisition of DIAKINISIS S.A. from LSH S.A.

B) Profitability Ratios

1. Return on Equity

	2008	2007
Earnings before Tax (EBT) / Shareholders' Equity	6,25%	12,59%

2. Gross profit margin

Gross Profit / Sales of goods& services	18,36%	19,78%

3. Equity turnover

Sales of goods& services / Shareholders' Equity	367,58%	328,79%

4. Gross Profit to Cost of Sales Ratio

Gross Profit / Cost of Sales	22,48%	24,65%

C) Activity Ratios

1. Creditors Turnover

Trade Creditors X 360 days / Cost of Sales	90 days	102 days

2. Debtors Turnover

Trade Debtors X 360 days / Sales of Stocks & Services on credit	112 days	125 days

3. Inventory Turnover

Cost of Sales / Stock value on 31/12	7 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 € 135.956 thousand as opposed to € 120.930 thousand in the previous year resulting in an increase of € 15.026 thousand or by 12,43%. The increase is mainly due to the contracting of new alliances and the continuous investment the Company does in brand names.

Gross Profits (gross margin) amounted to € 28.017 thousand in 2008 as opposed to € 25.888 thousand in prior year, thus increase by € 2.129 thousand or by 8,22% whereas gross profit margin reached 20,61% in 2008 compared to 21,41% in 2007 due to the Company's policy to maintain sales prices at the same levels when the suppliers increased their prices.

The Operating Expenses increased by 16,99% that is € 32.233 thousand in 2008 as opposed to € 27.550 thousand in prior year, representing an increase of € 4.683 thousand. In 2008, the most significant item in the Operating Expenses relate to the advertising and promotion expenses related to new alliances/co-operations which is included in 'Distribution expenses'.

Profits before tax, finance, investing results and depreciation amounted to € 3.364 thousand as opposed to € 2.971 thousand in prior year, representing an increase by 13,22% which is not only a result of increased turnover and, consequently, increased gross margin but also a result of increase of participation of suppliers in advertising expenses (Sales expenses vs Other operating results).

Profits before tax, finance and investing results (Operating profits) amounted to € 1.978 thousand as opposed to € 1.742 thousand in prior year, representing an increase of € 236 thousand or by 13,55%.

Profits before tax amounted to € 950 thousand during the current year as opposed to € 1.214 thousand in prior year, representing a decrease of € 264 thousand or by 21,75%. This is due to the significant increase in finance expenses (as a result of the decrease of the main borrowing rates of interest until the first 9 month period of the year and because of the essential increase of borrowings for the participation of the Company in its subsidiaries' share capital increase). In addition, profits before tax of ELGEKA S.A. were also influenced by the decrease in "Other Finance Results" due to the aforementioned reason in the analysis of "Consolidated profits before tax".

Profits after tax amounted to € 1.124 thousand during the current year as opposed to € 637 thousand in prior year, representing an increase of € 487 thousand or by 76,45%. This increase is due not only to the decrease of the future tax rates of income tax (from 25% to 20% - gradually since 2010 until 2014), as already mentioned above, but also the partial reversal of the initial income tax, which was calculated for the recovery of special non taxable reserves of Law 3220/2004. These reserves were accumulated from profits of 2003 and 2004, which later the European Commission decided that it was against the European legislation.

Earnings per share (EPS) amounted to € 0,0352 in 2008 and increased by 100,50% in comparison to prior year, which amounted to € 0,0199.

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 frozen products network, sales and distribution of brands of fridge products (semifreddi) of Ferrero (e.g. Kinder milk pie, Kinder Paradiso, Kinder Pingui and Kinder Maxi King), b) newly signed commercial agreements (BERRIS, CADUM, PLIAS – PAPOUTSANIS, SOLID, IMANKO and KRITON BREAD), which cumulatively contributed in Company's turnover increase by € 7.580 thousand approximately and c) constant effort of Company's Management in regard with sales' increase and other suppliers the already cooperates with.
2. Increase of "Other Operating Income": "Other Operating Income" are significantly increased by 71,04% in comparison to 2007 or by € 2.971 thousand, due to : a) increased participation of suppliers in advertising expenses with the intention of the best promotion of the represented products and b) augmented participation of Ferrero in increased demands of the new trade and marketing strategy to the Company's customers, after the inclusion of frozen products in its distributed "portfolio".

B. <u>SIGNIFICANT EVENTS</u>

1. Significant events for the year 2008

The Parent Company proceeded to the following investment – business activities during 2008:

- On 08/02/2008 ELGEKA S.A. paid € 71,64 thousand in order to participate in the share capital increase of "DIAKINISIS S.A. – Storage – Distributions – Packing" (99,99% ownership). That share capital increase was decided by the Extraordinary General Assembly on 18/01/2008 regarding the completion of the first investing activity/plan according to Development Law 3299/2004. The plan refers to the expansion of the storage capacity and the acquisition of the necessary equipment (such as P/C, storage shelves, forklifts, etc) in the existing leased buildings for the operation of the new logistics center located in "Imeros Topos" (Municipality of Aspropirgos Attiki Prefecture). The share capital increase incorporates the Company's owns participation by 25% to the project, which exceeds the initial budget by 15% (Initial budget: € 1.850 thousand – Final budget € 2.127,5 thousand).
  It has to be noted that for the completion of the above mentioned investments LSH S.A. (before its merger with DIAKINISIS S.A.) proceeded to a share capital increase by € 465,30 thousand in cash, which covered the 25% own participation in subsidized investment.

- Furthermore, ELGEKA S.A. paid € 420 thousand on 05/03/2008 in order to participate, through its 80% ownership, in its subsidiary "VIOTROS S.A." share capital increase which took place for the same investment purposes. The amount of share capital increase of VIOTROS S.A. was € 525 thousand in accordance with the decision of the Extraordinary General Assembly on 04/03/2008.
  In specific, the share capital increase refers to the participation, through 25% ownership, for the same investment purposes according to Development law 3299/2004. This investment refers to the creation of new standards logistics center with the implementation of Storage System of Electronically Moving Shelves located in the industrial area of Prosotsani Drama Prefecture.

- On 01/04/2008, the Extraordinary General Assemblies of "MEDIHELM PHARMACEUTICAL S.A." and "SAMBROOK PHARMACEUTICALS S.A." performed a meeting with the sole issue of the decrease with the simultaneous increase of the share capital with additional contributions in cash. The following decisions were reached:

a) “MEDIHELM PHARMACEUTICALS S.A.” decided the decrease of its share capital by € 438 thousand with a simultaneous decrease of its nominal value per share, intending to decrease prior years’ losses and a simultaneous increase of its share capital by € 1.400 thousand and the issue of new shares. The new share capital of “MEDIHLEM PHARMACEUTICALS S.A.” amounts to € 1.692 thousand of 42.300 shares with nominal value € 40 each.
Consequently, following the specific and explicit declaration of the other shareholder who did not wish to participate to the aforementioned share capital increase, ELGEKA’s participation percentage, which fully paid in cash the aforementioned increase, amounts to 91,54% from 51% approximately.
b) “SAMBROOK PHARMACEUTICALS S.A.” decided the decrease of its share capital by € 150 thousand with a simultaneous decrease of its nominal value per share, intending to decrease prior years’ losses and the simultaneous increase of its share capital by € 802,5 thousand and the issue of new shares. The new share capital of “SAMBROOK PHARMACEUTICALS S.A.” amounts to € 952,5 thousand of 63.500 shares with nominal value of € 15 each.
Following the specific and explicit declaration of the other shareholders that do not wish to participate to the aforementioned share capital increase of SAMBROOK, ELGEKA’s participation percentage, which fully paid in cash the increase mentioned above, amounts to 91,34% from 45% approximately.

- In addition, on 26/06/2008, ELGEKA S.A. paid € 999,87 thousand in order to participate through 99,99% ownership in its subsidiary’s “DIAKINISIS S.A. – Storage – Distributions – Packing” share capital increase, in accordance with the decision of self-appointed Special General Assembly on 24/06/2008, in order to commence its investment plan according to the investment Law 3299/2004. The investment plan was approved by the Ministry of Economy (decision no. 35736/4/00611/E/N.3299/2004/24-05-2007) and refers to the expansion of storage capacity in existing leased buildings for the operation of new logistics center located in “Chani Adam” (Municipality of Aspropirgos – Attiki Prefecture).
  The government grants amount to € 1.131 thousand or 30% of total investment of € 3.770 thousand.

- Finally, as far as the Parent Company’s participation in its subsidiaries’ share capital increases is concerned on 30/06/2008 ELGEKA S.A. paid € 2.500 thousand, while, during July 2008 paid another € 499,7 thousand, in order to participate by 99,99% into subsidiary’s “DIAKINISIS S.A. –Storage – Distributions – Packing” share capital increase, in accordance with its Annual General Assembly on 30/06/2008 and designated by the Board of Directors on 25/07/2008. The reason for this increase is the requirement for working capital and investments in fixed assets.

- Furthermore, on 10/11/2008 ELGEKA S.A. paid € 95 thousand in order to participate in the share capital increase of “LINETTE HELLAS S.A.”, whose Annual General Assembly on 27/10/2008 decided its share capital decrease by € 7.000.000 (from € 10.000.000 before the decrease to € 3.000.000) with a simultaneous decrease of its nominal value per share from € 100 to € 30 each and with capitalization of equal amount of accumulated losses and, at the same time, share capital increase by € 500.010 paid in cash and issue of 16.667 new shares. Due to the non-participation of several previous shareholders, the direct participation percentage of ELGEKA S.A. was increased from 11,72% to 12,76%, while the indirect participation percentage through “VEDIS HOLDINGS LIMITED” decreased from 7,28% to 6,25%. As a result, the total participation percentage (direct and indirect) to LINETTE HELLAS S.A. remains 19,01%.

Since January 2008, the Parent Company, apart from the above mentioned investments, has entered into the trading of products of “BERRIS” (bread rolls), while at the same time joined a significant trading agreement with “PLIAS – PAPOUTSANIS” for the exclusive distribution in

Greece (in specific, market channels – super markets, retail and wholesale/Food service) sales, trade marketing, logistics and merchandising of its products (liquid soaps, soaps, bath soaps, body lotion, shaving foams). This agreement is expected to reinforce the non food products category.

Furthermore, ELGEKA S.A. entered in a three-year cooperation agreement with "SOLID S.A." and took on the exclusive distribution, selling, merchandising, storage and distribution of all its products (dried fruits and similar products branded FELIX) into the Greek market channels. This agreement is valid since 01/04/2008.

Moreover, ELGEKA S.A. entered in a three-year cooperation agreement with "IMANCO S.A." for trading and exclusive distribution of all its products in Greece and, in specific, undertaking sales, trade marketing, consumption marketing, logistics and merchandising of its products imported and traded by IMANCO (candles, incenses, flavorsome oils, lamps, lanterns, cotton, toothpicks, party products). This agreement is valid since 01/06/2008.

In addition, on 30/09/2008 ELGEKA S.A. entered in a three-year cooperation agreement with "KRITON BREAD S.A." and took on the trading and exclusive distribution of all its products into the Greek market and, particularly, in all distribution channels (super markets, retail and wholesale, food service). In specific, ELGEKA will take on sales, trade marketing, consumers marketing, merchandising and logistics in regard with all products of "KRITON BREAD S.A.", which are the following: crackers, barley rolls, oil rolls, cinnamon biscuits and bits.

Finally, during November 2008 ELGEKA S.A. entered into agreement with "FERRERO S.P.A." in regard with the renewal of its cooperation and with the offering of resale and distribution of dry and frozen products of FERRERO into Greek market, with exception of DUTY FREE.
"FERRERO S.P.A." is member of "FERRERO GROUP" which takes action globally in pastry making (chocolate production).
The brands that constitute FERRERO's dry products are: Rocher, Raffaelo, Prestige, Nutella, Tic Tac, Kinder, Happy Snack, Duplo, Tronky, etc. The renewal of this cooperation agreement is valid until 31 August 2010.
The brands that constitute FERRERO's frozen products are: Kinder milk pie, Kinder Pingui, Kinder Maxi King, Kinder Paradiso and Kinder Chocofresh. The renewal of its cooperation agreement is valid until 31 August 2012.

It is noted that the above mentioned agreements with FERRERO will be renewed for another three year period after their expiration, unless if one of the parties notifies in advance for cessation.

The above mentioned activity related to the renewal of the agreement for the resale and distribution of dry and frozen products of FERRERO is very significant, as this cooperation contributes 50% to the annual Sales/Turnover of the Parent Company.

Apart from the issues mentioned above, we also note the following events which took place during the current year:

- On 26/02/2008, ELGEKA S.A. disposed of its shares (financial assets available for sale) at "XRISA AVGA S.A." for the amount of € 550 thousand resulting in a gain of € 272 thousand.
- On 05/03/2008, the Parent Company submitted a Petition at the Administrative Court of Thessaloniki (no 51/2008) regarding the return of € 194 thousand, related to taxes and interests already paid for the recovery of non-taxable special reserves of Law 3220/2004, in accordance with Law 3614/2007 issued by the Ministry of Economy.
- At the beginning of 2008, a tax audit was performed by the Interregional Tax Audit Authority of Thessaloniki for the fiscal years 2005 and 2006 which resulted in additional taxes and fines amounting to € 112 thousand. As the Company has already provided adequately for

tax unaudited years during prior years, the above mentioned amount was covered and offset by the provision.

- In the Annual General Assembly on 30/06/2008, among other issues, it was decided to proceed to the acquisition of treasury shares during the period starting on 04/07/2008 until 30/06/2010 up to 10% of paid share capital at that time. This amount includes 117.300 treasury shares already acquired by the Company with a price range from € 0,50 to € 10,00 maximum. In addition, the harmonization of Company's Articles of Association in accordance with Codified Law 2190/1920 was decided and implemented, as valid following the amendment according to Law 3604/2007. Furthermore, during the Assembly, the President announced that due to the alteration of the Group's strategic plans, the Company's investing plan regarding the Expansion of the existing logistics center located in the Municipality of Echedoros, in the Thessaloniki Prefecture will not be implemented. Instead, the Company intends to submit soon a request for inclusion in the amended Development Law 3299/2004 on behalf of its subsidiary "DIAKINISIS S.A. – Storage – Distributions – Packing", with 99,99% ownership.

  It is noted that on 31/12/2008 ELGEKA S.A. owned treasury shares (117.300 shares), at fair value of € 149 thousand.

- The Company's Board of Directors decided, in its meeting on 03/10/2008, in accordance with the requirements of Law 3156/2003 and following the particular authorization of the Special General Assembly on 13/11/2006, the issue of a 5 year bond (long-term borrowing loan), which amounted to € 7,5 million.

  As a result, on 16/10/2008 entered into a contractual agreement with "EMPORIKI BANK OF GREECE S.A." (as controller), regarding the issue of a syndicated bond, where the bond lenders are "EMPORIKI BANK OF GREECE S.A." (by 90%) and "EMPORIKI BANK OF CYPRUS LTD" (by 10%).

  Thereinafter, the Company's Board of Directors decided on 14/11/2008, in accordance with the requirements of Law 3156/2003 and following the particular authorization of the Extraordinary General Assembly on 13/11/2006, the issue of a 5 year bond (long-term borrowing loan), which amounted to € 7,5 million.

  It is noted that this Extraordinary General Assembly authorized the issue of bonds up to the amount of € 20 million.

  Finally, on 02/12/2008 the Company entered into a contractual agreement with "NATIONAL BANK OF GREECE S.A.", which was appointed as payment deputy and representative of bond lenders, regarding the schedule for the issue of a syndicated bond, where the bond lenders are "NATIONAL BANK OF GREECE S.A." and "NATIONAL BANK GREECE (CYPRUS) LTD".

  The bonds mentioned above were issued for the refinancing of current financial liabilities used for investing activities.

- On 25/11/2008, the self appointed Special General Assembly of Shareholders of the company "FIELD S.A." decided the decrease of its share capital by € 267.000 (thus from € 900.000 to € 633.000) through the cancellation of 8.900 ordinary shares with nominal value per share € 30 each (of which 5.900 shares were held by ELGEKA S.A.). As a consequence, the amount of € 177 thousand was returned to ELGEKA S.A. resulting in a gain of € 2 thousand due to the fact that the investment value amounted to € 175 thousand.

- Finally, on 05/12/2008 Mr. Anthimos Misailidis was appointed as the new Chief Financial Officer, also undertaking the duties of the Investor Relations Officer. Mr Anthimos Misailidis obtained his bachelor degree at 1998 from the University of Macedonia. In 2000, he fulfilled his post graduate studies at the University of Delaware, DE, USA obtaining a Master in Business Administration (Finance). His cooperation with ELGEKA GROUP commenced in 2001 and starting from the position of Financial Planning Manager and Deputy Chief Financial Officer of the subsidiary company "ELGEKA FERFELIS ROMANIA S.A." in Romania.

Apart from the issues mentioned above, at a Group level the following corporate events took place during the current year:

- On 14/01/2008, the Romanian Authorities approved the transfer of corporate shares of CERA VILLA DESIGN SRL (70%) by ELGEKA FERFELIS ROMANIA S.A (subsidiary of ELGEKA CYRRUS LTD) to SC GATEDOOR HOLDINGS COM SRL. We note that the company SC GATEDOOR HOLDINGS COM SRL is a subsidiary by 50,01% of ELGEKA CYRPUS LTD, that is 19,32% directly and 30,69% indirectly through GATEDOOR HOLDINGS LTD (CYRPUS). This transfer was intentional in order to concentrate all strategic activities of the ELGEKA Group in Romania.

- On 14/02/2008, the Parent Company disposed of 51 corporate stakes (€ 210 each) held in "SAMBROOK PHARMA PHARMACEUTICALS LTD" (51%) to "SAMBROOK PHARMACEUTICALS S.A" for the amount of € 11 thousand. Additionally, on 14/02/2008 "SAMBROOK PHARMACEUTICALS S.A." acquired from the other shareholder the rest of the shares (49 corporate stakes (49%) € 210 each) for the amount of € 10 thousand and, consequently, owns 100% of SAMBROOK PHARMA LTD. As a result, the consolidation percentages were altered from direct (51%) to indirect (45%). At the same date, its corporate form was modified from a Limited Liability Company to a Single Limited Liability Company. Thereinafter, since 01/04/2008 the participation percentage of SAMBROOK PHARMA LTD increased from 45% to 91,34% due to respective increase in the Parent Company's participation percentage to company SAMBROOK PHARMACEUTICALS S.A.

- On 21/02/2008, a private agreement was signed for the transfer of 2,61% ownership of ELGEKA FERFELIS ROMANIA S.A. from ELGEKA CYPRUS LTD (100% subsidiary of ELGEKA S.A.) to ILIAN SERVICES LTD. The agreed price amounted to € 87 thousand, while the equity capital composition of ELGEKA FERFELIS ROMANIA S.A. after the transfer has as follows: ELGEKA CYPRUS LTD 50,02% and ILIAN SERVICES LTD 49,98%.

  The Board of Directors of DIAKINISIS S.A. during its meeting on 03/10/2008 decided, in accordance with the requirements of Law 3156/2003 and following the particular authorization of self appointed Special General Assembly of Shareholders, which took place at the same date, the issue of 5 year bond (long-term borrowing loan), which amounted to € 7,5 million.
  The abovementioned bond was issued for the refinancing present financial liabilities used for investing activities.

- On 21/10/2008, DIAKINISIS S.A. was engaged in a sale and lease back agreement with "ETHNIKI LEASING S.A." guaranteed by ELGEKA S.A.
  The agreement covers land of 42.614,93 m^2 in total, including the buildings located within the land (storage – office – utilities spaces, of 22.639,40 m^2) owned by DIAKINISIS S.A., and it is situated out of the approved Urban Plan of Aspropyrgos Municipality and in the Industrial Area of the above mentioned Municipality, at "Tsouklidi" area or "Pefko Papou" area or "Saint George" area besides NATO avenue, or "Mavri Ora" area and near the rural road of "Saint George". The building is already used by "DIAKINISIS S.A.".
  The lease installments amount to € 24,421 million, i.e. the agreed amount of sale is € 24 million plus € 421 thousand other expenses (notary and lawyer's expenses, etc).
  The 25 year sale and lease back agreement commences on 21/10/2008 and terminates on 22/10/2033. The calculation base of the installment will be calculated based onthe current Interbank 6month EURIBOR interest rate (variable Reference Index), plus the agreed spread. The company "DIAKINISIS S.A." reserves the right to buy back the property for € 5,00 ("Purchase Price").

- On 18/12/2008, ELGEKA (CYPRUS) LTD sold its participation (27,50%) held in the company “MEDIZONE GERMANY GMBH”, for € 170 thousand (before taxes and transaction costs) resulting in a gain of € 75 thousand. This company was consolidated with the equity method and provided services in the pharmaceutical sector (intermediation of exports).

Apart from the above mentioned corporate actions at a Group level, the company “ELGEKA FERFELIS ROMANIA S.A.”, which constitutes the main trading support of the Group in the greater Balkan area, where a significant development occurred during the last 5 year period (has network of 12 branches in total Romanian area), joined the following very significant cooperation during 2008:

- On 07/08/2008 the Company entered in a three year cooperation agreement of distribution in the whole country, except for the drug stores distribution channel, with the company “S.C. SSL MAGYARORSZAG KFT”, a subsidiary of the international company of production consuming products “SSL INTERNATIONAL PLC”, which has a leading role globally in the production of condoms and feet care products through well-known brand names such as Durex and Scholl respectively.
- Furthermore, on 01/10/2008 the Company entered in a three year cooperation agreement of distribution in the entire Romanian region, with the Bulgarian company “AROMA PLC” which has a leading role in the Bulgarian market, which operates in the branch of health hygiene and care products such as toothpastes, soaps, shampoo, bath soaps, and hand and body crèmes.

- During November 2008 the Company entered into two significant three-year distribution agreements with the companies “3M COMPANY” and “ENERGIZER”. It is noted that 3M is one of the leading innovator companies globally in research and development, and owns branches in more than 60 countries around the world with 75.000 employees approximately. Some of the well-known products globally are Scotch-Brite, Post it, Nexcare, Command, etc. ENERGIZER has a leading position in battery technology and branches in more than 165 countries around the world.

- Furthermore, during November 2008 the Company entered into a three year agreement with “SHELL LUBRICANTS SUPPLY COMPANY B.V.”, member of the “SHELL GROUP”, related to distribution of products (lubricants) in Romania starting from 1st December 2008. The “SHELL GROUP” is the leading company in the lubricants’ sector, having a 13% share of the global market during 2007. This cooperation aims at increase in SHELL’s trademarks representation in Romanian market. ELGEKA FERFELIS ROMANIA S.A. has generated a particular department which supports this class of products.

The amount of the Group’s investments in fixed assets during the current year was € 9.793 thousand, whereas the Parent Company’s investments in fixed assets amounted to € 1.374 thousand.

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

- ELGEKA S.A. has entered into a provisional agreement with the company “X. KATSELIS SONS S.A.”, while the signing date of this agreement was 09/02/2009, with regard to the exclusive distribution into the Greek Market of long life products “X. KATSELIS S.A.” and, in specific, into the super markets, retailers and wholesalers / Food services. Specifically, ELGEKA will undertake the selling, trade marketing, logistics and merchandising of these products. The detailed terms of this agreement and conditions of collaboration will be further developed and incorporated into the final cooperation agreement, which will be signed by both parties by 31/03/2009.

- ELGEKA's Board of Director at its meeting on 11/03/2009 has decided the change of its head office address and the company's relocation as of 1st May 2009 at new (leased) premises of total surface 8.534 m^2 (Offices 704 m^2 – Warehouse 7.650 m^2), which are located in Sindos, Echedoros Municipality, within the Indusrtial 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 our high quality in customer service. Consequently, the new warehouse is 7.650 m^2 of total surface while the present warehouse is 3.802 m^2.

It is noted that at the same address (next building), the branch of our subsidiary "DIAKINISIS S.A. – Warehousing – Distribution – Promotional Packaging" is already operating.

On the same day, i.e. the 1st of May 2009, the head office of "VIOTROS FOOD INDUSTRY – MANUFACTURING – MILK PROCESSING – WAREHOUSING – INDUSTRIAL AND COMMERCIAL S.A." will be relocated at the new (leased) premises (Offices of 588 m^2 surface) at the above mentioned address.

C. PERSPECTIVES AND GOALS FOR THE YEAR 2009

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

The efforts for further development, expansion and increase of the Group activities tend to be visible and will also designate the year 2009, in spite of 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 distribution network of its merchandise through alternative growing retail channels. The main perspectives are not only the constant investment in existing brand names that trades, through advertising and marketing expenses and action to customers in selling spots but also the attraction of new cooperation agreements, apart from those that already entered in 2008. The significance of its services gets additional value during periods of economic turmoil, given that most manufacturing companies needed to alter their selling, merchandising, marketing and logistics expenses.

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 excellent method its goals' accomplishment and, in spite of the high competition and the lower demand of consumers products, it will continue to enforce its position in Greek market.

In order to fulfill ELGEKA's increased requirements in regard with merchandise logistics 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 at new (leased) premises at Industrial Area of Sindos. It is noted that among ELGEKA's plans, there is the offering of the logistics and distribution services in the North Greece to DIAKINISIS S.A. (99,99% subsidiary).

In the same address (next building), the subsidiary DIAKINISIS S.A., whereas the head office of VIOTROS S.A. will be relocated at the above mentioned address already operates.

This corporate action is expected to contribute to operating and financial synergies, through the most effective structure of the distribution network and the accomplishment of further financial benefits at a Group level.

As far as the development perspectives of the remaining companies that participate in the Group, it is expected that they represent the most promising investments, especially DIAKINISIS S.A. and ELGEKA FERFELIS ROMANIA S.A. In addition, they will contribute even more in the reinforcement of the Group's figures during 2009, successfully facing the unfavorable and variable conditions in the market, as well as the high competition in their sectors.

As far as DIAKINISIS S.A. is concerned, whose operations concern logistics and distribution services, it is expected that the entry of high foreign brands, as well as the development of selling network of domestic companies will reinforce in the future the demand for storage and, thus, promising perspectives for new agreements will be created.
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 expanding its necessary equipment (storage shelves, forklifts, etc).
The cost management (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 has taken in order to increase its goals during 2009.

During this year ELGEKA FERFELIS ROMANIA S.A. is expected to 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 extremely important results in Sales (Revenue) and profits, were not confirmed during 2008, 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 takes action, which lead into cancellation of numerous orders as a result of customers' uncertainty.
Management keeps up with the progress of countries' economies in which its subsidiaries operate and takes appropriate actions in order to adjust accordingly under the new circumstances.
As a result, all the potential cases of cost reduction (not those that concern its human resources) and production cost (through cost improvement) are examined, having as prerequisite the retention of high quality of its products.
It is anticipated that the expected slowdown of development due to credit crisis as well as the decrease in demand for dairy-farming and cheese-making products into emerging markets will not be extended and will partially defuse during second semester of 2009. As a result, it will improve the economy and strengthen the demand.
A partial counterbalance of the estimated decrease in figures is expected to turn up from the sales in markets, such as North Africa (Algeria, Libya, etc), Russia, Southeast Europe (Poland, Romania, FYROM, etc). This will be a result of the enlargement of the products portfolio (dairy and cheese substitutes) both merchandised and produced, as well as the extension of distribution through domestic retail channels (super markets), following the new cooperation agreement which is expected to be signed by ELGEKA.
It is reminded that during 2008 the company established new automated production lines in order to fully cover its orders requirements.

The recent global credit crisis, which severely affects the trade activities, is also expected to negatively affect the real estate prices.
Due to the fact that the Group operates in real estate management in Romania, through its companies SC GATEDOOR HOLDINGS COM SRL and GREC-ROM BUSINESS GROUP SRL, it is expected that the decrease in real estate prices during 2009 will have as a result the revenues of these companies to slowdown, due to the estimations of their real estate property, thus, contributing decreased results to the Group.
The Group's goal related to the real estate portfolio in Romania, whose value amounts to € 35 million approximately (according to an accredited independent valuation), remains the identification of potential strategic companies. 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 decrease the demand for real estate property in Romania, it will receive the final decisions taking into consideration the benefits of both Group and shareholders.

Finally, as far as the pharmaceutical sector is concerned, in which SAMBROOK PHARMACEUTICALS S.A. and MEDIHELM PHARMACEUTICALS S.A. operate, it is anticipated that it will not be significantly affected by the present credit crisis. In specific, SAMBROOK PHARMACEUTICALS S.A. is expected that the perspectives of improving its financial figures are very promising for the year. This is will be a result of the fact that during 2008 the increase in sales/revenue was 54,65% (thus, from € 7.447 thousand in 2007 to € 11.517 thousand in 2008 – excluding the intercompany transactions), as well as the fact that it had profits (profits before taxes amounted to € 165 thousand in 2008 instead of € 1.164 thousand losses in 2007).

D. <u>SIGNIFICANT RISKS AND UNCERTAINTIES</u>

The Group is exposed at a series of financial risk which are managed mainly by the Parent Company's Financial Management, in cooperation with the Group's subsidiaries managements. The most significant financial risks and uncertainties of the group are the following:

a) Currency Risk

Due to the most recent credit crisis in global markets, consumers' expectations have been decreased, having as a consequence the decrease in demand of consumers' products. A general decrease in demand combined with the increase in raw materials' prices will intensify the global inflation.

The Group is not exposed to currency risk related to securities due to the fact that no investments were made in securities traded in active markets (Stock Markets).

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 strong credit control of those clients that lead to 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 initially decided for the Parent Company and VIOTROS S.A. the insurance of significant part of their credits to a well-known insurance company (EULER HERMES). As a result, the Management considers that, at the end of 2008, there is not any significant credit risk unsecured or not adequately provisioned for both the Parent Company and the rest of Group's companies.

c) Interest and Foreign Exchange Risk

Group's bank loans are mostly denominated in Euro and floating interest rates. The Group does not hold derivatives in its financial products' portfolio, in order to decrease its exposure to the risk of interest rates' fluctuation. The Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates, taking into account the constant decrease in interest rates (EURIBOR). Especially for Romania, based on the fact that there are significant transactions on local currency (operating currency), the Group took into consideration at the beginning of 2009 to cover (reduce) the potential loss from the valuation of bank loans in foreign currency (in cases of negative changes of parity of exchange), through complex hedging contracts for decreasing foreign exchange risk, without adding significant new costs to its operations and producing new risks.

The Group finances its investments and its needs for working capital by means of bank loans, bonds (long-term borrowings) and a Sale and Lease back property contract, leading to interest charges in its financial statements. The increasing trends of interest rates (changes of EURIBOR interest rate), will have a negative impact on Group's financial results, due to excessive borrowing cost.

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

Furthermore, due to Group's global 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 foreign exchange risks is reduced regarding the conversion of subsidiaries' financial statements.

d) Liquidity Risk (financial risk)

The Group faces no difficulties in the settlement of its liabilities, due to a) good 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 generate adequate liquidity by maintaining unused bank credit limits. As of 31/12/2008, the Group had € 7.970 thousand in cash, whereas the available unused and approved bank credit limits amounted to € 75.428 thousand are deemed adequate for the Group to cover for a potential short-fall of cash and cash balances.

e) Capital management

Group's primary goal related to 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 occur to the Group's approach regarding capital management during the 2009 will occur.

Not only does the Group but also the Parent Company manage capital adequacy with a ratio of total borrowings to Equity, with purpose to constantly improve its capital structure.

f) Macroeconomic risk

The main macroeconomic risks to which the Group are the exposed is the inflation cost, the income policy and the recession risk that might lead into compression and shrinkage of consumer expenses. 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 responsibility, the potential return and the consequent unfavorable publicity is concerned. This might lead into negative consequences in reputation, operation, financial position and Group's results. These products might lead to an unintentional distribution by the Group and might have consequences in customers' health. As a result, the Group has a legal responsibility for potential reimbursement demands and, as a result, has proceeded with proportionate insurance cover.

The Group applies 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 the Management and the total Group structure are socially sensitive, in order to offer to customers high quality and safe products, whereas follows all safety and hygiene rules faithfully and strictly.

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 German organization DAR.
- "ELOT 1416" standard by TUV-NORD (member of RWTUV Group), accredited by Hellenic Accreditation System S.A.

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

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:

	2008		2007	
Parent Company's Related-party transactions	**GROUP**	**PARENT**	**GROUP**	**PARENT**
a) Sales / Revenue from services	-	236	138	329
b) Purchases	14	582	76	659
c) Receivables	-	64	24	48
d) Liabilities	-	37	145	145
e) Key management personnel and members of board compensation	1.363	1.241	949	949

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

SUBSIDIARY COMPANIES	Sales / Income	Purchases / Expenses	Receivables	Liabilities
VIOTROS S.A.	45	499	-	37
DIAKINISIS S.A.	48	-	-	-
PAPADIMITRIOU S.A.	10	69	-	-
MEDIHELM PHARMACEUTICALS S.A.	118	-	64	-
SAMBROOK PHARMACEUTICALS S.A	8	-	-	-

	Sales / Income	Purchases / Expenses	Receivables	Liabilities
SAMBROOK PHARMA PHARMACEUTICALS LTD	7	-	-	-
Total	**236**	**568**	**64**	**37**

	Sales / Income	Purchases / Expenses	Receivables	Liabilities
OTHER RELATED PARTIES	**-**	**14**	**-**	**-**
TOTAL OF OTHER RELATED PARTIES	**-**	**14**	**-**	**-**
TOTAL OF SUBSIDIARY COMPANIES AND OTHER RELATED PARTIES	**236**	**582**	**64**	**37**

The related-party transactions and Parent Company's intercompany balances for the prior year 2007 are presented below:

SUBSIDIARY COMPANIES	Sales / Income	Purchases / Expenses	Receivables	Liabilities
VIOTROS S.A.	41	490	-	-
DIAKINISIS S.A.	6	-	2	-
PAPADIMITRIOU S.A.	13	93	2	-
MEDIHELM PHARMACEUTICALS S.A.	115	-	18	-
SAMBROOK PHARMACEUTICALS S.A	14	-	1	-
SAMBROOK PHARMA PHARMACEUTICALS LTD	2	-	1	-
Total	**191**	**583**	**24**	**-**

OTHER RELATED PARTIES	Sales / Income	Purchases / Expenses	Receivables	Liabilities
GALACO S.A. (ex HERO HELLAS S.A.)	**138**	**(16)**	**24**	**145**
	138	(16)	24	145
OTHER PARTIES	**-**	**92**	**-**	**-**
TOTAL OF OTHER RELATED PARTIES	**138**	**76**	**24**	**145**
TOTAL OF SUBSIDIARY COMPANIES AND OTHER RELATED PARTIES	**329**	**659**	**48**	**145**

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

1. 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 € 479 thousand during 2008.
Furthermore, VIOTROS S.A. charged ELGEKA S.A. the amount of € 20 thousand for storage services.

ELGEKA rents part of its premises totally sized to 148 m^2 in Thessaloniki, used by VIOTROS in Thessaloniki for housing its offices paying rent and facility expenses (water supply, lighting) to ELGEKA amounting to € 14 thousand.

VIOTROS purchased from ELGEKA goods that were intended to be given to its personnel as presents amounting to € 14 thousand.

VIOTROS S.A. purchased from ELGEKA fixed assets and packing materials amounting to € 3 thousand.

Furthermore, ELGEKA charged VIOTROS a € 14 thousand fee for preparing financial statements in accordance with IFRS.

2. ELGEKA S.A. – DIAKINISIS S.A.

ELGEKA charged DIAKINISIS for the following services:
- € 26 thousand for personnel
- € 11 thousand as fee for preparing financial statements in accordance with IFRS
- € 5 thousand as fee for supplying accounting services
- € 6 thousand for transportation expenses and fixed assets sales

3. ELGEKA S.A. – PAPADIMITRIOU S.A.

ELGEKA purchased from PAPADIMITRIOU goods amounting to € 65 thousand. Furthermore, PAPADIMITRIOU charged € 4 thousand for participation in advertising and promotion expenses.
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 € 10 thousand as fee for preparing financial statements in accordance with IFRS.

4. ELGEKA S.A. – MEDIHELM PHARMACEUTICALS S.A.

ELGEKA sold to MEDIHELM goods amounting to € 109 thousand, which refer to Fisherman products. MEDIHELM undertook the selling of these products to drugstores. In addition, ELGEKA charged MEDIHELM a € 9 thousand fee for preparing financial statements in accordance with IFRS.

5. ELGEKA S.A. – SAMBROOK PHARMACEUTICALS S.A.

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

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

ELGEKA charged SAMBROOK PHARMA PHARMACEUTICALS LTD € 7 thousand as fee for preparing financial statements in accordance with IFRS.

The only company where 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 € 14 thousand related to fees for seminars amounting to € 6 thousand and fees for research amounting to € 8 thousand.

Finally, key management personnel and members of board remunerations for both the Parent Company and the Group until 31st December 2008 amounted to € 1.241 and € 1.363 thousand respectively and include the following:
BoD members' salaries, who offer their services as Managers to the Company and the Group amounted to € 953 thousand and € 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 € 67 thousand.
Other services rendered from Managers of the Parent Company and the Group amounted to € 221 thousand and € 228 thousand respectively.

No loans were given to the BoD's members or to the Group's Managers (nor their families).

There are 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 2008.

All aforementioned transactions were accomplished under the standard market rules.

EXPLANATORY REPORT OF THE BOARD OF DIRECTORS TO THE ANNUAL SHAREHOLDRES' 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 01/01/2008 – 31/12/2008 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 € 51.286.928 Euro, divided among 32.054.330 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.
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 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 31/12/2008 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	33,20%
Elli Drakopoulou	10.509.000	32,78%
Eleni Katsioti	1.847.840	5,77%
TOTAL	**22.997.940**	**71,75%**

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.
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 in order to support the market price of its 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
Kalochori – Municipality Echedorou
Thessaloniki, 27 March 2009

President & Managing Director
Alexandros Katsiotis