ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT

FOR THE PERIOD
1 JANUARY – 30 JUNE 2017

SIX MONTH REPORT OF THE BOARD OF DIRECTORS OF "ELGEKA S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS-INDUSTRY" COVERING BOTH THE ACTIVITIES OF THE PARENT COMPANY AND THE GROUP, FOR THE PERIOD 1 JANUARY – 30 JUNE 2017 (In accordance with Law 3556/2007, article 5)

Dear shareholders,

We present to you for the first half of the current year 2017 (01/01/2017 - 30/06/2017) the present Six-month Report of the Board of Directors, which was prepared and is in accordance with the relevant provisions of L.3556/2007 (Government Gazette 91A/30.04.2007) and the executive decisions of the Board of Directors of the Capital Market Commission.

This report includes in condensed form financial performance of the period, reference to significant events during first semester of 2017, analysis of perspectives and risks that are expected to incur during the second semester of 2017, alternative performance measurement indicators, as well as an analysis of related party transactions. This information refers to both the Parent company and the Group ELGEKA as a whole.

The contents of the report are presented as follows:

1. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE PERIOD 01/01/2017 TO 30/06/2017

During the first semester of 2017, the Consolidated financial results of the Group are summarized as follows:

Turnover (sales) from continuing activities of the Group amounted to 77.043 thousand euro for the six-month period ended 30 June 2017 as opposed to 77.342 thousand euro for the respective period of 2016, remaining at constant levels, despite the unfavorable conditions prevailing in the domestic market.

Sales per Segment (in thousand euro)	A' Semester 2017	A' Semester 2016	%
Trade of food and other consumer products	59.946	59.179	*1,30%*
Real estate	242	263	*(7,98%)*
Logistics services	16.855	17.900	*(5,84%)*
TOTAL	**77.043**	**77.342**	***(0,39%)***

Gross profit of the Group amounted to 13.095 thousand euro for the first semester of 2017 compared to 12.812 thousand euro of the corresponding period of 2016, an increase of 283 thousand euro or 2,21% in percentage. The increase of the gross margin to 17,00% from 16,57% in the comparable period of 2016 is due to the constant improvement of the product mix achieved by the Group through the increased participation of products with higher profitability margins.

Other operating income of the Group remained at relatively constant levels, marginally increased by 0,72% compared to the corresponding period of 2016, or by 21 thousand euro.

The Group's Operating Expenses presented a decrease by 1.300 thousand euro or 8,27% and amounted to 14.413 thousand euro from 15.713 thousand euro in first half of 2016, significantly contributed to the increase of operating result of the Group. The reduction of these expenses is a consequence of the constant redefinition of the Group's cost base, through the reduction of costs that do not contribute to the creation of added value, as well as the more efficient realization of its operations.

Earnings before interest, tax, depreciation and amortization (EBITDA) from continuing activities of the Group amounted to 3.614 thousand euro in the first semester of 2017 as opposed to 2.098 thousand euro in the first semester of 2016, an increase of 1.516 thousand euro, which is the result of the above mentioned rationalization of Group's operating cost.

At the segment level, there is a significant improvement in both Group's main activities, namely "Trade of food and other consumer products" and "Logistics services".

EBITDA per Segment (in thousand euro)	A' Semester 2017	A' Semester 2016	*Variation*
Trade of food and other consumer products	2.119	1.517	*602*
Real estate	(26)	(26)	-
Logistics services	1.520	782	*738*
Other	1	(175)	*176*
TOTAL	**3.614**	**2.098**	***1.516***

Operating profit from continuing activities of the Group amounted to 1.638 thousand euro in the first semester of 2017 against 34 thousand euro in the corresponding period of 2016, presenting an increase of 1.604 thousand euro, a result that is attributable to the causes mentioned above.

Other financial results of the Group amounted to loss of 21 thousand euro during the first semester of 2017 against loss of 1.220 thousand euro in the comparable period of 2016, due to the fact that the comparable period includes a loss of a total amount of 1.216 thousand euro from the discounting of the balance of the customer "Marinopoulos S.A.".

Loss before tax from continuing activities of the Group amounted to 1.415 thousand euro in current period against 4.508 thousand euro in first semester of 2016, showing a significant decrease of 3.093 thousand euro, which is the result of the causes mentioned above.

Loss after tax from continuing activities of the Group during the first semester of 2017 amounted to 1.666 thousand euro compared with 3.731 thousand euro in the corresponding period of 2016, presenting a decrease of 2.065 thousand euro.

Loss per share from continuing activities of the Group reached 0,0480 euro in the first semester of 2017 compared to loss per share of 0,1745 euro in the comparable period of 2016.

Finally, the Results from total activities after tax and non-controlling interests of the Group amounted to profits of 3.242 thousand euro against losses of 4.183 thousand euro in the comparable period of 2016 as a consequence of both the significant improvement in operating results and the profit accrued from the sale of the participation in the subsidiary "ARIVIA S.A.".

During the first half of 2017 ELGEKA Group continued its efforts to reduce operating costs, along with the reorganization of its functions, the redefinition of its partnerships and its disengagement from activities that are not part of its traditional operations. As a consequence of the above and despite the fact of the ongoing recession of the Greek economy, the Group's sales remained at constant levels, while its operating profitability was improved significantly. The key elements of the economic data which characterized the first half of 2017 the Group are briefly the following:

- The retention of sales, despite the adverse conditions of the domestic economic environment.
- The further improvement of the gross margin from 16,57% to 17,00% in 2017.
- The significant decrease of operating cost by 1.300 thousand euro.
- The sale of participation in subsidiary "ARIVIA S.A.", from which it is accrued a profit of 3.842 thousand euro.

The main figures of Group's financial position are the following:

The net book value of Intangible Assets and Tangible Fixed Assets and the fair value of Investment Property of the Group amounted, as at 30/06/2017, to 74.519 thousand euro representing 48,40% of the Group's Total Assets as opposed to 75.802 thousand euro at 31/12/2016 (representing the 45,85% of the Group's Total Assets).

The Group shareholders' Equity amounted to 7.886 thousand euro as opposed to 5.946 thousand euro at 31/12/2016, representing an increase of 32,63%.

The Group's total Liabilities amounted to 146.085 thousand euro as opposed to 159.397 thousand euro in 31/12/2016, representing a decrease by 8,35%. The Long term liabilities of the Group amounted to 27.745 thousand euro as opposed to 27.491 thousand euro in 31/12/2016, a marginal decrease of 0,92%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 25.903 thousand euro as opposed to 26.161 thousand euro in 31/12/2016, representing a decrease of 258 thousand euro or 1,00%.

Finally, the Group's Short term bank liabilities amounted to 51.424 thousand euro (33,40% of the Total Liabilities and Equity), increased by 1.845 thousand euro or by 3,72% as opposed to 31/12/2016, which amounted to 49.579 thousand euro.

As regards to the financial performance of the Parent Company is summarized as follows:

Turnover (sales) of "ELGEKA S.A." for the first half of 2017 amounted to 26.208 thousand euro as opposed to 26.604 thousand euro in the corresponding period of 2016, presenting stabilizing trends despite the ongoing recession in the domestic market and hence the reduced consumer demand.

Gross profit amounted to 8.498 thousand euro in 2017 from 7.897 thousand euro in the corresponding period, which is an increase of 601 thousand euro or 7,61%, while gross profit margin showed an improvement from 29,68% to 32,43%.

Operating Expenses increased by 6,91%, namely from 8.565 thousand euro in the six-month period of 2016 amounted to 9.157 thousand euro in the corresponding period of 2017, an increase of 592 thousand euro.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 1.551 thousand euro against 1.198 thousand euro in the first semester of 2016, a significant increase of 29,47%, mainly due to the improvement of sales product mix.

Operating profit amounted to 1.274 thousand euro in the six-month period of 2017 as opposed to 900 thousand euro of the corresponding period of 2016, an improvement of 374 thousand euro or 41.56% in percentage.

Other financial results were zero during the first semester of 2017 against loss of 1.023 thousand euro in the comparable period of 2016 (in the comparable period had been realized transfer of the total balance of the customer "Marinopoulos S.A." and its associate companies in long-term receivables and it had been discounted, in order to be evaluated in Net Present Value).

Loss before tax amounted to 432 thousand euro during the current period versus 1.828 thousand euro in the first semester of 2016, presenting significant decrease of 1.396 thousand euro due to the substantial improvement of operating results, as well as the above mentioned decrease of Other financial results.

Loss after tax amounted to 807 thousand euro against 1.431 thousand euro in the previous year, a decrease of 624 thousand euro.

Loss per share of the Parent Company amounted to 0,0254 euro for the current period compared to 0,0451 euro for the corresponding period of 2016.

From the above data, it is obvious that despite continued recession in the domestic market, the Parent Company achieved to maintain its sales at constant levels, proceeding to new commercial co-operations and enriching its product portfolio with new products. As a result, the Company's product sales mix is gradually being modified, with increased participation in products of higher profitability. In this way, the Company continuously achieves higher gross profit margin and significantly improves its overall operating profitability. Specifically, the basic elements of economic data that characterized the current period at the Parent Company level briefly are the following:

- The improvement of gross margin from 29,68% to 32,43%.
- The realization of low provision for customer bad debts (amount of 60 thousand euro) due to the very strict credit policy applied by the Company in recent years.

2. SIGNIFICANT EVENTS FOR THE PERIOD 01/01/2017 TO 30/06/2017

The most significant events which took place during first semester of 2017 are the following:

- By virtue of the 30/11/2016 relevant decision of the Extraordinary General Meeting of the shareholders of the Company, and to implement this, there was signed on February 20, 2017 contract regarding the sale of total shares held by "ELGEKA S.A." to its subsidiary "ARIVIA INDUSTRIAL AND COMMERCIAL S.A.", i.e. 12.375.185 shares representing 90,04% of the company's shares, for a consideration of 20.000 thousand euro. Taking into account the decision, by November 30th, 2016, taken by Management of the Parent company "ELGEKA S.A.", regarding the intention of finding potential acquirer for the sale of subsidiary “ARIVIA S.A.”, the specific company presented in the ELGEKA Group’s Annual Financial Statements of 31/12/2016 as “Discontinued operations” and “Non-current assets held for sale”. From the above sale of participation percentage of “ELGEKA S.A.” in “ARIVIA S.A.”, resulted a profit of 3.842 thousand euro in the ELGEKA Group's Consolidated Financial Statements on June 30th, 2017. The sale of the above participation had as a direct consequence for the Company the inflow of significant amounts of capital, a fact which is an additional element in the negotiations and commitments of the Company to its lending banks in view of the forthcoming signing of a new Common Bond Loan to restructure its borrowing.

- On March 10th, 2017, the Unsolicited Extraordinary General Meeting of the subsidiary “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” decided to increase its share capital by the amount of 3.100 thousand euro in cash and the issuance of 1.550.000 new common registered shares of nominal value of two (2) euro each, amending Article 5 of its Articles of Association. “ELGEKA S.A.” undertook to cover the part of this increase in “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” that corresponds to the participation percentage in it, namely 99,99%, with the payment of 3.100 thousand euro. Following the above, the new share capital of the subsidiary “DIAKINISIS S.A. Warehousing - Transport - Promotional Packaging” amounts to totally 16.500 thousand euro divided into 8.250.000 common registered shares with nominal value of two (2) euro each, while the participation percentage of ELGEKA S.A. in that company remains at approximately 99,99%.

- For the Parent company “ELGEKA S.A.”, it had been issued initially the audit order no. 648/0/1118/17-12-2014 by the Audit Authority for Large Enterprises for the tax audit of the unaudited fiscal year 2008 of the Parent Company, while subsequently with the audit order no. 648/4/1118/22-12-2015 the tax audit was extended also for the unaudited fiscal years 2009 and 2010. Following the receiving of the initial Audit Notice by Audit Authority for Large Enterprises, the Company submitted under the provisions of articles 57 to 61 of L.4446/2016 amendment-supplementary tax returns relating to the audited fiscal years.

  Subsequently, the aforementioned Audit Authority notified to the Company the relevant partial audit reports and the corresponding definitive acts of corrective income tax assessment, accounting for taxes (including surcharges) of a total amount of 1.412 thousand euro. The Company accepted part of the above charged taxes and paid in the amount of 532 thousand euro and as it considers it unfounded the charge of extra taxes and surcharges (in addition to those already declared and paid) of a total amount of 880 thousand euro, filed an remedial appeal for the this amount in order to protect its rights and awaits the issue of the relevant conclusion by the Dispute Settlement Division of the Independent Public Revenue Authority.

- The investments in Fixed Assets and Investment Property for the first semester of 2017 amounted to 938 thousand euro and 38 thousand euro for the Group and the Parent Company, respectively.

3. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER OF 2017

In the first half of 2017, the Greek Economy continued its slow but steady adaptation to the conditions that has been shaped in recent years. Consumption is constantly changing both in terms of quantity and quality, with preferences, behaviors and ways of distributing consumer income being differentiated in order to obtain the maximum possible benefits.

In particular, regarding the retail sector, households are constantly switching to non-branded products (private label products), to lower-cost products and bidding products, while they carry out more frequent visits to larger stores, reducing spending per visit.

All of the above points demonstrate a constant change in consumer trends, which in turn affects the way businesses operate. Companies that show a high degree of adaptability to new conditions enjoy higher market shares, while reversely companies that are unable to follow new trends find themselves quickly out of the market.

The second semester of 2017, the challenges will be faced by businesses is expected to be again significant and multidimensional. In this period, consumers and businesses are required to handle increased tax liabilities, thereby exerted further pressure on consumption. The business sector has also to cope with the increased credit risk, as after many years of recession several companies can no longer meet their accumulated obligations, creating new obstacles to the operation of the rest. Given also the continued imposition of capital controls on banks, a statute that adversely affects both the psychology and the real capability of businesses and consumers to operate smoothly as economic entities, it becomes obvious that the conditions for the second semester of 2017 will be particularly challenging.

However, in any such period where the circumstances of economic activity are changing both quantitatively and qualitatively, they were created the conditions that allow the repositioning of business relationships, by taking advantage of opportunities that arise, covering gaps in the market and timely understanding of the changes in consumer behavior.

The challenge for companies that operate and addressed in the domestic Economy and therefore the challenge for ELGEKA Group is its adaptation to the new circumstances, through the search of new products and services, new markets, new innovative alternative distribution channels, transforming the way they work so as to gain an advantageous position in the ongoing new business reality.

ELGEKA Group will continue its efforts to strengthen its activities in areas which present promising perspectives, in areas where emerge potential business gaps as well as in areas in which it has invested and has a competitive advantage. In parallel, the continuous adjustment of the Group's operation by reviewing the structures and processes is part of the general strategy of continuous quality improvement of products and services offered by the simultaneous reduction of the related costs.

Main pillars in the Group's development are the markets of trade of consumer products and logistics services, areas which present particularly strong momentum internationally.

During the first half of 2017, the Group concluded the sale of the company "ARIVIA S.A.", through which it was activated in the segment of "Production, trade and promotion of own and third party brands". Through the disinvestment from this segment of activity, the Group achieved to obtain significant benefits in multiple levels: a) Strengthened its capital adequacy, as from the sale resulted a profit of 3.842 thousand euro, a fact which resulted to the increase by the same amount of its Equity, b) Ensured the inflow of a significant consideration (20.000 thousand euro), a fact which is an additional element in the negotiations and commitments of the Group to its lending banks in view of the forthcoming signing of a new Common Bond Loan for the restructuring of its borrowings and the long-term financing of its debt obligations , c) Ensured working capital that will support the smooth implementation of its business plan, d) Allows the Group to concentrate its resources on its core and traditional sectors of activity.

The segment of "Trade of food and other consumer goods", in which the Group operates in Greece through Parent ELGEKA and "G.S.B.G. S.A.", strongly accepts the consequences of the recession through both the reduction in sales and also through small profit margins that characterize the specific market. However, the Group constantly enriches its product portfolio, adapting each time to changing consumer needs and invests in existing brands and markets with a long presence in Greece, while at the same time carry out the necessary actions (exploit synergies, better organization of distribution networks, etc.) in order to reduce operating costs and increase productivity. As a result, the Parent ELGEKA achieved to retain its sales in constant levels, despite the shrinking of the overall market, and to significantly increase its operating profitability. The new partnerships that it has completed are expected to further improve its financial figures during the second half of 2017.

In the market of private label products, in which ELGEKA Group operates through its subsidiary "G.S.B.G. S.A.", sales exceeded the amount of 8,9 million euro, while it has been also improved its operating profitability. The prospects appear positive for the second half of 2017 in a rapidly growing, but also particularly competitive, market.

In the segment of "Trade food and other consumer goods", the Group is also active in the markets of Romania and Bulgaria through the companies "ELGEKA FERFELIS ROMANIA S.A." and "ELGEKA FERFELIS BULGARIA L.T.D.", respectively, achieving to acquire significant market shares in these countries.

ELGEKA Group operates in the segment of "Logistics services" through company "DIAKINISIS S.A.". The specific segment has been affected by the general environment in which it operates with the result to accept the broader negative consequences, namely reducing of its figures and increasing the cost factors. Nevertheless, the Group has deep knowledge of the area and it has developed competitive advantage through "DIAKINISIS S.A.", which is one of the key players of the market.

In particular, the company "DIAKINISIS S.A.", which is activated in the provision of storage, distribution and packaging services, achieved to restrain the decline of its sales, however, the coordinated actions completed at every level of its operational activity over the past few years have resulted in a significant improvement in its operating profitability. Specifically, its sales declined by 4,7% compared to the corresponding period of 2016, but it managed to achieve an operating result "EBITDA" of 1.554 thousand euro compared to 782 thousand euro in the first half of 2016. The second half in 2017, the company is expected to benefit further from cost savings already made, while a series of additional actions that it has planned will allow it to further improve its financial figures.

Regarding the risks and uncertainties faced by the Group, it should be noted that it mainly engages in the key markets of Greece and Romania in a highly competitive environment. Therefore, it is exposed to a variety of financial risks, whose management is carried out mainly by the Group Financial Management in collaboration with the administrations at local companies. The most significant financial risks and uncertainties that the Group may face during the second semester of 2017 are the following:

a) Price Changes Risk

The recession of the Greek economy has strongly differentiated the profile of the average consumer, leading to an increased uncertainty about the future. The Greek economy has fallen into a state of continuing recession with demand continuously decreased, while inflation has been driven mainly by taxes. Under these circumstances, it is not expected in the coming years to be present strong inflationary pressures.

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

b) Credit Risk

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, due to its highly differentiated client list and to high credibility of those clients that are responsible for the most significant percentage of revenues. The exposure to credit risks and the customers' financial position is assessed on a constant basis by the companies of the Group, so as the granted credit for significant customers not to exceed the predefined credit limit. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and for company "G.S.B.G. S.A." the insurance of a significant part of their credits to a well-known insurance company ("EULER HERMES"). Moreover, the Parent Company obtains additional guarantees from major customers, the balances of which are not fully insured by the insurance company. Finally, due to the exceptional circumstances prevailing in the market since early July 2015 (imposition of capital controls), the Group adopted a very strict credit policy against its customers in order to further reduce credit risk. As a result, the Management considers that during the second semester of 2017 there will be not any significant credit risk that is not covered by some sort of collateral or adequate provisions for bad debts for both the Parent Company and for the rest companies of the Group.

c) Interest and Foreign Exchange Risk

Group's bank loans are mostly denominated in euro and bear a floating interest rate. Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates.

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a Sale & Lease Back property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during the second semester of 2017 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 and borrowing 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 serves its obligations based on its positive operating cash flows, the high ratings received from financial institutions and in financial assets, whose value presented in Financial Statements approximate their fair values.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. In addition, as at 30/06/2017, the Group and the Parent hold 14.033 thousand euro and 10.985 thousand euro in cash respectively (31/12/2016: 3.621 thousand euro and 2.400 thousand euro, respectively).

Given the fact that at 30 June 2017 the Group and the Company has negative working capital by 55.774 thousand euro and 35.725 thousand euro, respectively, they implement a broad program of actions in order to reduce costs, optimize the management of trade cycle as well as to renegotiate the loan needs.

Regarding the borrowings of the Group, the Management is in negotiations with creditor banks in order to convert the short-term debt of the Parent Company and its subsidiary "DIAKINISIS S.A." into long-term. The final signing of the agreement during the second semester of 2017 is expected to resolve this issue as loans totaling 61.272 thousand euro and 46.892 thousand euro for the Group and the Company respectively, which on June 30th, 2017 are presented as short-term, will eventually become long-term.

In any case, the Group's Management monitors and evaluates developments and takes the necessary measures to ensure adequate liquidity, which will ensure the smooth continuation of its activities.

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.

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

At 31st December 2016, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920. Also, the Equity of the subsidiary "DIAKINISIS S.A." is less than 50% of its share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920.

The Management has already proceeded to adoption of actions in order to reduce costs in every level of business operation, through the optimization of use of Group's resources, increase sales and generally creating profitable results, which would allow an increase in its Equity and thus restore them to more than 50% of its share capital. Specifically, the aforementioned actions are summarized as follows:

1. Change of product portfolio mix, through new commercial partnerships and products, with a simultaneous increase of the focus on more profitable sales channels.
2. Improvement in operating profitability both of Company and Group through: a) the renegotiation of trade policies with the affiliated suppliers / customers of the Company and the Group and b) the optimization of the efficiency of both the logistics and other support operations.
3. Disengage from activities that are either underperforming or do not promote the focus on key / critical activities of the Group.
4. Active exploitation of sub-exploited assets of the Company and the Group (e.g. real estate, other investments).
5. Re-negotiate loan agreements with creditor banks with a view to convert the current bank lending into long-term, lightening repayments over the medium term and lowering interest rates.
6. Focus on the operating segments, in which the Group presents a competitive advantage and attempts to integrate new partnerships with the aim of maximizing the synergies produced.

f) Macroeconomic risk

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

Moreover, the imposition of capital controls in the banking sector has created new risks, which come from the limited liquidity, difficulties in importing goods and services and the overall reduced economic activity, resulting in lower sales and lower profitability.

g) Risk relevant to Food safety

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

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

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

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

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

"ELGEKA S.A.", following reviews of related procedures and systems implemented, inspected by accredited certification bodies on its premises in Athens and Thessaloniki, and received certifications for the application thereof in accordance with international standards:

- ISO 22000: 2005 for Food Safety Management by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.
- ISO 9001: 2008 for Quality Management, by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.
- QHSAS 18001: 2007 Health and Safety at Work, by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.
- ISO 14001: 2004 for Environmental Management by the certification body, BUREAU VERITAS, accredited by UKAS Management System on this field.

The certifications cover all the areas in which the Company operates and which are as follows: "TRADING, STORAGE AND DISTRIBUTION OF EVERY KIND OF CONSUMER GOODS, TRADING, STORAGE AND DISTRIBUTION OF FOOD".

4. ALTERNATIVE PERFORMANCE MEASURES (“APM”)

The Group uses Alternative Performance Measures ("APM") in decision-making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These measures serve to better understand the financial and operating results of the Group, its financial position and the cash flow statement. Alternative measures ("APM") should always be taken into account in conjunction with the financial results prepared in accordance with IFRSs and under no circumstances replace them.

Definitions and agreements of Alternative Performance Measures ("APM")

1) Profitability measures

For the most complete analysis of its operating results, the Group uses the following profitability ratios:

EBITDA (Earnings before interest, tax, depreciation and amortization)

The measure EBITDA is calculated from the annual financial statements as follows: "Profit / (Losses) from operating activities" by subtracting the depreciation of assets and depreciation of asset subsidies.

	01/01/-30/06/2017	01/01/-30/06/2016
Profit / (Losses) from operating activities	1.638	34
Depreciation of assets	2.021	2.127
Depreciation of asset subsidies	(45)	(63)
EBITDA	**3.614**	**2.098**

EBIT (Earnings before interest and tax)

The measure EBIT is equal to the "Profit / (Losses) from operating activities" of the Group resulting from the Annual Financial Statements.

EBT (Earnings before tax)

These are the earnings before deduction of taxes and result from the annual Financial Statements.

Net Income

They are the earnings after deduction of taxes and result from the annual Financial Statements.

All the above figures relate exclusively to the Group's continuing operations.

Profit margins

For all the above profitability measures the respective profit margin is calculated by dividing the corresponding amount by the total Turnover.

	01/01/-30/06/2017		01/01/-30/06/2016	
	Comparable figure	Margin	Comparable figure	Margin
EBITDA	3.614	4,69%	2.098	2,71%
EBIT	1.638	2,13%	34	0,04%
EBT	(1.415)	(1,84%)	(4.508)	(5,83%)
Net income	(1.666)	(2,16%)	(3.731)	(4,82%)

2) Net borrowing

Net borrowing is an indicator that aims to capture the capital structure of the Group. It is calculated by adding to the long-term loans the short-term part of the long-term loans and short-term loans, as well as the obligations for finance leases, and subtracting the cash and cash equivalents. The calculations are presented in the following table:

	30/06/2017	31/12/2016
Long-term loans	2.100	1.317
Short-term part of long-term loans	23.803	24.844
Short-term loans	51.424	49.579
Finance leases	18.228	18.611
Less: Cash and cash equivalents	(14.033)	(3.621)
Net borrowing	**81.522**	**90.730**

3) Operating working capital

Operating capital is an indicator that aims to capture the Group's liquidity. The calculations are presented below:

	30/06/2017	31/12/2016
Inventory	13.190	12.571
Trade receivables and other receivables	27.048	25.426
Less: Suppliers and other trade liabilities	(31.104)	(32.698)
Operating working capital	**9.134**	**5.299**

5. RELATED-PARTY TRANSACTIONS (IN THOUSAND EURO)

Transactions and balances with related parties that have been eliminated on consolidation are presented in the following table:

	01/01/2017 - 30/06/2017		01/01/2016 - 30/06/2016	
Transactions with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	605	-	663
b) Purchases	-	1.555	9	1.475
c) Key management personnel and members of Board compensation	438	424	437	315

	30/06/2017		31/12/2016	
Balances with related parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	-	998	-	1.237
b) Liabilities	-	896	2	7.027
c) Receivables / Prepayments from / to key management personnel and members of Board	-	-	-	-
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for the first semester of 2017 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	546	1.329	951	896
ARIVIA S.A.	4	226	-	-
G.S.B.G. S.A.	55	-	47	-
Total	**605**	**1.555**	**998**	**896**
Other Related Parties	**-**	**-**	**-**	**-**
Total of Subsidiaries and Other Related Parties	**605**	**1.555**	**998**	**896**

The related-party transactions and Parent Company's intercompany balances for the comparable period of 2016 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	408	1.191	808	942
ARIVIA S.A.	209	275	85	5.134
G.S.B.G. S.A.	46	-	95	-
Total	**663**	**1.466**	**988**	**6.076**
Other Related Parties	**-**	**9**	**-**	
Total of Subsidiaries and Other Related Parties	**663**	**1.475**	**988**	**6.076**

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

1. ELGEKA S.A. – DIAKINISIS S.A.

"DIAKINISIS S.A." renders 3rd party logistics services to "ELGEKA S.A", based on a contractual agreement and it relates to warehousing and product distribution.

"DIAKINISIS S.A." has charged "ELGEKA S.A." the following amounts:

- 1.301 thousand euro for distribution services, warehousing and repackaging.
- 28 thousand euro for rentals and other expenses

"ELGEKA S.A." charged "DIAKINISIS S.A." with the following amounts:

- 193 thousand euro for rentals
- 298 thousand euro for the provision of consulting services
- 55 thousand euro for co-location costs (lighting, water)

2. ELGEKA S.A. – ARIVIA S.A.

"ARIVIA S.A." charged "ELGEKA S.A." with the following amounts:

- 226 thousand euro for sales of products

"ELGEKA S.A." charged "ARIVIA S.A." with the following amounts:

- 4 thousand euro for sale of products and rentals

The aforementioned transactions relate to the period from the beginning of the year up to the sale of the subsidiary, i.e. 01/01/2017 - 20/02/2017.

3. ELGEKA S.A. – GLOBAL SYNERGY BUYING GROUP S.A.

"ELGEKA S.A." charged "G.S.B.G. S.A." with the following amounts:

- 55 thousand euro for the provision of consulting services

Companies are identified in the capital of which are involved with a percentage of at least 10%, members of the Board of Directors of "ELGEKA S.A." or shareholders with a participation percentage of at least 10%. Subsequently, it was checked the existence of transactions between such companies and "ELGEKA S.A.". From the audit, it was realized that during the first half of 2017 there were no transactions of "ELGEKA S.A." with companies in the share capital of which they participate with more than 10% members of the Board of Directors or shareholders with participation percentage at least 10%.

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 the first semester of 2017.

All aforementioned transactions were accomplished under the standard market rules.

Industrial Area of Sindos – Municipality of Delta, Thessaloniki,
27 September 2017

President of the Board of Directors &
Managing Director
Alexandros Katsiotis