

**REPORT OF THE BOARD OF DIRECTORS of the company "AUTOHELLAS TOURISM AND TRADING S.A." ON THE MERGER by acquisition of the company "VACAR CRAFT AND TRADING S.A." in accordance with article 4.1.4.1.3 of the Athens Exchange Rulebook to its Shareholders' Extraordinary General Meeting of (including any iterative or adjourned meeting thereof)**

The intended merger relates to the acquisition by the Company (hereinafter called also, the **Acquirer**) of the company "VACAR CRAFT AND TRADING S.A." (hereinafter called also, the **Acquired** and jointly with the Acquirer, the **Merging SAs**).

**I. The intended merger**

Pursuant to the decisions made by the Boards of Directors of the Merging SAs on June 30 2014, the Boards of Directors of the Merging SAs signed on July 31, 2014, through their legal representatives, the Draft Merger Contract, which provides for the acquisition of the Acquired by the Acquirer under Articles 69 et seq. Codified Law 2190/1920 and the relevant provisions of Law 4172/2013, as applicable..

In summary, the terms of the draft are as follows:

- The merger is conducted in accordance with articles 69-77, Codified Law 2190/20 and the relevant provisions of Law 4172/2013, as applicable.
- The share capital of the Acquirer amounts to € 3,878,400 divided into 12,120,000 common registered voting shares with a nominal value of € 0.32 each.
- The share capital of the Acquired amounts to € 3,360,681 divided into 1,120,227 common registered voting shares, with a nominal value of € 3.00 each.
- Upon merger completion, the aforesaid share capital of the Acquirer shall be increased by € 12,000 through the issuance of 37,500 new common registered shares with a nominal value € 0.32 each.
- Immediately after the merger completion, the Board of Directors of the Acquirer shall proceed with any necessary action to ensure that the shares of the Acquirer, resulting from the merger and allocated to the shareholders in accordance with the exchange ratios determined, shall be credited in accordance with the law to the DSS accounts of the beneficiaries - shareholders.
- The merger process is completed upon registration in the relevant register of joint-stock companies of the approval decision of any competent authority on the merger of the two companies. Upon merger completion, the Acquired shall be dissolved without liquidation and its shares shall be canceled, while its total assets and liabilities, as shown in the books and included in the especially prepared, pursuant to article 73 Codified Law 2190/1920, valuation balance sheet of 06.30.2014, as they shall be formed upon completion of the merger process, shall be transferred to the Acquirer and as of the completion of the merger formalities, a transfer treated as universal succession (quasi-universal succession) shall occur by law (article 75, Law 2190/1920).
- As of the date following the date of the valuation balance sheet (06.30.2014) and until the date of the merger completion, all transactions conducted by the Acquired shall be considered, for accounting purposes, as being conducted on behalf of the Acquirer, and the profit or loss of the Acquired shall benefit or burden only the Acquirer. Immediately after the merger completion, respective amounts shall be transferred through a consolidated entry into the books of the Acquirer.
- There are no shareholders of the Acquired with special rights or holders of securities other than shares.
- There is no provision in the Articles of Association of the Acquired for particular advantages to the members of its Board of Directors and regular auditors, nor by decisions of its General Meetings, nor such resulting from the intended merger.
- The terms of the Draft Merger Contract have been agreed by the contracting parties, in accordance with special decisions of the Boards of Directors of the contracting companies. The final decision on the Merger shall be made by the General Meetings of the Shareholders of the Merging Companies.

Summary of the Draft Merger Contract was posted on 09.12.2014 on the Company's website, in accordance with article 70 Codified, Law 2190/1920 and article 232, Law. 4072/2012, as applicable.

## II. Valuation report of an independent expert

Regarding the above merger, the valuation of the Acquired was assigned to independent certified public accountants – auditors of the audit company “BAKER TILLY HELLAS S.A.” and specifically, to the independent certified public accountants – auditors a) Mrs. Tsakalogianni Chrisoula (Institute of Certified Public Accountants of Greece Reg. No. 23811) and b) Mr. Varthalitis Georgios (Institute of Certified Public Accountants of Greece Reg. No. 10251). That report was completed and signed on July 15 2014 (hereinafter called, the **Auditors’ Report**). The Auditors’ Report states, inter alia, the following:

“...

To express an opinion on the reasonableness and fairness of the shares exchange ratio during the acquisition of the company “VACAR S.A.” by the company “AUTOHELLAS S.A.”, generally accepted principles and practices, being internationally applied in such transactions, were applied, which are described below.

### **Methods of estimating the values of the companies used for the determination of shares exchange ratio**

To determine the values of the two companies in order to express an opinion on the reasonableness and fairness of the share exchange ratio, two methods were used for each company:

The method of adjusted net worth, as shown by the balance sheets of the companies on 06.30.2014 and the method of fair value of the companies.

To determine the adjusted net worth, regarding the acquired company “VACAR S.A.”, the individual corporate balance sheet of 06.30.2014 was used, while for the acquiring company “AUTOHELLAS S.A.”, the consolidated balance sheet of 06.30.2014 was used, since the company has interests in subsidiaries, associates and joint ventures.

To determine the fair value of both companies, the method of free cash flows of the companies was used.

### **Brief description of the valuation methods used**

The method of the adjusted net worth used for both companies, is a method of determining the value of a company based on the net book value of the balance sheet on the valuation date, adjusted with certain items at the discretion of the valuer and taking into account any notices of the auditors in respect of amounts that have negatively or positively affected net book value. This method does not require assumptions and expectations regarding the development of values, which, as purely subjective may significantly leverage the valuation result. On the other hand, this is a static method which is based on the balance sheet on a particular date and therefore does not reflect the dynamics of the company that depends on its future course and also its result may vary, depending on the applicable policies for the preparation of the financial statements.

The method of free cash flows of the company used to determine the fair value of both companies, is based on the assumption that the value of the company results from the advanced payment of future cash flows and requires provisions for revenues, expenses, capital investment, movements in working capital, residual value and determining the appropriate discount rate.

### **Determined values and exchange ratios**

Based on the values determined through the two methods, the exchange ratio is formed as follows:

	<b>Adjusted Net Worth</b>	<b>Fair Value (rounded values)</b>	<b>Exchange Ratio under Adjusted Net Worth</b>	<b>Exchange Ratio under Fair Value</b>
<b>AUTOHELLAS S.A.</b>	159,400,000.00	155,000,000.00	0,99426	0,99697
<b>VACAR S.A.</b>	919,800.10	471,000.00	0.00574	0.00303
<b>Total</b>	160,319,800.10	155,471,000.00	1.00000	1.00000

Based on the above table, the shares exchange ratio of the two companies is formed between 99.426% and 99.697% for the shareholders of AUTOHELLAS S.A. and between 0.303% and 0.574% for the shareholders of VACAR S.A., i.e. in the single company after the acquisition, the shareholders of AUTOHELLAS S.A. should hold a stake between 99.426% and 99.697%, while the shareholders of VACAR S.A. should hold a stake between 0.303% and 0.574%, in order the exchange ratio to be fair and reasonable.

...”

*Auditors' Report is posted on the Company's website since September 15 2014.*

### **III. Report**

*In view of the above and taking into account that the proposed share exchange ratio is fair and reasonable, as also confirmed by the Auditors' Report, and that the decisions of the competent bodies required for the completion of the merger and the compilation of the Draft Merger Contract were conducted in accordance, where appropriate, with the applicable provisions of Codified Law 2190/1920 and Law 4172/2013, as applicable, the Board of Directors recommends and proposes to Messrs. Shareholders to approve the Draft Merger Contract including any other action, statement or transaction required for this purpose.*

*Kifissia, October 03 2014*