ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT FOR YEAR 2015

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 2015 TO 31 DECEMBER 2015 (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 2015 (01/01/2015 – 31/12/2015) 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 2015 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, 2015, is the 18th 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, 2015, are the 11th 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 01/01/2015 TO 31/12/2015

The year 2015 was another year during which the Greek Economy faced serious obstacles in trying to normalize and stabilize its fundamentals. The imposition of capital controls by banks since mid-year was the dominant fact, though not the only one that had a negative effect on economic activity. The formed economic environment in which dominated the continuously decreasing liquidity and the extremely limited capacity for imports of products affected significantly both consumer behavior and business operation. But the most important thing of all was the uncertainty about the future, which stood at very high levels as a consequence of the previous mentioned facts.

The segments in which ELGEKA Group is activated were largely influenced by the above developments, especially the segments of "Trade of food and other consumer products" and "Logistics services", which constitute the core business activities of the Group. There was a decrease in Turnover, which came from reduced consumer demand as well as from the termination of cooperation with specific customers in order to minimize credit risk.

Within that environment, ELGEKA Group proceeded to a series of actions during the year in order to adjust its operating costs in the new conditions, a process that will take full extent in 2016, with an ultimate aim the positive turnover of its figures. This process covers the total of the Group's operation, i.e. storage cost, distribution cost, cost of sales and administrative cost.

In addition, the Group proceeded to restructuring actions of its structure in order to create synergies between its subsidiaries at both sales and cost level, as well as disengage from activities that are not part of the strict core business and also not present stability in profitability level. In this context, on 29/10/2015 was decided the absorption of the subsidiary "VIOTROS S.A." by the subsidiary "ARISTA S.A.", and further on 30/12/2015 it was decided to sale the participation in the subsidiary "DIAKINISIS PORT (CY) LTD", which in turn participates in the companies "DIAKINISIS PORT AND CO S.A." and "P.C.D.C. S.A.".

As a consequence, the financial figures of the Group and the Parent are summarized as follows:

<u>Turnover (sales) from continuing activities</u> of the Group amounted to 196.252 thousand euro in the current financial year over 245.897 thousand euro the previous year of 2014, showing a decrease of 49.645 thousand euro or 20,19%. This decline is primarily due to the negative contribution of the segment "Trade of food and other consumer products" which affected significantly from the above mentioned facts, as it constitutes the most significant in terms of size, activity of the Group and also of the segment "Logistics services". Instead, the segment of "Production of food and other consumer products" is in constant growth path presenting a remarkable increase in sales as a result of its extroversion as well as the successful mix of the particular characteristics of its products and cost.

Sales per Segment (in thousand euro)	**2015**	**2014**	**%**
Trade of food and other consumer products	136.465	185.083	*(26,27%)*
Production of food and other consumer products	16.145	10.683	*51,13%*
Real estate	527	554	*(4,87%)*
Logistics services	43.115	49.577	*(13,03%)*
TOTAL	**196.252**	**245.897**	***(20,19%)***

<u>Gross profit</u> of the Group amounted to 32.241 thousand euro for the year 2015 compared to 35.537 thousand euro of the previous year, presenting a decrease of 3.296 thousand euro or 9,27% in percentage, restricting significantly the influence from the decrease of sales and shaping the gross margin at 16,43% in 2015 as opposed to 14,45% in 2014.

<u>Other operating income</u> of the Group is decreased by 29,27% compared with 2014, or by 3.403 thousand euro, mainly due to the decreased marketing expenses and the corresponding decreased participation of suppliers in Group's marketing expenses.

Group's <u>Operating Costs</u> presented decrease by 5.308 thousand euro or by 11,52% in percentage, i.e. from 46.066 thousand euro in 2014 to 40.758 thousand euro in 2015. This result is a consequence of the reduced Selling and Distribution expenses and Administration expenses by 2.638 thousand euro and 2.469 thousand euro respectively, as a result of coordinated actions carried out throughout the year in order to adapt the cost base of the Group to the new market conditions.

Profit before interest, tax, depreciation and amortization ("EBITDA") from continuing operations of the Group amounted to 5.940 thousand euro as opposed to 7.449 thousand euro in the previous year, a result which is the consequence in one hand of the decreased sales and on the other hand to the above mentioned increase of gross margin and the adjustment of operating cost in clearly lower levels.

At the segment level, the drop in sales of "Trade of food and other consumer products" and "Logistics services" had as a consequence the significant reduction of "EBITDA", despite the reduction of operating cost. Instead, the increased sales of the segment "Production of food and other consumer products" produced almost twice "EBITDA", as a result also from the increased profitability of the segment due to improved product mix sales.

EBITDA per Segment (in thousand euro)	**2015**	**2014**	***Variation***
Trade of food and other consumer products	(516)	1.057	*(1.573)*
Production of food and other consumer products	5.345	3.099	*2.246*
Real estate	(136)	(54)	*(82)*
Logistics services	1.333	3.349	*(2.016)*
Other	(86)	(2)	(84)
TOTAL	**5.940**	**7.449**	***(1.509)***

Operating loss from continuing operations of the Group amounted to 294 thousand euro against profit of 1.097 thousand euro in the previous year, recording a deterioration of 1.391 thousand euro, which is the consequence of the factors that already explained.

Financial Expenses are decreased by 686 thousand euro or 8,91% over the previous year, i.e. they amount to 7.012 thousand euro in 2015 compared to 7.698 thousand euro in 2014.

Other Financial Results (Expenses) are significantly decreased by 276 thousand euro amounting to 8 thousand euro in 2015 compared to 284 thousand euro in 2014.

Loss before tax from continuing operations of the Group amounted to 8.566 thousand euro the year ended against 8.440 thousand euro in 2014 as a result of the above mentioned facts (decrease of sales, decrease of operating cost) as well as of the decreased Financial Expenses.

Loss after tax from continuing operations amounted to 5.975 thousand euro during 2015 compared to 7.214 thousand euro in the previous year of 2014.

Loss of Group from continuing operations attributable to shareholders of "ELGEKA S.A.", after tax and non-controlling interest amounted to 6.057 thousand euro in the year 2015 compared to 7.012 thousand euro in the previous year of 2014, decreased by 955 thousand euro.

Loss per share from continuing operations of the Group reached 0,1909 euro in 2015 compared to 0,2210 euro in the comparable year of 2014.

In 2015, ELGEKA Group continued the widespread implementation of actions in order to reduce operating costs, nevertheless the decrease of Sales had as a consequence to maintain its financial figures in negative level. The key financial data featured in 2015 at Group level is briefly as follows:

- The decrease of Sales.

- The decrease in operating costs (Operating income - Operating expenses) by the amount of 1.905 thousand euro (from 34.440 thousand euro in 2014 to 32.535 thousand euro in 2015), due to the decreased Administration expenses and Selling and Distribution expenses.
- The decrease in Financial Expenses by the amount of 686 thousand euro.
- The increase of income tax from 1.226 thousand euro to 2.591 thousand euro (positive effect in P&L), mainly due to the recognition of deferred tax asset on unused tax losses of the subsidiary “ARISTA S.A.”, as a result of its merger with the subsidiary company “VIOTROS S.A.”.
- The loss after tax from discontinued operations of total amount 1.194 thousand euro that took place during 2015, in contrast of profit from discontinued operations amounting to 1.415 thousand euro in 2014.

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 31/12/2015, to 89.807 thousand euro representing 48,71% of the Group’s Total Assets as opposed to 95.908 thousand euro in 31/12/2014.

In 31/12/2015, the Group Equity represents 8,24% of the Group’s Total Equity and Liabilities amounting to 15.193 thousand euro as opposed to 22.625 thousand euro in 31/12/2014, showing a decrease of 32,85%.

Group’s total Liabilities amounted to 169.159 thousand euro as opposed to 185.042 thousand euro in 31/12/2014, representing a decrease by 8,58%. The long term liabilities amounted to 31.188 thousand euro as opposed to 37.369 thousand euro in 31/12/2014, a decrease of 16,54%.

Group’s Long term bank liabilities (long term liabilities payable within the following year included) amounted to 26.590 thousand euro as opposed to 27.051 thousand euro in 31/12/2014, representing a decrease of 461 thousand euro or 1,70%.

Finally, Group’s Short term bank liabilities at 31/12/2015 amounted to 59.442 thousand euro (32,24% of Total Liabilities and Equity), decreased by 8.428 thousand euro as opposed to those in 31/12/2014, which amounted to 67.870 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 2015, in relation to the fiscal year of 2014:

A) Financial Structure Ratios

1. Property Funding Ratio	2015	2014
Fixed Assets / Total Assets	64,28%	55,38%
Current Assets / Total Assets	35,72%	43,62%

2. Leverage ratio

	2015	2014
Total Debt* / Equity	693,63%	508,18%

* Financial leasing liabilities included

3. Fixed Assets Coverage Ratio

	2015	2014
Equity / Fixed Assets	12,82%	19,32%
Equity & Long-term Liabilities / Fixed Assets	39,14%	51,24%

4. Current ratio

	2015	2014
Current Assets / Current Liabilities	49,23%	61,34%

B) Profitability Ratios

1. Return on Equity	2015	2014
Earnings before tax (EBT) / Equity	(56,38%)	(37,30%)
2. Gross profit margin		
Gross profit / Sales	16,43%	14,45%
3. Equity turnover		
Sales / Equity	1.291,73%	1.086,84%
4. Gross Profit to Cost of Sales Ratio		
Gross Profit / Cost of Sales	19,66%	16,89%

C) Activity Ratios

1. Creditors' Turnover ratio	2015	2014
Trade Creditors X 360 days / Cost of Sales	72 days	79 days
2. Debtors' Turnover ratio		
Trade Debtors X 360 days / Sales of Stock & Services on credit	65 days	85 days
3. Inventory Turnover ratio		
Inventory X 360 days / Cost of sales	32 days	28 days

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

Turnover (sales) of "ELGEKA S.A." for the current financial year amounted to 59.745 thousand euro as opposed to 86.518 thousand euro in the previous year of 2014, showing a reduction of 26.773 thousand euro, or 30,95% in proportion. This reduction is mainly due to the termination of cooperation with customers who presented high credit risk and secondarily from reduced consumer demand.

Gross profit amounted to 15.817 thousand euro in 2015 from 22.615 thousand euro in the corresponding previous year, which is a decrease of 6.798 thousand euro or 30,06%, while gross profit margin increased to 26,47% from 26,14% in the year 2014.

Other operating income is decreased by 12,47% compared with 2014, or by 553 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 21,10%, namely from 26.407 thousand euro in the previous year of 2014 amounted to 20.834 thousand euro in the closing year of 2015, a decrease of 5.573 thousand euro.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") amounted to 417 thousand euro against 1.406 thousand euro in the previous year of 2014, a decrease of 1.823 thousand euro.

Operating loss of the Company amounted to 1.137 thousand euro as opposed to profit of 641 thousand euro of the previous year.

Loss before tax amounted to 6.416 thousand euro during 2015 versus 5.627 thousand euro in 2014, an increase of 789 thousand euro. Main cause of this development is the decrease of sales, which restricted by the significant decrease of operating cost. In addition, lower was the burden from the impairment of subsidiaries than 666 thousand euro.

Loss after tax of year 2015 amounted to 6.290 thousand euro against 5.217 thousand euro in the previous year, an increase of 1.073 thousand euro.

Loss per share of the Parent Company amounted to 0,1982 euro for the year 2015 compared to 0,1644 euro for the year 2014.

From the above data, it is obvious that the abnormal conditions existed in the domestic market during 2015 had a negative impact on sales of the Parent Company, however, after a series of coordinated actions, the outcome of which was the reduction of operating costs, the Company achieved to restrain the negative influence on the operating level. The key financial highlights of the specific year, for the Parent, briefly are the following:

- The decrease of sales.
- The significant decrease of operating cost (Operating income – Operating expenses) by the amount of 5.020 thousand euro (from 21.974 thousand euro in 2014 to 16.954 thousand euro in 2015), mainly due to the decreased Administration expenses and Selling and Distribution expenses.
- The provision for impairment of investments in subsidiaries, amounting to 1.050 thousand euro against 1.716 thousand euro in 2014.
- The loss from the revaluation of investment property, which was 798 thousand euro against 867 in 2014.

B. SIGNIFICANT EVENTS

a) Significant events for the year 2015

In Group level, during 2015, were made the following investment - business developments:

- The Annual General Meeting of the subsidiary company "ARISTA S.A." decided on 23/06/2015 to reduce its share capital by the amount of 1.389 thousand euro in order to cover equivalent loss, by reducing the nominal value of each share by 0,04 euro, i.e. from 0,34 euro to 0,30 euro each and the parallel increase of its share capital by the amount of 1.418 thousand euro, which was covered by the contribution from "ELGEKA S.A." of equivalent receivables against the former, by issuing 4.724.000 new nominal common shares, at a nominal value of 0,30 euro each. Consequently, the new share capital of the subsidiary company "ARISTA S.A." amounts to a total 11.838 thousand euro divided into 39.460.000 nominal common shares with nominal value of 0,30 euro each. In addition, on October 29th, 2015, the Parent company "ELGEKA S.A." acquired the remaining stake in the share capital of its subsidiary "ARISTA S.A.", with the purchase of 3.818 shares corresponding to 0,01% of the share capital, for the amount of 16 thousand euro. After this purchase, the percentage proportion of "ELGEKA S.A." to the share capital of the subsidiary company amounts to 100%. As a consequence, "ARISTA S.A." included in the Consolidated Financial Statements of the current year with a percentage of 100%, while in the comparable year of 2014 was included with a percentage of 99,99%.

- On October 29th, 2015, the Boards of Directors of subsidiaries "ARISTA S.A." and "VIOTROS S.A." decided the commencement of merger procedures by absorption of the second subsidiary from the first with transformation balance sheet date of 31 October 2015. The merger of the two subsidiaries is subject to the approval of the General Meetings of their shareholders and to statutory approvals of relevant authorities and is expected to be completed by the end of April 2016. The merger is implemented in full compliance with the restructuring strategy of the Group in order to: a) the rationalization and optimization of the productivity of its functions, b) the reduction of operating cost and c) the exploitation of the trade pillar of "ARISTA S.A." for the further penetration of its products of "VIOTROS S.A." in the Greek market, the sales of which do not exceed 7% of the total sales of the latter.

- On December 30th, 2015, the Management of both the Parent company "ELGEKA S.A." and of the subsidiary company "ELGEKA (CYPRUS) LTD" within the Group's strategy of disengagement from activities that are not part of its core business operations and concentration of resources to operating segments that presents a competitive advantage (trading of consumer products, providing logistics services, production of non-dairy products) took relevant decisions regarding the immediate finding of potential buyer in order to sale its share participation in the company "DIAKINISIS PORT (CY) LTD".

  It is noted that the company "DIAKINISIS PORT (CY) LTD", which is headquartered in Nicosia, Cyprus with object of activity the participation in other companies, participated in the Greek companies "DIAKINISIS PORT AND CO S.A." and "P.C.D.C. S.A." with 99% and 50% respectively, which are consolidated in the Group's financial statements with the full method (with a percentage of 49,51%) and the equity method (with a percentage of 25,01%) respectively. As a consequence, the company "DIAKINISIS PORT (CY) LTD", including its subsidiaries "DIAKINISIS PORT AND CO

S.A." and "P.C.D.C. S.A.", will be presented on annual Financial Statements of ELGEKA Group as at 31/12/2015 and thereafter as "Discontinued operations" and "Non-current assets held for sale".

- Finally, the investments in Fixed Assets and Investment Property for 2015 amounted to 1.986 thousand euro and 151 thousand euro for the Group and the Parent Company, respectively.

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

Within the context of the gradual implementation of the above strategic decision of ELGEKA Group to disengage from activities not included in its core business, the Group's Management is already in the final phase of completion of the sale-transfer of the percentage of "ELGEKA (CYPRUS) LTD" in "DIAKINISIS PORT (CY) LTD", i.e. a percentage of 50,01%, which was not achieved until the approval date of the Financial Statements of 31/12/2015 by the Board of Directors of the Parent Company.

There were no 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 2015 the Greek economy was significantly affected by developments in the domestic political system, with the consequence to be created new destabilizing factors in the fundamentals of consumption and investment, developments that at certain intervals were particularly intense with their escalation at the beginning of the second semester.

The imposition of capital controls on banks, an action that restrained the available liquidity of consumers and businesses to a minimum and placed significant obstacles in importing goods and raw materials, the new fiscal measures taken during the year and the electoral processes, increased significantly the uncertainty ultimately resulting in a further reduction in consumption, as well as in private and public investment.

ELGEKA Group, being active to a significant extent in the Greek economy, accepted the consequences of these events resulting in the reduction of its activity and the decrease of its profitability. Furthermore, in order to adapt to the new conditions that prevailed in the domestic economy, namely the lack of liquidity for businesses and consumers, the increase of credit risk and the drastic reduction of credit from foreign suppliers, proceeded to a review of its credit policy aimed firstly to reduce the duration of its trade cycle and secondly to minimize potential risk. As a result, it proceeded to discontinuation or drastic reduction of partnerships with customers who are classified as high risk, resulting in further decline in its activity level.

In 2016, under normal conditions, namely without further intensification of uncertainty in macroeconomic level, is expected to be a year of stabilization of economic fundamentals, showing perhaps some improvement. At the same time 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.

The year 2016 is expected to be for ELGEKA Group a year of 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 trade of consumer products, logistics services and production of non-dairy products, areas which present particularly strong momentum both in the domestic economy and internationally. Particular emphasis is given in the production of innovative dairy products, an activity which significantly contributes to the financial figures of the Group during the last years and is in constant growth path.

ELGEKA Group operates in sector of "logistics" 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 specific sector has been affected by the general environment in which it operates with a result to accept the broader negative consequences, namely reducing its size and increasing its cost factors. However, the Group has a deep knowledge of the business and has developed a competitive advantage through "DIAKINISIS S.A.", which is one of the key players of the sector.

In particular, the company "DIAKINISIS S.A.", which operates in the provision of warehousing, distribution and packaging services, reduced its sales mainly due to the termination of cooperation with customers, who presented high credit risk. The Management of the company, in line with the Group's strategy, decided to end partnerships, which were making significant sales, but ensuring the recoverability of the remaining sales. As a result, the Turnover of the company decreased by 15,83% in 2015 and its operating result deteriorated, mainly due to the time lag of the cost reduction actions required. Since late 2015 it has launched a wide operating cost reduction program, which will take full extent within the 2016, a program that is expected to result in significant improvement of financial figures. In parallel, 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, is expected to greatly benefit the subsidiary.

During the previous years, "DIAKINISIS S.A." had 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.

On December 30th, 2015, the Management within the Group's strategy of disengagement from loss-making activities and concentration of resources to operating segments that presents a competitive advantage decided to proceed to the sale of its participation percentage in the company "DIAKINISIS PORT (CY) LTD", which in turn participates in the companies "DIAKINISIS PORT AND CO S.A." (with object of activity the conduct of port operations) and "P.C.D.C. S.A." (with object of activity the provision of services related to emptying, filling, storage and management of containers)

This business decision concerning the gradual implementation of ELGEKA Group's strategy to disengage from loss-making activities that are not included in the core business, as "DIAKINISIS PORT AND CO S.A." significantly burdened the financial results of Group during 2015.

Regarding the market of private label products, in which ELGEKA Group operates through its subsidiary "G.S.B.G. S.A.", sales exceeded 12,9 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, "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. As mentioned previously, it was decided to terminate significant collaborations, which did not meet the criteria of strict credit policy of the Group, thereby to suffer a reduction of its sales. 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 profitability, contributing positively to the Group's financial figures.

During 2015, the subsidiary "VIOTROS S.A.", through which the Group is active in the segment of "Production of food and other consumer products" continued to move especially dynamic. "VIOTROS S.A." has developed a series of new and innovative products, which are widely accepted by the consumers (new series of vegetarian and vegan products, processed cheese "Alto”, etc.) and which have allowed to significantly increase its profitability (increase in EBITDA by 72,40%). In combination with penetration actions undertaken in new geographic markets (Germany, Sweden, England, U.S.A.), in 2016 is expected to record a further strengthening of its financial figures.

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 2015, 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 1.235 thousand euro. In 2016 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 18,6 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 2016 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. 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. Furthermore, in order to have a higher security, Management has adopted for the Parent Company and the subsidiaries "VIOTROS S.A.", "G.S.B.G. 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. Finally, due to the exceptional circumstances prevailing in the market since early July (imposition of capital controls), the Group adopted a very stringent credit policy to its customers in order to further minimize credit risk. As a result, the Management considers that during 2016 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. The Group enters into interest rate swaps and other derivative interest rate products. These derivatives are measured at fair value and recognized as assets or liabilities in the Financial Statements. Group's Management considers that there is no significant risk deriving from possible significant changes in interest rates.

During 2015, the subsidiary company "SC GATEDOOR HOLDINGS S.R.L." signed two contracts of derivative financial instruments («Put European and Call Knock Out at Expiration») with the bank "BANCPOST S.A.", totaling 7.800 thousand euro for hedging foreign exchange risk with exercise date the 31st of December 2015. 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 at 31st December 2015 and they are related to a possible devaluation of the local currency. The subsidiary company did not pay any premium for these transactions.

The Parent Company's Management decided to enter into hedging contract with "ALPHA BANK S.A.". This is interest rate hedging contract 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. The abovementioned contract was signed at the beginning of July 2009, activated in October 2009 and apply up to date.

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. From the termination of those products at December 31, 2015, a profit of 49 thousand euro for the Group and the Company accrued (2014: profit 96 thousand euro for the Group and the Company), that was recorded in "Other Comprehensive Income" in the Statement of Comprehensive Income. Out of this amount, income tax of 13 thousand euro for the Group and the Company was deducted (2014: 25 thousand euro for the Group and the Company) and the remaining 36 thousand euro (2014: 71 thousand euro) was added to the recorded loss of the previous year, with a result to zero the amount recorded in "Other Reserves" in the Statement of Financial Position (31/12/2014: 36 thousand euro).

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 2016 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**
2015	EUR	1%	(905)
		-1%	905
2014	EUR	1%	(949)
		-1%	949

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**
2015	EUR	1%	(510)
		-1%	510
2014	EUR	1%	(523)
		-1%	523

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
2015	RON	5%	31	940
		-5%	(31)	(940)
2014	RON	5%	35	915
		-5%	(35)	(915)

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 31/12/2015, the Group and the Company possessed 5.933 thousand euro and 1.569 thousand euro respectively in cash (31/12/2014: 5.607 thousand euro and 1.941 thousand euro, respectively).

Given that at 31 December 2015 the Group and the Company has negative working capital by 67.922 thousand euro and 50.367 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 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. The final signing of the agreement during 2016 is expected to resolve this issue as loans totaling 68.779 thousand euro and 46.490 thousand euro for the Group and the Company respectively, which on December 31st, 2015 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 2015, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 47 of the C.L. 2190. Also, the Equity of the subsidiary “DIAKINISIS S.A.” is less than 50% of its share capital and therefore applies the conditions for application of article 47 of the C.L. 2190. The Management has already proceeded to adoption of actions in order to reduce costs in every level of business operation, through the optimization of use of Group’s resources, increase sales and generally creating profitable results, which would allow an increase in its Equity and thus restore them to more than 50% of its share capital. Specifically, the aforementioned actions are summarized as follows:

1. Change of product portfolio mix with a simultaneous increase of the focus on more profitable sales channels.
2. Improvement in operating profitability both of Company and Group through: a) the renegotiation of trade policies with the affiliated suppliers / customers of the Company and the Group and b) the optimization of the efficiency of both the logistics and other support operations.
3. Disengage from activities that are either underperforming or do not promote the focus on key / critical activities of the Group.
4. Active exploitation of sub-exploited assets of the Company and the Group (e.g. real estate, other investments).
5. Strengthening of the export activity of the Group in order to deleverage from the recessionary trends of Greek economic reality.

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 Group's profitability.

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

g) Risk relevant to Food safety

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

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

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

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

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

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

- ISO 22000: 2005 for Food Safety Management by the certification body TÜV HELLAS (Member of TÜV NORD Group), accredited by ESYD on this field.

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

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

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 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 Company has no independent Vice-Chairman, despite the fact that the duties of the Chairman of the Board of Directors and those of the Managing Director have been assigned to the same person. During the upcoming establishment of the Board in the body will be ensured for the implementation of the proposed practice, but the Company considers that the departure from this practice does not hinder its proper operation (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 (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, a decision that is not yet issued (D.II, par.2.2 of the Code).
- The Company has not adopted a policy of diversity including gender balance for members of the Board of Directors and senior managers. The current Board of Directors consists of a majority of men, from the total of seven (7) members the six (6) are men and only one (1) member is a woman. The issue will be considered by the Remuneration and Nomination Committee and will be facilitated for implementation of the proposed practice (A.II, par. 2.8 of the Code).
- The Company has not adopted policies to ensure that the Board has sufficient information to base its decisions regarding transactions between related parties according to the standard of a prudent businessman. However, all of the Company's transactions and its subsidiaries with related parties are subject to the application of the arm's length principle and are subject to review annually subject to compliance with the relevant documentation of Transfer Pricing legislation (A.IV, par. 4.1 of the Code).
- The Company has not adopted specific practices regarding communication with shareholders, which include the policy on questioning by the shareholders to the Board of Directors. It will be taken care to implement the proposed practice (DI, par. 1.4 of the Code).
- The Company does not disclose to the Remuneration Report analysis of remuneration paid to each member of the Board of Directors to protect the privacy of persons concerned (CI, par. 1.11 of the Code). The total remuneration paid is referred below in the Remuneration Report and is based on relevant resolutions of the General Meeting of shareholders, as provided by law.

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 of Directors 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 B6.

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 twenty (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 Board of Directors is consisted of seven members as elected by the General Meeting of Shareholders at 07/05/2014, while there are certain changes on the initial composition of the elected members of the Board of Directors (retirements, replacements), validated by the next Ordinary General Meeting on 18/05/2015.

Subsequently, the current Board of Directors is consisted of the following members:

	Name of member	Capacity	Number of meetings that held during its term	Number of meetings that was attended
1	Alexandros Katsiotis	Chairman and Managing Director, Executive member	*34*	*34*
2	Elli Drakopoulou	Vice-Chairman, Non-executive member	*34*	*34*
3	Anthimos Misailidis	Deputy Managing Director, Executive member	*34*	*34*
4	Stilianos Stefanou	Non-executive, independent member	*34*	*34*
5	Michalis Fandridis	Non-executive	*34*	*34*
6	Nikolaos Milios	Non-executive, independent member	*34*	*29*
7	Adamantios Lentsios	Non-executive, independent member	*34*	*18*

The Board of Directors held in total fifty-three (53) meetings in 2015, of which 19 were conducted on board.

The term of the current Board was originally set to be four year with end at 07/05/2018 and may be extended until the election of a new Board of Directors from the next Ordinary General Meeting to be held after that date.

The CVs of Board of Directors members listed on the website of the Company (www.elgeka.gr).

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 2015 were the following:

1.	Chairman	Stilianos Stefanou	Non-executive, independent
2.	Member	Michalis Fandridis	Non-executive
3.	Member	Adamantios Lentsios	Non-executive, independent

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

The term of the Audit Committee is similar to that of the Board Directors and expires on 07.05.2018.

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 from them to the Company and other non-audit services.
- 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 eight (8) meetings in 2015. The President of the Committee participated in all meetings, while one member participated in seven (7) and the other member In six (6) of these.

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 2015 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 annual and semi-annual 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 is responsible for the process of appointment of the candidate members of the Board of Directors to ensure the smooth transition of members with objective and merit criteria.

In addition, the 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.

The members of the Committee during the year 2015 were as follows:

1.	Chairman	Nikolaos Milios	Non-executive, independent
2.	Member	Stilianos Stefanou	Non-executive, independent
3.	Member	Michalis Fandridis	Non-executive
4.	Member	Adamantios Lentsios	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 07.05.2018.

The Committee held one meeting in 2015, with the participation of all its members.

7.4. Remuneration Report of Board of Directors' members

The remuneration of non-executive Board of Directors' members is approved by the Annual General Meeting in accordance with the relevant legislation.

Furthermore, the Annual General Meeting approves the maximum monthly salary may take any executive member, as well as the upper limit which may reach the total remuneration of non-executive members during each year and authorizes the Board of Directors to specify them.

As a rule, the non-executive members do not receive variable remuneration

In particular, during 2015 the total remuneration paid by the Company and its subsidiaries to executive members of Board of Directors amounted to 554 thousand euro, while to the non-executive members were paid 171 thousand euro.

The remuneration of executive members of Board of Directors associated with the corporate strategy, the purposes of the Company and the realization thereof, with the ultimate aim of creating long-term value for the Company.

For the year 01/01/2015 - 31/12/2015 were not granted stock options and there is no valid stock option program.

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:

	01/01/2015 - 31/12/2015		01/01/2014 - 31/12/2014	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Sales / Revenue from services	-	2.577	-	1.661
b) Purchases	15	3.744	15	7.776
c) Key management personnel and members of Board compensation	1.104	874	1.444	1.130

	31/12/2015		31/12/2014	
Transactions with related-parties:	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
a) Receivables	-	1.610	-	3.102
b) Liabilities	-	6.779	-	5.525
c) Receivables from key management personnel and members of Board	-	-	-	-
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for 2015 are presented below:

Subsidiaries	**Sales / Income**	**Purchases/ Expenses**	**Receivables**	**Liabilities**
DIAKINISIS S.A.	967	3.218	444	1.072
ARISTA S.A.	1.093	16	719	22
VIOTROS S.A.	343	495	288	5.684
G.S.B.G. S.A.	174	-	159	1
Total	**2.577**	**3.729**	**1.610**	**6.779**
Other related parties	**-**	**15**	**-**	**-**
Total of subsidiaries and other related parties	**2.577**	**3.744**	**1.610**	**6.779**

The related-party transactions and Parent Company's intercompany balances for the prior year 2014 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	942	3.816	944	435
ARISTA S.A.	397	25	1.942	-
VIOTROS S.A.	181	3.927	73	5.089
G.S.B.G. S.A.	141	3	143	1
Total	**1.661**	**7.771**	**3.102**	**5.525**
Other related parties	**-**	**5**	**-**	**-**
Total of subsidiaries and other related parties	**1.661**	**7.776**	**3.102**	**5.525**

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:

- 3.213 thousand euro for warehousing, distribution and repackaging services
- 5 thousand euro for rentals

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

- 432 thousand euro for rentals
- 341 thousand euro for the provision of consulting services
- 186 thousand euro for co-location costs (water and electricity expenses)
- 8 thousand euro for compensation due to lack of supplies

2. 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:

- 495 thousand euro for sales of goods

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

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

3. ELGEKA S.A. – ARISTA S.A.

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

- 16 thousand euro for promotion costs of its products

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

- 722 thousand euro for sales of goods
- 192 thousand euro for the provision of consulting services
- 113 thousand euro for sale of fixed assets
- 39 thousand euro for rentals
- 27 thousand euro for co-location costs (water and electricity expenses)

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

“ELGEKA S.A.” charged “G.S.B.G. S.A.” the following amounts:

- 152 thousand euro for the provision of consulting services
- 14 thousand euro for co-location costs (water and electricity expenses)
- 8 thousand euro for sales of goods

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

From the audit, it was realized that 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 are the following:

- The company “EXCEED CONSULTING S.A. (FANDRIDIS M. – ASSOCIATES – BUSINESS CONSULTANTS)”, with which the total value of transactions amounted to 15 thousand euro and concerns a market research and provision of services related to executive selection.

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 2015.

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 01/01/2015 – 31/12/2015 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.

All the above shares are listed for trading in the Securities Market of the Athens Stock Exchange (participating in "Athex All Share Index" and in "FTSE/Athex Global Traders 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 31/12/2015 the shareholders that held more than 5%, directly or indirectly, of the total number of shares and voting rights of the Company are the following:

Shareholder's name	Number of shares	% of share capital
Alexandros Katsiotis	8.986.023	28,32%
Elli Drakopoulou	5.735.547	18,07%
Athanasia Drakopoulou*	3.173.453	10,00%
Leonidas Theoklitos	3.173.453	10,00%
Eleni Katsioti	1.917.840	6,04%
TOTAL	**22.999.590**	**72,43%**

*Ms. Athanasia Drakopoulou holds the bare ownership of these 3.173.453 shares while holding the power to exercise the voting rights as well as the preemptive rights arising from those shares, while Ms. Elli Drakopoulou reserves the right to usufruct of such shares.

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 – Industrial Area of Sindos, Thessaloniki

29 March 2016

Chairman of BoD & Managing Director
Alexandros Katsiotis