



HERACLES
GROUP OF COMPANIES

A member of  **LAFARGE**

**HALF YEAR FINANCIAL REPORT
FOR THE PERIOD 1 JANUARY – 30 JUNE 2010
OF THE COMPANY AND THE GROUP HERACLES G.C.C.
IN ACCORDANCE WITH L.3556/2007 AND THE
RELATED DECISIONS OF THE BOARD OF DIRECTORS
OF THE CAPITAL MARKET COMMITTEE**

HERACLES G.C.C.

Companies' Reg. No. : 13576/06/B/86/096
49-51 Sophokli Venizelou str.
141 23 Lycovrissi - Attica

TABLE OF CONTENTS

PAGE

DECLARATION OF MEMBERS OF THE BOARD OF DIRECTORS	3
REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST SEMESTER OF 2010	4
CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	12
CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2010	
CONDENSED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010	15
CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010	16
CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010	17
CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010	18
CONDENSED STATEMENT OF CASH FLOWS (Indirect Method) FOR THE PERIOD ENDED 30 JUNE 2010	19
NOTES TO THE HALF YEAR FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2010	
1. GENERAL INFORMATION	20
2. BASIS OF PREPARATION	20
3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS	20
4. ACCOUNTING PRINCIPLES	24
5. OPERATING SEGMENTS	25
6. OTHER OPERATING INCOME / (EXPENSES)	27
7. FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2010	27
8. INCOME TAX	27
9. EARNINGS / (LOSSES) PER SHARE	28
10. DIVIDENDS	28
11. SHARE CAPITAL	28
12. INTANGIBLE AND TANGIBLE ASSETS	29
13. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES	30
14. BANK LOANS	31
15. CONTINGENT LIABILITIES AND COMMITMENTS	32
16. RELATED PARTY TRANSACTIONS	35
17. PERSONNEL	36
18. EVENTS AFTER THE REPORTING DATE OF THE CONDENSED INTERIM FINANCIAL STATEMENTS	36
FINANCIAL DATA AND INFORMATION FOR THE PERIOD ENDED 30 JUNE 2010	38

DECLARATION OF MEMBERS OF THE BOARD OF DIRECTORS

(In accordance with article 5 par. 2 of Law 3556/2007)

The members of the Board of Directors of HERACLES G.C.C.:

1. Manolis Chr. Kyprianides, Chairman of the Board of Directors
2. Peter J. Hoddinott, Vice Chairman of the Board of Directors and
3. Pierre Deleplanque, Managing Director, having been specifically assigned for this purpose by the Board of Directors.

In our above mentioned capacity we declare that, to the best of our knowledge:

a. The condensed financial statements for the first semester of 2010 which were prepared in accordance with the applicable International Financial Reporting Accounting Standards, fairly present the assets and liabilities, equity and results of HERACLES G.C.C. and of the companies included in the consolidation, as of and for the period ended June 30, 2010, in accordance with the provisions of Article 5 paragraph 3 to 5 of Law 3556/2007.

b. The report of the Board of Directors for the half year 2010 fairly presents the information required by Article 5 paragraph 6 of Law 3556/2007.

**THE CHAIRMAN OF
THE BOARD OF
DIRECTORS**

**THE VICE CHAIRMAN
OF THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**MANOLIS CHR.
KYPRIANIDES**

**PETER J.
HODDINOTT**

**PIERRE
DELEPLANQUE**

I.D. No. AZ 007012

**PASSPORT No.
761106783**

**PASSPORT No.
07CV39073**

REPORT OF THE BOARD OF DIRECTORS FOR THE FIRST SEMESTER OF 2010

Dear Shareholders,

According to article 5 of L. 3556/2007, attached hereto we submit the Group and Company's Board of Directors half year report for the period ended 30 June 2010.

A. Overview of major events for the first semester of 2010

1. Financial results

Group and Company financial results are presented in detail in the Financial Statements and their explanatory notes, which provide all the necessary information for their comprehension.

The recession in the domestic private construction activity, which took place during 2009, also continued during the first semester of 2010. Consequently, the cement sales volume was further reduced, as compared to the corresponding period of 2009.

The development of the global financial crisis, which affected the exports of the Company to its traditional markets during 2009, resulted in the significant reduction of cement and clinker export sales volumes for the first semester of 2010 compared to the corresponding period of 2009.

Analytically according to the Financial Statements:

- The Company's turnover decreased by 23,4% in the first semester of 2010, amounting to 184.921 Euro thousand compared to 241.416 Euro thousand in the corresponding period of 2009, whilst the Group's turnover decreased in the first semester of 2010 by 21,4%, amounting to 211.925 Euro thousand compared to 269.475 Euro thousand in the corresponding period of 2009.
- The Company's profit before taxes, interest, depreciation and amortisation (EBITDA) decreased in the first semester of 2010 by 7,9%, amounting to 40.353 Euro thousand compared to 43.832 Euro thousand in the corresponding period of 2009, whilst for the Group decreased by 10%, amounting to 37.950 Euro thousand in the first semester of 2010 compared to 42.172 Euro thousand in the corresponding period of 2009.
- The Company's net profit after taxes decreased in the first semester of 2010 by 75,1% to 5.703 Euro thousand compared to 22.942 Euro thousand in the corresponding period of 2009, whilst the Group's net profit after taxes decreased by 121,9%, presenting losses 2,469 Euro thousand in the first semester of 2010 compared to profit 11.255 Euro thousand in the corresponding period of 2009.

The net profit after taxes both for the Group and the Company was substantially affected by the imposition of a special levy for social responsibility in May of 2010, according to the L.3845/2010. Specifically, the charge in the income statement of the first semester of 2010 amounted to 5.854 Euro thousand for the Company and 6.004 Euro thousand for the Group.

The main events that affected the course of sales in the first semester of 2010 was the further slowdown in private construction activity in the domestic market as a combined result of the excess supply of residences, the slowdown of housing loans granted by banks and the recession in the Greek economy, while the significant slowdown of the construction sector in traditional export markets and the unstable international economic conditions affected export sales in the same manner.

The domestic construction activity in public infrastructure during the same period was at low levels due to the adverse financial developments.

In the first semester of 2010, HERACLES G.C.C successfully continued the effort to control operating costs and optimise performance in production and supply chain, in the framework of the international strategic plan “Excellence 2010”, implemented by the LAFARGE Group.

The optimisation of electric power consumption, the reduction of fixed cost and distribution cost as well as the increase of productivity, are examples of actions taken under “Excellence 2010”, which partially offset the effects of the slowdown of the domestic and global market, as well as the increase in the fuel prices.

The Company’s investments in tangible and intangible assets for the first semester of 2010 amounted to a total of 5.190 Euro thousand compared to 7.617 Euro thousand in the corresponding period of 2009. As far as the Group is concerned, investments amounted to 5.902 Euro thousand in the first semester of 2010 compared to 9.291 Euro thousand in the corresponding period of 2009. In the first semester of 2010, as in 2009, the Group’s and Company’s investing activities are primary aimed at the improvement of facilities concerning environmental care, health, and safety and production efficiency.

2. Domestic cement, aggregates and concrete market

In the first semester of 2010 the domestic cement, aggregates and concrete markets had a recessive course following the overall trend of the building activities.

The crisis in the Greek real estate market during the last year is verified by the data derived from the Hellenic Statistical Authority (EL.STAT.) and by the reports of the constructors’ associations.

According to the latest data from EL.STAT., the total construction activity for the period 1/1/2010 – 31/5/2010 decreased by 7,5% in the number of building licenses issued, by 17,1% in area size and by 23,2% in volumes compared to the corresponding period of 2009.

3. Other major events

3.1. Health & safety

In the first semester of 2010 the total number of lost time injuries was reduced by 75% compared to the corresponding period of 2009.

The “Safety Month” was celebrated in June, with the participation of employees at all sites of the Company, for the third consecutive year. Every site planned its own activities which were all focused around Housekeeping. In the context of the Safety Month, the inaugural event for the application of the Standard of Contractors Safety Management took place, with the participation of the contractors, the contractor’s employees and the Company’s employees.

The implementation of advisory processes regarding piling of materials, transport systems and locking – unlocking of work equipment continued. The program for the safety of harbour installations is expanding at all sites. In addition, the program for the safety of road cement transports and safety on customer sites continued through a structured information and training program targeting the drivers of silo vehicles and customers.

Since the beginning of 2010, two programs for the improvement of the workplace and the prevention of accidents are systematically applied throughout the Company, the Health and Safety Inspections which aim at the elimination of unsafe conditions and the Housekeeping Inspections which aim at the development of processes and culture for a tidy and safe workplace.

The safety behavioural program “THESIS” involves more employees and its application tends to successfully cover more safety issues in more complex situations.

The middle level staff at plants, distribution centres and quarries was activated during overhaul periods with successful results, emphasizing on the application of Health and Safety rules as they arise from Standards and Advisory Processes, the estimation of risks before every work, the evaluation of

contractors and the application of above-mentioned programs for the elimination of unsafe conditions and unsafe behaviours.

During the first semester of 2010, the educational seminars regarding Safety were focused on the development of guiding abilities of staff for Health and Safety, the significance of communicating and monitoring the near-miss accidents and the application of the new Standard and process for the Contractors Safety Management.

3.2. Environmental issues

The calculation and the systematic report of environmental performance indicators which are part of Group Sustainability ambitions 2012 were continued for a second year. These ambitions concern environmental inspections of facilities, quarries' restoration program, bio-diversity, climate change and CO2 emissions, dust emissions, etc.

At the Volos plant, the use of biomass as alternative fuel continued in 2010, with replacement percentage approaching 2% and the replacement of the use of mazout from natural gas for the pre-heater of rotatory kilns and cement production lines was completed. Both events have been received positively by the local society.

The project of the Covered Storage Area of Cement Raw Materials of total investment 10 million Euro is near its finalization. On the completion of the project, clinker will no longer be stored in outdoor heaps and this in connection with the Covered Storage Area will contribute to the drastic reduction of diffusive dust emissions. The project of constructing the New Entrance – Connection of the plant with the Peripheral Road of Volos has started. The specific project is expected to significantly relieve the town of Volos from the circularization of vehicles of all types and particularly big trucks. Finally, the plant successfully completed the inspection and review process by ELOT for the certification of the implementation of environmental management system with ISO14001.

At the Milaki plant, the licensing of the new project of Desalination was completed, which is expected in the immediate future to cover almost all plant's water demand used in the production activity. In addition, analyzers of constant recording of dust emissions were established at cement mills and charcoal mills, the water recycling network was expanded, the cement raw materials conveyors were covered and after its optimization, the device of Non Eclectic Catalysis for the regulation of NOx emissions was set into systematic operation. Finally, the preparation of the program of consultation with the Stakeholders was completed and is directly implemented.

At the Chalkis plant, the licensing for "Recycling of Excavation and Demolition Waste" was completed and the operational testing of the unit is ready to start. The application of the program "Separate Cement Grinding" which aims at the decrease of CO2 emissions during the production of cement continues as well as the projects of dismantling, cleaning and redesigning of old facilities of the plant.

On 22/3/2010, the license of the quarry of pumice stone in the area of Yiali in Nisiros was extended till 12/2/2018.

The process of Environmental Inspections according to the standards of LAFARGE was applied at the Distribution Centers of the Group. Environmental inspections have already been completed at the distribution centers of Rio and Thessaloniki.

Finally, the subsidiary LAFARGE BETON SA, is in partnership with the University of Patras and the Botanic Garden of Brest in order to set up a program for the environmental management and protection of biodiversity in the Araxos quarry. The agreement concerns the use of native vegetation of the region in the restoration of the quarry.

3.3. Corporate social responsibility

The approach of the Company towards the corporate social responsibility is addressed through the incorporation of Sustainability Ambitions 2012 in the management of relationships with our stakeholders as well as through the active contribution of the Company to local development.

The responsible practices of the Company concerning the management of sustainability development and the occupational health and safety were recognized by the stakeholders. During the first semester of 2010, the Company was awarded with the **Corporate Social Responsibility Award for Occupational Health and Safety** through the program "Awards CSR" organised by the Association of Greek Advertised Companies, the Hellenic Management Association and the Hellenic Network for Corporate Social Responsibility as well as with Environmental **Management Award** by the Greek Association of Environmental Protection Companies.

With the conviction that the society around our facilities constitutes a major factor for the success of our activities, the goal of our initiatives is to add value to local co-operations and initiatives, through utilizing our products, equipment, advisory services and know-how as well as through contributing to initiatives which the local society considers relates to our priorities: support of initiatives which relate to public Health and Safety, education, environment and local infrastructure.

For the promotion of road safety in Evia (one of the areas with high number of road accidents in Greece), the plant of Chalkis organised the third part of a wide campaign for awareness on road safety issues which started in 2009. Having completed, with the cooperation of the Chalkis Municipality and the Department of Primary Education of Evia, the program "Commit myself" for children of school age as well as the campaign for the safety on two wheels "it's your life" aiming at young people and teenagers with the cooperation of Prefecture of Evia, the plant organised in June a program of seminars for the safety of pedestrians and the traffic conditions of the area, placing emphasis on middle-aged and elderly people. The program continues during 2010.

In cooperation with the Primary Education Department of Evia, the educational program Junior Ecologists was developed, a tutorial game for environmental awareness among school children, which approaches with questions in basic categories of environmental issues such as biodiversity, transports, recycling, energy and water. The program was presented in May of 2010 to the school teachers of Chalkis and to the educational community of Evia.

In the context of the Heracles Solidarity and Support Program (P.R.A.K.S.H.), the Chalkis plant supported in April the training of athletes and coaches of the Chalkis Sailing Club and their participation in educational training concerning sea safety. Also, in the context of local development programs, the plant organised, in cooperation with certified educational providers, the training of the adult children of employees of the plant as lifeguards and awarded the relative diploma.

In addition, in the context of the same program, the yearly training of fire protection volunteers by the municipal authorities took place in May of 2010, at the Milaki plant of the Company. The training was conducted by the Chalkis Fire Department and the Aliveri Fire Group and included both theory and practice regarding confrontation of fires as well as exercises for prevention and extinguishment of fires.

In the context of their programs, the three plants created in the first semester of 2010 opportunities for visiting and guiding of stakeholders in their facilities, with more than 25 school visits of all levels to the facilities of their units.

B. Prospects – major sources of risk and uncertainties for the Second Semester of 2010

The prospects for the second semester of 2010 depend mainly on the course of the national financial and credit crisis and the depth of recession in the real economy.

For the second semester of 2010 it is expected that the same difficulties as in the first semester for the housing and construction activities will continue, while the high level of uncertainty in the macroeconomic and business environment makes forecasting difficult. It is expected that the private construction activity will follow the overall trend of the economic environment.

The development of activity in public infrastructure works is uncertain and even if there would be an increase it would only partially offset the significant slowdown in private construction activities. In addition, it is no longer probable that the part of the cement production that will not be absorbed in the domestic market, will be absorbed by the demand of foreign markets since the domestic cement sector suffers from a lack of competitiveness in comparison to other export countries.

In such an adverse business environment, the Group LAFARGE initiative to continue the internationally implemented strategic plan to control operating costs and improve performance in production and the supply chain through the program "Excellence 2010" is of major importance. The Company as a member of the LAFARGE Group actively participates in the formation and implementation of its own "Excellence 2010" plan.

The decline in the domestic market combined with the restraint in bank credits and the resulting lack of liquidity in the market creates conditions of credit squeeze also in 2010. The Group and the Company have established credit control procedures, aimed at minimising doubtful debts and the Group policy is securing the highest possible percentage of receivables from clients. When necessary and possible, more collateral are requested to secure part of the credit risk.

The main sources of financial risks and the respective hedging measures are analysed below:

The Group is managing its assets in such a way, which adds value for the shareholders through the optimisation of the Debt to Equity ratio. The Group's funds consist of loans, cash and cash equivalents and the Company's shareholders equity, which include the share capital, the share premium, the reserves and the retained earnings. The Group's Management is monitoring the funds on a continuing basis.

The Group, due to its size, is in position to achieve competitive interest rates and credit terms. Hence, the operating results and the financing cash flow activities are not materially affected by interest rates fluctuation. Liquidity management is achieved with the proper combination of cash deposits and approved bank credit lines which are used only if needed. Group Management in order to confront liquidity risk provides for the adequate cash deposits and the appropriate bank credit lines.

In the Financial Statements, the Group and the Company have recognised a provision for doubtful debts, on the basis of the maturity of customers' outstanding balances, as well as Management estimates for particular credit risk of specific clients, based on previous years doubtful debts experience and the current estimation of industry's market conditions.

Credit risk for the Group and the Company is controlled due to the fact that receivables come from a wide customer base and therefore the dispersion of credit risk is high, in conjunction with systematic recognition of bad debt provision, securing collectability of receivables through partial credit insurance and collaterals obtained from clients.

Most of the Group's and the Company's transactions are carried out in Euro and the rest in US Dollars. Therefore, to some degree, the Group and the Company are exposed to the risk of exchange rate fluctuations. The risk is hedged with derivatives, especially exchange futures.

Also, the Group consumes significant quantities of fuels and electric power for the operation of its plants and the transportation of its products; therefore it is exposed to risk from the increase in fuels prices. In addition, the Group is a user of a significant amount of services for the transportation of finished and semi-finished products, raw materials and fuels in order to cover sales and production needs; therefore it is exposed to freight increases risk.

As of the Financial Statements' preparation date, the main sources of uncertainty for the Group and the Company, which may have significant impact on the carrying amounts of assets and liabilities, concern:

- (a) Unaudited tax years of the Group's companies, to the extent that it is possible that future tax audits will result in additional taxes and charges being imposed (note 15 of the Financial Statements).
- (b) Estimates of the recoverability of deferred tax assets.
- (c) Contingent losses from pending legal litigations (note 15 of the Financial Statements) and doubtful debts.

- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates.
- (e) The fair value of the Company's and Group's fixed assets in the context of the periodical re-assessment of their useful economic life.

C. Significant events after the reporting date of the condensed Interim Financial Statements

As described in note 18 of the Financial statements, on 13/7/2010 by virtue of decision number K2 – 5998/2010 of the Ministry of Economy, Competitiveness and Shipping and following approval by the competent authorities, the legal merger of LAFARGE BETON SA with ATLAS SA and BETON DOMI SA was completed, based on articles 68-78 of L. 2190/1920 and articles 1-5 of L. 2166/1993. The approval by the responsible Prefecture is pending.

Furthermore, the merger of the company SUPER BETON I. MARKOULAKI SA with the parent company LAFARGE BETON SA was decided as per Board of Directors Minute on 30/12/2009 and with transition balance sheet date of 31/12/2009. The approval of the Ministry of Economy, Competitiveness and Shipping and the responsible Prefecture is pending.

According to the Company's Management best knowledge, apart from the above mentioned cases, no other subsequent events exist that may have a significant financial impact on the Company and the Group.

D. Related party transactions

The most important related party transactions of the Group and the Company, according to IAS 24, along with the balances of their transactions accounts, are presented in the tables below.

The Group's and the Company's sales of goods and services to CEMENTIA TRADING S.A and MARINE CEMENT LTD. mainly concern cement and clinker exports. The respective sales from the Company to LAFARGE BETON S.A. concern cement sales.

The Company pays royalties to the parent company LAFARGE S.A. for the use of the LAFARGE trade name, trade mark and know-how in a wide area of activities including production, supply chain, technical know-how, product and processes development, etc.

Purchases of materials and services between the parent Company and its subsidiaries concern mostly raw materials and freight cost.

Intercompany receivables concern mainly a loan granted by the parent Company HERACLES G.C.C to the subsidiary EVIESK S.A amounting to 25.000 Euro thousand and a receivable from LAFARGE BETON S.A. amounting to 6.395 Euro thousand.

The nature of the related party transactions for the first semester of 2010 remains unchanged compared to the latest annual report as at 31 December 2009.

The companies included in the consolidation do not hold shares of the Parent Company.

GROUP

30/6/2010

(in Euro thousand)

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividend distribution	Fees and other expenses	Receivables	Payables
<u>GROUP HERACLES ASSOCIATES</u>							
MICHALIS KATSIBRIS	414	52	0	0	0	0	0
<u>GROUP LAFARGE COMPANIES</u>							
PERICLES S.A.	0	0	0	0	0	314	0
LAFARGE S.A.	23.250	234	4.554	0	0	0	2.414
CEMENTIA TRADING S.A.	14.741	311	0	0	0	380	0
MARINE CEMENT LTD	12.392	31	0	0	0	2.554	0
LAFARGE CEMENTOS S.A.	0	0	0	18.343	0	0	18.355
OTHER GROUP LAFARGE COMPANIES	305	4.516	0	0	0	307	3.228
<u>MANAGEMENT and BoD MEMBERS</u>	0	0	0	0	2.204	0	0
Total	51.102	5.144	4.554	18.343	2.204	3.555	23.997

COMPANY

(in Euro thousand)

30/6/2010

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividends	Interest income	Dividend distribution	Fees and other expenses	Receivables	Payables
<u>HERACLES GCC SUBSIDIARIES</u>									
HERACLES MARITIME CO.	121	7.570	0	1.434	0	0	0	0	1.393
LAFARGE BETON S.A.	10.697	32	0	0	0	0	0	6.395	0
EVIESK S.A.	40	4	0	0	276	0	0	25.000	7.229
LAVA S.A.	319	940	0	0	0	0	0	0	194
AEGEAN TERMINALS S.A.	0	0	0	0	0	0	0	76	0
SUPER BETON S.A. I MARKOULAKIS	850	0	0	0	0	0	0	484	0
G. HATZIKYRIAKOS SOC. NAV.	0	0	0	0	0	0	0	0	24
INVESTMENT SILO PORT SAID S.A.	0	0	0	0	0	0	0	0	151
ATLAS S.A.	0	1	0	0	0	0	0	0	1
BETON DOMI S.A.	577	0	0	0	0	0	0	440	0
<u>GROUP HERACLES ASSOCIATES</u>									
MICHALIS KATSIBRIS	361	52	0	0	0	0	0	0	0
<u>GROUP LAFARGE COMPANIES</u>									
LAFARGE S.A.	23.250	234	4.554	0	0	0	0	0	2.391
CEMENTIA TRADING S.A.	14.676	276	0	0	0	0	0	380	0
MARINE CEMENT LTD	12.392	31	0	0	0	0	0	2.554	0
BLUE CIRCLE INVESTMENTS S.A.	0	0	0	0	0	0	0	0	0
LAFARGE CEMENTOS S.A.	0	37	0	0	0	18.343	0	0	18.355
PERICLES	0	0	0	0	0	0	0	33	0
OTHER GROUP LAFARGE COMPANIES	248	4.241	0	0	0	0	0	251	2.991
<u>MANAGEMENT and BoD MEMBERS</u>	0	0	0	0	0	0	1.301	0	0
Total	63.531	13.418	4.554	1.434	276	18.343	1.301	35.613	32.729

Lycovrissi, 30/08/2010

By order of the Board of Directors

PIERRE DELEPLANQUE
Managing Director

TRANSLATION

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders of “HERACLES GENERAL CEMENT COMPANY”

Introduction

We have reviewed the accompanying condensed company and consolidated statement of financial position of “HERACLES GENERAL CEMENT COMPANY” (the “Company”) and its subsidiaries as of June 30, 2010, and the related condensed company and consolidated income statement and statement of comprehensive income, changes in equity and cash flows for the six-month period then ended, and selective explanatory notes which comprise the interim condensed financial information, which represents an integral part of the half year financial report as provided by article 5 of Law 3556/2007. Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Financial Reporting Standards as adopted by the European Union and applicable to interim financial reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Report on Other Legal Requirements

Our review has not revealed any inconsistency or mismatch in the content of the half year financial report as provided by article 5 of Law 3556/2007 with the accompanying financial information.

Athens, 30 August 2010

The Certified Public Accountants

Nicos K. Sofianos
Reg. No SOEL: 12231

Epaminondas H. Giouroukos
Reg. No SOEL: 10351

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
Fragoklissias 3a & Granikou Str,
151 25 Maroussi - Athens
Reg. No (ICPA (GR)): E 120

**CONDENSED INTERIM FINANCIAL STATEMENTS OF
GROUP AND COMPANY HERACLES G.C.C. IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS AT 30 JUNE 2010**

CONDENSED INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2010

Amounts in Euro thousand

	NOTE	GROUP		COMPANY	
		1/1-30/6/2010	1/1-30/6/2009	1/1-30/6/2010	1/1-30/6/2009
Operating results					
Turnover	5	211.925	269.475	184.921	241.416
Cost of sales		(165.426)	(214.977)	(143.950)	(196.754)
Gross profit		46.499	54.498	40.971	44.662
Administrative & distribution expenses		(32.712)	(37.836)	(22.000)	(28.057)
Other operating income/(expenses)	6	633	2.343	(327)	6.102
Operating profit/(loss)		14.420	19.005	18.644	22.707
Finance income/(expenses)		(1.715)	(1.128)	1.720	6.330
Profit/(loss) before tax		12.705	17.877	20.364	29.037
Income tax	8	(15.174)	(6.622)	(14.661)	(6.095)
Net profit/(loss) for the period after tax	5,9	(2.469)	11.255	5.703	22.942
Allocated to:					
Non controlling interest		48	0	0	0
Company's Shareholders		(2.517)	11.255	5.703	22.942
		(2.469)	11.255	5.703	22.942
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings/(losses) per share (in €)	9	(0,03)	0,16	0,08	0,32

Amounts in Euro thousand

	GROUP		COMPANY	
	1/4/2010-30/6/2010	1/4/2009-30/6/2009	1/4/2010-30/6/2010	1/4/2009-30/6/2009
Operating results				
Turnover	116.841	148.500	102.896	133.111
Cost of sales	(85.931)	(132.138)	(75.087)	(119.547)
Gross profit	30.910	16.362	27.809	13.564
Administrative & distribution expenses	(14.222)	(18.320)	(8.478)	(12.918)
Other operating income/(expense)	359	1.630	(345)	1.001
Operating profit / (loss)	17.047	(328)	18.986	1.647
Finance income/(expense)	(1.339)	(1.966)	1.207	4.644
Profit / (Loss) before tax	15.708	(2.294)	20.193	6.291
Income tax	(14.002)	(1.557)	(13.713)	(1.439)
Net profit / (loss) for the period after tax	1.706	(3.851)	6.480	4.852
Allocated to:				
Non controlling interest	27	0	0	0
Company's Shareholders	1.679	(3.851)	6.480	4.852
	1.706	(3.851)	6.480	4.852
Number of shares	71.082.707	71.082.707	71.082.707	71.082.707
Earnings / (losses) per share (in €)	0,02	(0,05)	0,09	0,07

Notes from page 20 through to page 37 form an integral part of the Company and Group interim financial statements.

CONDENSED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 JUNE 2010

Amounts in Euro thousand

	GROUP		COMPANY	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
Net profit/(loss) for the period after tax	(2.469)	11.255	5.703	22.942
Profit/ (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	264	2.698	264	2.698
Actuarial gain/(loss) recognised directly in equity, net of deferred tax	(930)	(841)	(937)	(825)
Withheld tax on the capitalization of retained earnings	(538)	0	(538)	0
Other equity movements	4	0	(9)	0
Other comprehensive income for the period, net of tax	(1.200)	1.857	(1.220)	1.873
Total comprehensive income for the period, net of tax	(3.669)	13.112	4.483	24.815

Amounts in Euro thousand

	GROUP		COMPANY	
	1/4/10- 30/6/10	1/4/09- 30/6/09	1/4/10- 30/6/10	1/4/09- 30/6/09
Net profit / (loss) after tax	1.706	(3.851)	6.480	4.852
Profit/(loss) from derivative financial instruments recognised directly in equity, net of deferred tax	(297)	1.995	(297)	1.995
Actuarial gain/(loss) recognised directly in equity, net of deferred tax	(930)	(841)	(937)	(825)
Withheld tax on the capitalization of retained earnings	(538)	0	(538)	0
Other equity movements	4	0	(9)	0
Other comprehensive income for the period, net of tax	(1.761)	1.154	(1.781)	1.170
Total comprehensive income for the period, net of tax	(55)	(2.697)	4.699	6.022

Notes from page 20 through to page 37 form an integral part of the Company and Group interim financial statements.

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

Amounts in Euro thousand

	NOTE	GROUP		COMPANY	
		30/6/2010	31/12/2009	30/6/2010	31/12/2009
Fixed assets					
Goodwill		29.480	29.480	0	0
Intangible assets	12	3.861	4.088	1.201	1.212
Tangible assets	12	527.774	545.415	491.286	507.965
Investments in associates and subsidiaries	13	0	522	81.164	81.164
Other investments	13	55	55	55	55
Derivative financial instruments		3.471	3.790	3.471	3.790
Other non-current receivables		19.560	9.981	38.725	9.484
Deferred tax asset		1.626	1.957	0	0
Total fixed assets		585.827	595.288	615.902	603.670
Current assets					
Inventories		65.311	63.079	58.572	56.668
Trade and other receivables		177.589	147.680	143.879	138.342
Derivative financial instruments		576	700	576	700
Fixed assets available for sale	12	1.857	2.428	0	0
Cash and cash equivalents		183.641	192.120	170.446	177.178
Income tax receivable		1.075	1.057	0	0
Total current assets		430.049	407.064	373.473	372.888
Total assets		1.015.876	1.002.352	989.375	976.558
Non-current liabilities					
Provision for staff termination indemnity		80.022	77.240	75.359	72.319
Other non-current provisions		20.592	20.740	34.371	33.950
Derivative financial instruments		3.533	4.542	3.533	4.542
Deferred tax liabilities		6.999	5.942	5.550	4.419
Finance lease liabilities		246	302	90	125
Total non-current liabilities		111.392	108.766	118.903	115.355
Current liabilities					
Provision for staff termination indemnity		4.276	5.285	3.824	4.944
Trade and other payables		128.885	124.339	114.094	109.495
Income tax liability		11.771	7.526	11.598	7.448
Finance lease liabilities		133	210	23	0
Other current provisions		1.085	4.918	418	4.308
Derivative financial instruments		1.664	1.206	1.664	1.206
Dividends payable	10	20.525	138	20.525	138
Bank loans	14	49.944	39.480	16.238	15.445
Total current liabilities		218.283	183.102	168.384	142.984
Total liabilities		329.675	291.868	287.287	258.339
Equity					
Share capital	11	190.502	142.165	190.502	142.165
Share premium		1.279	1.279	1.279	1.279
Reserves		174.888	171.058	162.170	158.340
Derivatives valuation reserve		(872)	(1.136)	(872)	(1.136)
Retained earnings		320.247	397.118	349.009	417.571
Total Shareholders' equity		686.044	710.484	702.088	718.219
Non controlling interest		157	0	0	0
Total equity		686.201	710.484	702.088	718.219
Total liabilities and equity		1.015.876	1.002.352	989.375	976.558

Notes from page 20 through to page 37 form an integral part of the Company and Group interim financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2010

Amounts in Euro thousand

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Non controlling interest	Total
Balance at 01/01/2010	142.165	1.279	171.058	(1.136)	397.118	0	710.484
Profit/(loss) for the period	0	0	0	0	(2.517)	48	(2.469)
Subsidiary's profit distribution movements	0	0	0	0	0		0
Subsidiary's profit & reserves distribution	0	0	0	0	0		0
Dividends	0	0	0	0	(20.614)	0	(20.614)
Share capital increase	48.337	0	0	0	(48.337)	0	0
Distribution of profits	0	0	3.830	0	(3.830)		0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	264	0	0	264
Actuarial gain/(loss), net of deferred tax	0	0	0	0	(930)		(930)
Withheld tax on the capitalization of retained earnings	0	0	0	0	(538)	0	(538)
Other equity movements	0	0	0	0	(105)	109	4
Balance at 30/06/2010	<u>190.502</u>	<u>1.279</u>	<u>174.888</u>	<u>(872)</u>	<u>320.247</u>	<u>157</u>	<u>686.201</u>
Balance at 01/01/2009	142.165	1.279	170.175	(5.377)	386.551	0	694.793
Profit for the period	0	0	0	0	11.255	0	11.255
Dividends	0	0	(4.696)	0	4.696		0
Distribution of profits	0	0	5.579	0	(5.579)		0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	2.698	0	0	2.698
Actuarial gain/(loss), net of deferred tax	0	0	0	0	(841)		(841)
Balance at 30/06/2009	<u>142.165</u>	<u>1.279</u>	<u>171.058</u>	<u>(2.679)</u>	<u>396.082</u>	<u>0</u>	<u>707.905</u>

Amounts in Euro thousand

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2010	142.165	1.279	158.340	(1.136)	417.571	718.219
Profit/(loss) for the period	0	0	0	0	5.703	5.703
Dividends	0	0	0	0	(20.614)	(20.614)
Share capital increase	48.337	0	0	0	(48.337)	0
Distribution of profits	0	0	3.830	0	(3.830)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	264	0	264
Actuarial gain/(loss), net of deferred tax	0	0	0	0	(937)	(937)
Withheld tax on the capitalization of retained earnings	0	0	0	0	(538)	(538)
Other equity movements	0	0	0	0	(9)	(9)
Balance at 30/06/2010	<u>190.502</u>	<u>1.279</u>	<u>162.170</u>	<u>(872)</u>	<u>349.009</u>	<u>702.088</u>
Balance at 01/01/2009	142.165	1.279	152.683	(5.377)	394.740	685.490
Profit for the period	0	0	0	0	22.942	22.942
Distribution of profits	0	0	5.579	0	(5.579)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	2.698	0	2.698
Actuarial gain/(loss), net of deferred tax	0	0	0	0	(825)	-825
Balance at 30/06/2009	<u>142.165</u>	<u>1.279</u>	<u>158.262</u>	<u>(2.679)</u>	<u>411.278</u>	<u>710.305</u>

Notes from page 20 through to page 37 form an integral part of the Company and Group interim financial statements.

CONDENSED STATEMENT OF CASH FLOWS (Indirect Method) FOR THE PERIOD ENDED 30 JUNE 2010

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1- 30/6/2010	1/1- 30/6/2009	1/1- 30/6/2010	1/1- 30/6/2009
Operating activities				
Profit/(loss) before tax	12.705	17.877	20.364	29.037
Plus / less adjustments for:				
Depreciation	23.530	23.167	21.709	21.125
Provisions	3.936	7.182	3.615	8.877
Foreign exchange differences	1.156	(392)	1.149	(392)
Gain / (loss) from derivatives valuation	254	(247)	254	(247)
Income / (expenses), profit / (losses) from investing activities	(1.160)	(1.358)	(2.360)	(7.881)
Interest and related expenses	2.862	1.941	1.232	395
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(1.893)	12.868	(1.732)	12.972
Decrease / (increase) in receivables	(43.258)	(31.520)	(36.696)	(28.380)
(Decrease) / increase in liabilities (excl. bank loans)	1.999	(5.047)	2.204	(5.764)
Less :				
Interest and related expenses paid	(3.725)	(1.941)	(1.718)	(395)
Taxes paid	(9.854)	(2.980)	(9.695)	(2.626)
Total inflow / (outflow) from operating activities (a)	(13.448)	19.550	(1.674)	26.721
Investing activities				
Purchases of tangible and intangible fixed assets	(8.076)	(16.789)	(7.323)	(16.218)
Proceeds from disposals of tangible and intangible assets	1.311	3.657	517	2.806
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	517	0	0	0
Interest received	780	359	967	500
Total inflow / (outflow) from investing activities (b)	(5.468)	(12.773)	(5.839)	(12.912)
Financing activities				
Loan proceeds	57.895	10.923	793	0
Loan repayments	(47.325)	(11.289)	0	(2.000)
Payments of obligations under finance leases	(133)	(212)	(12)	0
Dividends paid	0	(30.496)	0	(30.496)
Total inflow / (outflow) from finance activities (c)	10.437	(31.074)	781	(32.496)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)	(8.479)	(24.297)	(6.732)	(18.687)
Cash and cash equivalents at the beginning of the period	192.120	140.493	177.178	123.359
Cash and cash equivalents at the end of the period	183.641	116.196	170.446	104.672

Notes from page 20 through to page 37 form an integral part of the Company and Group interim financial statements.

1. GENERAL INFORMATION

HERACLES GENERAL CEMENT COMPANY (the Company) has been incorporated in Greece under the Company Law 2190/1920, with its registered office located in the Municipality of Lycovrissi, Attica, 49-51 Sophokli Venizelou str. The majority shareholding (88,99% as at 30/6/2010) in the Company is held by the LAFARGE Group, France.

The HERACLES G.C.C. Group (the Group) operates mainly in the production and trading of cement, concrete and other construction materials. The interim Financial Statements are presented in Euro thousand, unless otherwise stated, which is the currency of the primary economic environment, in which the Group operates.

2. BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with International Accounting Standard "IAS" 34, Interim Financial Reporting.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial period

IFRS 3 (Revised) "Business Combinations" and IAS 27 (Amended) "Consolidated and Separate Financial Statements"

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognizing subsequent changes in fair value of contingent consideration in the profit or loss. The amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. The amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Furthermore the acquirer in a business combination has the option of measuring the non-controlling interest, at the acquisition date, either at fair value or at the amount of the percentage of the non-controlling interest over the net assets acquired. The Group has applied the revised and amended standards from 1 January 2010.

IFRS 1 (Amendment) "First-time adoption of International Financial Reporting Standards" – additional exemptions

This amendment provides additional clarifications for first-time adopters of IFRSs in respect of the use of deemed cost for oil and gas assets, the determination of whether an arrangement contains a lease and the decommissioning liabilities included in the cost of property, plant and equipment. This amendment does not have an impact on the Group's financial statements since it has already adopted IFRSs.

IFRS 2 (Amendment) "Share-based Payment"

The purpose of the amendment is to clarify the scope of IFRS 2 and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services, when that entity has no obligation to settle the share-based payment transaction. This amendment does not have an impact on the Group's financial statements.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS (Continued)

IAS 32 (Amendment) “Financial Instruments: Presentation” (effective for annual periods beginning on or after 1 February 2010)

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity’s own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not expected to impact the Group’s financial statements.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement”

This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

IFRIC 12 – Service Concession Arrangements (EU endorsed for periods beginning on or after 30 March 2009)

This interpretation applies to companies that participate in service concession arrangements. This interpretation is not relevant to the Group’s operations.

Amendments to standards that form part of the IASB’s annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in July 2009 of the results of the IASB’s annual improvements project. The following amendments are effective for the current financial period / year. In addition, unless otherwise stated, the following amendments do not have a material impact on the Group’s financial statements.

IFRS 2 “Share-Based payment”

The amendment confirms that contributions of a business on formation of a joint venture and common control transactions are excluded from the scope of IFRS 2.

IFRS 5 “ Non-current Assets Held for Sale and Discontinued Operations”

The amendment clarifies disclosures required in respect of non-current assets classified as held for sale or discontinued operations.

IFRS 8 “Operating Segments”

The amendment provides clarifications on the disclosure of information about segment assets.

IAS 1 “Presentation of Financial Statements”

The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current.

IAS 7 “Statement of Cash Flows”

The amendment requires that only expenditures that result in a recognized asset in the statement of financial position can be classified as investing activities.

IAS 17 “Leases”

The amendment provides clarification as to the classification of leases of land and buildings as either finance or operating.

IAS 18 “Revenue”

The amendment provides additional guidance regarding the determination as to whether an entity is acting as a principal or an agent.

IAS 36 “Impairment of Assets”

The amendment clarifies that the largest cash-generating unit to which goodwill should be allocated for the purposes of impairment testing is an operating segment as defined by paragraph 5 of IFRS 8 (that is before the aggregation of segments).

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS (Continued)

IAS 38 “Intangible Assets”

The amendments clarify (a) the requirements under IFRS 3 (revised) regarding accounting for intangible assets acquired in a business combination and (b) the description of valuation techniques commonly used by entities when measuring the fair value of intangible assets acquired in a business combination that are not traded in active markets.

IAS 39 “Financial Instruments: Recognition and Measurement”

The amendments relate to (a) clarification on treating loan pre-payment penalties as closely related derivatives, (b) the scope exemption for business combination contracts and (c) clarification that gains or losses on cash flow hedge of a forecast transaction should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss.

IFRIC 9 “Reassessment of Embedded Derivatives”

The amendment clarifies that IFRIC 9 does not apply to possible reassessment, at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities under common control.

IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”

The amendment states that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity within the group, including the foreign operation itself, as long as certain requirements are satisfied.

Standards and Interpretations effective from 1 July 2010

IFRS 9 “Financial Instruments” (effective for annual periods beginning on or after 1 January 2013)

IFRS 9 is the first part of Phase 1 of the Board’s project to replace IAS 39. The IASB intends to expand IFRS 9 during 2010 to add new requirements for classifying and measuring financial liabilities, derecognition of financial instruments, impairment, and hedge accounting. IFRS 9 states that financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. Subsequently financial assets are measured at amortised cost or fair value and depend on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. IFRS 9 prohibits reclassifications except in rare circumstances when the entity’s business model changes; in this case, the entity is required to reclassify affected financial assets prospectively. IFRS 9 classification principles indicate that all equity investments should be measured at fair value. However, management has an option to present in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is available on initial recognition on an instrument-by-instrument basis and is irrevocable. There is no subsequent recycling of fair value gains and losses to profit or loss; however, dividends from such investments will continue to be recognised in profit or loss. IFRS 9 removes the cost exemption for unquoted equities and derivatives on unquoted equities but provides guidance on when cost may be an appropriate estimate of fair value. The Group is currently investigating the impact of IFRS 9 on its financial statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2013.

IAS 24 (Amendment) “Related Party Disclosures” (effective for annual periods beginning on or after 1 January 2011)

This amendment attempts to relax disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual financial statements. The Group will apply these changes from their effective date. This amendment has not yet been endorsed by the EU.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS (Continued)

IFRS 1 (Amendment) “First-time adoption of International Financial Reporting Standards” – financial instrument disclosures (effective for annual periods beginning on or after 1 July 2010)

This amendment provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7 regarding comparative information for the new three-level fair value classification disclosures. This amendment will not impact the Group’s financial statements since it has already adopted IFRSs.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010). This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

IFRIC 14 (Amendment) “The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction” (effective for annual periods beginning on or after 1 January 2011)

The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

Amendments to standards that form part of the IASB’s 2010 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2010 of the results of the IASB’s annual improvements project. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2011. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group’s financial statements.

IFRS 1 “First-time adoption of International Financial Reporting Standards”

The amendments relate to: (i) additional disclosure requirements if an entity changes its accounting policies or its use of IFRS 1 exemptions after it has published a set of IAS 34 interim financial information; (ii) exemptions when the revaluation basis is used for the purposes of ‘deemed cost’; and (iii) exemptions for entities that are subject to rate regulation to use previous GAAP carrying amounts for property, plant and equipment or intangible assets as ‘deemed cost’.

IFRS 3 “Business Combinations”

The amendments provide additional guidance with respect to: (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008); (ii) measuring non-controlling interests; and (iii) accounting for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

IFRS 7 “Financial Instruments: Disclosures”

The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 “Presentation of Financial Statements”

The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

IAS 27 “Consolidated and Separate Financial Statements”

The amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

IAS 34 “Interim Financial Reporting”

The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

IFRIC 13 “Customer Loyalty Programmes” The amendment clarifies the meaning of the term ‘fair value’ in the context of measuring award credits under customer loyalty programmes.

4. ACCOUNTING PRINCIPLES

The condensed interim Financial Statements for the period ended 30 June 2010 have been prepared on the historical or deemed cost basis with the exemption of derivatives financial instruments which are presented at their fair value.

The main accounting principles used have not changed in relation to the Group and Company annual Financial Statements of 31 December 2009. However, the condensed interim Financial Statements should be examined along with the annual financial statements of 31 December 2009 which are available at the Company's website www.lafarge.gr.

5. OPERATING SEGMENTS

The following information is provided for the reportable segments which are regularly reviewed by the Group's chief operating decision makers. Segments were determined based on the operating division, since this is the way that the chief operating decision makers review the Group. Using the quantitative thresholds, the Group reports separately in the present note its three operating segments.

Management evaluates segment performance based on turnover, current operating income, operating income and total assets. "Current operating income" is defined by Management as the income of the Company and the Group before taxes, Financial income/ (expenses) and Non-recurring income/ (expenses).

Segment information is presented below:

Amounts in Euro thousand	30/6/2010				
	<u>Cement Division</u>	<u>Concrete Division</u>	<u>Aggregates Division</u>	<u>Eliminations</u>	<u>Total Group</u>
Turnover	187.235	29.687	8.841	(13.382)	212.381
Current Operating Income	22.122	(1.696)	1.043	0	21.469
Operating Income/(loss)	17.362	(3.579)	853	0	14.636

Amounts in Euro thousand	30/6/2009				
	<u>Cement Division</u>	<u>Concrete Division</u>	<u>Aggregates Division</u>	<u>Eliminations</u>	<u>Total Group</u>
Turnover	244.317	30.977	9.345	(13.646)	270.993
Current Operating Income	12.601	(1.667)	1.016	0	11.950
Operating Income/(loss)	12.217	(3.386)	902	0	9.733

Amounts in Euro thousand	Total Assets as per Management Reporting				
	<u>Cement Division</u>	<u>Concrete Division</u>	<u>Aggregates Division</u>	<u>Eliminations</u>	<u>Total Group</u>
30/6/2010	999.445	93.824	54.973	(143.921)	1.004.321
31/12/2009	983.987	87.104	64.931	(140.569)	995.453

Reconciling items between financial reporting used from Group's Management for decision making and Published Financial Statements of the Group, are presented in the following tables and are mainly due to:

a) Timing difference in the preparation of the reports. As a result, due to subsequent events the recognised amounts in the Income Statement as well as in the Statement of Financial Position of the Group are different.

b) Different deemed cost that was defined for the Group's fixed assets due to the timing difference in the first adoption of International Financial Reporting Standards between financial reporting used by the Management and to the published, according to International Financial Reporting Standards, Financial Statements.

5. OPERATING SEGMENTS - Continued

Amounts in Euro thousand

	<u>30/6/2010</u>	<u>30/6/2009</u>
Turnover per Management Reporting	212.381	270.993
Discount reclassification between Turnover and Cost of sales	(456)	(1.518)
Turnover per Income Statement	<u>211.925</u>	<u>269.475</u>

Amounts in Euro thousand

	<u>30/6/2010</u>	<u>30/6/2009</u>
Reportable Segments		
Current Operating Income/(loss)	21.469	11.950
Non-recurring income/ (expenses)	(6.833)	(2.217)
Operating Income/(loss)	<u>14.636</u>	<u>9.733</u>
Reconciliation to Income Statement		
Timing difference on revenue recognition	160	13.200
Reversal of journal entry concerning imputed cost vs financial income posted for Management Report purposes	0	(557)
Gain recognised in 2008 Financial Statements	0	(624)
Provisions and liabilities recognised in different periods	1.270	(1.350)
Difference in Fixed Assets depreciation	(1.358)	(1.331)
Other timing differences	(288)	(66)
Income Statement		
Operating Income/(loss)	14.420	19.005
Net financial income/(expenses)	(1.715)	(1.128)
Profit/(loss) before tax	<u>12.705</u>	<u>17.877</u>
Income tax	(15.174)	(6.622)
Net profit/(loss) for the period after tax	<u>(2.469)</u>	<u>11.255</u>

Amounts in Euro thousand

	<u>30/6/2010</u>	<u>31/12/2009</u>
Total Assets per Management Reporting	1.004.321	995.453
Difference in deemed cost of fixed assets	16.487	16.910
Total assets of non consolidated entity	(3.984)	(3.984)
Receivables due to timing difference on revenue recognition	160	0
Deferred tax difference	651	(4.228)
Other	(1.759)	(1.799)
Total Assets per Statement of Financial position	<u>1.015.876</u>	<u>1.002.352</u>

6. OTHER OPERATING INCOME / (EXPENSES)

Other operating income / (expenses) of the Group and the Company for the period 1/1 – 30/6/2010 are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-30/6/2010	1/1-30/6/2009	1/1-30/6/2010	1/1-30/6/2009
Profit/(loss) from investment disposals	278	0	0	0
Profit/(loss) from fixed asset disposals	106	1.333	(41)	1.735
Share in losses of related parties	0	0	(286)	4.367
Other	249	1.010	0	0
	<u>633</u>	<u>2.343</u>	<u>(327)</u>	<u>6.102</u>

7. FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2010

The Group's turnover amounted to 211.925 Euro thousand for the first semester of 2010, decreased by 21,4% compared to the corresponding period in 2009, while the Company's turnover amounted to 184.921 Euro thousand, for the same period in 2010, decreased by 23,4% compared to the corresponding period in 2009.

The decrease in the sales volume of the Group and the Company is due to the reduction of cement sales volumes both in domestic and in international markets.

In domestic market, the reduction of cement sales volumes is the combined result of the excess supply of residences and the further slowdown of housing loans granted by banks.

In international markets, the decrease in cement demand was due to the continuing crisis in private construction activity to the traditional markets.

The Group's and Company's gross profit margin for the first semester of 2010 amount to 21,9% and 22,2%, while in the corresponding period of 2009 amounted to 20,2% and 18,5% respectively.

The Company's net profit after taxes for the first semester of 2010 amounts to 5.703 Euro thousand while in the corresponding period in 2009 amounted to 22.942 Euro thousand. The Group released net losses after taxes of amount 2.469 Euro thousand for the first semester of 2010 while in the same period in 2009 released net profit after taxes of amount 11.255 Euro thousand.

The net profit after taxes both for the Group and the Company were substantially affected by the imposition of a special levy for social responsibility in May 2010, according to the L.3845/2010. Specifically, the charge in the income statement of the first semester of 2010 amounted to 5.854 Euro thousand for the Company and 6.004 Euro thousand for the Group.

Both the Group and the Company successfully continued the effort to reduce operating costs and optimise performance in production, supply chain and administration, in the framework of the international strategic plan "Excellence 2010", implemented by the LAFARGE Group.

8. INCOME TAX

The period's income tax expense represents the sum of current income tax, tax audit differences, special levy of L. 3845/2010 (refer to Note 7), property tax and deferred tax. The period's current income tax has been calculated based on the applicable tax rate for 2010, namely 24% (2009: 25%).

During the first semester of 2010, a regular tax audit of the Company was performed for the years 2007 and 2008. An amount of 3.700 Euro thousand was assessed and paid as additional tax obligation. The accumulated tax provision the Company had realised for the audited years amounted to 2.400 Euro thousand while the remaining amount of 1.300 Euro thousand, was charged against current period's results. At the same time, a regular tax audit was performed in the merged subsidiary AMBER S.A. for the years 2007 and 2008. From the tax audit, no extra taxes or fines were charged.

9. EARNINGS / (LOSSES) PER SHARE

The calculation of the basic earnings / (losses) per share is based on the following data:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1-30/6/2010</u>	<u>1/1-30/6/2009</u>	<u>1/1-30/6/2010</u>	<u>1/1-30/6/2009</u>
Net profit/(loss) for the period after tax	(2.469)	11.255	5.703	22.942
Weighted average number of common shares for the purpose of calculating basic earnings per share	71.082.707	71.082.707	71.082.707	71.082.707
Earnings/(losses) per share in Euro	(0,03)	0,16	0,08	0,32

10. DIVIDENDS

At the end of each year, the Board of Directors proposes the dividends, which are recognised as a liability at the time of approval by the General Assembly of Shareholders.

Regarding the dividend of the year ended 31 December 2009, it was decided during the Ordinary General Meeting of the Company's Shareholders of 28/6/2010 to distribute dividend amounting to 20.614 Euro thousand or € 0,29 per share. Consequently, dividends payable as at 30/6/2010 amounts to 20.525 Euro thousand.

11. SHARE CAPITAL

During the Ordinary General Meeting of the Company's Shareholders of 28/6/2010, it was decided that the share capital of the Company should be increased by 48.337 Euro thousand through:

- a) Undistributed profit of year 2008 amounting to 42.804 Euro thousand.
- b) Undistributed profit of year 2009 amounting to 5.533 Euro thousand.

12. INTANGIBLE & TANGIBLE ASSETS

The Group's capital expenditure for the period 1/1-30/6/2010 amounted to 5.902 Euro thousand, while Company's capital expenditure amounted to 5.190 Euro thousand. The carrying amount of the fixed assets written off in the period by the Group, amounted to 240 Euro thousand and for the Company amounted to 171 Euro thousand.

Intangible Assets	GROUP	COMPANY
Opening net book amount as at 31/12/2009	4.088	1.212
Additions	287	282
Amortisation	(514)	(293)
Closing net book amount as at 30/6/2010	<u>3.861</u>	<u>1.201</u>

Tangible Assets	GROUP	COMPANY
Opening net book amount as at 31/12/2009	545.415	507.965
Additions	5.615	4.908
Disposals/Write-offs	(240)	(171)
Depreciation	(23.016)	(21.416)
Closing net book amount as at 30/6/2010	<u>527.774</u>	<u>491.286</u>

Fixed assets available for sale	GROUP	COMPANY
Value as at 31/12/09	2.428	0
Disposals	(571)	0
Value as at 30/6/2010	<u>1.857</u>	<u>0</u>

13. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The companies included in the consolidated interim financial statements, with their respective registered offices, the Group's interest therein and the main scope of activity, are as follows:

Companies consolidated by full consolidation:

<u>Name of subsidiary</u>	<u>Registered office</u>	<u>Direct participation</u>	<u>Indirect participation</u>	<u>Total</u>	<u>Main scope of activity</u>
HERACLES G.C.C	Greece, Lycovrissi, Attica			Parent	Cement manufacture & trade
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	98,64%	1,36%	100,00%	Concrete and aggregates production & trade
ATLAS S.A.	Greece, Kallithea, Thessaloniki		100,00%	100,00%	Aggregates production & trade
EVIESK S.A.	Greece, Lycovrissi, Attica	95,76%	4,24%	100,00%	Dormant
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	99,99%	0,01%	100,00%	Sea transports and ship management
LAVA S.A.	Greece, Lycovrissi, Attica	44,16%	55,84%	100,00%	Building materials and aggregates production & trade
AEGEAN TERMINALS S.A.	Greece, Lycovrissi, Attica	99,78%		99,78%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Dormant
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
A. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
DYSTOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
NAFSIKA SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
SUPER BETON S.A. I MARKOULAKIS	Greece, Heraclion, Crete		100,00%	100,00%	Concrete production & trade
BETON DOMI S.A.	Greece, Polikastro Kilkis		100,00%	100,00%	Concrete production & trade, extraction & production of aggregates
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		99,15%	99,15%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Panama		100,00%	100,00%	Dormant
INTERNATIONAL MEDITERRANEAN SHIPPING S.A.	Luxemburg		100,00%	100,00%	Under liquidation
LEADER BETON S.A	Tirana, Albania		51,00%	51,00%	Trade of concrete

The percentage of participation of the Group in the subsidiary company MARATHOS QUARRIES S.A. was increased by 22,13% (31.12.2009: 77,02% - 30/6/2010: 99,15%). In particular, on 13/4/2010 the consolidated subsidiary LAVA S.A. acquired the 9,83% of the shares of the company MARATHOS QUARRIES S.A., increasing its percentage to 49,83% and on 14/4/2010 the consolidated subsidiary LAFARGE BETON S.A. acquired the 12,3% of the company.

Except for the subsidiary LEADER BETON S.A., the subsidiaries in which the Group's participation is less than 100% are loss making and have negative net equity, for this reason non-controlling interest has not been recognised either in the period losses or in the negative net equity because non-controlling interest does not have any constructive obligation for these losses.

As far as the subsidiary LEADER BETON S.A. is concerned, non-controlling interest recognised for the first time in the Financial Statements 31/3/2010.

13. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES - Continued

Companies consolidated using the equity method:

<u>Name of Associate</u>	<u>Registered Office</u>	<u>Direct participation</u>	<u>Indirect participation</u>	<u>Total</u>	<u>Main scope of activity</u>
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	Greece, Lycovrissi, Attica	1,00%	49,00%	50,00%	Dormant

The 26,5% percentage participation of the subsidiary company LAVA S.A. in the associated company MICHALIS KATSIBRIS S.A. was sold on 24/6/2010 at a profit 278 Euro thousand.

The Group has a 40% shareholding in the entity ARMSTOCK CORPORATION S.A. which is incorporated in Luxemburg. The above mentioned entity is not consolidated, because its shareholding and financial position are immaterial.

14. BANK LOANS

The short term bank loans and overdrafts of the Group as at 30/6/2010 have an average interest rate of 4,04% (31/12/2009: 3,46%). All bank loans are denominated in Euro.

As at 30/6/2010 the total short-term bank loans amounted to 49.944 Euro thousand of which 29.299 Euro thousand concern subsidiary LAFARGE BETON S.A., 16.238 Euro thousand concern the Company, 4.207 Euro thousand concern subsidiary EVIESK S.A. and 200 Euro thousand concern subsidiary LEADER BETON S.A.

As at 31/12/2009 the total Group's bank loans amounted to 39.480 Euro thousand of which 4.678 Euro thousand concern subsidiary EVIESK S.A, 19.027 Euro thousand concern subsidiary LAFARGE BETON S.A, 204 Euro thousand concern subsidiary LEADER BETON S.A, 126 Euro thousand concern subsidiary BETON DOMI S.A. and 15.445 Euro thousand concern the Company.

15. CONTINGENT LIABILITIES AND COMMITMENTS

Company disputes under litigation or arbitration

On 30/6/2010, there were pending lawsuits against the Group amounting to 47.059 Euro thousand (31/12/2009: 45.378 Euro thousand), out of which the pending lawsuits against the Company amount to 33.200 Euro thousand (31/12/2009: 32.094 Euro thousand), which are being subject to court proceedings, the outcome of which is uncertain. According to estimates, the maximum risk faced by the Group from the final decisions on the above cases amounts to 19.392 Euro thousand, out of which 15.101 Euro thousand relate to the Company. No provision has been made in the interim financial statements of the period for the said pending cases, as it is unlikely that such risk will eventually occur.

The above lawsuits against the Company concern mainly the following cases:

- a. Lawsuit for loss of vessel and loss of profit up to the amount of 20.320 Euro thousand, with estimated maximum risk of 10.160 Euro thousand.
- b. Lawsuit for loss of freight of 2.608 Euro thousand, with estimated maximum risk of 991 Euro thousand.
- c. Lawsuit for indemnity due to sale of foreign property of 1.688 Euro thousand, with estimated maximum risk of 844 Euro thousand.

Various plots of land of the Company have been declared as forests, sea shores, archaeological sites etc and/or their ownership is disputed by the Greek State and/or various third parties. The maximum risk from such claims is estimated to 1.885 Euro thousand and 1.908 Euro thousand for the Company and the Group respectively. Neither provision nor impairment of the assets value has been made in the interim financial statements of the period for the said claims as it is unlikely that such risk will eventually occur.

15. CONTINGENT LIABILITIES AND COMMITMENTS - Continued
Unaudited tax years

Tax obligations of the Group's companies in Greece will be finalised after completion of the relevant regular tax audits by the competent tax authorities, and/or after finalisation of all pending court cases on existing previous years' differences with tax authorities. The current period 1/1/2010-30/6/2010 is also considered as unaudited. From these tax audits, additional tax obligation may arise, which is estimated not to have significant effect in the Group and the Company.

<u>Company</u>	<u>Registered Office</u>	<u>Unaudited tax years</u>
HERACLES GCC	Greece, Lycovrissi, Attica	2009
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	2006-2009
ATLAS S.A.	Greece, Kallithea, Thessaloniki	2007-2009
EVIESK S.A.	Greece, Lycovrissi, Attica	2005-2009
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	2005-2009
LAVA S.A.	Greece, Lycovrissi, Attica	2006-2009
EKET LTD. (absorbed by HERACLES GCC)	Greece, Lycovrissi, Attica	2007-2009
AEGEAN TERMINALS S.A.	Greece, Lycovrissi, Attica	2007-2009
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	1995-2009
G. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2009
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2009
DYSTOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1996-2009
NAFSIKA SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2009
HERACLES GLORY SOC. NAV. (liquidated)	Greece, Lycovrissi, Attica	1998-2009
SYNERGATIKI BETON S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Lamia	2007-2008
TRANS BETON MACEDONIA S.A.(absorbed by LAFARGE BETON S.A.)	Greece, Arta	2007-2009
SUPER BETON S.A. I MARKOULAKIS	Greece, Heraclion, Crete	2007-2009
SAMARAS QUARRIES S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Athens Attica	2007-2008
MYTILINI QUARRIES S.A.(absorbed by LAFARGE BETON S.A.)	Greece, Lesvos	2007-2009
BETON DOMI S.A.	Greece, Kilkis	2007-2009
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	Greece, Lycovrissi, Attica	2007-2009
HALKIS CEMENT INTERNATIONAL S.A. (absorbed by PORT SAID SILO INVESTMENT COMPANY S.A.)	Greece, Lycovrissi, Attica	1997-2007
FINDA TRANSPORTS S.A. (absorbed by INVESTMENT SILO PORT SAID SILO INVESTMENT COMPANY S.A.)	Greece, Lycovrissi, Attica	1993-2009
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete	2007-2009
T.ATHANSIOU S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Aliveri	2007
BETON PREVEZIS S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Preveza	2007
KAMPIS QUARRIES S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Arta	2007-2008
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (under liquidation)	Luxemburg	*

* Relates to a company established abroad, subject to a special tax status in the country of establishment.

15. CONTINGENT LIABILITIES AND COMMITMENTS - Continued

Unaudited tax years- continued

The tax audits of the companies Heracles GCC and AMBER S.A. have been finalized for the years 2007 and 2008 (refer to Note 8).

Tax audits are in progress for the following Group companies:

- LAFARGE BETON S.A. for the years 2006 to 2008
- PONTOPOROS SOC. NAV. (liquidated) for the years 2000 to 2004

From these tax audits, additional tax obligation may arise, which is estimated not to have significant effect for the Group and the Company.

Granted guarantees

The following letters of guarantee have been provided to secure liabilities of the Group and the Company, and were in force on 30/6/2010 and on 31/12/2009:

Amounts in Euro thousand

	GROUP		COMPANY	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Granted guarantees	4.794	5.538	3.318	4.076
Intercompany granted guarantees	0	0	1.923	1.923
	<u>4.794</u>	<u>5.538</u>	<u>5.241</u>	<u>5.999</u>

Commitments for purchases and capital expenditure

Commitments for purchases and capital expenditure in force on 30/6/2010 and on 31/12/2009 are as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Purchase contracts	38.899	46.580	52.640	65.271
Capital expenditure contracts	7.087	3.591	5.085	1.393
	<u>45.985</u>	<u>50.171</u>	<u>57.725</u>	<u>66.664</u>

Commitments for operating leases

On the reporting date, the Group and the Company have the following liabilities under operating lease agreements without the option or the intention of cancellation, which are payable as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	30/6/2010	31/12/2009	30/6/2010	31/12/2009
Within one year	13.539	14.365	449	164
Within two and up to five years	12.432	14.620	2.128	1.761
Over five years	6.810	3.341	2.163	286
	<u>32.781</u>	<u>32.326</u>	<u>4.740</u>	<u>2.211</u>

16. RELATED PARTY TRANSACTIONS

Trading transactions with related parties

For the Group, related parties are the ultimate parent company LAFARGE S.A. and all other LAFARGE Group companies. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note:

Amounts in Euro thousand

GROUP	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 -	1/1 -	1/1 -	1/1 -	30/6/2010	31/12/2009	30/6/2010	31/12/2009
	30/6/2010	30/6/2009	30/6/2010	30/6/2009				
HERACLES G.C.C Group								
associates	414	419	52	20	0	219	0	0
Parent company								
LAFARGE S.A.	23.250	19.322	234	0	0	932	2.414	47
LAFARGE Group								
associates	27.438	41.906	4.858	2.306	3.555	4.104	21.583	813
Royalties to LAFARGE								
S.A.	0	0	4.554	5.788	0	0	0	0
Total	51.102	61.647	9.698	8.114	3.555	5.255	23.997	860

Transactions between the Company and its subsidiaries, which are related parties, prior to elimination entries, and with the parent company LAFARGE S.A. along with other LAFARGE Group companies, are disclosed below:

Amounts in Euro thousand

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 -	1/1 -	1/1 -	1/1 -	30/6/2010	31/12/2009	30/6/2010	31/12/2009
	30/6/2010	30/6/2009	30/6/2010	30/6/2009				
HERACLES G.C.C Group								
Companies	14.675	19.173	8.599	10.526	32.395	32.390	8.993	10.065
Parent company								
LAFARGE S.A.	23.250	19.322	234	0	0	932	2.391	0
LAFARGE Group								
associates	27.316	40.743	4.585	2.119	3.218	3.642	21.345	666
Royalties to LAFARGE								
S.A.	0	0	4.554	5.788	0	0	0	0
Total	65.241	79.238	17.972	18.433	35.613	36.964	32.729	10.731

All transactions between related parties are based on market prices and terms, which are also used in third party transactions.

16. RELATED PARTY TRANSACTIONS - Continued

Remuneration to management and members of the BoD

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-30/6/2010	1/1-30/6/2009	1/1-30/6/2010	1/1-30/6/2009
Current benefits	1.895	1.945	1.114	993
Provision for retirement compensation and paid compensations	159	192	90	69
BoD members attendance fees	150	106	97	98
	2.204	2.243	1.301	1.159

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-30/6/2010	1/1-30/6/2009	1/1-30/6/2010	1/1-30/6/2009
Prepayments of expenses to Management to be refunded and BoD Members	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables/ (obligations) to Management and BoD Members	0	0	0	0

The comparative data of the remuneration and other benefits to executive members of the Company and the Group for 2009 have been adjusted for presentation purposes.

The increase in the current benefits of the Company is due to the increase in the number of Executive Committee members.

17. PERSONNEL

Group and Company employees as at 30 June are as follows:

	GROUP		COMPANY	
	30/6/2010	30/6/2009	30/6/2010	30/6/2009
Number of personnel	1.851	2.111	1.454	1.620

18. EVENTS AFTER THE REPORTING DATE OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

On 13/7/2010 by virtue of decision number K2 – 5998/2010 of the Ministry of Economy, Competitiveness and Shipping and following approval by the competent authorities, the legal merger of LAFARGE BETON S.A. with ATLAS SA and BETON DOMI S.A. was completed, based on articles 68-78 of L. 2190/1920 and articles 1-5 of L. 2166/1993. The approval by the responsible Prefecture is pending.

Furthermore, the merger of the company SUPER BETON S.A. I. MARKOULAKIS with the parent company LAFARGE BETON S.A. was decided by the Board of Directors of LAFARGE BETON S.A. on 30/12/2009 and with transition balance sheet date of 31 December 2009. The approval of the Ministry of Economy, Competitiveness and Shipping and the responsible Prefecture is pending.

The Group and Company interim financial statements on page 14 through to page 37 were approved by the Company's Board of Directors on 30 August of 2010. The Board of Directors authorised the following directors and officers to sign the interim financial statements on its behalf:

**THE CHAIRMAN OF
THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**THE CHIEF
FINANCIAL OFFICER**

**MANOLIS CHR.
KYPRIANIDES**

**PIERRE
DELEPLANQUE**

**MICHAIL TH.
MICHELIS**

I.D. No. AZ 007012

**PASSPORT No.
07CV39073**

**ECG LIC. No. E29960
A' CLASS**

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2010 TO 30 JUNE 2010

(according to decision 4/507/28.04.2009 of the Capital Market's Committee Board of Directors)

The financial data and information presented below, aim to provide for a general overview of the financial position and the results of the Group and the Company HERACLES G.C.C. S.A. Therefore we suggest to readers, before proceeding to any investment decision or other transaction with the Company, to refer to the web site of the Company where financial statements are published, as well as the auditors' opinion when it is required.

COMPANY'S INFORMATION

COMPANY'S NAME	: HERACLES GROUP OF COMPANIES
COMPANY'S REGISTERED ADDRESS	: 49-51 SOPHOCLI VENIZELOU STR, 14123 LYCOVRISSEI, ATTICA
COMPANIES REG. NO.	: 13576/06/B/86/096
QUALIFIED PREFECTURE	: MINISTRY OF ECONOMY, COMPETITIVENESS & SHIPPING - Department of Societe Anonyme and Trust
FINANCIAL STATEMENTS APPROVAL DATE BY THE BOARD OF DIRECTORS	: August 30th 2010
CERTIFIED AUDITORS	: NICOLAOS K. SOFIANOS (REG. No: ICPA (GR) 12231) - EPAMINONDAS H. GIOUROUKOS (REG. No: ICPA (GR) 10351)
AUDIT FIRM	: DELOITTE. - HADJIPAVLOU, SOFIANOS & CAMBANIS SA. - (REG. No: ICPA (GR): E 120)
TYPE OF AUDIT OPINION	: UNQUALIFIED
COMPANY'S WEBSITE	: www.lafarge.gr

STATEMENT OF FINANCIAL POSITION

Amounts in Euro thousand	GROUP		COMPANY	
	30/06/2010	31/12/2009	30/06/2010	31/12/2009
ASSETS				
Tangible assets	527,774	545,415	491,286	507,965
Intangible assets	33,341	33,568	1,201	1,212
Other non current assets	24,712	16,305	123,415	94,493
Inventories	65,311	63,079	58,572	56,668
Trade receivables	177,589	147,680	143,879	138,342
Other current assets	1,651	1,757	576	700
Non current assets available for sale	1,857	2,428	0	0
Cash & cash equivalents	183,641	192,120	170,446	177,178
TOTAL ASSETS	1,015,876	1,002,352	989,375	976,558
LIABILITIES & EQUITY				
Share capital	190,502	142,165	190,502	142,165
Other equity figures	495,542	568,319	511,586	576,054
Total Shareholders' equity (a)	686,044	710,484	702,088	718,219
Non-controlling interest (b)	157	0	0	0
Total Equity (c) = (a) + (b)	686,201	710,484	702,088	718,219
Provisions/ Other non current liabilities	111,392	108,766	118,903	115,355
Short term bank loans	49,944	39,480	16,238	15,445
Other current liabilities	168,339	143,622	152,146	127,539
Total Liabilities (d)	329,675	291,868	287,287	258,339
TOTAL EQUITY AND LIABILITIES (c) + (d)	1,015,876	1,002,352	989,375	976,558

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro thousand	GROUP		COMPANY	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Equity opening balance (01/01/2010 and 01/01/2009 respectively)	710,484	694,793	718,219	685,490
Total comprehensive income after tax	(3,669)	13,112	4,483	24,815
Distributed Dividends	(20,614)	0	(20,614)	0
Equity closing balance (30/06/2010 and 30/06/2009 respectively)	686,201	707,905	702,088	710,305

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-30/06/2010	1/1-30/06/2009	1/1-30/06/2010	1/1-30/06/2009
Turnover (Sales)	211,925	269,475	184,921	241,416
Gross Profit	46,499	54,498	40,971	44,662
Earnings before interest & tax	14,420	19,005	18,644	22,707
Profit for the year before tax	12,705	17,877	20,364	29,037
Net profit/(loss) for the year after tax (a)	(2,469)	11,255	5,703	22,942
Allocated to:				
Company's shareholders	(2,517)	11,255	5,703	22,942
Non-controlling interest	48	0	0	0
Other comprehensive income after tax (b)	(1,200)	1,857	(1,220)	1,873
Total comprehensive income after tax (a) + (b)	(3,669)	13,112	4,483	24,815
Allocated to:				
Company's shareholders	(3,717)	13,112	4,483	24,815
Non-controlling interest	48	0	0	0
Earnings/(losses) per share after tax (in €)	(0.0347)	0.1583	0.0802	0.3228
Earnings before interest, tax, depreciation and amortization	37,950	42,172	40,353	43,832

STATEMENT OF CASH FLOWS

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-30/06/2010	1/1-30/06/2009	1/1-30/06/2010	1/1-30/06/2009
Operating activities				
Indirect method				
Profit before tax	12,705	17,877	20,364	29,037
Plus / less adjustments for:				
Depreciation	23,530	23,167	21,709	21,125
Provisions	3,936	7,182	3,615	8,877
Foreign exchange differences	1,156	(392)	1,149	(392)
Gain / (loss) from derivatives valuation	254	(247)	254	(247)
Results (income, expenses, profit and losses) from investing activities	(1,160)	(1,358)	(2,360)	(7,881)
Interest and related expenses	2,862	1,941	1,232	395
Plus/less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(1,893)	12,868	(1,732)	12,972
Decrease / (increase) in receivables	(43,258)	(31,520)	(36,696)	(28,380)
(Decrease) / Increase in liabilities (excl. loans)	1,999	(5,047)	2,204	(5,764)
Less :				
Interest and related expenses paid	(3,725)	(1,941)	(1,718)	(395)
Tax paid	(9,854)	(2,980)	(9,695)	(2,626)
Total inflow / (outflow) from operating activities (a)	(13,448)	19,550	(1,674)	26,721
Investing activities				
Purchase of tangible and intangible fixed assets	(8,076)	(16,789)	(7,323)	(16,218)
Cash from disposal of tangible and intangible fixed assets	1,311	3,657	517	2,806
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	517	0	0	0
Interest received	780	359	967	500
Total inflow / (outflow) from investing activities (b)	(5,468)	(12,773)	(5,839)	(12,912)
Financing activities				
Loan proceeds	57,895	10,923	793	0
Loan repayments	(47,325)	(11,289)	0	(2,000)
Payment of obligations under finance leases	(133)	(212)	(12)	0
Dividends paid	0	(30,496)	0	(30,496)
Total inflow / (outflow) from financing activities (c)	10,437	(31,074)	781	(32,496)
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(8,479)	(24,297)	(6,732)	(18,687)
Cash and Cash Equivalents - at the beginning of the period	192,120	140,493	177,178	123,359
Cash and Cash Equivalents - at period end	183,641	116,196	170,446	104,672

ADDITIONAL DATA AND INFORMATION

- The basic accounting principals used, are consistent to those followed in the 31 December 2009 published annual financial statements of the Group and Company.
- The 26.5% percentage participation of the subsidiary company LAVA SA in the associated company KATSIBRIS MICHALIS AVEE was sold on 24 June of 2010. In addition the percentage of participation of the Group in the subsidiary company LATOMIA MARATHOU SA was increased by 22.13% on 14/4/2010.
The above mentioned changes do not effect more than 25% the account of sales, profit after tax and minority interests and shareholders' net equity of the Group, while details of the above changes are mentioned in note 13 of the period's financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 30 June 2010, 88.99% of the issued share capital of HERACLES GCC, prepares Consolidated Financial Statements including the Financial Statements of the Group, using the full consolidation method.
- The unaudited by tax authorities fiscal years of the Group companies are described in note 15 of the interim financial statements.
- Related to the legal litigation issues that have or may have a material effect in the Company's and Group's financial position or activity the following are noted:
Various plots of land have been declared as forests, sea shores, archaeological sites etc and/or their ownership is disputed by the Greek State and/or various third parties.
The maximum risk, from these disputes, for the Group and the Company is estimated at 1,908 Euro thousand and 1,885 Euro thousand respectively. Neither provision nor impairment of the assets value has been made in the financial statements, as it is unlikely that such risk will eventually occur.
As at 30 June 2010, there are pending lawsuits against the Group amounting to 47,059 Euro thousand of which 33,200 Euro thousand relate to pending lawsuits against the Company that are being handled legally, and their outcome is uncertain. The maximum risk from the final decisions on the above cases is estimated at 19,392 Euro thousand of which 15,101 Euro thousand relate to the maximum risk from the final decisions on the Company's cases. No relative provision has been made in the financial statements, as it is unlikely that such risk will eventually occur.
Furthermore, as at 30 June 2010, there are pending lawsuits against the Group amounting to 6,005 Euro thousand of which 4,728 Euro thousand relate to pending lawsuits against the Company that are being handled legally, and their outcome as estimated by management, will be probably negative. The maximum risk from the final decisions on the above cases is estimated at 1,790 Euro thousand of which 1,406 Euro thousand relate to the maximum risk from the final decisions on the Company's cases.
For these risks the Group has recognised "Provisions for legal litigation". The amounts of accumulated provisions for the Group and the Company are described in the table below:

Amounts in Euro thousand	GROUP	COMPANY
Provisions for legal litigation	1,790	1,406
Provision for staff retirement	84,298	79,183
Other provisions	19,887	33,383
Total provisions	105,975	113,972
- The number of employees for the Group and the Company as at 30 June 2010, is 1,851 (30/06/2009: 2,111) and 1,454 (30/06/2009: 1,620) respectively.
- Transactions and balances between the Company and its related parties are disclosed below according to IAS 24:

Amounts in Euro thousand	GROUP	COMPANY
Income from related parties	51,102	65,241
Expenses from related parties	9,698	17,972
Receivables from related parties	3,555	35,613
Payables to related parties	23,997	32,729
Salaries and expenses of General managers and BoD members	2,204	1,301
Receivables from General managers and BoD members	0	0
Payables to General managers and BoD members	0	0

8 Amounts and nature of other comprehensive income after tax are as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	30/06/2010	30/06/2009	30/06/2010	30/06/2009
Actuarial losses net of deferred tax	(930)	(841)	(937)	(825)
Gain on valuation of derivatives net of deferred tax	264	2,698	264	2,698
Withheld tax on the capitalization of retained earnings	(538)	0	(538)	0
Other equity movements	4	0	(9)	0
Other comprehensive income after tax	(1,200)	1,857	(1,220)	1,873

9. There are not any own shares held by the Group companies.

10. Significant events after the reporting date of the Financial Statements:

On 13/7/2010 by virtue of decision number K2 - 5998/2010 of the Ministry of Economy, Competitiveness and Shipping and following approval by the competent authorities, the legal merger of LAFARGE BETON SA with ATLAS SA and BETON DOMI SA was completed, based on articles 68-78 of L. 2190/1920 and articles 1-5 of L. 2166/1993. The approval by the responsible Prefecture is pending.

Furthermore, the merger of the company SUPER BETON I. MARKOULAKI SA with the parent company LAFARGE BETON SA was decided by the Board of Directors of LAFARGE BETON SA on 30/12/2009 and with transition balance sheet date of 31 December 2009. The approval by the Ministry of Economy, Competitiveness and Shipping and the responsible Prefecture is pending.

11. The name, the registered address, the consolidation method and the direct and indirect percentage of participation of the parent company in the consolidated companies are described in the note 13 of the interim financial statements.

12. Modifications of consolidation structure:

a) In the current period (1 January - 30 June 2010) consolidation includes the subsidiary LEADER BETON S.A. that was not included in the respective period of 2009 as it was included in the consolidation for the first time in the financial statements 31 December 2009.

b) Compared to the respective period of 2009 (1 January - 30 June 2009) the subsidiaries TRANS BETON MACEDONIA S.A. and MYTILINI QUARRIES S.A. are not included in consolidation due to their absorption by the subsidiary LAFARGE BETON S.A., as well as EKET LTD. due to its absorption from parent company HERACLES G.C.C. S.A.

Also the subsidiary FINDA TRANSPORTATION S.A is not included in consolidation due to its absorption by the subsidiary PORT SAID SILO INVESTMENT S.A. In addition ALEXANDRIA SILO INVESTMENT COMPANY S.A is not included in consolidation as it was deregistered and HERACLES GLORY SOC. NAV. is not included in consolidation as it was liquidated.

Furthermore KATSIBRIS MICHALIS AVEE is not included in consolidation due to the sale of the participation percentage. The above mentioned changes do not effect more than 25% the account of sales, profit after tax and minority interests and shareholders' net equity of the Group.

13. ARMSTOCK CORPORATION S.A. is not included in the consolidation, due to its immaterial impact as described in note 13 of the interim financial statements.

14. There is not any change in the consolidation method of the companies compared to the previous year (1 January - 31 December 2009).

Lykovrissi, 30th of August 2010

THE CHAIRMAN OF THE BOARD OF DIRECTORS
MANOLIS CHRIS KYPRIANIDES
I.D. AZ 007012

THE MANAGING DIRECTOR
PIERRE DELEPLANQUE
PASS. No. 07CV39073

THE CHIEF FINANCIAL OFFICER
MICHALIS T. MICHELIS
PERM. No. 29960