ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT FOR YEAR 2013

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 2013 TO 31 DECEMBER 2013
(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 2013 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 2013 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, 2013, is the 16th 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, 2013, are the 9th 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 01/01/2013 TO 31/12/2013

2013 was another year of recession for the Greek economy, which tries to find its new equilibrium point. The rate of decline in consumption and investment decreases, however the levels at which formed now are quite low, forcing businesses and consumers to seek the strategy that should follow in order to cope in the best way in the conditions of the new environment.

As a consequence, the economy is transforming and the change in the consumer trends (shift of demand to Greek products, significant decrease in consumption of products that satisfy secondary needs, continuous growth of private label products, etc.) imposes also changes in the production patterns.

ELGEKA Group implemented during 2013 a program regarding the rationalization of its financial figures, through its disengagement from loss making activities, the shrinkage of its operating cost, as well as the making of impairment provisions of its assets, with an aim to update their value into the current levels.

Specifically, the financial results of the Group for the year 2013 are summarized as follows:

Turnover (sales) of the Group amounted to 311.539 thousand euro in the current financial year over 323.008 thousand euro the previous year of 2012, showing a decrease of 11.469 thousand euro or 3,55%. This decline is primarily due to the negative contribution of the segment of “Trade of food and other consumer products” which suffers heavily from the domestic recession and also constitutes the most significant in terms of size, activity of the Group. Instead, the segment of “Logistics services” is in growth path showing a remarkable increase in sales, mainly due to the increased cooperation with the Group of Cosco, as well as due to the exploitation of opportunities arising through the redistribution of market shares that takes place in the domestic market. The positive impact also of segment “Production of food and other consumer products” is very important, given that it constantly increases its sales and therefore its positive contribution to Group’s financial figures.

Sales per Segment (in thousand euro)	2013	2012	%
Trade of food and other consumer products	226.912	248.696	*(8,76%)*
Production of food and other consumer products	11.009	9.912	*11,07%*
Real estate	580	472	*22,88%*
Logistics services	73.038	63.928	*14,25%*
TOTAL	**311.539**	**323.008**	***(3,55%)***

Gross profit of the Group amounted to 31.529 thousand euro for the year 2013 compared to 30.879 thousand euro of the previous year, presenting an increase of 650 thousand euro or 2,10% in percentage, fully offsetting the decrease of sales and shaping the gross margin at 10,12% in 2013 as opposed to 9,56% in 2012.

Other operating income of the Group is decreased by 30,52% compared with 2012, or by 7.618 thousand euro, mainly due to the decreased marketing expenses and the corresponding decreased participation of suppliers in Group’s marketing expenses.

Group's Operating Costs presented decrease by 922 thousand euro or by 1,63% in percentage, i.e. from 56.546 thousand euro in 2012 to 55.624 thousand euro in 2013. The specific result is the consequence of the decrease of Selling & Distribution expenses by 13,41% or by 5.138 thousand euro on one hand and of the increased provisions for bad debts by 3.734 thousand euro on the other hand. Therefore, the coordinated actions taken during the year had as a result the significant reduction and adjustment of the Group’s cost base in the new market standards. Nevertheless, extraordinary facts such as bad debt of customers offset in a great degree the above benefit.

Loss before interest, tax, depreciation and amortization (“EBITDA”) from continuing operations of the Group amounted to 13 thousand euro as opposed to profit of 4.991 thousand euro in the previous year, a result which is the consequence of the above mentioned reduction of participation of suppliers in Group’s marketing expenses, as well as of the significantly increased provisions for bad debts.

At the segment level, the drop in sales of “Trade of food and other consumer products” as well as the significantly increased provisions for bad debts, which are presented mainly in the specific segment, had resulted in a significant reduction of «EBITDA», which was partially offset by an increase in the segment of “Production of food and other consumer products” (increase due to the significant improvement of financial figures of the subsidiary company "VIOTROS S.A."). In parallel, deterioration of

«EBITDA» presented also in the segment of "Logistics services" due mainly to the intensified competition and the subsequent decrease of profit margins.

EBITDA per Segment (in thousand euro)	2013	2012	Variation
Trade of food and other consumer products	(3.670)	(16)	*(3.654)*
Production of food and other consumer products	1.970	1.076	*894*
Real estate	6	(36)	*42*
Logistics services	1.697	4.071	*(2.374)*
Other	(16)	(104)	88
TOTAL	**(13)**	**4.991**	***(5.004)***

Operating loss from continuing operations of the Group amounted to 6.749 thousand euro against 703 thousand euro in the previous year, an increase of 6.046 thousand euro, which is the consequence of the factors that already explained.

Financial Expenses are decreased by 533 thousand euro or 6,77% over the previous year (i.e. they amount to 7.339 thousand euro in 2013 compared to 7.872 thousand euro in 2012), reflecting the decrease of total borrowings of the Group.

Other Financial Results (Expenses) are significantly increased by 3.518 thousand euro amounting to 4.503 thousand euro in 2013 compared to 985 thousand euro in 2012. The main reasons that contributed to this decrease can be attributed to: impairment of goodwill regarding "ARISTA S.A." (ex "VITA PI S.A.") of 2.825 thousand euro against 225 thousand euro in 2012, impairment of customer list of 1.004 thousand euro and impairment of participation in Available for sale assets of 432 thousand euro. In contrast, the decrease of loss from exchange differences on loans by 865 thousand euro (2013: 31 thousand euro, 2012: 896 thousand euro) restrains partially the increase of Other Financial Results.

Loss before tax from continuing operations of the Group amounted to 21.021 thousand euro the year ended against 10.605 thousand euro in 2012 as a result on the one hand of decreased operating results and on the other hand of the increased Other Financial Results. Unfavorable was also the result from the revaluation of investment property (2013: loss of 2.345 thousand euro, 2012: loss of 1.240 thousand euro).

Loss after tax from continuing operations amounted to 22.010 thousand euro during 2013 compared to 10.269 thousand euro in the previous year of 2012, deteriorated also by the significant increase of the deferred tax liabilities, due to the increase of tax rate from 20% to 26% during 2013.

Loss of Group from continuing operations attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to 22.127 thousand euro in the year 2013 compared to 11.162 thousand euro in the previous year of 2012, showing an increase of 10.965 thousand euro.

Loss per share from continuing operations of the Group reached 0,6973 euro in 2013 compared to 0,3517 euro in the comparable year of 2012.

During the fiscal year 2013 ELGEKA Group proceeded to a series of actions with an ultimate goal the adapting to new market conditions, the redefining of its cost base to new lower levels, as well as the creation of the necessary conditions in order to exploit the new opportunities as they arise. The key financial data featured in 2013 at Group level is briefly as follows:

- The decrease of Turnover, although with a decreased rate in comparison with the previous years.
- The increase in operating costs (Operating income - Operating expenses) by the amount of 6.696 thousand euro (from 31.582 thousand in 2012 to 38.278 thousand euro in 2013), mainly due to the decreased participation of suppliers in marketing expenses, to the increased provision for bad debts and to the increased amortization of customer lists as a result of the restrain of their useful life.
- The increase in Other Financial Expenses by the amount of 3.518 thousand euro.
- The loss on valuation of investment property amounting to 2.345 thousand euro as opposed to loss of 1.240 thousand euro that was recorded in 2012.
- The significant increase of income tax, due to the increased tax rate.
- The loss after tax from discontinued operations of total amount 3.213 thousand euro as against to 908 thousand euro of the comparable year of 2012.

The main points arising from the Statement of Financial Position of the Group are as follows:

The net book value of Tangible Fixed Assets, Intangible Assets, and Investment Property of the Group amounted, as at 31/12/2013, to 100.727 thousand euro representing 42,18% of the Group's Total Assets as opposed to 109.559 thousand euro in prior year.

In 31/12/2013, the Group Equity represents 12,27% of the Group's Total Equity and Liabilities amounting to 29.301 thousand euro as opposed to 54.733 thousand euro in 31/12/2012, showing a decrease of 46,47%.

Group's total Liabilities amounted to 209.497 thousand euro as opposed to 226.394 thousand euro in 31/12/2012, representing a decrease by 7,46%. The long term liabilities amounted to 41.620 thousand euro as opposed to 50.698 thousand euro in 31/12/2012, a decrease of 17,91%.

Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 27.234 thousand euro as opposed to 28.000 thousand euro in 31/12/2012, representing a decrease of 766 thousand euro or 2,74%.

Finally, Group's Short term bank liabilities at 31/12/2013 amounted to 67.724 thousand euro (28,36% of Total Liabilities and Equity), decreased by 1.684 thousand euro as opposed to those in 31/12/2012, which amounted to 69.408 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 2013, in relation to the fiscal year of 2012:

A) Financial Structure Ratios

1. Property Funding Ratio	2013	2012
Fixed Assets / Total Assets	51,28%	48,29%
Current Assets / Total Assets	48,72%	51,71%

2. Leverage ratio

<u>Total Debt*</u> Equity	394,75%	216,95%

***** Financial leasing liabilities included

3. Fixed Assets Coverage Ratio

<u>Equity</u> Fixed Assets	23,93%	40,32%
<u>Equity & Long-term Liabilities</u> Fixed Assets	57,92%	77,66%

4. Current ratio

<u>Current Assets</u> Current Liabilities	69,31%	82,74%

B) Profitability Ratios

	2013	2012
1. Return on Equity		
<u>Earnings before tax (EBT)</u> Equity	(71,74%)	(19,38%)
2. Gross profit margin		
<u>Gross profit</u> Sales	10,12%	9,56%
3. Equity turnover		
<u>Sales</u> Equity	1.063,24%	590,15%
4. Gross Profit to Cost of Sales Ratio		
<u>Gross Profit</u> Cost of Sales	11,26%	10,57%

C) Activity Ratios

	2013	2012
1. Creditors’ Turnover ratio		
<u>Trade Creditors X 360 days</u> Cost of Sales	78 days	82 days
2. Debtors’ Turnover ratio		
<u>Trade Debtors X 360 days</u> Sales of Stock & Services on credit	80 days	99 days
3. Inventory Turnover ratio		
<u>Inventory X 360 days</u> Cost of sales	30 days	32 days

Regarding the financials of the Parent Company are summarized as follows:

<u>Turnover (sales)</u> of "ELGEKA S.A." for the current financial year amounted to 98.218 thousand euro as opposed to 102.619 thousand euro in the previous year of 2012, showing a reduction of 4.401 thousand euro, or 4,29% in proportion.

Gross profit amounted to 19.351 thousand euro in 2013 from 19.005 thousand euro in the corresponding previous year, which is an increase of 346 thousand euro or 1.82%, while gross profit margin increased to 19,70% from 18,52% in the year 2012.

Other operating income is decreased by 26,00% compared with 2012, or by 2.953 thousand euro, mainly due to the lower revenue sales promotion and consequent reduced participation of suppliers in Company's marketing expenses.

Operating Expenses decreased by 10,12%, namely from 30.436 thousand euro in the previous year of 2012 amounted to 27.355 thousand euro in the closing year of 2013, a decrease of 3.081 thousand euro.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to 1.321 thousand euro against 1.019 thousand euro in the previous year of 2012, an increase of 302 thousand euro, which is the consequence of both the increased gross profit and the decreased operating cost of the Company.

Operating profit of the Company amounted to 399 thousand euro as opposed to loss of 75 thousand euro of the previous year, in other words there was an increase in operating results during 2013 of 474 thousand euro.

Loss before tax amounted to 25.232 thousand euro during 2013 versus 10.014 thousand euro in 2012, a deterioration of 15.218 thousand euro. Causes of this development are the significant impairments of the investments in subsidiaries (2013: 20.392 thousand euro, 2012: 5.632 thousand euro) following the strategic decision regarding the disengagement from loss making activities. Burdensome was also the valuation of investment property the result of which was losses of 1.721 thousand euro against 1.516 thousand euro in 2012.

Loss after tax of year 2013 amounted to 24.889 thousand euro against 9.815 thousand euro in the previous year, an increase of 15.074 thousand euro.

Loss per share of the Parent Company amounted to 0,7843 euro for the year 2013 compared to 0,3093 euro for the year 2012.

From the above data, it is obvious that the continuing recession in the domestic market had a negative impact on the financials of the Parent by the year 2013. However, after a series of coordinated actions the effect of which was to reduce operating costs, the Company was able to increase its operating profit. The key financial highlights of the specific year, for the Parent, briefly are the following:

- The increase in gross profit margin offset in full the reduction in Turnover with a consequence the increase of gross profit.
- The efforts to readjust operating costs (Operating income - Operating expenses) resulted in its reduction by the amount of 128 thousand euro (from 19.080 thousand euro in 2012 to 18.952 thousand euro in 2013) and the corresponding improvement of operating result.
- The provision for impairment of investments in subsidiaries, amounting to 20.392 thousand euro against 5.632 thousand euro in 2012, as well as those of Available for sale assets amounting to 432 thousand euro.

- The loss from the revaluation of investment property, which was 1.721 thousand euro against 1.516 in 2012.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2013

In Group level, during 2013, were made the following investment - business developments:

- In April 26, 2013, the subsidiary, by 100%, company "ELGEKA (CYPRUS) LTD" proceeded to the deposit of the amount of 200.008 euro to cover its majority shareholding in newly formed company called "ELGEKA AG" based in Hamburg of Germany. The Nominal Share Capital of the new company amounts to 50.000 euro divided into 50.000 shares with a nominal value of 1,00 euro each, while due to the issue of the above shares in premium there was an obligation for additional contribution of the participating shareholders, totaling 350.000 euro, which covered in proportion to the percentage participation of its shareholders. The participation percentage share of "ELGEKA (CYPRUS) LTD" to that company is 50% plus one (1) share, i.e. 25.001 shares. The main activity of the new company will be among others the purchase, sale, promotion and distribution of various Private Label products-food and all kinds of consumer goods and also similar products mainly of Mediterranean production or origin principally to German, Austrian and Swiss market, the implementation of distribution programs for the transportation of the above products to retail and wholesale spots as well as to catering companies and companies that produce meals, the commercial representation and the providing of services regarding brands and franchises.

- In May 14, 2013, "ELGEKA S.A." proceeded to the purchase of 6.355 shares of the subsidiary company under the name "VIOTROS - FOOD INDUSTRY - MANUFACTURING AND MILK PROCESSING - WAREHOUSING - INDUSTRIAL AND COMMERCIAL S.A" that correspond to 10% of the total its share capital, thereby increasing its participation percentage in the specific company to 90% from 80% it had before, while the total price of the purchased shares amounted to 189 thousand euro.

- In June 14, 2013, the company "MEDIHELM PHARMACEUTICALS S.A.", subsidiary by 98,92% of "ELGEKA S.A.", which operates in the pharmaceutical industry, proceeded to the transfer and assignment of rights to the company "VIANEX S.A." that stemming from two existing contracts with Irish Group for the exclusive distribution of certain pharmaceutical and para-pharmaceutical products in the Greek territory. The above business development relates to the gradual implementation of the strategic decision of ELGEKA Group for disengagement from activities not included in its core business. The net consideration of these transfers and assignments of rights of MEDIHELM amounted to 1.980 thousand euro.

- In June 25, 2013, the Annual General Meeting of "ELGEKA S.A." decided the reduction of the share capital of the Company by the amount of 324 thousand euro, by reducing the total number of shares from 31.937.030 to 31.734.530 common shares due to the cancellation of 202.500 treasury shares held by the Company, which purchased during the period from 22 April 2010 until 19 July 2010, pursuant to the relevant decisions of the Board of Directors on April 21, 2010 pursuant to the decision of the Annual General Meeting on 30 June 2008 and then by the decision of Board of Directors on June 29, 2010 pursuant to the decision of the Annual General Meeting on 28 June 2010. According to the decision of the Deputy Minister of Development and Competitiveness numbered K2-4556 the share capital of the Parent was reduced on 5th July, 2013, to 50.775 thousand euro, divided into 31.734.530 common registered shares with a nominal value of 1,60 euro each, due to the cancellation of 202.500 treasury shares held until the specific date. On 08/07/2013 the Athens Exchange was notified of the above decrease of the share capital due to cancellation of company shares. Following the above, by resolution of the Board of Directors of the Company it is decided that as from 12 July 2013 the trading of 202.500 shares, which are cancelled, will cease in the Athens Exchange.

- In June 25, 2013, the Annual General Meeting of “ELGEKA S.A.” decided the conclusion of agreement with the organizing bank issuing common collateralized bond within the meaning of L.3156/2003, totaling up to 46.500 thousand euro, in order to refinance existing bank debt of the Company.

- In June 25, 2013, the Annual General Meeting of the subsidiary company “DIAKINISIS S.A.” decided the conclusion of agreement with the organizing bank issuing common collateralized bond within the meaning of L.3156/2003, totaling up to 14.300 thousand euro, in order to refinance existing bank debt of the Company.

- The Annual General Meeting of the subsidiary company “ARISTA S.A.” (former “VITA PI S.A.”) decided on 25/06/2013 to increase its share capital by 8.745 thousand euro by issuing 16.500.000 new nominal common shares, at a nominal value of 0,53 euro each and to amend its Articles of Association approved by the Directorate of Development of the Regional Administration of Thessaloniki with the decision Reg No. 9060/09-07-2013. After the explicit and unreserved statement of the other shareholder that it will not participate in the above mentioned share capital increase of “ARISTA S.A.”, “ELGEKA S.A.” undertook to cover entirely this increase a) by offsetting equivalent financial claims of “ARISTA S.A.” of 2.214 thousand euro, which amount has already been credited partially at regular intervals during their existing commercial cooperation - sale and purchase of products, which amount was being capitalized after the relevant decision of the above Annual General Meeting and b) by payment in cash of total amount 6.531 thousand euro, which is paid gradually up to 24th October 2013. Consequently, the new share capital of “ARISTA S.A.” amounts to a total 14.045 thousand euro divided into 26.500.000 nominal common shares with nominal value of 0,53 euro each, while the participation percentage of “ELGEKA S.A.” in the above company increased from 99,96% to 99,99% approximately.

- The unsolicited Extraordinary General Meeting of the subsidiary company "MEDIHELM S.A." decided on 31/07/2013 to increase its share capital by 3.440 thousand euro by issuing 344.000 new common shares at a nominal value 10 euro each and to amend article 5 of the Articles of Association of the Company. “ELGEKA S.A.” covered entirely this increase by payment in cash and its participation percentage in the above company increased from 98,92% to 99,47% approximately. The above share capital increase realized with an aim the partial repayment of debt obligations of the subsidiary, which had been secured with the “ELGEKA S.A.” corporate guarantee.

- On 6th November, 2013, based on the approval document of the District Court of Nicosia at 21st October, 2013, “ELGEKA (CYPRUS) LTD” proceeded to return of capital to its Parent company, “ELGEKA S.A.” of total amount 850 thousand euro, due to the respective reduction of its share capital and cancellation of 497.130 shares with a nominal value of 1,71 euro each. As a consequence, its share capital is consisted of 6.862.870 ordinary shares with a nominal value of 1,71 euro each, of total value 11.736 thousand euro.

- On November 20th, 2013, "ELGEKA S.A." proceeded to transfer of its shareholding (99,47% approximately) in the company "MEDIHELM PHARMACEUTICALS S.A.", which operates in the pharmaceutical industry. This business move realized in full consistency with the already announced strategic disengagement of ELGEKA Group from this activity. In the published Financial Statements of ELGEKA Group, "MEDIHELM PHARMACEUTICALS S.A." is presented as "Discontinued Operations" and "Non-current Asset Held for Sale" since June 30th, 2013. From the specific transfer, the sale proceeds of which amounted to 7 thousand euro, the result was loss of 147 thousand euros on Separate Financial Statements of "ELGEKA S.A.", due to the fact that the participation was valued at cost less provision for impairment, while on the Consolidated Financial Statements of ELGEKA Group the result was a loss of 1.554 thousand euro, which affects the result of discontinued operations.

- Finally, the investments in Fixed Assets and Investment Property for 2013 amounted to 2.682 thousand euro and 269 thousand euro for the Group and the Parent Company, respectively.

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

1) Under the decision of 31.01.2014 of the unsolicited Extraordinary General Meeting of shareholders of the subsidiary company "VITA PI COMMERCIAL MANUFACTURING COMPANY S.A." with the distinctive name "VITA PI S.A.", as registered on 14.02.2014 in General Commercial Registry (GCR) of Thessaloniki's Chamber of Commerce and Industry (TCCI) and received a registration number 3539, the new name of this subsidiary was defined in "ARISTA COMMERCIAL MANUFACTURING COMPANY S.A." and its distinctive title in "ARISTA S.A.".

2) On February 25th, 2014, the Board of Directors of "ELGEKA S.A. Trade - Distributions - Representations – Industry" decided to change the address of its Registered Office, and particularly the Company's relocation since March 1st, 2014, from its current premises, situated in the industrial area of Sindos of the Municipality Delta, to owned premises located in Kalochori in the Municipality of Delta. The above decision regarding the relocation of ELGEKA in these privately owned premises was taken in the context of implementation of the coordinated effort made by the Group's Management to reduce operating costs and meet the needs of Company and its subsidiaries.

In addition, from the same date, i.e. from March 1, 2014, changed the address of the Registered Office of the subsidiaries "VIOTROS S.A." and "G.S.B.G. S.A." as after taking the relevant decisions of their appropriate bodies transferred to the above premises of the Parent company, leasing office space and other supplementary spaces. It should be noted that, in the same premises will continue to have its Registered Office and the subsidiary "ARISTA S.A." (former "VITA PI S.A.").

The Parent company also has a branch in Acharnes Attica, at Ag. Ioannou Theologou st. 60, and a new branch in Aspropyrgos, at position "Scarpa" (since March 1st, 2014), following the closure of the previous branch in position "Kirrilos" in Aspropyrgos, Attica.

Besides the above, there were no other events after the Financial Statements date that relate to the Group or the Company, which require separate disclosure.

C. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES

In 2013 the Greek economy continues to face the problems of the past 5 years, i.e. reduction in consumption and investment, particularly increased financial cost, high unemployment and uncertainty in every aspect of business and consumer behavior. The recession seems to be slowing down, especially at the end of 2013, however, the levels at which they have been formed the fundamentals of the economy are quite low.

Businesses are asked to adapt to new conditions, to seek new products and services, to change the way they operate, to reach consumers through alternative channels and eventually to accomplish to get those quality elements which will allow them to cope with the configured conditions of the new environment.

The 2014 is expected to be a year of stabilization of fundamentals, showing perhaps some improvement, nevertheless it is expected to result in deep cuts in consumption behavior of households, which will lead both to create opportunities in some sectors of the business and also some others it found itself in decline.

After a year in which the Group proceeded to actions of complete disengagement from loss making activities, 2014 should be a year to focus on promising areas and in areas in which it has invested and has a competitive advantage. At the same time, the continuous adjustment of the operation of the Group, through reviewing its structures and procedures, is part of a broader strategy of continuous quality improvement of products and services offered by the simultaneous reduction of these costs.

Main pillars in the Group's development are the markets of logistics services and private label products, areas which present particularly strong momentum in the domestic economy.

Regarding the sector of «logistics», it should be noted that Greece is at the heart of international developments, as the strategic location in the south-eastern edge of mainland Europe coupled with the urgent need for change in the organization and operation of Greek economy create the conditions necessary to make the country a considerable center of international transit trade. The high mobility of the Group «Cosco» in the port of Piraeus, as well as partnerships that have been achieved lately with large multinational companies is the precursor to conclude respective agreements in the future.

ELGEKA Group operates in this sector through the companies “DIAKINISIS S.A.”, “DIAKINISIS PORT AND CO”, “DIAKINISIS LOGISTICS SERVICES (CY) LTD”, as well as the joint venture “PCDC S.A.”. The deep knowledge of the sector and the competitive advantage that has developed in the last years through "DIAKINISIS S.A.", as well as the strategic cooperation with the Group of «Cosco» in the port of Piraeus, allow ELGEKA Group the expanding of its share in the specific market (sales growth of 14,25% in 2013).

In particular, the company "DIAKINISIS S.A.", which operates in the provision of warehousing and distribution services, continuously expands its market share by enlarging its customer base and increasing its turnover (sales increased by 4,92% in 2013). The transformations taking place in the industry due to the recession of the Greek economy, with a large part of the multi-fragmented market withdraw from it, and the concentration of the activities to the most powerful players in the industry, greatly benefits the subsidiary. During the previous years, "DIAKINISIS S.A." has focused on improving its competitiveness through the qualitative and quantitative development of organizational infrastructure. As a consequence, the subsidiary has at its disposal the necessary modern infrastructure to serve the most demanding needs of the market at the lowest possible cost.

“DIAKINISIS PORT AND CO", which is the exclusive service provider for container management of «PCT», a subsidiary of the «Cosco» Group, presents strong growth (sales growth of 14,73% in 2013), while in 2014 the figures are expected even better.

Regarding the market of private label products, in which the ELGEKA Group operates through its subsidiary “G.S.B.G. S.A.”, the sales exceeded 13,1 million euro, achieving significant market penetration in the super markets. The company aims to continuously increase their product codes, expanding its market share in a rapidly growing market.

The traditional segment of the Group, the "Trade of food and other consumer products”, in which operates in Greece mainly through the Parent ELGEKA and “ARISTA S.A.", strongly accepts the consequences of the recession both by reducing sales and through the small profit margins that are formed in this market. However, the Group constantly enriches its product portfolio, adapting each time to changing consumer needs and invests in existing brands that trades with a long presence in Greece, while at the same time carry out the necessary actions (exploit synergies, better organization of distribution network, etc.) in order to reduce operating costs and improve productivity.

Keeping on top in such a competitive industry requires a continuous effort to satisfy both represented firms as suppliers and also direct customers and the end user, to whom the Group targets. Keeping the aforementioned customer- oriented approach, the Management of ELGEKA Group expects to cope in the best way in achieving its goals and despite the intense competition and shrinking demand for consumer products, will retain its strong position in the Greek market.

In the segment of "Trade of food and other consumer products ", the Group is also active in the markets of Romania and Bulgaria through the companies “ELGEKA FERFELIS ROMANIA S.A.” and “ELGEKA FERFELIS BULGARIA LTD”, respectively. Regarding the former, its performance is satisfactorily, as it achieves an increase in sales of 2,84% and satisfactory profitability, contributing positively to the Group's financial figures.

During 2013, especially dynamic was the performance of subsidiary "VIOTROS S.A.", through which the Group is active in the segment of "Production of food and other consumer products". In particular, through a series of actions carried out with a target to rationalize costs, the production of new innovative products (new series of vegetarian and vegan products, processed cheese "Alto”, etc.), the expanding of its clientele and the penetration into new markets (Germany, Sweden, England), the subsidiary achieved to significantly improve its financial figures (increased sales by 44,08%, increased operating profitability by 82,99%). The strong growth of the subsidiary is expected to continue at full stretch and 2014.

The current economic climate has greatly affected the real estate market, both domestically and internationally. ELGEKA Group operates in the segment of real estate management in Romania through the subsidiary “SC GATEDOOR HOLDINGS COM S.R.L.” and the joint venture “GREC - ROM BUSINESS GROUP S.R.L.”, accepted the consequences of this situation especially during the years 2009 - 2010. During 2013, property prices in Romania presented a small decline, while in Greece continued the sharp fall, charging the Group's Results with total losses amounting to 2.345 thousand euro. In 2014 the trend in real estate prices expected to be relatively stabilizing.

The Group's strategic priority in relation to the real estate portfolio in Romania, whose value amounts to 20,4 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.

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 2014 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 by taxes and fuel prices. 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 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 by the companies of the Group, so as the granted credit for significant customers not to exceed the predefined credit limit. During 2013, the Group adopted tighter credit policy, a consequence of which was to carry out additional provisions for doubtful debtors for the year, a fact however that will allow it to avoid similar risks in the future. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and the subsidiaries "VIOTROS S.A." and "ARISTA S.A." the insurance of a significant part of their credits to a well-known insurance company ("EULER HERMES"). Moreover, both the Parent Company and companies "VIOTROS S.A." and "ARISTA S.A." have 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 2014 there will not any significant credit risk unsecured or not adequately accrued for both the Parent Company and the other 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.

During the year 2013 the subsidiary "ELGEKA FERFELIS ROMANIA S.A." signed four contracts of derivative financial instruments ("Put European and Call Knock Out at Expiration") with the bank

“UNICREDIT TIRIAC BANK S.A.”, totaling 27.000 thousand euro for hedging foreign exchange risk, which have been expired until 31st of December 2013. The aim of the sign of these contracts was to reduce or eliminate exchange losses arising from the valuation of the loan liabilities of the subsidiary and related to a possible devaluation of the local currency.

In addition, during 2013 the subsidiary “SC GATEDOOR HOLDINGS S.R.L.” signed a contract of derivative financial instruments with the bank “BANCPOST S.A.”, totaling 3.100 thousand euro for hedging foreign exchange risk with exercise date the 31st of December 2013. The aim of the sign of these contracts was to reduce or eliminate exchange losses arising from the valuation of the loan liabilities of the subsidiary and related to a possible devaluation of the local currency.

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, activated in October 2009 and apply up to date. 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 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 2014 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.

The following table presents the changes in the Results before tax of the Group (through the impact of the loan balances at year-end with variable-rate to profits) to possible changes in interest rates, with all other variables held constant:

Sensitivity Analysis of the Group’s Loans to changes in Interest Rates

(amounts in thousand euro)	**Currency**	**Interest Rate volatility**	**Effect in Results before tax**
2013	EUR	1%	(936)
		-1%	936
2012	EUR	1%	(1.020)
		-1%	1.020

Sensitivity Analysis of the Company’s Loans to changes in Interest Rates

(amounts in thousand euro)	**Currency**	**Interest Rate volatility**	**Effect in Results before tax**
2013	EUR	1%	(449)
		-1%	449
2012	EUR	1%	(394)
		-1%	394

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.

The following table presents the changes in the Results before tax of the Group and in Equity in reasonable changes in Romanian Lei (RON), with all other variables held constant:

Sensitivity Analysis of changes in Foreign Exchange

(amounts in thousand euro)	**Foreign Currency**	**Increase / Decrease in foreign currency against euro**	**Effect in Results before tax**	**Effect in Equity**
2013	RON	5%	14	864
		-5%	(14)	(864)
2012	RON	5%	18	1.057
		-5%	(18)	(1.057)

d) Liquidity Risk (financial risk)

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

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. As at 31/12/2013, the Group and the Company possessed 6.853 thousand euro and 1.150 thousand euro respectively in cash (31/12/2012: 10.153 thousand euro and 2.602 thousand euro, respectively).

As at 31 December 2013 the Group and the Company has negative working capital by 51.524 thousand euro and 31.200 thousand euro, respectively, they implement a broad program of actions to reduce costs, optimize the management of the trade cycle as well as to renegotiate the loan needs.

Regarding the borrowings of the Group, the Management is in advanced negotiations with creditor banks in order to convert the short-term debt of the Parent Company and its subsidiaries "DIAKINISIS S.A." and "VIOTROS S.A." into long-term. During the year 2013 has already signed a preliminary agreement, which outlines the basic terms of the agreement for the first two companies, while for "VIOTROS S.A." the discussions are also in very good stage. The final signing of the agreement during 2014 is expected to resolve this issue as loans totaling 60.434 thousand euro and 40.129 thousand euro for the Group and the Company respectively, which on December 31st, 2013 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 2013, the Company's Equity is less than 50% of the share capital and therefore apply the conditions for application of article 47 of the C.L. 2190. Also, the Equity of the subsidiary “ARISTA S.A.” is negative and therefore apply the conditions for application of the provisions of both article 47 and article 48 of the C.L. 2190.

The Management of the Parent Company has already proceeded to adoption of actions in order to reduce costs, 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.

Regarding the subsidiary company “ARISTA S.A.”, the Management of the Parent intends to propose an increase of the share capital, proceeding to a minimum of capitalization of amount of 1.720 thousand euro, which exists as a claim against “ARISTA S.A.”. This decision is of course subject to the approval of the Ordinary General Meeting of Shareholders.

f) Macroeconomic risk

The main macroeconomic risks to which the Group is exposed are the inflation, 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.

"ELGEKA", following reviews of related procedures and systems implemented, inspected by accredited certification bodies on its premises in Athens and Thessaloniki (14/06/2012, 30/10/2012 and 01/11/2012 in Athens, as well as 25/10/2012 in 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".

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), as applicable as Greek Code of Corporate Governance (EKED) after its amendment by the Greek Council of Corporate Governance. The Code is posted at the following address: http://www.helex.gr/el/web/guest/esed-hellenic-cgc.

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 Remuneration and Nomination Committee is chaired by non-executive director, which has not the status of an independent. During the upcoming establishment of the Board in a body will be ensured for the implementation of the proposed practice (A.V, par. 5.5 and C.I, par. 1.6 of the Code).
- The Company has no independent Vice-Chairman, while the Chairman of the Board of Directors has executive duties. During the upcoming establishment of the Board in the body will be ensured for the implementation of the proposed practice (A.III, par.3.3 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).
- There are no regular meetings of non-executive Board members without the presence of executive members in determining the performance and remuneration, as this process takes place in the context of the collective operation and decisions of the Board, which in the majority consists of non-executive members (A.VII, par.7.2 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. It is noted that no bonus were awarded to the executive board members in the current and in the previous year (C.I., par.1.3 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.2.2 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.

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.

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 (5^{th}) 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 is four years, which may be extended until the election of new Board by 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 current Board is consisted of seven members and elected by the General Meeting of 25/06/2013.

The following table shows the composition of the Board, as it was in 2013:

	Name of member	Capacity	Number of meetings that held during its term	Number of meetings that was attended
1	Elli Drakopoulou	Chairman, Executive member	*35*	*35*
2	Leonidas Theoklitos	Vice-Chairman, Non-executive member (elected 25.06.2013)	*18*	*13*
3	Alexandros Katsiotis	Managing Director, Executive member	*35*	*35*
4	Ilias Fotiadis	Executive Director, Executive member (resigned 25.06.2013)	*17*	*10*
5	Stilianos Stefanou	Non-executive, independent member	*35*	*35*
6	Anthimos Misailidis	Executive member	*35*	*35*
7	Michalis Fandridis	Non-executive, independent member	*35*	*35*
8	Pericles Stamatiadis	Non-executive, independent member (elected 01.10.2013)	*11*	*9*
9	Kyriakos Sachanidis	Non-executive, independent member (resigned 30.09.2013)	*24*	*23*

Vice Chairman of the Board was until 06.11.2013 Mr. Stilianos Stefanou, while since that date the task of Vice Chairman is performed by Mr. Leonidas Theoklitos.

The Board of Directors held in total 65 meetings in 2013, of which 30 were conducted on board.

The term of the current Board was originally set to be four year with end at 25/6/2017.

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).

With respect to transactions with related parties it is followed specific procedure for approval by the relevant bodies in the preparation stage of the contracts, in order to ensure compliance with the regulatory framework and documentation, taking the advisory support of external partners. Also, transactions with related parties are subject to annual inspection to ensure compliance with the regulatory framework and documentation.

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 2013 were the following:

1.	Chairman	Stilianos Stefanou	Non-executive, independent
2.	Member	Kyriakos Sachanidis (*up to 30.09.2013*)	Non-executive, independent
3.	Member	Pericles Stamatiadis (*since 01.10.2013*)	Non-executive, independent
4.	Member	Michalis Fandridis	Non-executive, independent

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 25.06.2017.

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 six (6) meetings in 2013 and all members were present.

The Audit Committee receives annually from the collaborated audit firm, confirmation regarding the independence and objectivity of external auditors.

The main topics handled by the Audit Committee during 2013 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. Remuneration and Nomination Committee

The Remuneration and Nomination Committee recommends to the Board of Directors the remuneration policy for the Board members, as well as the remuneration policy, benefits and financial incentives for attracting, retaining and developing the human resources of the Group.

In addition, the Committee is charged with the procedure for the nomination of candidates for membership to the Board to ensure a smooth succession of member with objective and fair criteria.

The members of the Committee during the year 2013 were as follows:

1.	Chairman	Leonidas Theoklitos	Non-executive
2.	Member	Stilianos Stefanou	Non-executive, independent
3.	Member	Michalis Fandridis	Non-executive, independent
4.	Member	Pericles Stamatiadis (*since 01.10.2013*)	Non-executive, independent

The Committee consists of four (4) non-executive members of the Board, which they appointed by it, of which at least three (3) are independent.

The term of the Audit Committee is similar to that of the Board Directors and expires on 25.06.2017.

The Committee held two (2) meetings in 2013 and all members were present, with the exception of one meeting in which one (1) member was absent.

The main issues handled by the Commission in the year 2013 were as follows:

- Complete the replacement procedure of one (1) Board member who resigned.
- Reviewed the remuneration and benefit policy of the Company and recommended to the Board its revision.

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:

	01/01/2013 - 31/12/2013		01/01/2012 - 31/12/2012	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	10	1.673	-	1.862
b) Purchases	53	9.489	55	5.916
c) Key management personnel and members of Board compensation	1.122	1.007	1.410	1.281

	31/12/2013		31/12/2012	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	-	5.195	-	3.417
b) Liabilities	19	3.451	12	2.108
c) Receivables from key management personnel and members of Board	-	-	-	-
d) Payables to key management personnel and members of Board	-	-	20	20

The related-party transactions and Parent Company's intercompany balances for 2013 are presented below:

SUBSIDIARIES	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	817	4.215	149	1.398
ARISTA S.A.	431	33	3.926	10
VIOTROS S.A.	107	4.903	-	2.023
MEDIHELM PHARM. WHOLESALE STORE S.A.	7	253	-	-
G.S.B.G. S.A.	301	6	1.120	1
ELGEKA (CYPRUS) LTD	-	29	-	-
Total	**1.663**	**9.439**	**5.195**	**3.432**
Other Related Parties	**10**	**50**	**-**	**19**
Total of Subsidiaries and Other Related Parties	**1.673**	**9.489**	**5.195**	**3.451**

The related-party transactions and Parent Company's intercompany balances for the prior year 2012 are presented below:

SUBSIDIARIES	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	730	5.042	119	810
ARISTA S.A.	576	26	2.273	10
VIOTROS S.A.	97	824	-	469
MEDIHELM PHARM. WHOLESALE STORE S.A.	200	-	227	-
G.S.B.G. S.A.	259	-	798	-
ELGEKA (CYPRUS) LTD	-	7	-	807
Total	**1.862**	**5.899**	**3.417**	**2.096**
Other Related Parties	**-**	**17**	**-**	**12**
Total of Subsidiaries and Other Related Parties	**1.862**	**5.916**	**3.417**	**2.108**

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:

- 2.531 thousand euro for distribution services
- 1.549 thousand euro for warehousing services
- 64 thousand euro for repackaging services
- 58 thousand euro for rentals
- 6 thousand euro for co-location costs (water and electricity expenses)
- 7 thousand euro for participation in staff's compensation who had transferred from "ELGEKA S.A." to "DIAKINISIS S.A."

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

- 339 thousand euro for rentals
- 164 thousand euro for sale of assets
- 152 thousand euro for co-location costs (water and electricity expenses)
- 137 thousand euro for the provision of consulting services
- 25 thousand euro for compensation due to lack of supplies

2. ELGEKA S.A. – ARISTA S.A.

"ARISTA S.A." charged "ELGEKA S.A." the following amounts:

- 17 thousand euro for sales of assets
- 13 thousand euro for promotional and marketing expenses
- 3 thousand euro for sales of goods

"ELGEKA S.A." charged "ARISTA S.A." the following amounts:

- 178 thousand euro for the provision of consulting services
- 107 thousand euro for sales of goods
- 145 thousand euro for rentals
- 1 thousand euro for co-location costs (water and electricity expenses)

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:

- 4.903 thousand euro for sales of goods

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

- 68 thousand euro for the provision of consulting services
- 22 thousand euro for sale of fixed assets
- 15 thousand euro for promotion costs of its products
- 2 thousand euro for co-location costs (water and electricity expenses)

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

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

- 7 thousand euro for the provision of consulting services

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

- 159 thousand euro for the return of goods
- 94 thousand euro for sales of goods

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

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

- 192 thousand euro for sales of goods

- 67 thousand euro for the provision of consulting services
- 35 thousand euro for interest income (on a loan of 500 thousand euro given by "ELGEKA S.A." on January 2012)
- 6 thousand euro for rentals
- 1 thousand euro for sale of fixed assets

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

- 6 thousand euro for sale commission

6. ELGEKA S.A. – ELGEKA (CYPRUS) LTD

"ELGEKA (CYPRUS) LTD" had revenues from "ELGEKA S.A." 29 thousand euro for interest against loan granted in October 2012 of total amount 800 thousand euro, which was repaid in full in November 2013.

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.".

From the audit, it was realized that the companies in the share capital of which they participate with more than 10% members of the Board of Directors and with which "ELGEKA S.A." had transactions during 2013 are as follows:

- The company "FIN CONSULTING FOTIADIS-CHARATSI O.E.". The total value of transactions amounted to 50 thousand euro and involves the provision of consultancy services.
- The company "OPTIMAL SUPPLY CHAIN S.A.", in which it participates with over 10% member of the Board of "ELGEKA S.A.", had transactions with the subsidiary "DIAKINISIS S.A." of 3 thousand euro relating to the reception of repackaging services.

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 2013.

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 01/01/2013 – 31/12/2013 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 50.775.248 euro, divided in 31.734.530 ordinary shares with nominal value of 1,60 Euro each. Following the decision of the Annual General Meeting of Shareholders held on 25.06.2013, canceled the 202,500 treasury shares held by the Company and therefore formed the above share capital.

All the above shares are listed for trading in the Securities Market of the Athens Stock Exchange (participating in "Mid-Small Cap ASE" index and in "FTSE/ASE International Activity" index) and represent 100% of the total share capital of the Company.

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, given they are taken within the limits of their jurisdiction and the Law.

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 31/12/2013 the following shareholders held more than 5% of the total voting rights of the Company:

Shareholder's name	Number of shares	% of share capital
Alexandros Katsiotis	10.572.750	33,32%
Elli Drakopoulou	10.509.000	33,12%
Eleni Katsioti	1.917.840	6,04%
TOTAL	**22.999.590**	**72,48%**

On March 26th, 2014, Mr. Alexandros Katsiotis and Mrs. Elli Drakopoulou, major shareholders of the Company, transferred packets of shares through "Eurobank Equities S.A." that correspond to 1.586.727 common shares (i.e. 5,00% of the total share capital) and 1.586.726 common shares (i.e. 5,00% of the total share capital) of the Company respectively, to Mr. Leonidas Theoklitos, Vice Chairman and non-executive member of the Company's Board of Directors.

Therefore, the above table was from that date as follows:

Shareholder's name	Number of shares	% of share capital
Alexandros Katsiotis	8.986.023	28,32%
Elli Drakopoulou	8.922.274	28,12%
Leonidas Theoklitos	3.173.453	10,00%
Eleni Katsioti	1.917.840	6,04%
TOTAL	**22.999.590**	**72,48%**

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.

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.

Municipality Delta – Kalochori Thessaloniki

Thessaloniki, 27 March 2014

Chairman of BoD
Elli Drakopoulou