ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT FOR YEAR 2011

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF "ELGEKA S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS-INDUSTRY" REGARDING THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS OF THE FINANCIAL YEAR 1 JANUARY 2011 TO 31 DECEMBER 2011

(In accordance with Law 3556/2007, article 4)

Dear Shareholders,

In accordance with the Commercial Law and the Articles of Association of the Company, we submit to the Shareholders' General Meeting for approval, the Annual Report of year 2011 of the Board of Directors. The report was prepared in accordance with articles 43a, par.3 and 107, par.3 of Company Law 2190/1920, article 4 of Law 3556/2007 and the decisions of the Capital Market Commission.

The present report includes the financial status and results of the Company and the Group of year 2011 along with all significant transactions occurring during the current accounting year and until the date of submission. In addition, the report refers to an analysis of the main threat / risks, perspectives and expectations, corporate governance statement, as well as all transactions with related parties. The abovementioned information refers to both the Parent Company and the Group.

The accounting year, ended December 31st, 2011, is the fourteenth year during which "ELGEKA S.A. TRADE – DISTRIBUTIONS – REPRESENTATIONS – INDUSTRY" operated as the parent company of the Group. The companies included in the consolidated financial statements, together with the interests of our company in the subsidiaries, are disclosed in detail, in Note 1 of the Annual Financial Statements of the Group and the Company.

The Financial Statements for the year ended December 31st, 2011, are the seventh consecutive, which have been prepared in accordance with the International Financial Reporting Standards (I.F.R.S.), and the accounting principles and policies, which have been adopted by the Board of Directors of the Company.

The contents of the report are presented as follows:

A. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE FISCAL YEAR 01/01/2011 TO 31/12/2011

2011 was another one year characterized by recession, further decline in incomes, rising of unemployment and declining consumption. The Greek economy is in a transition stage, being completely destabilized, and looking for new alternatives to be able to overcome the deep crisis which has come to.

Activated in the specific economic environment, ELGEKA Group has clearly affected, a fact which is reflected in its financial figures. However, a series of actions that have being performed regarding on one hand the development of the Group through new partnerships, new products and new markets and on the other hand the better cost management create reasonable expectations for the improvement of economic performance of the Group.

The financial results of the Group for the year 2011 are summarized as follows:

Turnover (sales) of the Group amounted to 363.804 thousand euro in the current financial year over 352.720 thousand euro the previous year of 2010, showing an increase of 11.084 thousand euro or 3,14%. The increase in Turnover is due primarily to the consolidation of financial results of "VITA PI S.A." throughout the whole course of 2011 ("VITA PI S.A." was included in ELGEKA Group for the first time on July 7, 2010 - the date when acquired), as well as to the total integration of financial figures of “DIAKINISIS PORT AND CO" (established and started operations on 5 August 2010). Positive contribution also had the subsidiary “MEDIHELM PHARMACEUTICAL S.A.", which managed to increase its turnover by 25,53% in comparison with 2010.

Gross profit of the Group amounted to 40.310 thousand euro for the year 2011 compared to 45.009 thousand euro of the previous year, presenting a decrease of 4.699 thousand euro or 10,44% in percentage, mainly due to reduced Turnover in the Parent Company and the consolidation into the Group of the wholesale company "VITA PI S.A.", which operates with lower margins in relation to the other Group companies.

Other operating income of the Group is decreased by 4,98% compared with 2010, or by 1.307 thousand euro, mainly due to decreased revenues of "ELGEKA S.A.” (by the amount of 1.092 thousand euro).

Group's Operating Costs increased slightly by rate 0,34%, i.e. from 64.275 thousand euro in 2010 to 64.494 thousand euro in 2011, despite the fact that the financial figures of "VITA PI S.A." included in total (as opposed to 2010 during which had been included only the second semester of the year).

Earnings before interest, tax, depreciation and amortization (“EBITDA”) amounted to 6.850 thousand euro as opposed to 12.813 thousand euro in the previous year, a decrease which is the consequence of both the significant decrease of gross margin and also the decrease of “Other operating income”.

Operating profit amounted to 756 thousand euro against 6.981 thousand euro in the previous year, a decrease of 6.225 thousand euro. The main contributing factors in shaping this outcome are the following: the decrease in gross profit by 4.699 thousand euro, the reduction of "Other operating income" by 1.307 thousand euro and the increase in depreciation by 386 thousand euro. Positive is the fact that the operating costs of the Group remained stable (net of depreciation, appear lower by 167 thousand euro), despite the fact that in 2011 a series of costs affected negatively the operation of Group (energy, transport, several taxes, etc.).

Financial Expenses have increased considerably by 3.098 thousand euro or 60,00% over the previous year (i.e. they amount to 8.262 thousand euro in 2011 compared to 5.164 thousand euro in 2010), illustrating one of the major problems faced by Greek businesses, namely the excessive increase in cost of money due to lack of liquidity in the Greek financial sector.

Other financial results (costs) are increased, amounting to 1.631 thousand euro in 2011 against 173 thousand euro in 2010. The main reasons are: the impairment of goodwill (638 thousand euro), the loss from sale of investment property (617 thousand euro) and profit on sale of investments included in the results of 2010 (1.078 thousand euro).

Loss before tax amounted to 6.655 thousand euro the year ended against 416 thousand euro in 2010 as a result in the one hand of lower operating profit and on the other hand of the increased financial expenses. Furthermore, it should be noted that the results of 2010 were improved by the amount of 1.008 thousand euro from exceptional non-operating events (sale of the participation held by the Group in the company "PAPADIMITRIOU S.A." and transfer of the remaining stake in "Financial assets available for sale").

Net result (loss) after tax amounted to losses of 7.075 thousand euro during 2011 compared with a loss of 1.486 thousand euro in the previous year of 2010.

Loss of Group attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to a loss of 8.423 thousand euro in the year 2011 compared to a loss of 1.214 thousand euro in the previous year of 2010, showing an increase of 7.209 thousand euro.

Loss per share reached 0,2654 euro in 2011 compared to 0,0381 euro in the comparable year of 2010.

From the above data, it is obvious that in 2011 the financial figures of ELGEKA Group affected by adverse economic conditions prevailing in the Greek market, despite the efforts made to minimize these negative effects. The key elements of economic data that characterized 2011 at the Group level are briefly as follows:

- The increase in Turnover, mainly due to full time consolidation of the subsidiaries "VITA PI S.A." and "DIAKINISIS PORT AND CO".
- The decrease in gross margin and the subsequent decrease in gross profit, mainly due to the extremely low profit margins in the market in which operates the acquired subsidiary "VITA PI S.A.".
- The reduction of Other operating income (by 4,98%), due to reduced Turnover of the companies activated in the segment of trading of food and other consumer goods and thus to reduced participation of suppliers – brands to advertising - promotion expenditures.
- The significant increase in Financial expenses due to corresponding increase in the cost of money in the domestic market.
- The profit from investment property, due to the recognition of ownership in real estate property in Romania and its valuation at fair value.

The Group's financial position is deemed overall as satisfactory and it is fairly presented in the Consolidated Financial Statements for the year 2011.

Specifically, the net book value of Tangible Fixed Assets, Intangible Assets, and Investment Property of the Group amounted, as at 31/12/2011, to 123.519 thousand euro representing 40,26% of the Group's Total Assets as opposed to 124.918 thousand euro in prior year.

In 31/12/2011, the Group Equity represents 21,74% of the Group's Total Equity and Liabilities amounting to 66.702 thousand euro as opposed to 73.868 thousand euro in 31/12/2010, showing a decrease of 9,70%.

Group's total Liabilities amounted to 240.080 thousand euro as opposed to 259.130 thousand euro in 31/12/2010, representing a decrease by 7,35%. The long term liabilities amounted to 50.959 thousand euro as opposed to 55.084 thousand euro in 31/12/2010, a reduction of 7,49%.

Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 32.914 thousand euro as opposed to 27.346 thousand euro in 31/12/2010, representing an increase of 5.568 thousand euro or 20,36%.

Finally, Group's Short term bank liabilities at 31/12/2011 amounted to 73.075 thousand euro (23,82% of Total Liabilities and Equity), decreased by 467 thousand euro as opposed to those in 31/12/2010, which amounted to 73.542 thousand euro.

It is presented below an analysis of the trend in financial ratios relating to the Group's financial structure, effectiveness, efficiency and working capital management for the fiscal year 2011, in relation to the fiscal year of 2010:

A) Financial Structure Ratios

1. Property Funding Ratio	2011	2010
Fixed Assets / Total Assets	47,07%	43,73%
Current Assets / Total Assets	52,93%	56,27%

2. Leverage ratio

Total Debt* / Equity	191,72%	167,27%

* Financial leasing liabilities included

3. Fixed Assets Coverage Ratio

Equity / Fixed Assets	46,19%	50,73%
Equity & Long-term Liabilities / Fixed Assets	81,48%	88,56%

4. Current ratio

Current Assets / Current Liabilities	85,86%	91,83%

B) Profitability Ratios

1. Return on Equity	2011	2010
Earnings before tax (EBT) / Equity	(9,98%)	(0,56%)

2. Gross profit margin

Gross profit / Sales	11,08%	12,76%

3. Equity turnover

Sales / Equity	545,42%	477,50%

4. Gross Profit to Cost of Sales Ratio

Gross Profit / Cost of Sales	12,46%	14,63%

C) Activity Ratios

1. Creditors' Turnover ratio	2011	2010
Trade Creditors X 360 days / Cost of Sales	82 days	116 days

2. Debtors' Turnover ratio

Trade Debtors X 360 days / Sales of Stock & Services on credit	100 days	123 days

3. Inventory Turnover ratio

Inventory X 360 days / Cost of sales	32 days	45 days

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

Turnover (sales) of "ELGEKA S.A." for the current financial year amounted to 118.084 thousand euro as opposed to 131.123 thousand euro in the previous year of 2010, showing a reduction of 13.039 thousand euro, or 9,94% in proportion.

Gross profit amounted to 23.410 thousand euro in 2011 from 26.445 thousand euro in the corresponding previous year, which is a decrease of 3.035 thousand euro or 11.48%, while gross profit margin decreased to 19,82% from 20,17% in the year 2010.

Operating Expenses decreased by 6,23%, namely from 35.262 thousand euro in the previous year of 2010 amounted to 33.065 thousand euro in the closing year of 2011, a decrease of 2.197 thousand euro. This decrease is the consequence of the reduction in Distribution Expenses by the amount of 2.347 thousand euro or by 8,49%.

Earnings before interest, taxes, depreciation and amortization (“EBITDA”) amounted to 1.708 thousand euro against 3.675 thousand euro in the previous year of 2010, a decrease of 1.967 thousand euro, which results from two opposing forces: on one hand, from the reduced sales and reduced gross profit contributed by them (by 3.035 thousand euro) as well as from the reduced "Other operating income" (by 1.092 thousand euro) and on the other hand from the reduced operating costs (by 2.197 thousand euro).

Operating profit amounted to 522 thousand euro as opposed to 2.452 thousand euro of the previous year, a decrease of 1.930 thousand euro.

Loss before tax amounted to 7.472 thousand euro during 2011 versus 1.508 thousand euro in 2010, an increase of 5.964 thousand euro. Causes of this deterioration are the reduction of operating result (by 1.930 thousand euro), the increase of Financial expenses (by 1.268 thousand euro) as well as the increased impairment loss of subsidiaries (by 2.868 thousand euro).

Loss after tax of year 2011 amounted to 7.021 thousand euro against 1.969 thousand euro in the previous year, an increase of 5.052 thousand euro.

Loss per share of the Parent Company amounted to 0,2212 euro for the year 2011 compared to 0,0619 euro for the year 2010.

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

Therefore, the Company’s Board of Directors, taking into consideration the unfavorable recent developments in the economic field and having as priority to retain high liquidity, will not recommend dividend distribution for the year 2011 to the Annual Shareholders’ Meeting.

From the above data, it is suggested that the current financial year 01/01/2011-31/12/2011 the financial figures of "ELGEKA S.A." came under intense pressure due to the special economic conditions in the domestic economy. The key financial highlights of 2011, for the Parent Company, briefly are the following:

- The decrease in Turnover by 9,94% as well as the decrease in gross margin (from 20,17% to 19,82%) resulted to the decrease of gross profit.
- The decrease in "Other Operating Income" (by 9,69%), due to the decreased Turnover and hence to the decreased participation of suppliers to advertising - promotion expenditures.
- The reduction in operating expenses by 6,23%.
- The significant increase in Financial expenses due to the corresponding increase of cost of money in the domestic market.
- The provision for impairment of investments in subsidiaries, amounting to 4.385 thousand euro against 1.517 thousand euro in 2010.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2011

In Group level, during 2011, were made the following investment - business developments:

- "ELGEKA S.A." in accordance of the 29/06/2009 decision of the Annual General Meeting of its shareholders and the decision of the Board of Directors on 08/04/2011, signed a contract on April 19, 2011, regarding the issue of a common Bond Loan, with a maturity of five years, amounting to 7.500 thousand euro, with bond holders the banks "ALPHA BANK S.A." and "ALPHA BANK LONDON LTD", while "ALPHA BANK S.A." takes over as manager of payments.

  In addition, by virtue of the unsolicited Extraordinary General Meeting on 13/04/2011 of shareholders of the company "DIAKINISIS SA - Warehousing - Distribution - Promotional packaging", which is subsidiary of "ELGEKA S.A." with 99.99%, and the resulting special authorization to its Board of Directors, "DIAKINISIS S.A." signed a contract on April 19, 2011, regarding the issue of a common Bond Loan, with a maturity of five years, amounting to 6.000 thousand euro, guaranteed by its parent company "ELGEKA S.A.", with bond holders the banks "ALPHA BANK S.A." and "ALPHA BANK LONDON LTD", while "ALPHA BANK S.A." takes over as manager of payments and representative of bondholders.

  The above common Bond Loans issued on 21/04/2011, under Law 3156/2003 and 2190/1920, to be used to refinance existing short term bank borrowings of "ELGEKA S.A." and "DIAKINISIS S.A.".

- The company "ELGEKA FERFELIS S.R.L." applied for liquidation to authorities of Moldavia during April of 2011. Its economic figures are insignificant for consolidation purposes.
- The Annual General Meeting of the company "MEDIHELM PHARMAC.WHOLESALE STORE S.A." decided on 30/06/2011 to increase its share capital by 710 thousand euro by issuing 71.000 new common shares, at a nominal value of 10 euro each. Consequently, its new share capital will amount to a total of 3.070 thousand euro divided into 307.000 common shares with a nominal value of 10 euro each. "ELGEKA S.A." undertook to cover entirely this increase and on 21/07/2011 paid the amount of 710 thousand euro, increasing its participation percentage in the above company from 98,48% to 98,83% approximately.
- The Annual General Meeting of "SAMBROOK PHARMACEUTICAL S.A." dated 30/06/2011 decided a share capital increase for the amount of Euro 1.110 thousand with the issue of 74.000 new common shares with face value 15 euro each. As a consequence, the new share capital of

"SAMBROOK PHARMACEUTICAL S.A." amounts to 2.124 thousand euro divided into 141.600 common shares with face value 15 euro each. "ELGEKA S.A." covered the full amount of this share capital increase and at 15/09/2011 paid the amount of 1.110 thousand euro, resulting in increase of the participation percentage from 91,34% to 95,87% approximately.

- On July 12, 2011, the subsidiary, by 50,01% percentage, company "DIAKINISIS PORT (CY) LIMITED", participated in the formation of a new company under the name "PIRAEUS CONSOLIDATION AND DISTRIBUTION CENTER S.A." with distinctive title "PCDC S.A.", which is situated in the Municipality of Perama and its duration was defined to twenty (20) years. The formation of the aforementioned company derives as a consequence of the Memorandum of Cooperation which was signed between ELGEKA Group and Cosco Pacific Limited on October 02, 2010, with the presence of the Prime Ministers of Greece and China. The company "DIAKINISIS PORT (CY) LIMITED" participates with 50% in the share capital of the newly created company "PCDC S.A.", which was set at Euro 1.000 thousand, divided into 100.000 ordinary shares of nominal value Euro 10 each, while the remaining 50% will be owned by the company "COSCO PORTS (GREECE) S.a.r.l". The sole purpose of the new company is the construction, development and operation of a "CONSOLIDATION AND DISTRIBUTION CENTER" on the premises of the NEW CONTAINER TERMINAL of Piraeus Port, through which it will provide handling services for incoming and intended for export goods, as well as for incoming and intended for the Greek domestic market containers, and, in general, services related to emptying, filling, storage and handling of containers and goods contained within them.

  The newly formed company is managed by a 6-member Board of Directors, in which the representation of both parties is of equal weight. Construction operations of the aforementioned centre commenced on July 18, 2011 and completed in December of the same year.

- On August 22, 2011, "ELGEKA S.A." paid the amount of 400 thousand euro in order to participate, according to its percentage, namely 99.99%, in the increase of the share capital of its subsidiary "DIAKINISIS S.A. – Warehousing – Distribution – Promotional Packaging".

  In particular, the unsolicited Extraordinary General Meeting of the company "DIAKINISIS S.A. – Warehousing – Distribution – Promotional Packaging" decided on 08/08/2011 to increase its share capital by 400 thousand euro by issuing 200.000 new common shares, at a nominal value of 2 euro each, so that the capital be used to cover the own contribution (25%) and implementation of investment project of the Company, relating to the expansion of its warehousing capacity by purchasing of necessary equipment to existing leased premises located in Industrial Area of Sindos in the Prefecture of Thessaloniki, total approved budget of 1.865 thousand euro. It is noted that the specific investment project of "DIAKINISIS S.A." has been included in the provisions of Development Law 3299/2004, on the basis of No. 51951/YPE/5/01373/E/L.3299/16-11-2010 qualification decision.

  Consequently, its new share capital amounts to a total of 13.400 thousand euro divided into 6.700.000 common shares with a nominal value of 2 euro each.

- On October 18, 2011, "ELGEKA S.A." has concluded an important agreement with the company "DANONE S.A." regarding the following activities:

  a) Rendering of ordering, merchandising and distribution services for the portfolio of products that "DANONE S.A." sells in the Greek market in all stores of large chains except the region of Attica. The work will be done "at the behest and on behalf" of "DANONE S.A.",

b) Undertaking by “ELGEKA S.A.” of all commercial activity (sale and distribution) throughout the purchasing groups and independent medium and small retail outlets.

“DANONE S.A.” is a subsidiary of one of the most successful groups of production and trade of food and dairy products in the world, with 160 plants (dairy, bottled water, infant and clinical nutrition) and approximately 80.000 employees, making business in all five continents in more than 120 countries.

In Greece, “DANONE S.A.” sells products of high added value to the consumer, with prominent positions in the categories that it activates such as: Activia (yogurt dessert that helps improve the digestive euphoria), Actimel (yogurt drink that helps strengthen the body's natural defenses), Danonino (kid’s yogurt dessert and beverage fortified with vitamin D and calcium, which helps in the creation of strong bones) and Danette (dessert).

The contract is two years with effect from 1 November 2011 and expiring on December 31, 2013.

This strategic partnership is expected to contribute to increased turnover of “ELGEKA S.A.” and hence of the Group, per activity as following:

a) About 2.500 thousand euro from the service of ordering and distribution.

b) About 2.500 thousand euro from the commercial activity.

Therefore, the estimated annual contribution to the total turnover of “ELGEKA S.A.” and Group will be 5.000 thousand euro.

- On October 27, 2011, “ELGEKA S.A.” participated in the formation of a new limited company under the name “GLOBAL SYNERGY BUYING GROUP S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS" with a distinctive title “G.S.B.G. S.A.", which is situated in the Municipality of Delta, Region of Central Makedonia, and its duration was set at fifty (50) years.

  “ELGEKA S.A.” participates with 70% in the share capital of the newly established limited company “G.S.B.G. S.A.”, which was set at 60 thousand euro, divided into 6.000 ordinary shares with a nominal value of 10 euro each, while the remaining 30% will be owned by the company under the name “KERANGUS HOLDINGS LIMITED”. On November 23, 2011, “ELGEKA S.A.” paid the sum of 42 thousand euro in order to participate in the above mentioned initial share capital of “G.S.B.G. S.A.", according to its participation percentage, namely 70%.

  The establishment of the above company is part of the Group's activities in the area of development of private label products («private label») for third-party customers, while in the objectives of this activity is included, inter alia, the internationalization of quality Greek products, through its trading in foreign markets.

- Finally, the investments in Fixed Assets and Investment Property for 2011 amounted to 5.482 thousand euro and 409 thousand euro for the Group and the Parent Company, respectively.

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

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

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

The 2011 was a year of deep recession in the domestic market, whose main features were the continued decline in disposable income of consumers, increasing unemployment to exceptional levels, further deterioration in consumer psychology and the lack of liquidity at each level of economic activity. Therefore, while initially the recession affected areas serving secondary or long-term consumption needs (cars, luxury goods, property, etc.), it has now spread to all sectors of the economy. Moreover, the lack of liquidity in the domestic financial sector has as a direct consequence the significant increase in the cost of money, becoming an extra deterrent to doing business.

The adverse economic conditions in the domestic market is expected to be maintained during 2012, further reinforced by political instability and uncertainty due to the upcoming electoral process during the year.

These developments make deep cuts in consumer behavior of households, which have the effect of creating opportunities in some sectors of business activity and threats to others.

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

During 2012 ELGEKA Group will focus on the development of profitable operations and on exploitation of opportunities in related industries, while it will continue its gradual disengagement from loss-making activities or activities that fall outside of its main scope of work.

In particular, ELGEKA Group having as criterion its strategic growth in the wholesale market makes a series of actions that will allow him to become one of the main players of the industry. Specifically, the Group progressively activated in the field of vegetables and fruits and specifically in the distribution and supply of retail outlets with fresh and certified fruits and vegetables. Also, as part of the Group's activities in the field of private label products development for third partner customers, the Group participated in the establishment of a new limited company under the name «GLOBAL SYNERGY BUYING GROUP S.A. –TRADE-DISTRIBUTION-REPRESENTATIONS" and the distinctive title «G.S.B.G. S.A.". In the objectives of this activity included among others the internationalization of Greek quality products, through their distribution in foreign markets.

The strategic partnership that has been achieved with COSCO Group during 2010 has already begun to being profitable for ELGEKA Group, through the subsidiary “DIAKINISIS PORT AND CO", which achieves a high level of activity and profitability.

Result of cooperation between the two Groups is also the establishment of the company “PCDC S.A." with aim the construction, development and operation of "CONSOLIDATION AND DISTRIBUTION CENTER" on the premises of the New Container Terminal of the Port of Piraeus, through which it will be provided handling services for containers.

The close cooperation between the two Groups confirmed by the signing of the contract extension signed between “DIAKINISIS PORT AND CO", a company controlled by ELGEKA Group, and the company “PIRAEUS CONTAINER TERMINAL S.A.”, until January 1, 2017. It is noted that the initial 2-year cooperation agreement with the company “PIRAEUS CONTAINER TERMINAL S.A.” was signed on April 27, 2010, for the provision of services related to loading and unloading of containers, as well as other services at Pier II of the New Container Terminal in Port of Piraeus

For 2012, the Group's main objectives are to increase the turnover, further reducing operating costs, achieving profitability and further efforts to improve working capital and reducing bank loans.

Regarding the Parent "ELGEKA S.A.”, the Management seeks to continually improve and extend its distribution network of products through developing alternative retail channels, to invest in existing brands through advertising - marketing activities at the points of sale and to make new partnerships when it considers that it will help achieve its goals.

In this context, the Parent Company has enhanced its product portfolio with products of the "American Farm School", the marketing and distribution of which undertook since February 2011. In addition, the Company took over from July 25, 2011, the marketing and distribution of products of “Craft Microbrewery”, enhancing thus further its existing portfolio, while it signed an agreement with the dairy company “DANONE S.A." regarding the rendering of ordering, merchandising and distribution services as well as undertaking by “ELGEKA S.A.” of all commercial activity (sale and distribution) throughout the purchasing groups and independent medium and small retail outlets. Moreover, during the first months of 2012 "ELGEKA S.A." concluded an agreement with the Swiss company “PROCTER AND GAMBLE INTERNATIONAL OPERATIONS S.A.” on the sale and distribution of products Pringles (chips) on all channels of Greek market.

From the above business developments, substantial operational and economic benefits are expected in 2012, through the more effective operation of the distribution network of the Parent and the achievement of further economies of scale in the Group.

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

The Group's subsidiaries are expected to contribute positively in strengthening the economic fundamentals during 2012, facing successfully the difficult and volatile market conditions and intense competition in the industries involved.

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

Specifically, regarding the company "DIAKINISIS S.A.", which is engaged in providing warehousing and distribution services, it is expected that the transformations taking place in the industry due to the recession of the Greek economy will benefit the subsidiary. A great number of companies withdraw from the fragmented market and the activities are concentrated in the powerful players of the industry. "DIAKINISIS S.A." expects that these conditions in conjunction with the broad framework of actions to reduce its cost base already made, will deliver substantial and immediate benefits.

Over the past years, "DIAKINISIS S.A." had focused on improving its competitiveness through qualitative and quantitative development of organizational infrastructure. As a result, the subsidiary has at its disposal the required modern infrastructure to serve the most demanding market needs at the lowest possible cost.

Cost control (cost improvements), quality of services provided, upgrading and automation of equipment, improvement of professional training of human resources (training, new specialists that have already entered into its human resources) in combination with the long experience of its employees and the reduction of its operating expenses are an indicative number of actions that the company implemented in order to improve its results during 2011 and will continue to operate towards this direction in 2012 as well.

The acquired, during 2010, subsidiary "VITA PI S.A." is expected to contribute positively in financial figures of ELGEKA Group during 2011. The subsidiary is currently in phase of full development of its activities and harmonization of them in alignment with the general policies and procedures of ELGEKA Group. In this context, an investment program is being implemented, which includes the installation, operation and customization of CRM and ERP system of SAP, the renewal of its fleet of vehicles, the renewal of storage equipment (complete application of barcode system), etc. In addition, "VITA PI S.A." also implements actions in the commercial level in order to further increase its turnover and profitability.

The economic crisis, which affected significantly the industry of milk and dairy products in recent years, was the main cause of the worst than expected performance of the subsidiary "VIOTROS S.A.”. However, by late 2011 the subsidiary operates under the guidance of new General Management and conducting a series of actions already has accomplished during the first months of 2012 to have a remarkable course. These actions include reassessment of the pricing policy aiming at the increase in gross margin, the focus on profitable new markets and new products, the reduction in inventory and the reduction in production costs (through improvements in cost accounting), setting as a prerequisite in any case to maintain the high quality of its products. These efforts will take full deployment in 2012, so that "VIOTROS S.A." to return to full growth and profitable course.

“ELGEKA FERFELIS ROMANIA S.A.” has had a satisfactory year in 2011 and is estimated that 2012 will further enhance its position in the Romanian market through new agreements and the further development of the existing ones, as well as through searching of alternative distribution channels. Furthermore, subsidiary “ELGEKA FERFELIS BULGARIA L.T.D.”, through which the Group operates in the market of Bulgaria, is in a growth phase, which is expected to continue during 2012.

The current economic climate has also significantly affected the real estate market, both domestically and internationally. ELGEKA Group, which operates in property management in Romania, through the companies “SC GATEDOOR HOLDINGS COM S.R.L.” and “GREC - ROM BUSINESS GROUP S.R.L.”, faced the consequences of this situation over the years 2009 - 2010.

During 2011, the decline in property prices was restricted to lower percentages abroad and reached high levels in Greece. Moreover, the recognition of ownership in real estate property in Romania, which was in a court dispute and its valuation at fair value (while it appeared until then at cost), resulted in recognize profits from this segment of activity.

In 2012 the real estate market is expected to be stabilized abroad, while in Greece it will suffer further decline.

The Group’s strategic priority in relation to the real estate portfolio in Romania, whose value amounts to 28 million euro (according to an accredited independent valuation), remains unchanged. Therefore, the exploitation of these properties is considered a potential opportunity, in partnership with companies specializing in this field. In any case, Group's Management proceeds to careful actions by thoroughly examining every possible scenario, in order to obtain the maximum potential benefits.

Finally, the pharmaceutical industry, in which ELGEKA Group operates through the subsidiary “MEDIHELM PHARMACEUTICAL S.A.”, has received a strongly negative impact due to domestic economic crisis. However, ELGEKA Group takes appropriate steps to revise or enhance the activity of the specific company with a view to enable it to cope with the new conditions. In this context, efforts are being held to concentrate the operation of “MEDIHELM PHARMACEUTICAL S.A.” in purely commercial activities. Noticeable is the improvement of its financial figures achieved in 2012 by increasing its Turnover by 25,53%, while achieved operating profit of 214 thousand euro compared to loss of 106 thousand euro in 2010.

The Group mainly operates in the Greek and Romanian markets which are very competitive and, as such, it is exposed in a series of financial risks, which are managed by the Parent Company’s Financial Management in constant cooperation with each subsidiary’s local management. The most significant financial risks and uncertainties that the Group may face during 2012 are the following:

a) Price Changes Risk

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

The Group is not exposed to price change risk related to securities as there are no investments in active markets (Stock Exchanges).

b) Credit Risk

The Group does not have a significant concentration of credit risk deriving from contracting/contractual parties, due to its highly differentiated client list and to high credibility of those clients that are responsible for the most significant percentage of revenues. The exposure to credit risks and the customers’ financial position is assessed on a constant basis, so as the granted credit for significant customers not to exceed the predefined credit limit. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and the subsidiaries “VIOTROS S.A.” and “VITA PI S.A.” (since the second semester of 2011) the insurance of a significant part of their credits to a well-known insurance company (“EULER HERMES”). Moreover, both the Parent Company and "VIOTROS S.A." has obtained additional guarantees from major customers, the balances of which are not fully insured by the insurance company. As a result, the Management considers that during 2012 there will not any significant credit risk unsecured or not adequately accrued for both the Parent Company and its subsidiaries.

c) Interest and Foreign Exchange Risk

Group’s bank loans are mostly denominated in Euro and bear a floating interest rate. Group’s Management considers that there is no significant risk deriving from possible significant changes in interest rates, despite the apparent upward trend in base rates (“EURIBOR”). Specifically, the companies “ELGEKA FERFELIS ROMANIA S.A.” and “GATEDOOR HOLDINGS COM S.R.L.”, which operate in Romania and conduct significant transactions in local currency (functional currency), had proceeded to appropriate actions both in 2010 and 2011, with the conclusion of contracts in financial derivatives, to reduce or eliminate any potential foreign exchange losses resulting from the valuation of debt obligations in foreign currency (in case of adverse changes in exchange rate), using financial instruments (options) to limit foreign exchange risk. In this way, the impact of foreign exchange losses was significantly reduced without adding new risks in their operation.

Specifically for 2011, “ELGEKA FERFELIS ROMANIA S.A.” exercised its right at strike date and accrued a net profit amounted to 121 thousand euro, which is included in "Other operating income”, while the subsidiary “GATEDOOR HOLDINGS COM S.R.L.” exercised its right at strike date and accrued a net profit of 40 thousand euro, which is also included in "Other operating income ".

The two subsidiaries will continue the same policy during 2012 in order to mitigate (if not fully eliminate) the amount of foreign exchange losses which will potentially arise on 31/12/2012.

Furthermore, the Parent Company’s Management decided, during 2009, to enter into hedging contracts with “ALPHA BANK S.A.” and “EMPORIKI BANK OF GREECE S.A.”. These are interest rate hedging contracts up to 7.500 thousand euro each in order to hedge for the Company’s interest rate exposure or/and the exploitation of its cash. For the same reasons, the subsidiary “DIAKINISIS S.A.” entered into a hedging contract with the amount of 7.500 thousand euro (Parent Company as guarantor). The abovementioned contracts were signed at the beginning of July 2009 and activated in October 2009.

In early July 2011, the Management of the Parent Company "ELGEKA S.A." proceeded to amendment of the terms of that interest rate swap contract in common with “ALPHA BANK S.A." adapting them to current financial needs of the Parent.

The products “Plain Vanilla IRS” qualify for hedge accounting in accordance with I.A.S. 39 "Financial Instruments: Recognition and Measurement" and, therefore, changes in their fair value recorded directly in the Statement of Other Comprehensive Income. Based on the valuation as at December 31, 2011, a loss of 49 thousand euro and 72 thousand euro for the Group and the Company accrued respectively (31/12/2010: loss 98 thousand euro and 78 thousand euro respectively), that was recorded in "Other Comprehensive Income” in the Statement of Comprehensive Income. Out of this amount, income tax of 10 thousand euro and 15 thousand euro (31/12/2010: 12 thousand euro and 10 thousand euro respectively) for the Group and the Company respectively was deducted and the remaining 39 thousand euro and 57 thousand euro (31/12/2010: 86 thousand euro and 68 thousand euro respectively) for the Group and Company respectively was added to the recorded loss of the previous year, while the net amount of 277 thousand euro and 237 thousand euro for the Group and the Company respectively recorded in "Other Reserves" in the Statement of Financial Position (31/12/2010: 238 thousand euro and 180 thousand euro respectively). Consequently, on 31 December 2011, the cumulative loss from derivatives is 347 thousand euro (31/12/2010: 298 thousand euro) for the Group and 296 thousand euro (31/12/2010: 224 thousand euro) for the Company and is presented in current liabilities in the Statement of Financial Position.

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a “Sale & Lease Back” property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during 2012 will have a negative impact on the Group’s financial results, due to the increased interest expenses. However, the signing of the above interest rate derivatives will significantly offset the negative impact of such possibility.

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

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

d) Liquidity Risk (financial risk)

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

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

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

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. As at 31/12/2011, the Group and the Company possessed 9.055 thousand euro and 1.327 thousand euro respectively in cash (31/12/2010: 8.364 thousand euro and 387 thousand euro, respectively), as well as available approved bank credit limits, which are deemed adequate to cover for a potential short-fall in cash.

e) Capital management

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

No changes are expected to occur regarding the Group's approach in relation to capital management during 2012.

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

f) Macroeconomic risk

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

g) Risk relevant to Food safety

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

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

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

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

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

The "ELGEKA", following reviews of related procedures and systems implemented, inspected by accredited certification bodies on its premises in Athens and Thessaloniki (03/11/2011 and 25/10/2011 respectively), and received certifications for the application thereof in accordance with international standards:

- 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. "

D. CORPORATE GOVERNANCE STATEMENT

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

"ELGEKA S.A." ("Company" hereafter) is committed to high standards of corporate governance, beyond those provided by relevant laws. In implementing L.3873/2010, the Company states that, according to the decision of the Board of Directors on 18/02/2011, it follows the Code of Corporate Governance adopted by the Hellenic Federation of Enterprises (SEV). The Code is posted on the website of SEV, at the following address:

http://www.sev.org.gr/Uploads/pdf/KED_SEV_InternetVersion_updatednew2132011.pdf

2. Reference to deviations from the Corporate Governance Code

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

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

- The Board of Directors consists of two (2) independent non-executive directors, whereas according to the proposed ratio of the Code (1/3), the independent non-executive directors should be three (3). In the election of the next Board of Directors it will be reviewed the implementation of this practice (A.II, par.2.3 of the Code).

- The Board has not appointed an independent non-executive Vice-Chairman, despite the fact that it has assigned to the same person the roles of Chairman and Managing Director. In the election of the next Board of Directors it will be reviewed the implementation of this practice (A.III, par.3.3 of the Code).
- The Company does not have a Nomination Committee for candidates for the Board positions. The implementation of this practice will be reviewed at a later stage (A.V, par.5.4 of the Code).
- It has not established evaluation procedure of the Board and its Committees. The Board is assessed by the Shareholders' Annual General Meeting through the Activity Report (A.VII, par.7.1 of the Code).
- In the contracts of executive directors, there is no provision for return of part or all of the bonus that has been awarded, in case of revised financial statements of previous years, according to which it has been estimated this bonus. In the case of a new contract, it will be reviewed the application of this practice (C.I., par.1.3 of the Code).
- The Company does not have a Remuneration Committee. The remuneration of executive Board members is approved by the Board of Directors, while the remuneration of non-executive Board members is approved by the General Meeting of Shareholders, after a proposal by the Board of Directors (C.I., par.1.6 of the Code).
- Regarding the vote in the General Meeting through electronic voting or voting by mail, the Company's Articles of Association does not provide relevant procedure. The proposed practice will be reviewed when the relevant Minister's decisions are issued, in which there will be setting out the requirements to safeguard the identity of the voter-shareholder (D.II, par.1.2 of the Code).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6.1. Main powers

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

The General Meeting has exclusive jurisdiction to decide on:

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

6.2. Operation

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

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

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

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

6.3. Conditions for participation in the General Meeting

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

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

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

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

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

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

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

6.4. Shareholders’ rights and way of exercising them

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

1. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall convene an Extraordinary General Meeting, not later than within forty-five (45) days.
2. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors is required to include additional items in the agenda of the General Meeting that has been already convened, if the request is received by the Board of Directors at least fifteen (15) days before the General Meeting. The request is accompanied by a justification or a draft decision for approval by the General Meeting.
3. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors makes available to shareholders draft decisions on agenda items, at least six (6) days before the date of the General Meeting, provided the request has been received seven (7) days before the General Meeting.

4. At the request of shareholders representing 1/20 of paid share capital, the President of the General Meeting is obliged to postpone only once decisions' approval by the General Meeting, regular or extraordinary, for all or some matters, defining a day continuance of the meeting, that day specified in the request of shareholders, which cannot be more than thirty (30) days from the date of deferral.
5. At the request of any shareholder, which is received five (5) days before the General Meeting, the Board of Directors provides to the General Meeting the requested specific information about Company's cases, provided that they are useful for the real appraisal of the issues on the agenda.
6. At the request of shareholders representing 1/20 of the paid up share capital, the Board of Directors shall notify the General Meeting, in the case that it is a Regular one, the amounts and benefits have been paid in the last two years to each member of the Board of Directors or to executives of the Company.
7. At the request of shareholders representing 1/5 of paid share capital, submitted five (5) days before the General Meeting, the Board of Directors provides information to the General Meeting regarding the progress of corporate affairs and financial position of the Company.
8. At the request of shareholders representing 1/20 of paid share capital, the decision taking on the agenda of the General Meeting shall be by name.
9. In all these cases, the applicant shareholders must prove their ownership status and number of shares owned during the exercise of the specific right. Such evidence is supported by a certification from the institution where the securities are held or by a certification of the shareholder status by direct online connection between the institution and the Company.

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

7.1. Board of Directors

The Company is managed by the Board of Directors, which is elected by the General Meeting of Shareholders by secret voting and by an absolute majority.

According to the Company's Articles of Association, the term of the Board may exceed six years, which may be extended until the election of new Board by General Meeting of Shareholders convened in the year that expires its term. In the Operation's Regulation of the Board of Directors, it is specified that the term of the Board may not exceed 4 years, having the option to extend until the General Meeting of Shareholders convened in the year that expires its term.

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

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

Illustratively, among the responsibilities are including the following:

- Approve the Company's strategy and annual budget.
- Convene the General Meeting of Shareholders and defines the agenda items.

- Prepare and approve the Annual Financial Statements of the Company and submit them for approval by the General Meeting of Shareholders, together with the Annual Management Report.
- Specifies the Board of Directors' members, who sign the statements of L.3556/2007 and certify, by signing, the accuracy and the true representation of the information contained in the Annual Financial Report.
- Approve the quarterly Financial Statements of the Company.
- Propose the dividend that will be distributed to shareholders and the amounts to be reserved for the formation of reserve capital.
- Decide on the establishment and expansion of branches.
- Decide the participation of the Company in existing or newly established companies and the creation of new segments.
- Supervise the operation of the Internal Audit Department, through the Audit Committee.
- Approve any kind of fees paid to managers of the Company and its internal auditors, as well as the general remuneration policy of the Company.

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

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

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

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

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

The following table shows the composition of the Board, as it was in 2011:

	Board of Directors	Name of member	Capacity	Number of meetings that held during its term	Number of meetings that was attended
1.	Chairman and Managing Director	Alexandros Katsiotis	Executive	67	67
2.	Vice-Chairman	Elli Drakopoulou	Executive	67	67
3.	Member	Vasilios Evgenios	Executive	67	67
4.	Member	Anthimos Misailidis	Executive	67	67
5.	Member	Paraskevas Toktokoglou	Non-executive	67	67
6.	Member	Stylianos Georgioudakis*	Non-executive	66	54
7.	Member	Michalis Fandridis	Non-executive	67	55
8.	Member	Stylianos Stefanou	Non-executive, independent	67	55
9.	Member	Kyriakos Sachanidis	Non-executive, independent	67	55

*It was a board member until 12.12.2011, the position was not replaced.

The Board of Directors held in total 67 meetings in 2011, of which 31 were conducted on board.

The term of the current Board was originally set to be five year with end at 30/6/2013. However, in alignment with the applicable Code of Corporate Governance and the revised Operation's Regulation of the Board will be set back into body during the upcoming Annual General Meeting.

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

7.2. Audit Committee

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

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

The members of Audit Committee during 2011 were the following:

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

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

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

The main responsibilities of the Audit Committee are the following:

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

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

The Committee held seven (7) meetings in 2011 and all members were present.

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

The main topics handled by the Audit Committee during 2011 were the following:

- Review the results of audits performed by Internal Audit Department.
- Review the process of creating the annual audit plan and proceeded to its approval.

- Review the Financial Statements prior to its approval by the Board of Directors.
- Review the effective operation of internal control system and risk management system.
- Review issues related to ensuring the objectivity and independence of external auditors, regarding the provision of non-audit services.
- Advise the Board of Directors regarding the selection of the audit firm.

7.3. Financial Committee

The Board of Directors is supported by the Financial Committee, which during 2011 was composed by the following non-executive members.

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

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

The term of the Committee is similar to the Board of Directors. Financial Committee held five (5) meetings during 2011.

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

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

E. RELATED-PARTY TRANSACTIONS (in thousand euro)

The related-party transactions and Parent Company’s intercompany balances in accordance with I.A.S. 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:

	01/01/2011 - 31/12/2011		01/01/2010 - 31/12/2010	
Transactions of Parent Company with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	1.581	-	417
b) Purchases	3	4.182	4	4.431
c) Key management personnel and members of Board compensation	1.337	1.188	1.081	1.077

Transactions of Parent Company with related-parties:	31/12/2011 GROUP	31/12/2011 COMPANY	31/12/2010 GROUP	31/12/2010 COMPANY
a) Receivables	-	1.958	-	129
b) Liabilities	-	514	4	962
c) Receivables from key management personnel and members of Board	-	-	1	1
d) Payables to key management personnel and members of Board	-	-	4	4

The related-party transactions and Parent Company's intercompany balances for 2011 are presented below:

SUBSIDIARIES	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	470	3.644	9	496
VITA PI S.A.	867	226	1.776	10
VIOTROS S.A.	87	308	-	8
SAMBROOK PHARMACEUTICALS S.A.	6	-	1	-
MEDIHELM PHARM. WHOLESALE STORE S.A.	144	1	146	-
G.S.B.G. S.A.	7	-	7	-
ELGEKA FERFELIS ROMANIA S.A.	-	-	19	-
Total	**1.581**	**4.179**	**1.958**	**514**
OTHER RELATED PARTIES	**-**	**3**	**-**	**-**
TOTAL OF SUBSIDIARIES AND OTHER RELATED PARTIES	**1.581**	**4.182**	**1.958**	**514**

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

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

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:

- 2.629 thousand euro for distribution services
- 953 thousand euro for warehousing services

- 57 thousand euro for rentals. The headquarters of “ELGEKA S.A.” in Thessaloniki are located in premises which are leased by “DIAKINISIS S.A.”
- 5 thousand euro for miscellaneous expenses (water and electricity expenses)

“ELGEKA S.A.” charged “DIAKINISIS S.A.” the following amounts:

- 160 thousand euro for the provision of consulting services
- 154 thousand euro for sale of fixed assets
- 96 thousand euro for rentals (since September 2011 “ELGEKA S.A.” leases to “DIAKINISIS S.A.” warehouse property in Athens).
- 38 thousand euro for miscellaneous expenses (water and electricity expenses)
- 14 thousand euro for compensation due to lack of supplies
- 5 thousand euro for accounting services rendered in relation to the preparation of the financial statements in accordance with I.F.R.S.
- 3 thousand euro for transport costs of sold assets

2. ELGEKA S.A. – VITA PI S.A.

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

"VITA PI S.A.” charged "ELGEKA S.A." the following amounts:

- 221 thousand euro for commission on sales made on behalf of "ELGEKA S.A."
- 5 thousand euro for promotional and marketing expenses

“ELGEKA S.A.” charged "VITA PI S.A.” the following amounts:

- 654 thousand euro for sales of goods
- 130 thousand euro for the provision of consulting services
- 67 thousand euro for rentals
- 11 thousand euro for miscellaneous expenses (water and electricity expenses)
- 5 thousand euro for sale of fixed assets

3. ELGEKA S.A. – VIOTROS S.A.

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

“VIOTROS S.A.” charged "ELGEKA S.A." the following amounts:

- 266 thousand euro for sales of goods
- 42 thousand euro for sale of fixed assets

“ELGEKA S.A.” charged “VIOTROS S.A.” the following amounts:

- 64 thousand euro for the provision of consulting services
- 10 thousand euro for sale of fixed assets
- 4 thousand euro for accounting services rendered in relation to the preparation of the financial statements in accordance with I.F.R.S.
- 8 thousand euro for rentals and other expenses (lighting)
- 1 thousand euro for promotion costs and entertainment and hospitality costs

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

“ELGEKA S.A.” charged “SAMBROOK PHARMACEUTICALS S.A.” the amount of 4 thousand euro as fee for technical support, for preparing financial statements in accordance with I.F.R.S. and for the provision of consulting services.

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

“ELGEKA S.A.” charged “MEDIHELM PHARM. WHOLESALE STORE S.A.” the following amounts:

- 120 thousand euro for sales of goods
- 16 thousand euro for the provision of consulting services
- 4 thousand euro for accounting services rendered in relation to the preparation of the financial statements in accordance with I.F.R.S.
- 4 thousand euro for sale of fixed assets

“MEDIHELM PHARM. WHOLESALE STORE S.A.” charged "ELGEKA S.A." the following amounts:

- 1 thousand euro for sales of goods

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

“ELGEKA S.A.” sold to “GLOBAL SYNERGY BUYING GROUP S.A.” furniture of total value 6 thousand euro, while it also received rentals of total amount 1 thousand euro.

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

The only company in which a member of the Board of Directors participates in the share capital with a percentage higher than 10% is “EXCEED CONSULTING S.A. (FANDRIDIS & PARTNERS – CONSULTANTS)”. The transactions with “ELGEKA S.A.” amounting to 3 thousand euro (without VAT) related to fees for market research.

Key management personnel and Board members remunerations for the Parent Company, during 2011, amounted to 1.188 thousand euro (2010: 1.077 thousand euro) and for the Group to 1.337 thousand euro (2010: 1.081 thousand euro) and include the following:

Board of Directors members' salaries, who offer their services as Managers to the Company amounted to 909 thousand euro (2010: 798 thousand euro) and to the Group amounted to 1.053 thousand euro (2010: 798 thousand euro).

The expenses for the presence of Board of Director's members, who do not offer their services as Managers to Company and the Group amounted to 111 thousand euro (2010: 111 thousand euro).

Other remunerations to Managers of the Parent Company amounted to 168 thousand euro (2010: 168 thousand euro) and of the Group 173 thousand euro (2010: 172 thousand euro).

Finally, it is stated that in the provision formed for compensation of employees for the Group and Company is included the amount of 37 thousand euro (31/12/2010: 31 thousand euro) relating members of Board of Directors and managers.

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

There were no changes in transactions between the Company and its related parties' individuals which could lead to important consequences with regard to the financial position and performance of the Company during 2011.

All aforementioned transactions were accomplished under the standard market rules.

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

Detailed information and requested explanations for the year 01/01/2011 – 31/12/2011 are presented below:

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

The Company's share capital amounts to 51.099.248 euro, divided in 31.937.030 ordinary shares with nominal value of 1,60 Euro each.
All shares representing 100% of the total share capital are registered and listed for trading in the Securities Market of the Athens Stock Exchange (Medium and Small Capitalization Category).
The owner of a share has voting rights in any shareholders Annual or Special General Meeting, 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 Meeting and the Board of Directors' decisions.
Each shareholder is considered as resident at the Company's headquarters and is liable to Greek laws.

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

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

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

On 31/12/2011 the following shareholders held more than 5% of the total voting rights of the Company:

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

d) Shares conferring special control rights.

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

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

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

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

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

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

The rules set out in the Articles of Association of the Company on the appointment and replacement of members of the Board of Directors as envisaged in Codified Law 2190/1920, as valid after law 3604/2007, are presented below:

1. The Board of Directors can elect its members in replacement of those resigned, passed away or misplaced their status with any other manner. The prerequisite for this election is that the replacement of the above mentioned members is not possible by alternate members potentially elected by General Meeting. The above mentioned election from the Board of Directors is done by the remaining members, if they are at least three (3), and it is valid until the end of the service of the replaced member.

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

3. In any case, the remaining members of Board of Directors, regardless the number, might proceed to a General Meeting 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 Meeting. Among the issues of the agenda of that Shareholders' General Meeting can be the issue of the new shares or the purchase of own shares as per article 16, of Codified Law 2190/1920.

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

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

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

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

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

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

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

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

Thessaloniki, 29 March 2012

President & Managing Director
Alexandros Katsiotis