

## **ELVAL S.A.**

### **SUPPLEMENTARY-EXPLANATORY ANNUAL MANAGEMENT REPORT** **OF THE BOARD OF DIRECTORS TO THE ORDINARY GENERAL** **MEETING OF SHAREHOLDERS** **[Article 11a(1) and (2) of Law 3371/2005]**

#### **a) Structure of Share Capital**

The share capital of the Company amounts to EUR 37,218,244.50 and is divided into 124,060,815 ordinary unregistered shares with a nominal value of EUR 0.30 each. All shares are listed and traded in the large-cap equities market of Athens Stock Exchange. The shares of the Company are dematerialized, unregistered and have voting rights.

Pursuant to the Company's Articles of Association, the rights and obligations of shareholders are as follows:

- Right on dividend from the annual profits of the Company. Dividend per share is paid to its holder within two (2) months from the date the General Meeting having approved the financial statements was held. The right to dividend collection is deleted following five (5) years from the end of the year during which its distribution was approved by the General Meeting.
- Pre-emption right to each rise in share capital and subscription for new shares
- Right to participate in the General Meeting of shareholders
- The capacity of shareholder automatically signifies that the latter accepts the Company's Articles of Association and the decisions made by its bodies provided they are in line with such Articles and Law.
- The shares of the Company are indivisible and the Company acknowledges only a single owner of each share. All co-owners of a share by entirety as well as those having the usufruct or bare ownership thereof shall be represented at the General Meeting by a single person appointed by the same following agreement. In case of disagreement, the share of the foregoing persons shall not be represented.
- The liability of shareholders shall be limited to the nominal capital of each share.

#### **b) Restrictions on the transfer of Company shares**

Shares of the Company shall be transferred as per legal stipulations and the Articles of Association lay no restrictions whatsoever on the transfer thereof.

#### **c) Significant direct or indirect holdings within the meaning of Presidential Decree 51/1992**

On 31/12/2006, the significant (over 5%) holdings are established as follows:

- BIOHALKO S.A.: 64.67% of voting rights and 56.53% of share capital

- Mr. Evangelos Stasinopoulos: 8.17% of voting rights (to which a 6.27% holding of WHEATLAND HOLDINGS LTD has been added);
- WHEATLAND HOLDINGS LTD: 6.27% of share capital.

#### **d) Shares providing special audit rights**

There are no shares of the Company providing their holders with special audit rights.

#### **e) Restrictions on voting right**

The Company's Articles of Association do not lay down any restrictions on the voting rights arising from its shares. The rules of the Company's Articles of Association regulating voting issues are set forth in Article 24 of its Articles of Association and are as follows:

- Each share represents one (1) vote at the General Meeting.
- Shareholders wishing to attend a General Meeting, at least five (5) days prior to its holding, shall be obliged to furnish at the Company's offices an attestation issued by Athens Central Securities Depository regarding the number of shares registered in their name and have their shares blocked until the day of the General Meeting. Powers of attorney of the shareholders' representatives must be furnished at the Company's offices within the same deadline.

#### **f) Agreements between Shareholders of the Company**

The Company has not been notified of any agreements between its shareholders that may entail restrictions on the transfer of its shares or on the exercise of the voting rights arising from its shares.

#### **g) Rules applying to the appointment and replacement of BoD members and amendment of the Articles of Association**

The rules stipulated by the Company's Articles of Association as regards the appointment and replacement of members of the Board of Directors and to amendments thereof do not differ from the stipulations of Codified Law 2190/1920.

#### **h) Competence of the BoD to issue new shares or purchase treasury stock**

- Article 6(1) of the Company's Articles of Association stipulates that only the General Meeting of shareholders held with a two-thirds (2/3) quorum of the paid-up share capital shall be entitled to increase the Company's share capital through the issue of new shares by way of decision made by a 2/3 majority of the represented votes.
- The Company's Articles of Association do not stipulate the assignment of any rights falling under the competence of the General Meeting with respect

to the issue of shares and share capital increase to the BoD or certain members of the latter.

- The Board of Directors shall purchase treasury stock in the context of a decision made by the General Meeting pursuant to Article 16(5)-(13) of Codified Law 2190/1920.
- In pursuance of Article 13(9) of C.L. 2190/1920 and a decision of the General Meeting made on 18.6.2002, during the month of December of the years 2006-2013 the Board of Directors of the Company shall increase the Company's share capital without amending its Articles of Association by issuing new shares in the context of implementation of an approved Stock Option Plan, details of which are given in Note 17 of the Financial Statements for the year 2006.

**i) Important agreements put into effect, amended or expiring in the case of change of control following public offer**

The agreements of joint bonded loans issue of both the Company and the consolidated companies, which were fully taken over by Banks and are cited in Note 19 of the annual Financial Statements of the year 2006, and have a total balance equal to EUR 225.09 million on 31/12/2006 (individual entity: 125 million) include a clause on the change of control which provides the bond-holders with the right of early termination.

There are no other agreements that are put into effect, amended or expiring in case the control of the Company changes.

**j) Agreements with members of the Board of Directors or personnel of the Company**

There are no agreements concluded between the Company and members of its BoD or its personnel that stipulate the payment of indemnity especially in the case of resignation or dismissal without any well-founded reasons or termination of their tenure or employment.

Athens, 16 May 2007

**The Chairman of the Board of Directors**

**Ioannis Panaytopoulos**