ELGEKA S.A.

GROUP OF COMPANIES

MANAGEMENT REPORT

FOR THE PERIOD
1 JANUARY – 30 JUNE 2018

SIX MONTH REPORT OF THE BOARD OF DIRECTORS OF "ELGEKA S.A. TRADE-DISTRIBUTIONS-REPRESENTATIONS-INDUSTRY" COVERING BOTH THE ACTIVITIES OF THE PARENT COMPANY AND THE GROUP, FOR THE PERIOD 1 JANUARY – 30 JUNE 2018 (In accordance with Law 3556/2007, article 5)

Dear shareholders,

We present to you for the first half of the current year 2018 (01/01/2018 - 30/06/2018) the present Six-month Report of the Board of Directors, which was prepared and is in accordance with the relevant provisions of L.3556/2007 (Government Gazette 91A/30.04.2007) and the executive decisions of the Board of Directors of the Capital Market Commission.

This report includes in condensed form financial performance of the period, reference to significant events during first semester of 2018, analysis of perspectives and risks that are expected to incur during the second semester of 2018, alternative performance measurement indicators, as well as an analysis of related party transactions. This information refers to both the Parent company and the Group ELGEKA as a whole.

The contents of the report are presented as follows:

1. FINANCIAL RESULTS & BUSINESS ACTIVITIES OF THE COMPANY & THE GROUP FOR THE PERIOD 01/01/2018 TO 30/06/2018

During the first semester of 2018, the Consolidated financial results of the Group are summarized as follows:

Turnover (sales) from continuing activities of the Group amounted to 84.359 thousand euro for the six-month period ended 30 June 2018 as opposed to 77.043 thousand euro for the respective period of 2017, presenting an increase by 9,50%, despite the unfavorable conditions prevailing in the domestic market.

Sales per Segment (in thousand euro)	A' Semester 2018	A' Semester 2017	%
Trade of food and other consumer products	68.013	59.946	*13,46%*
Real estate	186	242	*(23,14%)*
Logistics services	16.160	16.855	*(4,12%)*
TOTAL	**84.359**	**77.043**	***9,50%***

Gross profit of the Group amounted to 13.478 thousand euro for the first semester of 2018 compared to 13.095 thousand euro of the corresponding period of 2017, an increase of 383 thousand euro or 2,92% in percentage.

Other operating income of the Group also increased by 25,10% compared to the corresponding period of 2017, or by 742 thousand euro, following the increase of sales.

The Group's Operating Expenses presented an increase by 949 thousand euro or 6,58% and amounted to 15.362 thousand euro from 14.413 thousand euro in first half of 2017, mainly due to the increased selling and distribution expenses realized as a consequence of the increased sales. In any case, ELGEKA Group, in continuation of the previous years, strictly applies the policy of cutting costs that do not contribute to the creation of added value.

Earnings before interest, tax, depreciation and amortization (EBITDA) from continuing activities of the Group amounted to 3.797 thousand euro in the first semester of 2018 as opposed to 3.614 thousand euro in the first semester of 2017, an increase of 183 thousand euro, which is the result of the increase in sales, as well as of keeping operation costs in low levels.

At the segment level, there is a significant improvement in Group's main activity, namely "Trade of food and other consumer products", while there was a deterioration of figures in the segment of "Logistics services".

EBITDA per Segment (in thousand euro)	A' Semester 2018	A' Semester 2017	*Variation*
Trade of food and other consumer products	2.979	2.119	*860*
Real estate	(109)	(26)	*(83)*
Logistics services	1.013	1.520	*(507)*
Other	(86)	1	*(87)*
TOTAL	**3.797**	**3.614**	***183***

Operating profit from continuing activities of the Group amounted to 1.814 thousand euro in the first semester of 2018 against 1.638 thousand euro in the corresponding period of 2017, presenting an increase of 176 thousand euro, a result that is attributable to the causes mentioned above.

Other financial results of the Group amounted to profit of 288 thousand euro during the first semester of 2018 against loss of 21 thousand euro in the comparable period of 2017, due to the fact that in the current period are included profit from exchange differences of amount 321 thousand euro accrued from the liquidation of the subsidiary company "CERA VILLA S.R.L.".

Loss before tax from continuing activities of the Group amounted to 1.207 thousand euro in current period against 1.415 thousand euro in first semester of 2017, showing a decrease of 208 thousand euro, which is the result of the causes mentioned above.

Loss after tax from continuing activities of the Group during the first semester of 2018 amounted to 773 thousand euro compared with 1.666 thousand euro in the corresponding period of 2017, presenting a decrease of 893 thousand euro.

Loss per share from continuing activities of the Group reached 0,0165 euro in the first semester of 2018 compared to loss per share of 0,0480 euro in the comparable period of 2017.

Finally, the Results from total activities after tax and non-controlling interests of the Group amounted to loss of 523 thousand euro against profits of 3.242 thousand euro in the comparable period of 2017 as a consequence in one hand of the further improvement in Group's operating results during 2018 and on the other hand of profit accrued from the sale of the participation in the subsidiary "ARIVIA S.A." during the comparable period of 2017.

During the first half of 2018, ELGEKA Group focused on the growth of its operations and the increase of its market shares, while maintaining its operating costs at a very low level as a result of its actions realized in recent years. As a consequence of the above and despite the fact that the Greek economy continues to be characterized by the pathogens of the previous years, the Group's sales increased, while its operating profitability was further improved. The key elements of the economic data which characterized the first half of 2018 the Group are briefly the following:

- The increase of sales by 9,50%, despite the adverse conditions of the domestic economic environment.
- The improvement of the operating results by 176 thousand euro.

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

The net book value of Intangible Assets and Tangible Fixed Assets and the fair value of Investment Property of the Group amounted, as at 30/06/2018, to 68.789 thousand euro representing 46,46% of the Group's Total Assets as opposed to 72.054 thousand euro at 31/12/2017 (representing the 47,72% of the Group's Total Assets).

The Group shareholders' Equity amounted to 5.300 thousand euro as opposed to 6.662 thousand euro at 31/12/2017, representing a decrease of 20,44%.

The Group's total Liabilities amounted to 142.770 thousand euro as opposed to 144.344 thousand euro in 31/12/2017, representing a decrease by 1,09%. The Long term liabilities of the Group amounted to 25.731 thousand euro as opposed to 27.002 thousand euro in 31/12/2017, a decrease of 4,71%.

The Group's Long term bank liabilities (long term liabilities payable within the following year included) amounted to 25.400 thousand euro as opposed to 25.660 thousand euro in 31/12/2017, representing a decrease of 260 thousand euro or 1,01%.

Finally, the Group's Short term bank liabilities amounted to 48.741 thousand euro (32,89% of the Total Liabilities and Equity), increased by 538 thousand euro or by 1,12% as opposed to 31/12/2017, which amounted to 48.203 thousand euro.

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

Turnover (sales) of "ELGEKA S.A." for the first half of 2018 amounted to 30.902 thousand euro as opposed to 26.208 thousand euro in the corresponding period of 2017, presenting an increase by 17,91% despite the ongoing recession in the domestic market and hence the reduced consumer demand.

Gross profit amounted to 9.958 thousand euro from 8.498 thousand euro in the corresponding period of 2017, which is an increase of 1.460 thousand euro or 17,18%, while gross profit margin maintained at stable levels.

Operating Expenses increased by 15,25%, namely from 9.157 thousand euro in the six-month period of 2017 amounted to 10.553 thousand euro in the corresponding period of 2018, an increase of 1.396 thousand euro, as a consequence of the increased sales.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to 2.230 thousand euro against 1.551 thousand euro in the first semester of 2017, presenting a significant increase of 43,78%, which is the result of increased sales as well as keeping of operating costs at low levels.

Operating profit amounted to 1.970 thousand euro in the six-month period of 2018 as opposed to 1.274 thousand euro of the corresponding period of 2017, an improvement of 696 thousand euro or 54,63% in percentage.

Profit before tax amounted to 159 thousand euro during the current period versus loss of 432 thousand euro in the first semester of 2017, presenting an improvement of 591 thousand euro due to the above mentioned factors.

Profit after tax amounted to 163 thousand euro against loss of 807 thousand euro in the previous year, an improvement of 970 thousand euro.

Profit per share of the Parent Company amounted to 0,0051 euro for the current period compared to loss of 0,0254 euro for the corresponding period of 2017.

From the above data, it is obvious that despite the continued recession in the domestic market, the Parent Company achieved to increase its sales at a significant level, proceeding to new commercial co-operations and enriching its product portfolio with new products, while maintaining its operating cost at a very low level. In this way, the Company continuously improves its profit margins which are translated into realizing profits against losses of previous years. Specifically, the basic elements of economic data that characterized the current period at the Parent Company level briefly are the following:

- The significant increase of sales by 17,91%.
- The maintaining of gross margin at stable levels (32,22% against 32,43% of the comparable period of 2017).
- The maintaining of operating cost at low levels, despite the increased sales.
- The continuously maintaining of provision for customer bad debts at low levels due to the particularly strict credit policy applied by the Company in recent years.

2. SIGNIFICANT EVENTS FOR THE PERIOD 01/01/2018 TO 30/06/2018

The most significant events which took place during first semester of 2018 are the following:

- The Annual Ordinary General Meeting of the subsidiary company "SAMBROOK PHARMACEUTICALS S.A." decided on June 20th, 2018, to increase its share capital by the amount of 9 thousand euro with issuance of 600 new shares of nominal value of 15 euro each. Following the above, its new share capital will amount to totally 2.133 thousand euro divided into 142.200 shares with nominal value of 15 euro each. The above increase was completed on 19.09.2018 with the payment of cash by "ELGEKA S.A.", which fully covered the share increase, resulting in an increase of its participation percentage of 95,87% to 95,88%.

- The investments in Fixed Assets and Investment Property for the first semester of 2018 amounted to 1.140 thousand euro and 66 thousand euro for the Group and the Parent Company, respectively.

3. PERSPECTIVES – BUSINESS ACTIVITIES – MAIN RISKS AND UNCERTAINTIES FOR THE SECOND SEMESTER OF 2018

In the first half of 2018, the Greek Economy continued its slow but steady adaptation to the conditions that has been shaped in recent years. Consumption is constantly changing both in terms of quantity and quality, with preferences, behaviors and ways of distributing consumer income being differentiated in order to obtain the maximum possible benefits.

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

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

The second semester of 2018, the challenges will be faced by businesses is expected to be again significant and multidimensional. In this period, consumers and businesses are required to handle increased tax liabilities, thereby exerted further pressure on consumption. The business sector has also to cope with the increased credit risk, as after many years of recession several companies can no longer meet their accumulated obligations, creating new obstacles to the operation of the rest. Given also the continued imposition of capital controls on banks, a statute that adversely affects both the psychology and the real capability of businesses and consumers to operate smoothly as economic entities, it becomes obvious that the conditions for the second semester of 2018 will be particularly challenging.

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

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

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

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

The segment of "Trade of food and other consumer goods", in which the Group operates in Greece through Parent ELGEKA and "G.S.B.G. S.A.", strongly accepts the consequences of the recession through both the reduction in sales and also through small profit margins that characterize the specific market. However, the Group constantly enriches its product portfolio, adapting each time to changing consumer needs and invests in existing brands and markets with a long presence in Greece, while at the same time carry out the necessary actions (exploit synergies, better organization of distribution networks, etc.) in order to reduce operating costs and increase productivity. During the first semester of 2018, the Parent ELGEKA achieved to increase its sales due to the new co-operations realized during the year and to the intensification of promotion activities. In addition, it achieved to retain its gross margin at stable levels, as well as further reduce its operating cost enhancing, in this way, significantly its profitability. This course is expected to continue in the second half of 2018, despite the unfavorable conditions prevailing in the Greek economy.

In the market of private label products, in which ELGEKA Group operates through its subsidiary "G.S.B.G. S.A.", sales exceeded the amount of 10,4 million euro, while it has been also improved its operating profitability. The prospects appear positive for the second half of 2018 in a rapidly growing, but also particularly competitive, market.

In the segment of "Trade food and other consumer goods", the Group is also active in the market of Romania through the company “ELGEKA FERFELIS ROMANIA S.A.”. The performance of this subsidiary was particularly positive for the first semester of 2018, achieving sales growth of 12,0% to the level of 26,6 million euro. “ELGEKA FERFELIS ROMANIA S.A.” operates in an environment characterized by satisfactory growth rates and positive prospects for the future, while it manages to make new co-operations that allow it to gain market shares from the competition. As a result, it is expected the positive contribution to the financial figures of ELGEKA Group for the second semester of 2018.

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

In particular, the company “DIAKINISIS S.A.”, which is activated in the provision of storage, distribution and packaging services, realizes a series of coordinated actions in order to further increase the market share that it holds in a market characterized by intense competition and low profit margins, as well as to retain its operating costs at a low level.

Regarding the risks and uncertainties faced by the Group, it should be noted that it mainly engages in the key markets of Greece and Romania in a highly competitive environment. Therefore, it is exposed to a variety of financial risks, whose management is carried out mainly by the Group Financial Management in collaboration with the administrations at local companies. The most significant financial risks and uncertainties that the Group may face during the second semester of 2018 are the following:

a) Price Changes Risk

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

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

b) Credit Risk

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

As a result, the Management considers that during the second semester of 2018 there will be not any significant credit risk that is not covered by some sort of collateral or adequate provisions for bad debts for both the Parent Company and for the rest companies of the Group.

c) Interest and Foreign Exchange Risk

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

The Group finances its investments as well as its needs for working capital through both its operating cash flows and bank debt, senior debt and a Sale & Lease Back property contract, leading to interest charges in its financial results. The potential increasing trends of interest rates (changes of EURIBOR interest rate) during the second semester of 2018 will have a negative impact on the Group's financial results, due to the increased interest expenses.

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

Moreover, the Group operates internationally and also trades in foreign currencies. Therefore, it is exposed to exchange rate fluctuations. The Group's exposure to exchange rate risks is mainly due to commercial and funding transactions in foreign currency conducted in the countries where the subsidiaries are located. However, due to the fact that the main country outside Greece, in which the Group is active, is Romania, the Group's exposure to foreign exchange risks is limited, especially when converting its financial statements for consolidation purposes.

d) Liquidity Risk (financial risk)

The Group serves its obligations based on its positive operating cash flows (before the variations of working capital), the high ratings received from financial institutions and in financial assets, whose value presented in Financial Statements approximate their fair values.

Group manages its risks that might occur due to limited liquidity by maintaining unused bank credit limits. In addition, as at 30/06/2018, the Group and the Parent hold 6.883 thousand euro and 4.119 thousand euro in cash respectively (31/12/2017: 12.175 thousand euro and 8.780 thousand euro, respectively).

Given the fact that at 30 June 2018 the Group and the Company has negative working capital by 54.739 thousand euro and 35.856 thousand euro, respectively, they implement a broad program of actions to reduce costs, optimize the management of the trade cycle, disinvest form sectors that either are not part of their core business or they are loss-making, as well as to renegotiate their loan needs. As a consequence of these actions, the negative working capital decreased significantly during the current period (compared to 31.12.2017), namely by the amount of 917 thousand euro and 277 thousand euro for the Group and the Company respectively, indicating the correct strategy of the Management.

Regarding the borrowings of the Group, the Management is in negotiations with creditor banks in order to convert the short-term debt of the Parent Company and its subsidiary "DIAKINISIS S.A." into long-term. The final signing of the agreement during the second semester of 2018 is expected to resolve this issue as loans totaling 61.206 thousand euro and 46.891 thousand euro for the Group and the Company respectively, which on June 30th, 2018 are presented as short-term, will eventually become long-term.

In any case, the Group and the Company have the necessary assets, which, combined with the significant improvement in their operating results and the market shares hold in their main sectors of operation, allow them to have alternative sources of financing their operation and service of their needs. In this context and following the strategy of recent years, it is an immediate priority of the Management the disinvestment from non-operating assets of the Group in order to reduce the non-financial leverage (decrease of bank lending) and consequently to optimize the use of the employed capital.

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 31^{st} December 2017, the Company's Equity is less than 50% of the share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920. Also, the Equity of the subsidiary "DIAKINISIS S.A." is less than 50% of its share capital and therefore applies the conditions for application of article 47 of the C.L. 2190/1920.

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

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

f) Macroeconomic risk

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

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

g) Risk relevant to Food safety

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

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

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

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

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

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

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

4. <u>ALTERNATIVE PERFORMANCE MEASURES ("APM")</u>

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

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

1) <u>Profitability measures</u>

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

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

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

	01/01/-30/06/2018	01/01/-30/06/2017
Profit / (Losses) from operating activities	1.814	1.638
Depreciation of assets	2.027	2.021
Depreciation of asset subsidies	(44)	(45)
EBITDA	**3.797**	**3.614**

EBIT (Earnings before interest and tax)

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

EBT (Earnings before tax)

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

Net Income

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

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

Profit margins

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

	01/01/-30/06/2018		01/01/-30/06/2017	
	Comparable figure	Margin	Comparable figure	Margin
EBITDA	3.797	4,50%	3.614	4,69%
EBIT	1.814	2,15%	1.638	2,13%
EBT	(1.207)	(1,43%)	(1.415)	(1,84%)
Net income	(773)	(0,92%)	(1.666)	(2,16%)

2) Net borrowing

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

	30/06/2018	31/12/2017
Long-term loans	1.580	1.840
Short-term part of long-term loans	23.820	23.820
Short-term loans	48.741	48.203
Finance leases	17.438	17.837
Less: Cash and cash equivalents	(6.883)	(12.175)
Net borrowing	**84.696**	**79.525**

3) Operating working capital

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

	30/06/2018	31/12/2017
Inventory	13.444	13.246
Trade receivables and other receivables	31.445	28.137
Less: Suppliers and other trade liabilities	(31.670)	(33.645)
Operating working capital	**13.219**	**7.738**

5. RELATED-PARTY TRANSACTIONS (IN THOUSAND EURO)

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

	01/01/2018 - 30/06/2018		01/01/2017 - 30/06/2017	
Transactions with related parties:	GROUP	COMPANY	GROUP	COMPANY
a) Sales / Revenue from services	-	500	-	605
b) Purchases	2	1.595	-	1.555
c) Key management personnel and members of Board compensation	462	462	438	424

	30/06/2018		31/12/2017	
Balances with related parties:	GROUP	COMPANY	GROUP	COMPANY
a) Receivables	-	2.931	-	1.158
b) Liabilities	-	35	6	548
c) Receivables / Prepayments from / to key management personnel and members of Board	1	1	-	-
d) Payables to key management personnel and members of Board	-	-	-	-

The related-party transactions and Parent Company's intercompany balances for the first semester of 2018 are presented below:

Subsidiaries	Sales / Income	Purchases/ Expenses	Receivables	Liabilities
DIAKINISIS S.A.	434	1.593	2.156	35
G.S.B.G. S.A.	66	-	766	-
SAMBROOK PHARMACEUTICALS S.A.	-	-	9	-
Total	**500**	**1.593**	**2.931**	**35**
Other Related Parties	**-**	**2**	**-**	**-**
Total of Subsidiaries and Other Related Parties	**500**	**1.595**	**2.931**	**35**

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

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

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

1. ELGEKA S.A. – DIAKINISIS S.A.

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

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

- 1.553 thousand euro for distribution services, warehousing and repackaging.
- 40 thousand euro for rentals and other expenses

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

- 212 thousand euro for rentals
- 160 thousand euro for the provision of consulting services
- 62 thousand euro for co-location costs (lighting, water)

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

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

- 66 thousand euro for the provision of consulting services

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

From the audit, it was realized that 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 2 thousand euro and concerns a market research.

There were no changes in transactions between the Company and its related parties' individuals which could lead to important consequences with regard to the financial position and performance of the Company during the first semester of 2018.

All aforementioned transactions were accomplished under the standard market rules.

Industrial Area of Sindos – Municipality of Delta, Thessaloniki,
27 September 2018

President of the Board of Directors &
Managing Director
Alexandros Katsiotis