



HERACLES
GROUP OF COMPANIES

A member of **LAFARGE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 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
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TABLE OF CONTENTS

PAGE

DECLARATION OF MEMBERS OF THE BOARD OF DIRECTORS	3
ANNUAL REPORT OF THE BOARD OF DIRECTORS	4
INDEPENDENT AUDITORS' REPORT	24
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OF DECEMBER 2010	
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010	28
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2010	29
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010	30
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010	31
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2010	32
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OF DECEMBER 2010	
1. GENERAL INFORMATION	33
2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS	33
3. ACCOUNTING PRINCIPLES	38
4. MAJOR ACCOUNTING JUDGEMENTS & MAIN SOURCES OF UNCERTAINTY FOR ACCOUNTING ASSESSMENTS	50
5. TURNOVER	51
6. OPERATING SEGMENTS	51
7. OTHER OPERATING INCOME / (EXPENSES)	54
8. OPERATING PROFIT / LOSS	55
9. FINANCE INCOME / (EXPENSES)	56
10. INCOME TAX	56
11. EARNINGS PER SHARE	58
12. ACQUIRED COMPANY GOODWILL	58
13. INTANGIBLE ASSETS	59
14. TANGIBLE ASSETS	60
15. PARTICIPATION IN ASSOCIATES AND SUBSIDIARIES	63
16. OTHER INTERESTS	65
17. INVENTORIES	65
18. PROVISION FOR STAFF RETIREMENT COMPENSATION	66
19. OTHER NON-CURRENT AND CURRENT PROVISIONS	70
20. DEFERRED TAX ASSETS AND LIABILITIES	72
21. DIVIDENDS	75
22. SHARE CAPITAL	75
23. SHARE PREMIUM	75
24. RESERVES	76
25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT	78
25.1. FINANCIAL RISK FACTORS	78
25.2. OTHER NON-CURRENT RECEIVABLES	81
25.3. TRADE AND OTHER CURRENT RECEIVABLES	81
25.4. CASH, CASH EQUIVALENTS AND BANK LOANS	85
25.5. SUPPLIERS AND OTHER CREDITORS	85
25.6. DERIVATIVES FINANCIAL INSTRUMENTS	86
25.7. OBLIGATIONS UNDER FINANCE LEASES	87
26. CONTINGENT LIABILITIES AND COMMITMENTS	88
27. EMPLOYEE STOCK PURCHASE PLAN	91
28. OPERATING LEASES	91
29. AUDITORS' FEES	92
30. RELATED PARTY TRANSACTIONS	92
31. EVENTS AFTER THE REPORTING DATE OF FINANCIAL STATEMENTS	93
WEBSITE	94
INDEX OF CORPORATE ANNOUNCEMENTS	95
DATA AND INFORMATION FOR THE YEAR 31 DECEMBER 2010	97

DECLARATION OF MEMBERS OF THE BOARD OF DIRECTORS

(In accordance with article 4 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 by the Board of Directors,

In accordance with the provisions of Article 4 paragraph 2 of Law 3556/2007, in our above mentioned capacity we declare that, to the best of our knowledge:

- a. The annual Financial Statements of the year 2010, which were prepared in accordance with the applicable financial Reporting Standards, fairly present the assets and liabilities, equity and results of HERACLES G.C.C. (the Company) and the companies included in the consolidation and
- b. The annual Report of the Board of Directors fairly presents the financial results, evolution and position of the Company as well as the companies included in the consolidation, including the description of the related main business risks and uncertainties.

**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 YEAR 2010

Dear Shareholders,

According to the article 136 of L.2190/1920, as such was defined by the article 13 of L.3229/2004, and the paragraphs 6, 7 and 8 of the article 4 of L.3556/2007 and the article 2 of Capital Market Committee decision 7/448/2007, attached herewith we submit to your General Assembly, Company and Group Financial Statements for the year ended 31 December 2010.

A. Overview of major events for the year 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 2010 and consequently, the cement sales volume was further reduced, as compared to the corresponding period of 2009.

Analytically, according to the Financial Statements:

- The Company's turnover decreased by 25,2% in 2010, amounting to 350.807 Euro thousand compared to 469.098 Euro thousand in 2009, whilst the Group's turnover decreased by 24,3%, amounting to 401.415 Euro thousand compared to 530.234 Euro thousand in 2009.
- The Company's profit before taxes, interest, depreciation and amortisation (EBITDA) decreased in 2010 by 75,8%, amounting to 22.563 Euro thousand compared to 93.191 Euro thousand in 2009, whilst for the Group decreased by 84,4%, amounting to 14.315 Euro thousand in 2010 compared to 91.584 Euro thousand in 2009.
- The Company's net profit after taxes amounted to loss 26.439 Euro thousand compared to profit 32.202 Euro thousand in 2009, whilst the Group's net profit after taxes amounted to loss 45.861 Euro thousand compared to profit 15.364 Euro thousand in 2009.

The main events that affected the course of sales in 2010 were, in the domestic market, a further deterioration of the economic environment resulting in a continuous slowdown in private construction activity (as the combined result of the existing excess supply of residences, the zero growth rate of housing loans granted by banks and the absence of demand for purchasing residence) as well as the slowdown of the construction activity in public infrastructure.

In 2010, HERACLES G.C.C in the framework of the LAFARGE Group "Excellence 2010" strategic plan, intensified efforts and measures to reduce operating costs and optimise the production and supply chain processes, which partially offset the effect of lower volumes.

The optimisation of electric power consumption and the significant reduction of fixed cost are examples of actions taken under "Excellence 2010", which partially offset the effects of the increase in fuel and power prices as well as the slowdown of the domestic and global market. The successful result of the effort of inventories reduction should also be noted.

The Company's investments in tangible and intangible assets for 2010 amounted to a total of 17.762 Euro thousand compared to 19.917 Euro thousand in the corresponding period of 2009. As far as the Group is concerned, investments amounted to 20.173 Euro thousand in 2010 compared to 22.130 Euro thousand in the corresponding period of 2009. In 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 2010 the domestic cement market continued its recessive course following the overall trend of the building activities. The aggregates market in 2010 is estimated to have declined by 20% compared to 2009. Regarding the concrete market in 2010, it is estimated that there has been a decline of 25% compared to 2009.

Respectively, the domestic consumption of cement is estimated to have decreased by approximately 21% compared to 2009. 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 the EL. STAT, during the period January – November 2010, the total construction activity decreased by 12,4% in the number of building licences issued, by 21,4% in area size, and by 25,9% in volumes compared to 2009.

Nevertheless, the reduction of the cement export volume of the Company was significantly limited from 30,7% in 2009 compared to 2008, to 6% in 2010 compared to 2009, as the decrease of the cement and clinker export volume to the traditional export markets of the Company was offset by the increase of the exports to African countries.

3. Other major events

3.1. Health and Safety

In 2010 the total number of lost time injuries was reduced by 75% compared to the corresponding period of 2009 and the frequency index of these injuries was reduced to 0,30 (significantly reduced compared to 1,0 in 2009), demonstrating an improvement in workplace safety.

In June of 2010, the application of the Health and Safety Company Standard was initiated for the Contractors: 220 employees of the Company were trained for the application of the new procedure and 65 subcontracting companies – cooperators were included in the system in two stages, June and December of 2010.

Along with the Safety programs for the safety of road cement transports and customers' sites, which were continued with informational-educational meetings, a new program named "Partners in Safety" was initiated targeting the awareness of drivers loading bagged cement in order to apply the three main axes of Health and Safety: use of personal safety means, compliance with rules for safe circulation of vehicles and correct securing of cargo.

The two programs of the Company for the improvement of the workplace and the prevention of accidents, the Health and Safety Inspections and the Housekeeping Inspections, had significant success and continue in 2011. 327 Health and Safety Inspections took place in all sites and 1.651 unsafe situations were detected, 82% of which, were settled by the end of 2010. The 48 Housekeeping Inspections in 19 areas motivated executives and employees and led to action plans with 90% completion rate.

Regarding the motivational plans to engage further the middle management, particular emphasis was placed on unsafe behaviours and practices.

The educational seminars for Health and Safety in 2010 were focused on increasing awareness of staff on the importance of reporting and monitoring near-misses accidents, on the application of the new process for LOTOTO (Lock Out, Tag Out, Try Out) and on the Contractors' Safety Management.

All sites have successfully implemented the LOTOTO process as from January 2011.

3.2. Environmental Issues

The systematic report of environmental performance indicators which are part of Group Sustainability ambitions 2012 was 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%. The construction of the Covered Storage Area of Cement Raw Materials was completed and the equipment was installed. The connection of the storage area with the port facilities is expected to take place during the first semester of 2011. The project will reduce diffusive dust emissions in the plant. Furthermore, the improvement of existing roofed plant area to temporary storage area has started.

At the Milaki plant, the use of paper-sludge as alternative fuel for the production of clinker started in July of 2010. The replacement of conventional fuels by paper-sludge reached 0,11%. The process of licensing of the desalination unit of the plant was completed and is now in full operation.

Moreover, the first consultation meeting with the stakeholders took place as well as an Open Day event during which the desalination unit was presented as well as the total water management program of the plant. After inspection by ELOT, the certification of the implementation of environmental management system with ISO14001 was renewed.

At the plant and its quarries, environmental inspection was conducted by a group of Lafarge special inspectors and external advisor. Based on findings, an environmental activities plan was structured for the next four years.

At the Chalkis plant, constant monitoring of dust emissions devices were placed at the cement mills locations and a tree planting event was organised at the plant's outdoor area. Furthermore, the projects of dismantling, cleaning and redesigning old installations of the plant are in process.

Continuing the process of Environmental Inspections, according to the standards of LAFARGE, for Distribution Centers of the Group, an environmental inspection took place at the distribution centre of Heraklion.

Finally, the subsidiary LAFARGE BETON S.A., is in partnership with the University of Patras and the Botanic Garden of Brest for implementing a program for the environmental management and protection of biodiversity in the Araxos quarry. The agreement was signed in April 2010 and concerns the use of native vegetation of the region in the restoration of the quarry.

3.3. Corporate 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 recognised by the stakeholders. In February 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 the Environmental Management Award by the Greek Association of Environmental Protection Companies.

With the conviction that the development of local communities 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 more relevant and common to both their and 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.

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 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, during 2010, opportunities for visiting and guiding of stakeholders in their facilities, with more than 25 school visits of all levels to the facilities of our units.

A very successful event was held in December of 2010 at the Chalkis plant, in the framework of the project "Planting at the plant" with the participation of environmental school groups and representatives of local authorities. 120 students from four schools' environmental groups of Chalkis wide area visited the plant and actively participated in the planting of an area of the factory for botanist and environmental interest.

The students had also the opportunity to attend an educational presentation on biodiversity by a botanist; a partnership with the Goulandris National History Museum. The program "Planting at the plant" includes a series of environmental actions for the development and the regeneration of extensive green areas at the plant.

The Milaki plant organized an Open Day in December 2010, inviting representatives of local communities, local government, education community and stakeholders to visit the plant and to be informed about its activity. The Open Day provided the opportunity to be informed about the recently completed project of the Desalination Unit and the Integrated Water Resources Management Program. During the presentation, a scientific responsible of the Oceanography Institute of the Greek Center for Marine Research presented the partnership with the plant and the results of the measurements for the quality monitoring of seawater and the monitoring of underwater flora and fauna.

The partnership between the subsidiary LAVA SA and the Agricultural University of Athens and the presentation of the new research program for the "Development of good practices for agricultural applications in pumice and their spread in cultivation practice" was launched at the meeting which took place in November 2010 at Zappion. The subject of the meeting was "The cultivation in pumice stone: An environmentally friendly method of replacing chemical disinfection of the ground in greenhouses" and among the speakers were members of the research team of the Agricultural University of Athens.

B. Prospects – major sources of risk and uncertainties for 2011

The prospects for 2011 will mainly depend on the course of the national financial crisis and the depth of the continuing recession in the real economy.

2011 is expected to be as difficult as 2010 for the housing and construction sector while there is a high level of uncertainty in the macroeconomic and business environment. It is expected that the private construction activity will follow the overall trend of the economic activity.

In addition, the part of the cement production that will not be absorbed in the domestic market will not be absorbed by the demand of traditional foreign markets because of the adverse conditions that prevail in them and the fact 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 supply chain through the program “Excellence 2011” is of major importance. The Company, as a member of the LAFARGE Group, actively participates in the formation and implementation of its own Excellence plan.

In this context, the Company continues its effort for production of innovated products which will totally cover its present and future clients’ needs. At the beginning of 2011, the launching of a new bagged cement, named “HERACLESTM”, which is suitable for all applications and also covers the contemporary constructors’ needs for resistance and long lifespan, was initiated, utilising Lafarge’s know-how and investing in new technologies.

In 2011, the decline in the domestic housing market combined with the significant restraint in bank credits and the resulting lack of liquidity in the market, creates conditions of squeezed terms in market. The Group and the Company have established improved credit control procedures, aimed at minimising doubtful debts while the Group firm policy is securing the highest possible percentage of receivables from clients. When necessary and possible, more collateral is 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.

The Group and the Company recognise provisions 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 insurances and additional collaterals obtained from clients are top priorities for the Group and the Company.

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. Furthermore, the Company purchases solid fuels in US Dollars and exports cement and clinker in US Dollars so to some extent these transactions constitute a natural hedge.

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 a risk from increase of fuels prices. In addition, the Group receives 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. The Group uses derivative financial instruments in order to hedge the above-mentioned risks (futures and swaps).

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 26 of the Financial Statements).
- (b) Estimates of the recoverability of deferred tax assets.
- (c) Contingent losses from pending legal litigations (note 26 of the Financial Statements) and doubtful debts (note 25.3 of the Financial Statements).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 15 of the Financial Statements).
- (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. Corporate governance statement

The Company is committed to and applies high standards of corporate governance. In this respect, the Company applies the principles set out by the Code of Corporate Governance introduced by the parent company LAFARGE S.A. The present statement of corporate governance sets out how the Company applies the principles set out by the Code and provides explanations for any non-compliance with the Code's provisions during the year 2010. In addition, this document constitutes the Company's Corporate Governance Statement executed pursuant to Art. 43(a) para. 3(d) of C.L. 2190/1920, which is attached to the Annual Financial Report of the Company's Board of Directors in respect of fiscal year 2010, with the following contents:

1. Code of Corporate Governance

- a. By decision No. 3186/30.3.2011 of the Board of Directors, the Company has drawn up and approved the Code of Corporate Governance (hereinafter: "Code"), which governs its operations and is posted on the Company's webpage: www.lafarge.gr. The Code is adopted by the Company in accordance with the provisions of Article 43(a) para. 3(d)(aa) of Codified Law 2190/1920, as amended by the provisions of Article 2 para. 2 of L. 3873/2010, and defines the Company principles, rules and practices which comprise the corporate governance mechanism applied by the Company.
- b. The Code is not intended merely to achieve the Company's typical adjustment to the applicable laws and regulations, but also takes into consideration the procedures and the corporate governance system within which the Company operates, in order to ensure smooth operation and promote its corporate objects and long-term financial value and competitiveness both in the domestic and international markets.
- c. The Code has been drawn up based on the Company's choices and objects, without being subjected to any other standardized codes of similar contents, taking into consideration the Company's need for accurate and thorough recording of its own corporate governance profile, for reasons of transparency, information of the investors and efficient company operation. Therefore, the Company is not liable to publish any deviations from the standard corporate governance practices and terms established under such similar codes.
- d. Corporate governance comprises a series of regulations which are included in the Code in respect of the basic principles governing the Company's operations and the operation of the Board of Directors and the executive, non-executive and independent Directors, the powers of the Chairman of the BoD and of the Managing Director, the Company's Audit Committee set out in Art. 37 of L. 3693/2008, the Company's Internal Audit, Remuneration system and Internal Regulation of Operation, as well as the operations of the General Meetings of Shareholders, with a view to facilitate the shareholders in exercising their right to attend and vote at such Meetings, regardless of whether they reside in Greece or abroad, as well as their minority rights.
- e. The Code was drawn up in accordance with the applicable laws (particularly laws 2190/1920 and 3016/2002) and includes the corporate governance practices as same are defined in Art. 43(a) para. 3(d)(bb) of C.L. 2190/1920, as amended by the provisions of Article 2 para. 2 of L. 3873/2010, to which the Company is subject.

- f. The Code is executed by decision of the Company's Board of Directors. The same applies to any amendments to the Code. The Code, or in case of an amendment thereto, the new codified text of the Code is published through the Company's website (cf. para. 1 above). The Code, or in case of an amendment thereto, the new codified text of the Code is signed by the Company's legal representative and notified to the Capital Market Committee for their information. The Company's Articles of Association are also posted on the Company's webpage.

2. Corporate Governance Practices

All corporate governance practices applied by the Company are included in the Code executed and published as per above.

3. Basic features of the Company's Internal Audit and Risk Management Mechanisms in respect of the financial statements preparation procedure

Internal Control System

- a. As a listed company, the Company bears specific obligations under the applicable laws to provide financial information to the investors, including the obligation to prepare annual reports, semi-annual reports, quarterly financial statements and relevant announcements. Within this context, the Company applies an Internal Control System which consists in a group of recorded controls and procedures which cover the full range of the Company's daily operation and activities.
- b. The Internal Control System is based on the framework set by the COSO (Committee of Sponsoring Organization of the Treadway Commission) report and aims at giving reasonable assurance concerning the reliability of financial reporting, compliance with the laws and internal regulations, safeguarding the Company's assets and the efficiency and effectiveness of processes. One of the objectives of the internal control system is to prevent and implement mechanisms to monitor risks for errors, omissions or fraud. As every control system, the internal control system provides reasonable assurance and does not guarantee that all risks from errors, omissions or fraud are eliminated or fully controlled.
- c. The control environment of the Company is structured according to the Principles of Action, the Corporate Internal Regulation and the Code of Business Conduct, which are applied by all employees. The Principles of Action determine the commitments towards the customers, the employees, the shareholders, the stakeholders as well as the fundamental principles of Company management. The Corporate Internal Regulation determines the principles of organization, the authorities of the Board of Directors, the Audit Committee and the General Directions, the management circle as well as the key principles for performance improvement. The Code of Business Conduct defines the rules of conduct and has been structured as follows: compliance with the laws and regulations, prevention of conflict of interests, care for the people and the environment, safeguarding of the Company's Assets, reliability of financial reporting, importance of the internal control system and internal audit, implementation of rules, violations and sanctions.
- d. For the processes which have a direct impact on financial reporting, key internal control system standards are applied. These concern the following areas: Finance (closing process of financial statements, processing and completing the consolidated financial statements, management, monitoring and updating on legal and tax issues, segregation of duties and access to the Company's information systems etc.), Purchasing (from the creation of the business need to the recording and payment of invoices), Sales (from order taken to revenue recognition and collection), IT (management of data and external and internal accesses security etc), payroll and administration of various employee benefits, administration of tangible and intangible assets, inventory management (physical stock take, valuation etc) and finally financing activities.
- e. The bodies responsible for the audit of the Internal Control System's implementation are the Company's Internal Audit Department and the Audit Committee.
- f. The Internal Audit Department operates in accordance with the relevant provisions of L. 3016/2002, the relevant decisions of the Capital Market Committee and the provisions of the Company's Internal Regulation of Operation. It monitors compliance by the Company departments with Internal Control System, through application of the annual monitoring plan approved by the Audit Committee. Within this context, the Internal Audit Department examines and evaluates the

appropriateness and efficiency of the Internal Control System based on the Company's operations and the risks involved, and the compliance with the safeguards provided by the Internal Control System in respect of the prevention and correction of any financial irregularities relating to the financial information provided by the Company.

- g. Constant review and testing of the internal control standards is performed on an annual basis by the internal control system Coordinators under the supervision and coordination of the Internal Audit Direction. This process includes description and evaluation of the internal control standard (procedures and policies in place, person in charge, frequency, supporting documents, redesign of process if needed etc.), testing of the internal control standard in order to evaluate its operating effectiveness while on an annual basis and based on the significance of the control and the assessment of risk, internal control standards are selected and incorporated in the Annual Audit Plan. This work is part of the continuous improvement of the internal control system. The development of specific corrective actions as a result of the aforementioned process as well as through other internal and external audits is also part of the continuous improvement of the control system. The implementation of corrective actions is monitored by the competent member of the Company's Executive Committee. The Audit Committee is informed about the results of this process.
- h. The Company's Audit Committee was established and operates in accordance with the provisions of L. 3693/2008 and the specific provisions of the Code. It has established and applies internal monitoring procedures in respect of the financial information procedure, the efficient operation of the Internal Control System and Risk Management System, the efficient operation of the Internal Audit Department, the course of the essential audit of the Company's private and consolidated financial statements, the review and monitoring of matters pertaining to the level of objectivity and independence of the Company's auditors or auditing firm and the protection thereof, particularly as regards the provision of other services to the company audited by such auditors or firm.

The Company's Audit Committee currently consists of the following members:

1. Jean – Charles Blatz
2. Christos Sorotos
3. Agissilaos Karabelas

- i. In any case, the body responsible for monitoring and assessing the efficiency and adequacy of the Internal Control System is the Board of Directors, in accordance with the specific provisions of the law.

Risk Management Mechanism

The Company has created the proper structures and procedures in order to assess and manage risks concerning the preparation of financial statements. These processes include:

- An annual strategic review and analysis of business risks and opportunities with the participation of the members of the Executive Committee (General Directors), which is coordinated by the Financial Control Direction.
- Determination and assessment of internal and external business risks with the participation of the Executive and Operational Committee members of the Company, which is coordinated by the Internal Audit Direction.
- Assessment of the internal control Standards which have an impact on the financial statements, aiming to incorporate them in the annual audit plan, which is performed by the Internal Audit Direction.

4. Reference to the information of Art. 10 para. 1 sections (c), (d), (g), (h) and (i) of Directive 2004/25/EC.

- a. The information required under Art. 10 para. 1 (c) of Directive 2004/25/EC [*significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of Article 85 of Directive 2001/34/EC*] is provided on p. 63 of the Annual Financial Report, which refers to the detailed information of Art. 4 para. 7 of L. 3556/2007.

- b. As regards the information required under Art. 10 para. 1 (d) of Directive 2004/25/EC [*the holders of any securities with special control rights and a description of those rights;*]: There are no Company securities providing their holders with special control rights.
- c. As regards the information required under section (f) [*any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;*] of para. 1 of Art. 10 of Directive 2004/25/EC: There are no such restrictions on the voting rights.
- d. As regards the information required under Art. 10 para. 1 (h) of Directive 2004/25/EC [*the rules governing the appointment and replacement of board members and the amendment of the articles of association*]: Board members are appointed by the General Meeting of Shareholders. The Directors' capacity as executive or non-executive Directors is defined by the Board of Directors. The independent Directors are appointed according to the law provisions. Any amendment to the Company's Articles is subject to authorization by the General Meeting of Shareholders pursuant to C.L. 2190/1920.
- e. As regards the information required under Art. 10 para. 1 (i) of Directive 2004/25/EC [*the powers of board members, and in particular the power to issue or buy back shares;*]: Such information is provided on p. 19 of the Annual Financial Report in accordance with Art. 4 para. 7 of L. 3556/2007.

5. Information about the General Meetings of Shareholders and Shareholder rights

The following information is provided in the Company's Articles and in the Code, based on the particular requirements of the Law.

Operations of the General Meetings of Shareholders

The General Meeting of Shareholders is the supreme corporate body, which is competent to decide on all corporate matters save for any matters falling within the powers of the Board of Directors. All Shareholders are eligible to attend the General Meetings of Shareholders either in person or through duly authorized proxies, in accordance with the applicable procedure defined in the law. The Board of Directors shall ensure that the preparation and conduction of the General Meetings of Shareholders facilitate the efficient exercise of all shareholders rights and that the shareholders are adequately informed on all matters pertaining to their attendance at the Shareholders' General Meeting, including the items on the agenda and any rights which can be exercised at the General Meetings.

More specifically, as regards the preparation of the General Meetings, in conjunction with the provisions of C.L. 2190/1920, twenty (20) clear days prior to each General Meeting the Company shall post information about the date, time and place that the General Meeting is to be held, the basic attendance rules and practices, including the right to include additional items on the agenda and file questions, the time limits within which such rights may be exercised, the voting procedures, the terms governing shareholder representation through proxies and the printed forms used for voting through proxy, the proposed agenda, including any draft resolutions for discussion and adoption and any accompanying documentation and the total number of shares and voting rights at the date the General Meeting is held.

The Chairman of the Board of Directors, the Managing Director and the members of the Audit Committee shall attend the General Meetings in order to provide information and updating in respect of the matters brought for discussion and any questions or clarifications requested by the shareholders. The General Meetings are also attended by the Director of the Internal Audit Department.

The Chairman of the Board of Directors, or his substitute if he is impeded or absent, shall temporarily preside over the General Meetings and elect one or two secretaries among the present shareholders and/or third parties until the list of shareholders entitled to attend the General Meeting is ratified and the president of the General Meeting is elected. The General Meeting is presided by the President and one or two Secretaries who also act as scrutineers. The President and Secretaries of the General Meeting are elected through secret vote, save as otherwise decided by the General Meeting or required under the Law. Once the list of shareholders entitled to vote is ratified, the General Meeting proceeds immediately to the election of the President and one or two secretaries, who also act as scrutineers. The resolutions of the General Meetings are adopted in accordance with the applicable laws and the provisions of the Company's Articles. A summary of the Minutes of the General Meetings of Shareholders is posted on the Company's website within fifteen (15) days from the General Meeting.

Attendance to General Meetings of Shareholders

The Company's General Meetings of shareholders can be attended by any shareholders appearing under such capacity on the DSS at the commencement of the fifth (5th) day prior to the date of the General Meeting of Shareholders, or, in respect of any Repeated General Meetings, on the fourth (4th) prior to the date of the General Meeting. The exercise of the relevant rights is not conditional upon deposition of the relevant share certificates or any other similar procedure. Each shareholder may appoint a representative at his/her free discretion. As per the rest, the Company is governed by the provisions of C.L. 2190/1920 (Art. 28a) and the provisions of the Code.

Attendance and voting through representatives

Shareholders shall attend and vote at the General Meetings either in person or through representatives. Each Shareholder may appoint up to three (3) representatives. Legal entities may appoint as representatives up to three (3) natural persons. Any shareholders who hold Company shares which appear in multiple securities accounts of DSS Operators can appoint a different representative in respect of the shares appearing under each account. Any representatives representing multiple shareholders may cast variable votes.

Shareholders may not attend or vote at the Shareholders' General Meetings or appoint or revoke their representatives through electronic means or by letter, as this is not permitted under the Company's Articles of Association.

The relevant document for the appointment of a proxy will be made available to the Shareholders in paper at the Direction of the Company's Shareholders Services (49-51 Soph. Venizelou Str., tel: 210-2898232) or at the Company's website in electronic form.

Each representative shall prior to the commencement of the General Meeting session notify Company of any particular events which may be useful to the shareholders in assessing the risk of him serving interests other than those of the appointing shareholder as same are defined in the law and the Code.

Minority rights

In respect of any General Meeting of Shareholders, the shareholders have the following rights, as specifically defined in the law:

a) Shareholders representing at least one twentieth (1/20) of the paid up capital may request the addition of items in the agenda of the General Meeting, provided that such request is received by the Board of Directors fifteen (15) clear days prior to the General Meeting, and it is accompanied by justification or a draft resolution for authorization by the General Meeting. The Board of Directors are liable to include in the agenda such additional items provided that the relevant request is accompanied by a justification or a draft resolution for authorization by the General Meeting. The revised agenda is subject to the same publication formalities applicable to the previous agenda and published by the BoD thirteen (13) days prior to the date of the GM and at the same time made available to the shareholders through the Company's webpage, along with the justification or draft resolution submitted by the requesting shareholders.

b) Shareholders representing at least one twentieth (1/20) of the paid up capital may request, by application filed to the BoD seven (7) clear days prior to the GM, to be supplied with draft resolutions on the items on the agenda or revised agenda, under the publication formalities required under the law, six (6) days prior to the General Meeting.

c) The Board of Directors are not liable to add any items on the agenda or have such items published along with the relevant justification or draft resolutions filed by the requesting shareholders, where their contents is obviously infringing upon the law or the good morals.

d) At the request of shareholders representing one twentieth (1/20) of the paid up capital, the President of the General Meeting shall adjourn only once the adoption of resolutions by the Ordinary or Extraordinary General Meeting for all or part of the agenda, defining as the date that the session shall be resumed the one set out in the shareholders' request, which may not be more than thirty (30) days far from the date of adjournment. The adjourned General Meeting is a continuation of the previous one; therefore, the relevant invitation is not subject to the same publication formalities, whereas the Meeting may be attended also by any new shareholders, subject to the formalities laid down in the law.

e) At the request of any shareholder filed with the Company five (5) clear days prior to the General Meeting, the Board of Directors shall provide the General Meeting with the requested specific information on the Company's affairs, to the extent such information is useful in assessing accurately

the items on the agenda. The Board of Directors may provide a single reply to any shareholder requests having the same contents. The Directors are under no obligation to provide information where the information requested is posted on the Company's webpage, especially in the form of questions and answers.

f) Moreover, at the request of shareholders representing one twentieth (1/20) of the paid up capital, the Board of Directors shall announce to the Ordinary General Meeting any amounts paid during the last two years to each Director or company manager and any provisions made to such persons from any cause or under any contract with the Company. In all cases set out above, the Board of Directors may refuse to provide the information for a material cause quoted in the minutes, in accordance with the specific provisions of the law.

g) At the request of shareholders representing one fifth (1/5) of the paid up capital filed with the company within the time limit set out in paragraph (e) above, the Board of Directors are liable to provide the General Meeting with information on the progress of the corporate affairs and the Company's financial standing. The Board of Directors may refuse to provide the information requested for a material cause quoted in the minutes, in accordance with the specific provisions of the law.

h) At the request of shareholders representing one twentieth (1/20) of the paid up capital, the adoption of resolutions by the General Meeting on any item on the agenda shall be carried out by roll call.

In all cases set out above, in exercising the relevant rights the requesting shareholders have to prove their shareholder capacity and the number of shares they hold. Such information is certified as of the date of the shareholder's registration in the HELLEX records.

Available documentation and information

The information laid down in Art. 27 para. 3 of C.L. 2190/1920, including the Invitation to General Meeting, the procedure of voting through representatives, the documentation used for the appointment or revocation of representatives, the draft resolutions on the items on the agenda and more detailed information relating to the exercise of the minority rights set out in Article 39 paras. 2, 2^(a), 4 and 5 of C.L. 2190/1920 is provided in paper at the Company's premises (Direction of the Company's Shareholders Services, 49-51 Soph. Venizelou Str., tel: 210-2898232), where the Shareholders can obtain copies thereof. Furthermore, all documentation set out above and the total number of the existing Company shares and voting rights (accumulatively and per share category) can be made available to the shareholders in electronic form through the Company's website (www.lafarge.gr).

6. Information about the Board of Directors

The Board of Directors elected by the General Meeting of Shareholders shall manage and represent the Company in court or out-of-court affairs. The primary obligation of the Directors is to continually improve the Company's long-term financial value and protect its general interests. Furthermore, given that the Company is listed, the Board Members bear specific obligations and duties under the Law and the Code to pursue the long-term improvement of the financial value of the Company's shares, including the obligation to not engage in any interests which are incompatible with the Company's interests and to prevent and disclose any conflict of interests.

According to the Company's Articles, the Board of Directors may assign all or part of their powers and duties relating to Company management, administration and representation, to one or more persons, either Directors or otherwise. The title and powers of each of such persons shall be determined by the decision of the Board of Directors issued for their appointment.

The Managing Director is the supreme executive corporate body competent to decide on any matters relating to Company operations and exercises general supervision on the Company's operations.

Composition – Term of office of the Board of Directors:

According to the Company's Articles, company management is exercised by the Board of Directors, which consists of eight (8) Directors, currently under the following structure: one (1) executive Director, five (5) non-executive Directors and two (2) non-executive independent Directors. The Company's Board of Directors currently consists of the following members:

	Name and Surname	Position	Role
1	Manolis Chris Kyprianides	Chairman of the Board	Non-executive member
2	Peter James Hoddinott	Vice-Chairman	Non-executive member
3	Pierre Deleplanque	Managing Director	Executive member
4	Jean – Jacques Gauthier	Member	Non-executive member
5	Perikles Nicolaou	Member	Non-executive member
6	Jean – Charles Blatz	Member	Non-executive member
7	Christos Sorotos	Member	Independent, non-executive member
8	Agissilaos Karabelas	Member	Independent, non-executive member

According to the Company's Articles, the Board of Directors are elected by the General Meeting of Shareholders in accordance with the provisions of C.L. 2190/1920 for a term of three years. Any replacement of Directors effected during the fiscal year is subject to ratification by the GM. All Directors are freely re-elected and revoked.

The term of office of the current Board of Directors expires on 30/6/2012 and will be automatically extended until the Ordinary General Meeting of Shareholders to be held or convoked after expiry of their term.

Election / Replacement of Directors

The Directors are elected by the General Meeting of Shareholders through secret vote, in accordance with the provisions of C.L. 2190/1920. The Directors may be shareholders or third parties and are freely re-elected and revoked.

In the event of resignation, death or forfeiture of any Director(s) for any reason, the remaining Directors, provided that they are at least five (5), shall elect a replacement for the remaining term, subject to the specific provisions of the Company's Articles. The resolution on such election is subject to the publication formalities of Art. 7(b) of C.L. 2190/1920 as in force from time to time and announced by the Board of Directors to the following General Meeting.

Constitution of the Board of Directors into body

The Board of Directors shall elect among its members, by the absolute majority of the Directors present or represented, the Chairman, the Vice-Chairman and the Managing Director. Such elections are always carried out at the first Meeting of the Board of Directors to be held following the General Meeting that resolved on the election of the Directors. The Chairman, Vice-Chairman of the BoD and the Managing Director are freely re-elected.

Convocation of Board of Directors' meetings

The Board of Directors are called to a meeting by the Chairman (or the Vice-Chairman when he is replacing the Chairman) and shall hold their meetings at the Company's registered office or elsewhere in accordance with the Company's Articles.

Within 2010 the Board of Directors held thirteen (13) meetings in total.

Attendance of each Board Member at the 2010 meetings is indicated on the following table:

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	13	13	-
Peter James Hoddinott	13	5	8
Pierre Deleplanque	13	13	-
Jean Jacques Gauthier	13	3	10
Didier Petetin (from 1.1.2010 to 30.8.2010)	8	8	
Perikles Nicolaou (from 1.9.2010 to 31.12.2010)	5	5	-
Jean – Charles Blatz	13	4	9
Christos Sorotos	13	12	1
Agissilaos Karabelas	13	13	-

Quorum – Majority – Representation of Directors - Minutes

The meetings of the Board of Directors are quorate and validly held if attended in person or by proxy by half plus one Directors. In any case, the Directors attending in person must be at least three (3). In estimating such quorum, any fractional numbers shall not be taken into account.

When the Board of Directors holds a meeting by teleconference, all Board Members attending the teleconference are considered to be attending in person.

Save as otherwise provided for in the Law or in the Company's Articles, the Board of Directors' decisions shall be validly adopted by the absolute majority of the Directors attending in person or by representative.

A Director may be represented in the BoD meetings only by another Director duly authorized by power of attorney addressed to the Board.

Any minutes of the BoD executed and signed by all Directors or their representatives shall have the effect of a valid decision of the Board of Directors, even if no meeting has been previously held.

The discussions and the decisions of the Board of Directors shall be summarized in a special book of minutes, which can be also kept electronically. At the request of any Director, the Chairman of the Board of Directors shall enter in the Minutes a summary of such Director's opinion. The book of Minutes shall also contain a list of the Directors present or represented at the meeting. Any copies or extracts from such Minutes shall be issued by the Chairman of the BoD or his legal substitute, who will also certify the accuracy of their contents.

Powers and Duties of the Board of Directors

The Board of Directors, acting collectively, are competent to manage and handle all corporate affairs. The Board of Directors generally decide on any matters relating to the Company and carry out all relevant actions, save for any actions falling within the exclusive powers of the General Meeting under the Law or the Company's Articles of Association. The Board of Directors consists of executive and non-executive Directors, with the powers and duties defined in the Law and the Code.

Delegation of powers of Board of Directors to Directors or third parties

By decision adopted by the absolute majority of the Directors present and/or represented, the Board of Directors may assign all or part of their powers and duties relating to Company management, administration and representation, to one or more persons, either Directors or otherwise. The title and powers of each of such persons shall be determined by the decision of the Board of Directors issued for their appointment.

Obligations of the Directors

The members of the Board of Directors, the Managers and all high-ranking Company executives shall not, save with the prior consent of the General Meeting, engage either on their own or in collaboration with third parties, in any of the Company's objects or in any operations similar to the Company's objects, nor participate as general partners in any entities engaging in similar objects. Failure to abide by this obligation shall entitle Company to claim damages; where the party in fault is a Director, he/she is subject to forfeiture by decision of the Board of Directors. In this event the provisions of article 23 paras. 2 and 3 of codified Law 2190/1920 shall also apply.

The Directors, depending on their capacity as executive or non-executive Directors, bear the obligations laid down in L. 3016/2002, as same are described in the Code.

The members of the Board may be remunerated by an amount defined by special resolution of the ordinary General Meeting of Shareholders.

For fiscal year 2010 the Ordinary General Meeting of Shareholders has pre-approved the presence expenses of the non-executive members of the Board of Directors for their participation in the meetings and committees of a total amount 195,000 euros.

The Ordinary General Assembly has pre-approved also as annual maximum remuneration for the executive member of the Board Member who is fully occupied by the Company as Managing Director the gross amount of 450,000 euros.

All pre-authorized amounts set out above are inclusive of any taxes, duties and third party contributions.

7. Information about other administrative, management or supervisory bodies and committees

The only Company's Board of Directors Committee currently standing is the Audit Committee, as same is regulated under the Code and para. "Internal Control System" hereof.

As per the rest, any powers and duties relating to Company operation shall be exercised by the competent corporate bodies as same are defined through the Company's internal procedures and Internal Regulation of Operation.

D. Significant events after the reporting date of the Financial Statements

A regular tax audit of the company EVIESK S.A., subsidiary of HERACLES G.C.C., was performed for years 2005-2009 and a stamp duty was assessed. The company has the right, from March 1, 2011 and within 60 days, either to accept and pay the specific amount or to bring an action against the authorised administrative court.

On March 29, 2011 the new tax law was enacted by the Parliament Plenum. According to this law the corporate tax rate applied on the total taxable income, is reduced from 24% to 20% applicable on revenues realized in the fiscal year 2012 onwards.

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

E. 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 of 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, technical know-how and innovation, supply chain etc.

Purchases of materials and services of the Company from 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 6,028 Euro thousand.

The nature of the related party transactions for 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		31/12/2010						
Amounts in Euro thousand								
Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividend distribution	Fees and other expenses	Receivables	Payables	
HERACLES GROUP ASSOCIATES								
MICHALIS KATSIBRIS	414	52	0	0	0	0	0	0
LAFARGE GROUP COMPANIES								
PERICLES S.A.	0	0	0	0	0	366	0	0
LAFARGE S.A.	43.874	962	7.574	0	0	0	1.990	0
CEMENTIA TRADING S.A.	30.891	368	0	0	0	3.012	0	0
MARINE CEMENT LTD	23.417	100	0	0	0	1.243	0	0
LAFARGE CEMENTOS S.A.	73	149	0	18.343	0	0	0	0
OTHER LAFARGE GROUP COMPANIES	519	9.383	0	0	0	136	471	0
MANAGEMENT and BoD MEMBERS								
	0	0	0	0	4.137	0	0	0
Total	99.188	11.014	7.574	18.343	4.137	4.757	2.461	

COMPANY		31/12/2010								
Amounts in Euro thousand										
Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividends	Interest income	Dividend distribution	Fees and other expenses	Receivables	Payables	
HERACLES GCC SUBSIDIARIES										
HERACLES MARITIME CO.	241	14.217	0	1.434	0	0	0	0	2.773	0
LAFARGE BETON S.A.	20.458	61	0	0	0	0	0	6.028	0	6.966
EVIESK S.A.	99	6	0	0	769	0	0	25.000	0	538
LAVA S.A.	670	2.336	0	0	0	0	0	0	151	0
AEGEAN TERMINALS S.A.	0	0	0	0	0	0	0	86	0	0
SUPER BETON S.A. I MARKOULAKIS	1.375	0	0	0	0	0	0	281	0	0
INVESTMENT SILO PORT SAID S.A.	0	0	0	0	0	0	0	0	0	0
HERACLES GROUP ASSOCIATES										
MICHALIS KATSIBRIS	361	52	0	0	0	0	0	0	0	0
LAFARGE GROUP COMPANIES										
LAFARGE S.A.	43.874	833	7.574	0	0	0	0	0	1.839	0
CEMENTIA TRADING S.A.	30.691	333	0	0	0	0	0	3.012	0	0
MARINE CEMENT LTD	23.417	100	0	0	0	0	0	1.243	0	0
LAFARGE CEMENTOS S.A.	73	149	0	0	0	18.343	0	0	0	0
PERICLES	0	0	0	0	0	0	0	84	0	0
OTHER LAFARGE GROUP COMPANIES	479	9.196	0	0	0	0	0	96	389	0
MANAGEMENT and BoD MEMBERS										
	0	0	0	0	0	0	2.488	0	0	0
Total	121.738	27.283	7.574	1.434	769	18.343	2.488	35.830	12.680	

F. Explanatory report of HERACLES G.C.C

(According to paragraph 7 and 8 of article 4 of L. 3556/2007)

The present Explanatory Report of the Board of Directors of the company under the trade name "HERACLES General Cement Company" (the Company"), which is addressed to the Ordinary General Assembly of the Shareholders, includes information, known today 30/3/2011 to the Company, according to the provisions of article 11a of L. 3371/2005, as it is in force combined with article 33 of L. 3556/2007.

1. Structure of Share Capital

The Share Capital of the Company amounts to one hundred and ninety million five hundred and one thousand six hundred and fifty four euros and seventy six cents (190.501.654,76), divided into seventy one million eighty two thousand seven hundred and seven (71.082.707) shares, with a nominal value of two euros and sixty eight cents (2,68) each. All shares are traded on the Athens Stock Exchange. The shares of the Company are ordinary nominal shares with voting rights.

2. Restrictions on the transfer of shares

The transfer of the Company's shares is executed according to the provisions of the Law and there are no restrictions, known today to the Company, regarding their transfer.

3. Significant direct and indirect participations within the context of the provisions of Presidential Degree 51/1992, as it was in force, and herein L. 3556/2007.

As at 31/12/2010 the french company LAFARGE S.A. (parent company of LAFARGE Group of Companies) holds indirectly shares that represent 88.99% of the share capital. No other individual or legal entity owns shares that represent more than 5% of the company's share capital.

4. Holders of any securities with special control rights

There are no company shares with special control rights.

5. Restrictions on voting rights

There is no provision in the Company's Articles of Association regarding restriction on voting rights.

6. Agreements between shareholders of the Company

The Company has no knowledge of the existence of agreements between its Shareholders, which may result in restrictions on the transfer of securities or voting rights.

7. Rules governing the appointment and replacement of Board of Directors members and the amendment of the Articles of Association

The rules set by the Articles of Association for the appointment and replacement of the board members and the amendment of the Articles of Association, do not deviate from the provisions of Law 2190/1920.

8. The power of Board of Directors and its members to issue or buy back shares

According to the provisions of article 16 of L.2190/1920, as amended by L.3604/2007, the Company may buy back shares. There is no deviation from the provisions of Law in the Company's Articles of Association.

9. Significant agreement the effect or the content of which is influenced upon a change of the Company's control

There is no significant agreement to which the Company is a party and which is in force, will be amended or terminated upon a change of the Company's control following a takeover bid and the effects thereof.

10. Company's agreements with the members of the Board of Directors or the employees

There are no agreements between the Company and its Board of Directors members or employees with a provision for their compensation in case they resign or are made redundant without valid reason or if their term of office or employment ceases because of a takeover bid.

G. Dividend policy

During the General Assembly of the Shareholders on 28/6/2010, the distribution of dividends for the year 2009, of an amount of 0,29 Euro per share, totalling 20.614 Euro thousand, was decided.

As far as the current year is concerned, the Company has losses and consequently no dividend will be distributed.

H. Share capital of the subsidiaries of the Group

	<u>Number of shares</u>	<u>Nominal value per share</u>	<u>Share capital</u>
GROUP COMPANIES			
HERACLES MARITIME CO.	592.466	2,24	1.327.124
LAFARGE BETON S.A.	69.803.389	1,18	82.367.999
EVIESK S.A.	1.172.000	1,29	1.511.880
LAVA S.A.	109.065	32,50	3.544.613
AEGEAN TERMINALS S.A.	63.291	29,35	1.857.591
SUPER BETON S.A. I MARKOULAKIS	600.000	0,50	300.000
NAFSIKA SOC. NAV.	47.100	17,61	829.431
A. HATZIKYRIAKOS SOC. NAV.	8.100	17,61	142.641
G. HATZIKYRIAKOS SOC. NAV.	34.100	17,61	600.501
DYSTOS SOC. NAV.	30.100	17,61	530.061
PORT SAID SILO INVESTMENT COMPANY S.A.	42	82.246,46	3.454.351
MARATHOS QUARRIES S.A.	235.000	2,93	688.550
LEADER BETON S.A	2.000	8,08	16.158

I. List of the Group's branches

HERACLES G.C.C

Plants

1. VOLOS, Agria, Volos
2. MILAKI, Milaki of Aliveri, Evia
3. HALKIS, Mikro Vathi of Avlida, Halkis

Branch

4. 15 K. Pateli str., Lycovrissi

Distribution Terminals

5. Drapetsona, 1 Kontopoulou str., Drapetsona, Piraeus
6. Thessaloniki, Dendropotamos' bridge (coast)
7. Rio of Patrae, 14 Eleftherias str., Akte on coast
8. Kavala, 7 Nileos str
9. Igoumenitsa, Ladohori, Thesprotia
10. Heraklion, Linoperamata of Rodia, Crete
11. Kalohori of Thessaloniki

Quarries

12. Platanos of Almiros-Magnissia

Various

13. Chania, 20 Margouniou str.(office)
14. Stilida of Fthiotida (camping)
15. Rhodes, 103 Michail Volonaki str. (office)

LAFARGE BETON

Concrete units

1. Koropi of Attica, 28th km Varis- Koropiou ave.
2. Pallini of Attica, Anthoussas ave.
3. Metamorphossi of Attica, 12 Amaliados str.
4. Lossia of Attica, location Pirgas
5. Agios I.Rentis of Attica, 19, 28th October str.
6. Voulia of Siros
7. Marathi of Paros
8. Ageria of Paros
9. Larsos of Lesvos
10. Antimahia of Kos
11. Neohorouda, Thessaloniki
12. Strofi of Lakia, Thessaloniki
13. Sesklo of Magnissia
14. Lamia of Fthiotida, 2nd km of Lamia-Domokos road
15. Industrial Area of Preveza
16. Plataniias of Fthiotida
17. Tragana of Fthiotida
18. Malessina of Fthiotida
19. Orhomenos of Viotia
20. Tholos of Chios
21. Lefka of Ahaia
22. Aliveri of Evia
23. Drimos, Thessaloniki
24. Polikastro, Kilkis
25. Leventoxori, Kilkis
26. Rafina of Attiki

Quarries

27. Araxos of Ahaia
28. Tragana of Fthiotida
29. Voulia of Siros
30. Aliveri of Evia
31. Kampi of Artas
32. Valanidoussa of Prevesa
33. Pitharia Pigis of Lesvos
34. Mikro Dasos of Polikastro
35. Mesaio of Thessaloniki
36. Axios Potami of Kilkis

Aggregates' warehouses

37. Lazareta of Siros
38. Gomosto of Achaia

Limestone (not active)

39. Milaki of Evia

Offices

40. 141 G. Papandreou str – Metamorphossi of Attica
41. 3 El.Venizelos str – Volos
42. 1 P.Vostani and Mitr.Iakovou, Mitilini
43. 2 Laos square – Lamia
44. 2 Ag. Apostolon and Handakos – Chios

Subsidiaries

45. SUPER BETON S.A. – I. MARKOYLAKI & SONS (Concrete) – 13 R. Fereou Heraklion Crete – Unit: 9th km Heraklion – Rethimno
46. LEADER BETON SA – Bul. “Deshmoret e Kombit”, Twin Towers, Kulla 2, Kati 13/2

LAVA Quarrying and Mining S.A.**Quarries**

1. Pumice stone: Yali of Nissiros, the Dodecanese
2. Gypsum: Altsi, Sitia, Crete
3. Pozzolane and Silicon : Adamantas, Milos

Warehouses

4. Drapetsona, 1 Kontopoulou str., Drapetsona, Piraeus

Various

5. Almiros of Volos (aggregates unit)

Dear Shareholders,

Based on the above mentioned and the Certified Auditors' Report, you have at your disposal all the necessary information in order to proceed with the approval of the Financial Statements and our lawful release of any liability, as stipulated in the Articles of Association.

Lycovrissi, 30/3/2011

By order of the Board of Directors

PIERRE DELEPLANQUE

Managing Director

TRANSLATION

Independent Auditors' Report

To the Shareholders of HERACLES GENERAL CEMENT COMPANY

Report on the Company Stand-Alone and Consolidated Financial Statements

We have audited the accompanying company financial statements of HERACLES GENERAL CEMENT COMPANY (the "Company") and the consolidated financial statements of the Company and its subsidiaries, which comprise the company and consolidated statement of financial position as at December 31, 2010, and the company and consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Company Stand-Alone and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these company and consolidated financial statements in accordance with International Financial Reporting Standards as these have been adopted by the European Union, as well as for these internal controls that management considers necessary for the preparation of company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these company and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the company and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the company's preparation and fair presentation of the company and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Company and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

TRANSLATION

Independent Auditors' Report - Continued

Opinion

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2010, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- (a) The Directors' Report includes a Corporate Governance Statement which provides the information required according to the provisions of paragraph 3d of article 43a and paragraph 3st of article 107 of Codified Law 2190/1920.
- (b) We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying company and consolidated financial statements according to the provisions of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 30, 2011

The Statutory Auditors

Nicos K. Sofianos
RN SOEL 12231

Epaminondas H. Giouroukos
RN SOEL 10351

Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
3a Fragoklissias & Granikou str., 151 25 Maroussi
Reg. No. SOEL: E.120

**ANNUAL COMPANY AND GROUP FINANCIAL STATEMENTS
OF HERACLES G.C.C. IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS AT 31 DECEMBER 2010**

The Group and Company Financial Statements on pages 28 to 94 were approved by the Board of Directors in its meeting on Wednesday 30 March 2011 and are subject to the approval of the ordinary General Assembly of the shareholders. As ordered by the Board of Directors, the Financial Statements are signed by the following persons:

**THE CHAIRMAN OF
THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**THE CHIEF
FINANCIAL OFFICER**

**MANOLIS CHRIS
KYPRIANIDES**

**I.D. CARD
No. AZ 007012**

**PIERRE
DELEPLANQUE**

**PASSPORT No.
07CV39073**

**MICHALIS T.
MICHELIS**

**EC.CC.REG. No.29960
A' CLASS**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

Amounts in Euro thousand

	NOTE	GROUP		COMPANY	
		1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Operating results					
Turnover	5,6	401.415	530.234	350.807	469.098
Cost of sales		(355.356)	(413.960)	(315.917)	(370.268)
Gross profit		46.059	116.274	34.890	98.830
Administrative & distribution expenses		(56.058)	(55.876)	(33.854)	(36.427)
Other operating income/(expenses)	7	(22.911)	(15.639)	(21.912)	(11.493)
Impairment of investments in subsidiaries		0	0	0	(315)
Share of profits of associates		0	105	0	0
Operating profit /(loss)	8	(32.910)	44.864	(20.876)	50.595
Finance income/(expenses)	6,9	(5.091)	(4.871)	960	4.949
Profit /(loss) before tax		(38.001)	39.993	(19.916)	55.544
Income tax	10	(7.860)	(24.629)	(6.523)	(23.342)
Net profit /(loss) for the year after tax	6	(45.861)	15.364	(26.439)	32.202
Allocated to:					
Non controlling interest		(47)	0	0	0
Company's Shareholders		(45.814)	15.364	(26.439)	32.202
		(45.861)	15.364	(26.439)	32.202
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings/ (losses) per share (in €)	11	(0,65)	0,22	(0,37)	0,45

Notes from page 33 through to page 94 form an integral part of the Group and Company Financial Statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2010**

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Net profit /(loss) for the year after tax	(45.861)	15.364	(26.439)	32.202
Merge of subsidiary	0	0	0	(114)
Profit/ (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	95	4.241	95	4.241
Actuarial gain/(loss) recognised directly in equity, net of deferred tax	3.264	(3.980)	3.054	(3.685)
Withheld tax on the capitalization of retained earnings	(538)	0	(538)	0
Other equity movements	(421)	66	(158)	85
Other comprehensive income for the year, net of tax	2.400	327	2.453	527
Total comprehensive income for the year, net of tax	(43.461)	15.691	(23.986)	32.729

Notes from page 33 through to page 94 form an integral part of the Group and Company Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

Amounts in Euro thousand	NOTE	GROUP		COMPANY	
		31/12/2010	31/12/2009	31/12/2010	31/12/2009
Fixed assets					
Goodwill	12	29.480	29.480	0	0
Intangible assets	13	4.048	4.088	1.485	1.212
Tangible assets	14	511.198	545.415	473.514	507.965
Investments in associates and subsidiaries	15	0	522	81.168	81.164
Other investments	16	55	55	55	55
Derivative financial instruments	25.6	0	3.790	0	3.790
Other non-current receivables	25.2	15.325	9.981	39.799	9.484
Deferred tax asset	20	548	1.957	0	0
Total fixed assets		560.654	595.288	596.021	603.670
Current assets					
Inventories	17	56.364	63.079	50.236	56.668
Trade and other receivables	25.3	131.129	147.680	96.650	138.342
Derivative financial instruments	25.6	2.368	700	2.368	700
Fixed assets available for sale	14	9.044	2.428	9.044	0
Cash and cash equivalents	25.4	138.002	192.120	125.962	177.178
Income tax receivable	10	5.333	1.057	4.109	0
Total current assets		342.240	407.064	288.369	372.888
Total assets		902.894	1.002.352	884.390	976.558
Non-current liabilities					
Provision for staff termination indemnity	18	57.354	77.240	54.117	72.319
Other non-current provisions	19	20.558	20.740	36.082	33.950
Derivative financial instruments	25.6	0	4.542	0	4.542
Deferred tax liabilities	20	2.946	5.942	2.390	4.419
Finance lease liabilities	25.7	221	302	126	125
Total non-current liabilities		81.079	108.766	92.715	115.355
Current liabilities					
Provision for staff termination indemnity	18	4.658	5.285	3.979	4.944
Trade and other payables	25.5	122.118	124.339	108.622	109.495
Income tax liability	10	103	7.526	0	7.448
Finance lease liabilities	25.7	187	210	31	0
Other current provisions	19	871	4.918	547	4.308
Derivative financial instruments	25.6	3.722	1.206	3.722	1.206
Dividends payable	21	138	138	138	138
Bank loans	25.4	43.609	39.480	1.017	15.445
Total current liabilities		175.406	183.102	118.056	142.984
Total liabilities		256.485	291.868	210.771	258.339
Equity					
Share capital	22	190.502	142.165	190.502	142.165
Share premium	23	1.279	1.279	1.279	1.279
Reserves	24	174.696	171.058	162.170	158.340
Derivatives valuation reserve	25.6	(1.041)	(1.136)	(1.041)	(1.136)
Retained earnings		280.911	397.118	320.709	417.571
Total Shareholders' equity		646.347	710.484	673.619	718.219
Non controlling interest		62	0	0	0
Total equity		646.409	710.484	673.619	718.219
Total liabilities and equity		902.894	1.002.352	884.390	976.558

Notes from page 33 through to page 94 form an integral part of the Group and Company Financial Statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2010**

Amounts in Euro thousand

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Non controlling interest	Total
Balance at 1/1/2010	142.165	1.279	171.058	(1.136)	397.118	0	710.484
Profit /(loss) for the year	0	0	0	0	(45.814)	(47)	(45.861)
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	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	95	0	0	95
Actuarial gain /(loss), net of deferred tax	0	0	0	0	3.264	0	3.264
Withholding tax on the capitalization of retained earnings	0	0	0	0	(538)	0	(538)
Other equity movements	0	0	(192)	0	(338)	109	(421)
Balance at 31/12/2010	190.502	1.279	174.696	(1.041)	280.911	62	646.409
Balance at 1/1/2009	142.165	1.279	170.175	(5.377)	386.551	0	694.793
Profit /(loss) for the year	0	0	0	0	15.364	0	15.364
Dividends	0	0	(4.696)	0	4.696	0	0
Distribution of profits	0	0	5.579	0	(5.579)	0	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	4.241	0	0	4.241
Actuarial gain /(loss), net of deferred tax	0	0	0	0	(3.980)	0	(3.980)
Other equity movements	0	0	0	0	66	0	66
Balance at 31/12/2009	142.165	1.279	171.058	(1.136)	397.118	0	710.484

Amounts in Euro thousand

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 1/1/2010	142.165	1.279	158.340	(1.136)	417.571	718.219
Profit /(loss) for the year	0	0	0	0	(26.439)	(26.439)
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	95	0	95
Actuarial gain /(loss), net of deferred tax	0	0	0	0	3.054	3.054
Withholding tax on the capitalization of retained earnings	0	0	0	0	(538)	(538)
Other equity movements	0	0	0	0	(158)	(158)
Balance at 31/12/2010	190.502	1.279	162.170	(1.041)	320.709	673.619
Balance at 1/1/2009	142.165	1.279	152.683	(5.377)	394.740	685.490
Merge of subsidiary	0	0	78	0	(192)	(114)
Profit /(loss) for the year	0	0	0	0	32.202	32.202
Distribution of profits	0	0	5.579	0	(5.579)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	4.241	0	4.241
Actuarial gain /(loss), net of deferred tax	0	0	0	0	(3.685)	(3.685)
Other equity movements	0	0	0	0	85	85
Balance at 31/12/2009	142.165	1.279	158.340	(1.136)	417.571	718.219

Notes from page 33 through to page 94 form an integral part of the Group and Company Financial Statements.

**STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED
31 DECEMBER 2010**

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1- 31/12/2010	1/1- 31/12/2009	1/1- 31/12/2010	1/1- 31/12/2009
<u>Operating activities</u>				
Profit /(loss) before tax	(38.001)	39.993	(19.916)	55.544
Plus /less adjustments for:				
Depreciation	47.225	46.720	43.439	42.596
Provisions	3.902	(480)	3.985	(314)
Foreign exchange differences	(159)	361	(307)	361
Gain /(loss) from derivatives valuation	111	(223)	111	(223)
Income /(expenses), profit /(losses) from investing activities	(2.902)	(1.743)	(4.197)	(7.468)
Settled share based payments	0	85	0	85
Interest and related expenses	7.614	5.511	3.630	1.507
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease /(increase) in inventories	4.163	20.040	3.857	19.909
Decrease /(increase) in receivables	(15.312)	6.008	(12.355)	7.878
(Decrease) /increase in liabilities (excl. bank loans)	(4.255)	1.591	(2.282)	445
Less :				
Interest and related expenses paid	(6.495)	(4.602)	(2.902)	(657)
Taxes paid	(22.691)	(9.047)	(21.096)	(8.304)
<u>Total inflow / (outflow) from operating activities (a)</u>	<u>(26.800)</u>	<u>104.214</u>	<u>(8.033)</u>	<u>111.359</u>
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	0	(4)	(25.946)
Purchases of tangible and intangible fixed assets	(15.563)	(30.295)	(13.395)	(24.969)
Proceeds from disposals of tangible and intangible assets	2.563	4.717	1.485	3.808
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	510	0	0	0
Interest received	1.869	707	2.373	849
Dividends received	0	0	1.434	5.646
<u>Total inflow / (outflow) from investing activities (b)</u>	<u>(10.621)</u>	<u>(24.871)</u>	<u>(8.107)</u>	<u>(40.612)</u>
<u>Financing activities</u>				
Loan proceeds	73.600	75.777	0	15.445
Loan repayments	(69.471)	(72.647)	(14.428)	(2.035)
Payments of obligations under finance leases	(212)	(350)	(34)	(3)
Dividends paid	(20.614)	(30.496)	(20.614)	(30.496)
<u>Total inflow /(outflow) from finance activities (c)</u>	<u>(16.697)</u>	<u>(27.716)</u>	<u>(35.076)</u>	<u>(17.089)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)	<u>(54.119)</u>	<u>51.627</u>	<u>(51.216)</u>	<u>53.658</u>
Cash and cash equivalents at the beginning of the year	<u>192.120</u>	<u>140.493</u>	<u>177.178</u>	<u>123.359</u>
Cash from subsidiaries acquired during the year	<u>0</u>	<u>0</u>	<u>0</u>	<u>161</u>
Cash and cash equivalents at the end of the year	<u>138.001</u>	<u>192.120</u>	<u>125.962</u>	<u>177.178</u>

Notes from page 33 through to page 94 form an integral part of the Group and Company Financial Statements.

1. GENERAL INFORMATION

HERACLES GENERAL CEMENT COMPANY (the Company) has been incorporated in Greece under the Companies Act 2190/1920, with its registered office located in the Municipality of Lycovrissi, Attica, 49-51 Sophokli Venizelou str. and the majority shareholding (88,99% as at 31/12/2010) 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 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. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year or subsequent years. 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 year

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 impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Such changes include the expensing of acquisition-related costs and recognising subsequent changes in fair value of contingent consideration in the profit or loss. The revised 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 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.

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 does not have an impact on the Group's financial statements.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS - continued

IFRIC 16 - Hedges of a net investment in a foreign operation (EU endorsed for annual periods beginning on or after 1 July 2009)

This interpretation applies to an entity that hedges the foreign currency risk arising from its net investments in foreign operations and qualifies for hedge accounting in accordance with IAS 39. The interpretation provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. This interpretation is not relevant to the Group, as the Group does not apply hedge accounting for any investment in a foreign operation.

IFRIC 17 “Distributions of non-cash assets to owners” (EU endorsed for annual periods beginning on or after 1 July 2009)

This interpretation provides guidance on accounting for the following types of non-reciprocal distributions of assets by an entity to its owners acting in their capacity as owners: (a) distributions of non-cash assets and (b) distributions that give owners a choice of receiving either non-cash assets or a cash alternative. This interpretation does not have an impact on the Group's financial statements.

IFRIC 18 “Transfers of assets from customers” (EU endorsed for annual periods beginning on or after 1 November 2009)

This interpretation clarifies the requirements of IFRSs for agreements in which an entity receives from a customer an item of property, plant and equipment that the entity must then use to provide the customer with an ongoing supply of goods or services. In some cases, the entity receives cash from a customer which must be used only to acquire or construct the item of property, plant and equipment. This interpretation is not relevant to the Group.

Amendments to standards that form part of the IASB's 2009 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in April 2009 of the results of the IASB's annual improvements project. The following amendments are effective for the current financial 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 recognised 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.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS - continued

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).

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 periods beginning on or after 1 January 2011

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.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS - continued**IAS 12 (Amendment) “Income Taxes” (effective for annual periods beginning on or after 1 January 2012)**

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 “Investment Property”. Under IAS 12, the measurement of deferred tax depends on whether an entity expects to recover an asset through use or through sale. However, it is often difficult and subjective to determine the expected manner of recovery with respect to investment property measured at fair value in terms of IAS 40. To provide a practical approach in such cases, the amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The presumption cannot be rebutted for freehold land that is an investment property, because land can only be recovered through sale. This amendment has not yet been endorsed by the EU.

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

This amendment attempts to reduce 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.

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.

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.

IFRS 7 (Amendment) “Financial Instruments: Disclosures” – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment has not yet been endorsed by the EU.

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.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS - continued

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.

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. The amendments have not yet been endorsed by the EU.

IFRS 1 “First-time adoption” (effective for annual periods beginning on or after 1 January 2011)

This improvement clarifies the treatment of accounting policy changes in the year of adoption after publishing an interim financial report in accordance with IAS 34 Interim Financial Reporting, allows first-time adopters to use an event-driven fair value as deemed cost and expands the scope of ‘deemed cost’ for property, plant and equipment or intangible assets to include items used subject to rate regulated activities.

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.

3. ACCOUNTING PRINCIPLES

Statement of compliance

The Financial Statements have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the relevant Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are relevant to the Group's activities and are effective on the date the Financial Statements were prepared, as adopted by the European Commission.

Basis of preparation

The Financial Statements have been prepared on the historical or deemed cost basis with the exception 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, which are available on the Company's website www.lafarge.gr.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company as well as the Financial Statements of the entities controlled by the Company (its subsidiaries) as at 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity in order to obtain financial benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the subsidiaries' financial statements have been restated in order for their accounting policies to comply with those of the Group.

For consolidation purposes, all material inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity in the Financial Statements. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling share of changes in equity since the date of the combination. Losses applicable to the non-controlling party in excess of the non-controlling party's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling has a binding obligation and is able to make an additional investment to cover the losses.

Acquisitions of Subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date and equity shares that have been issued by the Group's companies in exchange for the control of the acquiree, including indirect expenses attributable to the acquisition.

Assets, liabilities and contingent liabilities of the purchased company that comply with the recognition requirements of IFRS 3 are measured at their fair value at the acquisition date. The resulting goodwill is finalised within twelve months from the acquisition date, and is recognised as an asset and initially measured as the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

3. ACCOUNTING PRINCIPLES – continued

Acquisitions of Subsidiaries - continued

Losses of subsidiaries exceeding the Company's participation therein are recognised in the income statement of the Company's Financial Statements, as a provision for losses from participation in subsidiaries.

In the Company's Financial Statements, participations in subsidiaries and associates are carried at cost, less any later impairment provisions. Annually or whenever events or circumstances suggest that there may be an indication of impairment, the Company examines the carrying value of the above participations against their recoverable value which is the higher between their fair value less cost to sell and their value in use.

Investments in associates

An associate is an entity over which the Company (or the Company through the Group) is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, the assets and liabilities of associates are incorporated in these Financial Statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is finalised within twelve months from the date of acquisition and is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

In cases where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Goodwill

Goodwill arising on an acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition.

Goodwill is finalised within one year of the acquisition and initially recognised as an asset at cost. Subsequently is measured at cost reduced by any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units expected to benefit from the synergies of the business combination from which the goodwill arises. Cash generating units to which goodwill has been allocated are tested for impairment on an annual basis or more frequently, if there are indications that the controlled, each time, unit's value could be impaired. If the recoverable amount is lower than the unit's respective carrying amount, the resulting loss is allocated first to reduce the carrying amount of the specific unit, and then to the unit's remaining assets, pro rata, based on the carrying amount of each asset's participation in the specific unit. The loss resulting from goodwill impairment is recognised in profit and loss and is not reversed in the following periods.

3. ACCOUNTING PRINCIPLES – continued

Goodwill - continued

At the sale of a subsidiary, associate or jointly controlled undertaking, the attributable carrying amount of goodwill is taken into account in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates is described in paragraph "Investments in associates".

Goodwill arising on acquisitions before the date of transition to IFRSs, based on the Greek Accounting Standards, has been deducted directly from equity at the date of transition to IFRS, namely 31/12/2003. On the date of transition to the IFRS, it has been written off against retained earnings and will not be included in the calculation of any profit or loss that will result from any future sale.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and their fair value less costs to sell.

Financial information by segment

A business segment is a component of an enterprise that provides a single product or service or a group of related products and services and that is subject to risks and returns that are different from those of other business segments.

Segments were determined based on operating sectors, since this is the way that the chief operating decision makers review the Group. Using the quantitative thresholds, the Group reports separately in the related note its three operating segments: cement, concrete and aggregates.

Management evaluates segment performance based on turnover, current operating income, operating income, financial income and expenses 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.

Revenue Recognition

Revenues are recognised at the fair value of the consideration received or receivable for the sale of goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

The revenue from sales of goods is recognised when goods are delivered and ownership has been transferred. In particular, the following conditions must be met:

- The Group has transferred to the purchaser significant benefits and risks of owning the goods
- The Group no longer manages the goods sold insofar as ownership usually entails, nor does it exercise real control over goods sold
- The revenue amount can be reliably measured
- It is very likely that the financial benefits from the transaction will reach the Group
- The cost incurred or to be incurred in relation to the transaction can be reliably measured

Income from contracts concerning service provision is entered in the results upon completion of the service provision, or with reference to the service provision completion stage.

3. ACCOUNTING PRINCIPLES – continued

Revenue Recognition- continued

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment are established.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Project construction contracts

In case the result of a construction project can be reliably estimated, contractual income and costs are recognised in results depending on the project's percentage of completion on the reporting date. The project's percentage of completion is measured based on the proportion of contractual cost incurred by the reporting date, to the total contractual cost estimated, on the same date, to be required until project completion, except where this would not be representative of the completion percentage. Deviation from the original contract and various additional claims and incentive payments shall only be recognised if agreed upon with the client.

In case the result of a construction project cannot be reliably estimated, contractual income must be recognised in results, to the extent that it is probable that contractual costs incurred will be recovered. Contractual costs shall be included in the results of the year on which they are incurred. When it is likely that the total contractual cost will exceed the total contractual income, the expected loss will immediately be charged to the results.

Transactions in foreign currency

The Financial Statements of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency) which is Euro.

Transactions in currencies other than Euro are recognised at the exchange rates prevailing on the dates of the transactions. On each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at year-end exchange rates. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary assets measured at historical cost in foreign currency, shall not be translated at current exchange rates.

Profits and losses resulting from liquidation or settlements of monetary assets, or from the valuation at current exchange rates as at reporting date, shall be included in the year's net profit or loss. Exchange differences concerning valuation of non-monetary assets and liabilities at exchange rates as at reporting date, at fair value, shall be entered in the current year's results, except for exchange differences concerning non-monetary assets whose profit and losses are recognised directly in equity. For such non-monetary assets, exchange differences shall be recognised directly in equity.

On consolidation, the assets and liabilities of the Group's operations abroad are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses of the period in which the operation is disposed of.

3. ACCOUNTING PRINCIPLES – continued

Government grants / subsidies

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to machinery and equipment are treated as deferred income, are abstracted from granted assets and released to profit and loss over the expected useful lives of the assets concerned. Government subsidies relating to staff training expenses shall be recognised to the results when collected.

Staff retirement compensation

Payments to national insurance funds are considered as defined contribution retirement schemes and are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out annually.

Past service cost is recognised immediately in the income statement, to the extent that the benefits are already vested (and are not dependent upon future employment), otherwise it is amortised on a straight-line basis over the average period until the benefits become vested.

The staff retirement compensation obligation recognised in the statement of Financial Position represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost.

The Group recognises actuarial gains and losses of the period directly to equity. Actuarial gains and losses recognised directly to equity appear in the statement of comprehensive income.

Share based payments

On a regular basis, the Lafarge Group offers share purchase plans to its employees.

In accordance with the prescriptions of IFRS 2 – “Share Based Payments”, the Group records compensation expense for all share-based compensation granted to its employees.

When the Lafarge Group performs capital increases reserved for employees, and when the conditions offered are significantly different from market conditions, the Group records a compensation cost.

This cost is measured at the grant date, defined as the date at which the Group and employees share a common understanding of the characteristics of the offer.

The measurement of the cost takes into account the bonuses paid under the plan, the potential discount granted on the share price and the effect of post-vesting transfer restrictions (deducted from the discount granted). The compensation cost calculated is expensed in the period of the operation (considered as compensation for past-services) if no vesting condition is attached to the shares.

Income tax

The income tax expense presented in the income statement represents the sum of current tax, previous years' tax differences, special levy, property tax and deferred tax.

Current and deferred tax is recognised as an income or expense in the income statement, except when it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3. ACCOUNTING PRINCIPLES – continued

Current tax

The current tax payable is based on the Company's best estimate of taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates applicable, or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is recognised on (temporary) differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method, using the tax rates which are expected to apply when the receivable will be realized or the liability will be settled. Deferred tax liabilities are generally recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In case of subsidiary acquisition, deferred taxation shall be taken into account in determining goodwill or negative goodwill.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

No liability from deferred taxation on tax-free or specially taxed reserves shall be recognised, to the extent that it can reasonably be expected that the management shall be in a position to control the time they will be allocated, whilst distribution and in general any taxation whatsoever in the immediate future is not anticipated.

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also posted to equity.

Deferred tax liabilities and receivables shall be set off when there is a legal right that allows the setting off of current tax receivables to current tax liabilities, and when they concern income tax imposed by the same taxation authority and the Group is willing to arrange current tax receivable and liabilities on a net basis.

3. ACCOUNTING PRINCIPLES – continued

Intangible assets

Intangible assets relate to software measured at acquisition cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to income statement on a straight-line basis over their estimated useful lives, which is estimated at three years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Exploration for and evaluation of mineral resources expenses

Pursuant to IFRS 6, as of 1 January 2006, exploration and evaluation of mineral resources expenses are recognised as fixed assets. Fixed assets from the exploration and evaluation of mineral resources are recognised in the Statement of Financial Position according to the cost method less any subsequent accumulated depreciation. The above assets shall be tested for impairment when events and circumstances may indicate that the carrying amount of the said asset may exceed its recoverable amount.

Tangible assets

Tangible assets used in the production or supply of goods or services, or for administrative purposes, were stated in the transition to IFRS Statement of Financial Position at their revalued amounts, according to IFRS 1, being either the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, or their respective carrying amount of acquisition appearing in the books thus far according to the Greek Accounting Standards, less any subsequent accumulated depreciation. Since then, tangible assets are recognised at their historic cost, less any subsequent accumulated depreciation and any subsequent accumulated impairment loss.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost or value of assets, other than land and properties under construction, over their estimated useful lives, using the straight-line method, on the following bases:

(useful lives in years)	<u>Group</u>	<u>Company</u>
Buildings	5 - 30	10 - 30
Machinery	5 - 30	15 - 30
Vehicles, Furnitures and Other Equipment	3 - 15	5 - 15

The useful lives of the assets of several subsidiaries are quite different than that of the Company, due to different operating activities, and consequently, different use of the assets. Assets held under finance leases are depreciated on a straight line basis over their expected useful lives. At the end of each year, Management reviews the estimated useful lives, residual values and depreciation methods. The impact of changes in estimations is recognised in the current and in future years. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

3. ACCOUNTING PRINCIPLES – continued

Internally generated intangible assets – Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised only if all of the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits,
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets separately acquired.

Impairment of tangible and intangible assets excluding goodwill

On each reporting date, the Group and Company review the carrying amounts of tangible and intangible assets to determine whether there is any indication that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to assess the recoverable value of a specific asset, the Group and Company estimate the recoverable value of the cash-generating unit to which the asset belongs. Impairment tests are performed annually and whenever there is an indication that the above assets may be impaired.

Recoverable amount of an asset is the higher of fair value less costs to sell and respective value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. ACCOUNTING PRINCIPLES – continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and direct costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured based on the best possible estimates that the Management will make regarding the consideration of the expected liability settlement due at the reporting date, and are discounted at their present value, provided that the relevant discount impact is significant.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be reliably measured.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Management's best estimate of the expenditure required in order the Group companies to settle the obligation.

Emission rights

Emission rights are not recognised as an asset. Profit from surplus of emission rights is recognised only after a sale is realised. If there is a shortage, a provision is recognised in the income statement.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at "fair value through profit or loss".

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Loans and Receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents consist of cash held, bank deposits and other short-term investments of high liquidity, directly convertible into a known sum of money with an insignificant value change risk.

Leases

A. Operating Leases

Rental payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Contingent rentals arising under operating leases are recognised as an expense in the period in which are incurred.

Benefits that have been received or will be received as an incentive to enter into an operating lease are also recognised deductible of rental expenses, on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

B. Finance leases

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the respective IFRSs.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Other financial liabilities

Other financial liabilities are split into current and non-current and are initially recognised at fair value. Non-current trade payables are subsequently measured at amortised cost or in case of borrowing at the amount of the capital borrowed based on which interest is calculated. Current trade payables are not interest carrying and are measured at their nominal value which is also their fair value. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered not collectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay in the future.

Derivative financial instruments and hedging accounting

The Group's activities are exposed primarily to foreign exchange rates and commodities risks, notably fuel and marine freight.

The Group uses derivative financial instruments (mostly forward contracts) to hedge these exposures to fluctuating exchange rates and future market values of commodities, concerning specific existing commitments or anticipated transactions (cash flow hedging). The use of financial derivatives is governed by the policies of LAFARGE Group that controls HERACLES G.C.C. and are harmonised with the LAFARGE Group risk management strategy.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured on their fair value on each reporting date. Changes (gain or loss) in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement as "Financial income/(expenses)".

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Derivative financial instruments and hedging accounting - continued

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months and it is not expected to be realised or settled within 12 months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised in income statement when the forecast transaction is ultimately recognised in profit or loss or is no longer expected to occur.

4. MAJOR ACCOUNTING JUDGEMENTS & MAIN SOURCES OF UNCERTAINTY FOR ACCOUNTING ASSESSMENTS

In the application of the Group's accounting policies, as described in note 3, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other sources. The estimates and associated assumptions are based on historical experience, on estimates of specialised external consultants and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or also future periods.

The following are the critical judgements that Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

Management examines at least annually whether there is goodwill impairment indication, and if so, assesses the extent according to the Group's accounting policy on goodwill. The recoverable amount of the cash generating unit under review is determined on the basis of the higher value between the fair value less cost to sell and the value in use. The assessment of these values is based on estimates and underlying assumptions.

Moreover, Management annually examines the following, on the basis of assumptions and estimates:

- useful lives and recoverable amounts of depreciable fixed assets and intangible assets
- recoverable amounts of real estate property
- recoverable amounts of participations in subsidiaries and associates, in the individual financial statements
- the amount of provisions for quarry restoration, staff retirement compensation, unaudited tax years, or legal cases litigation and labour law compliance cases
- the recoverability of deferred tax asset

Income tax is determined on the basis of best estimate of taxable profit for the year. If the tax that results from the tax audit is different than the estimated one, the difference will affect both the income tax itself and the deferred tax in the year the tax audit was conducted.

On 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 audits will result in additional taxes and charges being imposed (note 26).
- (b) Estimates on the recoverability of deferred tax assets (note 20).
- (c) Contingent losses from pending legal litigations (note 19 & 26) and doubtful debts (note 25.3).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 15).

5. TURNOVER

A turnover breakdown per category of goods sold (finished and semi-finished products, merchandises and services) is as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1 - 31/12/2010	1/1 - 31/12/2009	1/1 - 31/12/2010	1/1 - 31/12/2009
Income from sale of finished and semi-finished products	384.859	513.756	341.049	460.176
Income from sale of merchandise	9.055	8.033	7.450	5.536
Income from services	7.501	8.445	2.308	3.386
	401.415	530.234	350.807	469.098

6. 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 segments performance based on turnover, current operating income, operating income, financial income and expenses 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	31/12/2010				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	354.297	54.241	16.801	(22.921)	402.418
Current Operating Income	17.760	(5.863)	1.544	0	13.441
Operating Income/(loss)	(24.505)	(10.171)	1.166	0	(33.510)

Amounts in Euro thousand	31/12/2009				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	473.656	67.075	20.313	(27.102)	533.942
Current Operating Income	70.114	(2.244)	2.406	0	70.276
Operating Income/(loss)	37.912	(5.853)	2.220	0	34.279

Amounts in Euro thousand

Total Assets as per Management Reporting	31/12/2010				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
31/12/2010	887.739	88.294	54.798	(142.031)	888.800
31/12/2009	983.987	87.104	64.931	(140.569)	995.453

6. OPERATING SEGMENTS – continued

Reconciling items between financial reporting used by 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 Financial Statements according to International Financial Reporting Standards.

Amounts in Euro thousand

	<u>31/12/2010</u>	<u>31/12/2009</u>
Turnover per Management Reporting	402.418	533.942
Discount reclassification between Turnover and Cost of sales	<u>(1.003)</u>	<u>(3.708)</u>
Turnover per Income Statement	<u><u>401.415</u></u>	<u><u>530.234</u></u>

Amounts in Euro thousand

	<u>31/12/2010</u>	<u>31/12/2009</u>
Reportable Segments		
Current Operating Income /(loss)	13.441	70.276
Non-recurring income /(expenses)	<u>(46.951)</u>	<u>(35.997)</u>
Operating Income/(loss)	(33.510)	34.279
Reconciliation to Income Statement		
Timing difference on revenue recognition	0	13.200
Gain recognised in 2008 Financial Statements	0	(624)
Provisions and liabilities recognised in different periods	1.910	(2.169)
Cost allocation between administrative and finance expenses	195	1.262
Difference in Fixed Assets depreciation	(1.342)	(2.012)
Different treatment in the incorporation of the result of absorbed companies	(341)	0
Other timing differences	<u>178</u>	<u>928</u>
Income Statement		
Operating Income /(loss)	(32.910)	44.864
Net financial income /(expenses)	<u>(5.091)</u>	<u>(4.871)</u>
Profit /(loss) before tax	(38.001)	39.993
Income tax	<u>(7.860)</u>	<u>(24.629)</u>
Net profit /(loss) for the year after tax	(45.861)	15.364

6. OPERATING SEGMENTS – continued

Amounts in Euro thousand

	<u>31/12/2010</u>	<u>31/12/2009</u>
Total Finance Income / (Expenses) per Management Reporting	(5.370)	(3.637)
Cost allocation between administrative and finance expenses	(195)	(1.262)
Difference in exchange rate differences	110	0
Different treatment in the incorporation of the result of absorbed companies	280	0
Other	84	28
Total Finance Income / (Expenses) per Income Statement	<u>(5.091)</u>	<u>(4.871)</u>

Amounts in Euro thousand

	<u>31/12/2010</u>	<u>31/12/2009</u>
Total Assets per Management Reporting	888.800	995.453
Difference in deemed cost of fixed assets	17.601	17.826
Total assets of non consolidated entity	(3.987)	(3.984)
Deferred tax difference	943	(4.457)
Other	(463)	(2.485)
Total Assets per Statement of Financial position	<u>902.894</u>	<u>1.002.352</u>

The comparative data for 2009 have been adjusted for presentation purposes.

The Group and Company operate in the following countries:

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>
Greece	341.442	458.497	296.675	404.110
Switzerland	54.263	66.635	54.063	64.880
Other countries	5.710	5.102	69	108
	<u>401.415</u>	<u>530.234</u>	<u>350.807</u>	<u>469.098</u>

The Group and Company do not have facilities abroad. Consequently, operations abroad concern sales of goods and services.

7. OTHER OPERATING INCOME / (EXPENSES)

Other operating income / (expenses) of the Group and the Company are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>
Profit/(loss) from investment disposals	277	0	0	0
Profit/(loss) from fixed asset disposals	580	931	390	1.285
(Impairment) / Reversal of impairment of tangible fixed assets	170	(2.736)	0	0
Reversal of provision / (Provision) for share in losses of subsidiaries	0	0	(1.001)	1.751
Provision for doubtful receivables	(24.796)	(14.989)	(21.301)	(14.529)
Other	858	1.155	0	0
	<u>(22.911)</u>	<u>(15.639)</u>	<u>(21.912)</u>	<u>(11.493)</u>

Due to the special features of the cement market situation during both the current and the prior year, the Company' Management decided to reclassify the provision for doubtful receivables from the Administrative & distribution expenses to Other operating expenses, for the fair presentation of the company and the consolidated financial statements.

The comparative data of the Administrative & distribution expenses and Other operating income / (expenses) for 2009 have been adjusted for presentation purposes.

The same reclassification has also been made the income statement.

8. OPERATING PROFIT

Profit from operations has been calculated, after debiting / (crediting) the following amounts:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>	<u>1/1 - 31/12/2010</u>	<u>1/1 - 31/12/2009</u>
Impairment of receivables	26.446	14.990	22.485	14.529
Use / reversal of receivables impairment	(1.831)	(9.736)	(1.184)	(8.997)
Impairment of fixed assets from revaluation of recoverable amount	0	2.736	0	0
Impairment of participation in subsidiaries	0	0	0	315
Total impairment	<u>24.615</u>	<u>7.990</u>	<u>21.301</u>	<u>5.847</u>
Amortisation of intangible assets	1.030	973	584	408
Depreciation of tangible assets	46.317	45.869	42.977	42.310
Amortisation of grant	(122)	(122)	(122)	(122)
Total depreciation & amortisation	<u>47.225</u>	<u>46.720</u>	<u>43.439</u>	<u>42.596</u>
Movement of finished and semi-finished products	2.105	(6.192)	2.589	(6.180)
Consumption of raw, auxiliary materials, consumables and spare parts	120.313	147.429	84.188	106.529
Cost of goods sold	<u>122.418</u>	<u>141.237</u>	<u>86.777</u>	<u>100.349</u>
Employer's contribution	17.868	20.383	14.829	16.693
Salaries and other personnel benefits	88.933	98.276	76.185	83.198
Provision for staff termination indemnity	8.026	8.740	7.380	8.077
Staff termination indemnity	40.065	31.651	38.646	36.345
Total personnel expenses	<u>154.892</u>	<u>159.050</u>	<u>137.040</u>	<u>144.313</u>

The number of Group and Company personnel as at 31 December 2010 is analysed as follows:

	GROUP		COMPANY	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Number of personnel	1.580	1.908	1.234	1.471

9. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Income				
Interest received and related income	1.869	707	2.373	849
Income from dividends	0	0	1.434	5.646
Foreign exchange income	1.093	92	1.020	0
Income from derivatives	0	223	0	223
	<u>2.962</u>	<u>1.022</u>	<u>4.827</u>	<u>6.718</u>
Expenses				
Interest and related expenses	7.614	5.511	3.630	1.507
Loss from derivatives	111	0	111	0
Foreign exchange losses	328	382	126	262
	<u>8.053</u>	<u>5.893</u>	<u>3.867</u>	<u>1.769</u>
Total	<u>(5.091)</u>	<u>(4.871)</u>	<u>960</u>	<u>4.949</u>

10. INCOME TAX

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Income tax	(313)	13.501	(447)	13.049
Deferred taxation (Note 20)	(2.628)	1.003	(3.016)	376
Tax audit differences	3.974	419	3.287	293
Special levy	5.909	9.017	5.854	9.017
Other taxes not included in operating costs	918	689	845	607
Total	<u>7.860</u>	<u>24.629</u>	<u>6.523</u>	<u>23.342</u>

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

According to the new tax law which was enacted by the Parliament Plenum in its PO' Session on 29 March 2011, the corporate tax rate applied on the total taxable income, is reduced to 20%, applicable on revenues realized in the fiscal year 2012 onwards. Upon the distribution or capitalization of profits in the form of dividends, preliminary dividends, fees, apart from salaries, to the board members and managers, a 21% tax amount is withheld for the fiscal year 2011 and 25% for the fiscal year 2012. The withholding tax is not effected when the dividends are paid to a company of another country-member of the European Union, which is the parent company of the local societate anonime paying the dividends, provided that the requirements of article 11 of L.2578/1998 are met. The tax withheld from the societate anonime is refunded to it in the proportion which corresponds to the dividends which it distributes to a company of another country-member of the European Union. The withholding is effected upon the submission or credit of the beneficiaries with these revenues and in any case within a month from the date of approval of the financial statements from the ordinary General Assembly of the shareholders.

Specifically for the shipping companies which come under the tax legislation of L.27/1975, the amount of tax owed according to the first passage of paragraph 1 of article 6, is incremented for the years 2011 to 2015 by 4% annually. The aforementioned increment is applied proportionately, also in the calculation of the extraordinary contribution of article 10 of L.29/1975.

10. INCOME TAX - continued

The current income tax for the years of 2010 and 2009 was calculated with 24% and 25% tax rates respectively. The deferred tax for the years 2010 and 2009 was calculated based on the tax rate which shall be applicable in the year that the deferred tax asset or liability will be settled according to the current legislation at the reporting date of the Financial Statements.

During 2010, a regular tax audit of the Company was performed for the years 2007 and 2008. An amount of 3.713 Euro thousand was assessed and paid as additional tax obligation. The accumulated tax provision the Company had realised for the audited years amounted to 2.229 Euro thousand as at 31/12/2009 while the remaining amount of 1.484 Euro thousand, was charged against current year'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.

Furthermore, a regular tax audit was performed in the subsidiary company Lafarge Beton S.A. for the years 2006-2008. An amount of 519 Euro thousand was imposed as additional tax obligation. The accumulated tax provision the company had realised for the audited years amounted to 412 Euro thousand as at 31/12/2009 while the remaining amount of 107 Euro thousand, was charged against current year's results.

Income tax is analysed as follows:

Amounts in Euro thousand	GROUP				COMPANY			
	1/1-31/12/2010		1/1-31/12/2009		1/1-31/12/2010		1/1-31/12/2009	
		%		%		%		%
Profit / (loss) before taxes	(38.001)	24%	39.993	25%	(19.916)	24%	55.544	25%
Income tax at the current tax rate 24% (2009: 25%)	(9.120)	24%	9.998	25%	(4.780)	24%	13.886	25%
Expenses not deductible in determining taxable profit and other differences	2.170	-6%	2.022	5%	626	-3%	182	0%
Tax reduction due to establishment of tax free reserve	0	0%	(560)	-1%	0	0%	(560)	-1%
Reversal of deferred tax asset on provision for doubtful debts due to uncertain recoverability	930	-2%	0	0%	930	-5%	0	0%
Effect of different tax rates of subsidiaries operating under a different tax status.	60	0%	(2)	0%	0	0%	0	0%
Tax losses not carried forward	3.458	-9%	2.762	7%	0	0%	0	0%
Use of previous years' tax losses	137	0%	295	1%	0	0%	0	0%
Tax audit differences	3.974	-10%	418	1%	3.287	-17%	293	1%
Participation to impairment of investments, share in losses of subsidiaries and other permanent differences	(413)	1%	(272)	-1%	(239)	1%	(359)	-1%
Valuation allowance due to non-recoverability / (reversal)	(163)	0%	262	1%	0	0%	276	0%
Special levy	5.909	-16%	9.017	23%	5.854	-29%	9.017	16%
Other taxes	918	-2%	689	2%	845	-4%	607	1%
	<u>7.860</u>	<u>-21%</u>	<u>24.629</u>	<u>62%</u>	<u>6.523</u>	<u>-33%</u>	<u>23.342</u>	<u>42%</u>

The above table is presented in less detailed analysis compared to last year for more appropriate presentation.

10. INCOME TAX - continued

Income tax receivables and payables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Receivables				
Income tax receivable	5.333	1.057	4.109	0
Total tax receivables	5.333	1.057	4.109	0
Payables				
Income tax payable	(103)	(7.526)	0	(7.448)
Total tax payables	(103)	(7.526)	0	(7.448)
Total	5.230	(6.469)	4.109	(7.448)

11. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Net profit /(loss) for the year after tax	(45.861)	15.364	(26.439)	32.202
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	(0,65)	0,22	(0,37)	0,45

12. ACQUIRED COMPANY GOODWILL

The movement of goodwill during 1/1 – 31/12/2010 and 1/1 – 31/12/2009 is presented in the following table:

Amounts in Euro thousand	2010	2009
Goodwill as at 01/01	29.480	31.871
Provisional fair value adjustments:		
- MYTILINI QUARRIES S.A.	0	(1.081)
- BETON DOMH S.A.	0	(1.147)
- TRANS BETON S.A.	0	(109)
		(2.337)
Consideration adjustments:		
- KAMBIS QUARRIES S.A.	0	(103)
- SAMARAS QUARRIES S.A.	0	49
		(54)
Impairment of goodwill	0	0
Goodwill as at 31/12	29.480	29.480

13. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiaries. The following table shows the movement for the years 1/1-31/12/2010 and 1/1-31/12/2009.

Amounts in Euro thousand	GROUP	COMPANY
COST		
1 January 2009	12.864	10.098
Subsidiary acquisition	0	101
Additions	1.699	923
Allocation of Goodwill to Intangibles	1.116	0
Disposals / Write-offs	(198)	0
Transfers from projects in progress	79	0
31 December 2009	15.560	11.122
Additions	103	0
Disposals/Write-offs	(28)	0
Transfers from projects in progress	887	857
31 December 2010	16.522	11.979
ACCUMULATED DEPRECIATION		
1 January 2009	10.697	9.401
Depreciation charge	895	408
Subsidiary acquisition	0	101
Allocation of Goodwill to Intangibles	78	0
Disposals/Write-offs	(198)	0
31 December 2009	11.472	9.910
Depreciation charge	954	584
Allocation of Goodwill to Intangibles	76	0
Disposals/Write-offs	(28)	0
31 December 2010	12.474	10.494
CARRYING AMOUNT		
31 December 2009	4.088	1.212
31 December 2010	4.048	1.485

14. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years 1/1-31/12/2010 and 1/1-31/12/2009:

Amounts in Euro thousand

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2009	73.076	263.570	425.511	29.539	32.033	823.729
Impairment due to revaluation of recoverable amount	(24)	(2.710)	0	(2)	0	(2.736)
Additions	1.798	287	1.479	939	15.928	20.431
Disposals/Write-offs	(877)	(3.122)	(2.531)	(2.991)	0	(9.521)
Goodwill allocation	2.001	0	0	0	0	2.001
Transfers of assets under construction	0	3.679	25.475	97	(29.330)	(79)
31 December 2009	75.974	261.704	449.934	27.582	18.631	833.825
Additions	661	147	3.093	256	15.913	20.070
Disposals/Write-offs	(871)	(2.568)	(2.139)	(487)	0	(6.065)
Transfers of assets under construction	0	1.818	10.457	331	(12.641)	(35)
31 December 2010	75.764	261.101	461.345	27.682	21.903	847.795
ACCUMULATED DEPRECIATION						
1 January 2009	2.995	83.957	141.519	16.906	0	245.377
Depreciation Charge	493	15.723	27.477	1.844	0	45.537
Disposals/Write-offs	(131)	(1.970)	(1.886)	(1.154)	0	(5.141)
Amortisation of allocation of goodwill	209	0	0	0	0	209
31 December 2009	3.566	97.711	167.110	17.595	0	285.982
Depreciation charge	415	15.717	28.218	1.681	0	46.031
Amortisation of allocation of goodwill	164	0	0	0	0	164
Disposals/Write-offs	62	(2.167)	(1.318)	(1.201)	0	(4.624)
31 December 2010	4.207	111.261	194.010	18.075	0	327.553
NET BOOK VALUE						
31 December 2009	72.408	163.993	282.824	9.986	18.631	547.843
31 December 2010	71.557	149.840	267.335	9.607	21.903	520.242
Presented in Balance Sheet 31/12/2009 as:						
Tangible assets	71.579	162.394	282.824	9.987	18.631	545.415
Fixed assets available for sale	829	1.599	0	0	0	2.428
	72.408	163.993	282.824	9.987	18.631	547.843
Presented in Balance Sheet 31/12/2010 as:						
Tangible assets	67.429	145.247	267.012	9.607	21.903	511.198
Fixed assets available for sale	4.128	4.593	323	0	0	9.044
	71.557	149.840	267.335	9.607	21.903	520.242

14. TANGIBLE ASSETS - continued

The above assets include the carrying amount of the land, quarry as well as buildings, improvements and machinery amounting to 3.742 Euro thousand, of the subsidiary LAFARGE BETON S.A. at the Araxos location in Achaia Prefecture. According to Notary Public deed no. 10114/2003, transfer of ownership of the above land to LAFARGE BETON S.A. is still outstanding, however the transfer of the demesne has been completed. The Management presumes ownership of property as well as full recoverability of the book value, although the above impediment has not yet been remedied.

The quarry of Araxos ceased its operation on 31/12/2010 based on No 12365/09 KYA (FEK 159D/29-4-2009). It is LAFARGE BETON S.A. Management's conviction that the quarry will operate again within 2011, after the tax bill of "Maintaining biodiversity and other clauses" be voted.

In December of 2010, the launch of an open international bidding was decided, concerning the sale of the land of the Company located in Lycovrissi, including the building of its head office. For this purpose, relative announcements in the national and international press have been made. The procedure of the disposal of premises is in process.

The net book value of the premises that were classified as fixed assets held for sale as at 31/12/2010, was 9.044 Euro thousand.

In September of 2009 Management of EVIESK S.A. announced through the national press its intention to sell two premises located in Volos A' VIPE, Municipality of Esonia. In February of 2010 the sale of the one property was completed for an amount of 740 Euro thousand. The procedure of the disposal of the other property was terminated without worthy offers and consequently, the property was classified to fixed assets in the current year and 81 Euro thousand were included in the income statement of the company EVIESK S.A. as depreciation expense.

The movement in the fixed assets held for sale is analysed in the following table:

Amounts in Euro thousand

GROUP

	<u>Γήπεδα</u>	<u>Κτίρια</u>	<u>Μηχανήματα</u>	<u>Σύνολο</u>
31 December 2009	829	1.599	0	2.428
Additions	4.128	4.593	323	9.044
Disposals	(195)	(375)	0	(570)
Transfers to fixed assets	(634)	(1.224)	0	(1.858)
31 December 2010	<u>4.128</u>	<u>4.593</u>	<u>323</u>	<u>9.044</u>

14. TANGIBLE ASSETS - continued

The following table shows the relevant Company tangible assets movements for the years 1/1-31/12/2010 and 1/1-31/12/2009.

Amounts in Euro thousand

COMPANY	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2009	54.789	246.216	397.749	18.913	30.607	748.274
Additions	1.844	892	573	436	15.249	18.994
Acquisition of subsidiary	0	57	859	208	0	1.124
Disposals/Write-offs	(719)	(1.697)	(367)	(1.856)	0	(4.639)
Transfers	0	3.167	25.774	58	(28.999)	0
31 December 2009	55.914	248.635	424.588	17.759	16.857	763.753
Additions	649	0	2.332	181	14.600	17.762
Disposals/Write-offs	0	(69)	(337)	(645)	0	(1.051)
Transfers	0	1.476	9.430	293	(11.199)	0
31 December 2010	56.563	250.042	436.013	17.588	20.258	780.464
ACCUMULATED DEPRECIATION						
1 January 2009	505	76.694	127.233	9.852	0	214.284
Depreciation Charge	35	15.044	25.950	1.159	0	42.188
Acquisition of subsidiary	0	53	617	194	0	864
Disposals/Write-offs	0	(650)	(492)	(406)	0	(1.548)
31 December 2009	540	91.141	153.308	10.799	0	255.788
Depreciation charge	32	15.158	26.634	1.031	0	42.855
Disposals/Write-offs	0	(26)	(123)	(588)	0	(737)
31 December 2010	572	106.273	179.819	11.242	0	297.906
NET BOOK VALUE						
31 December 2009	55.374	157.494	271.280	6.960	16.857	507.965
31 December 2010	55.991	143.769	256.194	6.346	20.258	482.558
Presented in Balance Sheet as:						
Tangible assets	55.374	157.494	271.280	6.960	16.857	507.965
Fixed assets available for sale	0	0	0	0	0	0
	55.374	157.494	271.280	6.960	16.857	507.965
Presented in Balance Sheet 31/12/09 as:						
Tangible assets	51.863	139.176	255.871	6.346	20.258	473.514
Fixed assets available for sale	4.128	4.593	323	0	0	9.044
	55.991	143.769	256.194	6.346	20.258	482.558

15. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES

The following table is a list of the Group's companies included in the consolidated Financial Statements, with their respective addresses and the Group's interest therein.

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
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	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
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
LEADER BETON S.A	Tirana, Albania		51,00%	51,00%	Trade of concrete

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 percentage of participation of the Group in the subsidiary company MARATHOS QUARRIES S.A. was increased by 22,13% (31/12/2009: 77,02% - 31/12/2010: 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.

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.

On 7/10/2010 the acquisition of percentage 0,22% of the company AEGEAN TERMINALS S.A. was completed and as a result the Group now possesses the 100% of the above mentioned company.

The fully consolidated subsidiary INTERNATIONAL MEDITERRANEAN SHIPPING HOLDING S.A., which was based on Luxemburg and was under liquidation, was liquidated with the write-off certificate of the Commercial Register of Luxemburg No 17439, 15/6/2010.

15. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES - continued

On 31/12/2010 the merger of AEGEAN TERMINALS S.A. with INVESTMENT SILO PORT SAID COMPANY S.A. was completed, the second entity was absorbed by the first, based on the paragraphs of L. 2190/1920 and the articles 1-5 of L.2166/1993 and by virtue of decision number EM-29865/10 of Athens Prefecture East Sector, which was filed to the register of the above Prefecture on 31/12/2010.

Except for the subsidiary LEADER BETON S.A., the subsidiary MARATHOS QUARRIES S.A. in which the Group's participation is 99,15% is loss making and has 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 of 31/3/2010.

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 288 Euro thousand.

Company share in subsidiaries and associates, appearing in the Company's individual financial statements, is as follows:

	COMPANY					
	31/12/2010			31/12/2009		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	103.973	(29.738)	74.235	103.973	(29.738)	74.235
EVIESK S.A.	1.428	(1.428)	0	1.428	(1.428)	0
LAVA S.A.	1.240	0	1.240	1.240	0	1.240
HERACLES MARITIME CO.	5.543	0	5.543	5.543	0	5.543
INVESTMENT SILO PORT SAID COMPANY S.A. (absorbed by AEGEAN TERMINALS S.A. in 2010)	0	0	0	5.636	(5.636)	0
AEGEAN TERMINALS S.A.	6.436	(6.286)	150	796	(650)	146
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	6	(6)	0	6	(6)	0
Total	118.626	(37.458)	81.168	118.622	(37.458)	81.164

The Group's share in associates after provisioning for impairment is as follows:

	GROUP	
	31/12/2010	31/12/2009
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	0	0
MICHALIS KATSIMBRIS SA	0	522
Total	0	522

Total Assets and Liabilities of companies consolidated using the equity method, are stated below:

	31/12/2010	31/12/2009
Total Assets	600	3.780
Total Liabilities	4.686	5.858
Total Equity	(4.086)	(2.078)
Impairment of investment in MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	(294)	(294)
Provision of MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	(1.043)	(1.043)

16. OTHER INTERESTS

The Group has a 0,52% shareholding in the company EKEPY S.A. registered in Halkida of Evia. The above mentioned entity is not consolidated, because its shareholding and financial position are immaterial.

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Other interest	55	55	55	55
Total	55	55	55	55

17. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in Euro thousand

	GROUP				COMPANY			
	31/12/2010		31/12/2009		31/12/2010		31/12/2009	
Merchandise	1.391		1.003		1.081		747	
Finished and semi-finished goods	20.624		18.339		16.566		13.977	
Less: Obsolescence provision	<u>(1.620)</u>	19.004	<u>(1.440)</u>	16.899	<u>(1.440)</u>	15.126	<u>(1.440)</u>	12.537
Raw & aux. materials	11.872		15.836		10.441		14.323	
Less: Obsolescence provision	<u>(97)</u>	11.775	<u>(388)</u>	15.448	<u>(43)</u>	10.398	<u>(129)</u>	14.194
Spare parts	28.380		33.950		27.851		33.404	
Less: Obsolescence provision	<u>(7.957)</u>	20.423	<u>(9.558)</u>	24.392	<u>(7.824)</u>	20.027	<u>(9.427)</u>	23.977
Consumables	3.771		5.337		3.604		5.213	
Total	56.364		63.079		50.236		56.668	

Based on LAFARGE Group policy, the comparative data of inventories for 2009 have been restated for fair comparative presentation reasons. Specifically, an amount of 10.256 Euro thousand was classified from "Consumables" to "Raw and auxiliary materials", an amount of 4.500 Euro thousand was classified from "Spare parts" to "Consumables" and an amount of 429 Euro thousand was classified from "Raw and auxiliary materials" to "Merchandise".

17. INVENTORIES - continued

The following table includes a more detailed breakdown of the provisions for both Group and Company:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Balance at the start of year	11.386	13.481	10.996	13.102
Additional provision in the year for finished and semi finished products obsolesce	180	0	0	0
Additional provision in the year for slow moving raw materials	6	281	0	0
Reversal of provision for slow moving raw materials obsolesce	(297)	(283)	(86)	0
Use of provision due to spare part destruction	(1.603)	(2.106)	(1.603)	(2.106)
Additional provision in the year for spare parts obsolesce	2	13	0	0
Total	9.674	11.386	9.307	10.996

18. PROVISION FOR STAFF RETIREMENT COMPENSATION

The Group Companies are compensating retiring staff with the equivalent of 100% of the compensation in case of dismissal as stated by the Labour Law. There are no other post-retirement benefits. To calculate the Group's above-mentioned obligations towards its staff, regarding future payment of staff retirement benefits depending on their previous service duration, independent actuaries perform an actuarial valuation. The staff retirement compensation is not a savings program; therefore it is not funded from special reserves. The non-financed obligation will lead to future Group and Company payments on the date the employee will retire.

The actuarial valuation measures such obligation which is then presented at the date of the Financial Statements, based on the anticipated accrued right to be paid for each employee. The amount of accrued right appears discounted at its current value in relation to the anticipated payment date.

The most recent actuarial valuation of Group staff compensation due to retirement was conducted by independent actuaries, based on 31 December 2010 data. The current value of the defined benefits obligation and relevant costs of current and offered services, were calculated using the projected unit credit method, as stipulated in IAS 19.

Actuarial gains (differences between expected and actual defined benefit obligations at the end of 2010) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial gain as at 31/12/2010 amount to 4.255 Euro thousand and 3.988 Euro thousand after deferred taxation of 991 Euro thousand and 934 Euro thousand respectively, which is attributed to experiential adjustments and to change in actuarial assumptions in relation to the previous year.

The recognition of the above mentioned actuarial gain increased the liability for staff retirement compensation and was made directly in the Statement of comprehensive income.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The actuarial gains derive a) from profit of 1.682 Euro thousand and 1.563 Euro thousand for Group and Company respectively, due to change in actuarial assumptions in relation to the ones used in the previous year and especially the change in the percentage of basic salary and allowances increase from 4,75% to 4% which is partially offset by the change of the discount rate from 5% to 4,75% and b) from actuarial gains from experiential adjustments totalling 2.573 Euro thousand and 2.425 Euro thousand for the Group and the Company respectively, which are attributed to the following factors:

- In 2010, the actual average increase in basic salaries and allowances increased to 3,7% and 4,2% for the Group and the Company respectively, against a long-term actuarial assumption of 4.75% for both cases: gain of 900 Euro thousand for the Group and 784 Euro thousand for the Company. The Management estimates that in the long term the average increase will be at 4%.
- Based on new social security law L.3863/10, the change in expected retirement ages resulted in gain 2.400 Euro thousand for the Group and 2.236 Euro thousand for the Company.
- The remaining loss of 727 Euro thousand and 595 Euro thousand for Group and Company respectively, is attributed to population mobility during the year, such as retirements, new hiring and mortality.

The total expense in the income statement in 2010 was 48.091 Euro thousand and 46.026 Euro thousand for Group and Company respectively. For the Group, 42.853 Euro thousand is included in cost of sales and 5.238 Euro thousand is included in administrative expenses while for the Company, 41.402 Euro thousand is included in cost of sales and 4.624 Euro thousand is included in administrative expenses.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Present value of obligation	62.046	82.606	58.130	77.346
Unrecognised past service cost	(34)	(81)	(34)	(83)
Net liability / (asset) in Statement of financial position	62.012	82.525	58.096	77.263
Amounts recognised in the Income Statement				
Service cost	3.818	3.970	3.444	3.581
Interest cost	3.998	4.705	3.742	4.429
Amortisation of past service cost	210	65	194	67
Regular Income Statement charge	8.026	8.740	7.380	8.077
Termination loss	40.065	31.651	38.646	36.345
Total Income Statement charge	48.091	40.391	46.026	44.422
Changes in present value of Defined benefit obligation				
Defined benefit obligation at the beginning of the year	82.606	86.394	77.346	75.116
Merger of subsidiary	0	0	0	397
Service cost	3.818	3.970	3.444	3.581
Interest cost	3.998	4.705	3.742	4.429
Benefits paid directly by the Company	(64.348)	(48.986)	(61.207)	(47.026)
Extra payments or expenses / (income)	40.051	31.632	38.635	30.732
Immediate recognition of settlement cost due to staff transfers between Group companies	0	0	0	5.628
Past service cost arising over last year	176	22	158	0
Actuarial loss / (gain)	(4.255)	4.869	(3.988)	4.489
Defined benefit obligation at year end	62.046	82.606	58.130	77.346
Analysis of actuarial gain/(loss)				
Gain /(loss) on plan liabilities due to change in assumptions	1.682	(3.250)	1.563	(2.976)
Gain /(loss) on plan liabilities due to experiential changes	2.573	(1.619)	2.425	(1.513)
Actuarial gain/(loss)	4.255	(4.869)	3.988	(4.489)
Movement in net liability in Statement of Financial Position				
Net liability in Statement of financial position at the beginning of the year	82.525	86.252	77.263	74.981
Merger of subsidiary	0	0	0	397
Benefits paid directly	(64.349)	(48.986)	(61.205)	(47.026)
Total expense recognised in the income statement	48.091	40.390	46.026	44.422
Net liability in Statement of Financial Position before adjustment	66.267	77.656	62.084	72.774
Amount recognised in the statement of recognised (income) / expense	(4.255)	4.869	(3.988)	4.489
Net liability in Statement of Financial Position	62.012	82.525	58.096	77.263
Included in current liabilities	4.658	5.285	3.979	4.944
Included in non-current liabilities	57.354	77.240	54.117	72.319
Total	62.012	82.525	58.096	77.263

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2010	31/12/2009	31/12/2010	31/12/2009	
Discount rate	4,75%	5,00%	4,75%	5,00%	annual
Salaries increase	4,00%	4,75%	4,00%	4,75%	annual
Allowances increase	4,00%	4,75%	4,00%	4,75%	annual
Inflation rate	2,50%	2,75%	2,50%	2,75%	annual
Average future service	12,08	9,93	11,53	9,34	

Mortality assumption based on Swiss table EVK00

Disability assumption based on Swiss EVK00 disability table adjusted by 50%

The results of the actuarial valuation are discounted to present value with the use of a discount rate, thus the amount of staff retirement compensation is sensitive to changes in the discount factor, namely:

- (a) if the discount rate used was 0,25 units higher (5%) then the "Defined Benefit Obligation" for the Group, would be lower by 1,9% (1.179 Euro thousand) and for the Company by 1,9% (1.104 Euro thousand).
- (b) if the discount rate used was 0,25 units lower (4,50%) then the "Defined Benefit Obligation" for the Group, would be higher by 2% (1.241 Euro thousand) and for the Company by 1,9% (1.104 Euro thousand).

In the table below, there is an analysis of the Defined Benefit Obligation of the Group and the Company as well as of the actuarial result (gain / loss) for the last five years:

Amounts in Euro thousand

	GROUP				
	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Defined benefit obligation at year end	62.046	82.606	86.395	100.229	112.089
Actuarial loss / (gain)	(4.255)	4.869	(752)	409	10.187

	COMPANY				
	31/12/2010	31/12/2009	31/12/2008	31/12/2007	31/12/2006
Defined benefit obligation at year end	58.130	77.346	75.116	86.619	96.709
Actuarial loss / (gain)	(3.988)	4.489	(787)	657	8.811

19. OTHER NON-CURRENT AND CURRENT PROVISIONS
GROUP

	Provision for quarry restoration expenses	Provision for legal litigations	Provision for pending labour cases	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand								
1 January 2009	4.079	2.417	3.200	1.043	1.359	0	5.241	17.339
Additional provision for the year	0	0	1.057	0	0	10.353	1.195	12.605
Unutilised provision	(16)	(304)	(1.534)	0	0	0	(683)	(2.537)
Provision utilised	(886)	(506)	0	0	(339)	0	(17)	(1.748)
31 December 2009	3.177	1.607	2.723	1.043	1.020	10.353	5.735	25.658
Included in current liabilities	134	175	2.172	0	300	0	2.137	4.918
Included in non-current liabilities	3.043	1.432	551	1.043	720	10.353	3.598	20.740
31 December 2009	3.177	1.607	2.723	1.043	1.020	10.353	5.735	25.658
Additional provision for the year	229	481	0	0	0	0	2.098	2.808
Provision utilised	(280)	(441)	(2.721)	0	(219)	0	(3.376)	(7.037)
31 December 2010	3.126	1.647	2	1.043	801	10.353	4.457	21.429
Included in current liabilities	277	86	2	0	300	0	206	871
Included in non-current liabilities	2.849	1.561	0	1.043	501	10.353	4.251	20.558
31 December 2010	3.126	1.647	2	1.043	801	10.353	4.457	21.429

COMPANY

	Provision for quarry restoration expenses	Provision for legal litigations	Provision for pending labour cases	Provision for subsidiary losses	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand									
1 January 2009	1.603	1.682	3.200	18.994	1.043	1.359	0	2.869	30.750
Additional provision for the year	0	0	1.054	0	0	0	10.353	515	11.922
Reversal of provision of impairment and participation in loss of subsidiary	0	0	0	(1.751)	0	0	0	0	(1.751)
Unutilised provision	0	(304)	(1.534)	0	0	0	0	(365)	(2.203)
Provision utilised	(121)	0	0	0	0	(339)	0	0	(460)
31 December 2009	1.482	1.378	2.720	17.243	1.043	1.020	10.353	3.019	38.258
Included in current liabilities	110	0	2.169	0	0	300	0	1.729	4.308
Included in non-current liabilities	1.372	1.378	551	17.243	1.043	720	10.353	1.290	33.950
31 December 2009	1.482	1.378	2.720	17.243	1.043	1.020	10.353	3.019	38.258
Additional provision for the year	6	451	0	1.001	0	0	0	1.962	3.420
Provision utilised	(18)	(268)	(2.720)	0	0	(219)	0	(1.824)	(5.049)
31 December 2010	1.470	1.561	0	18.244	1.043	801	10.353	3.157	36.629
Included in current liabilities	247	0	0	0	0	300	0	0	547
Included in non-current liabilities	1.223	1.561	0	18.244	1.043	501	10.353	3.157	36.082
31 December 2010	1.470	1.561	0	18.244	1.043	801	10.353	3.157	36.629

19. OTHER NON-CURRENT AND CURRENT PROVISIONS - continued

The provision for pending legal and labour litigation cases concerns actions filed against the Group and the Company, to a total amount of 4.829 Euro thousand and 4.418 Euro thousand respectively, for which the estimated probable loss would be 1.649 Euro thousand and 1.561 Euro respectively.

The provision for quarry restoration expenses is based on the international experience of LAFARGE Group, the HERACLES G.C.C Group being part thereof, and covers the restoration expenses estimate until the date the provision was formed, plus a cost assessment for the disassembly and removal of any fixed assets in the area.

The provision for subsidiaries' losses concerns recognition by the Company of subsidiaries' accumulated losses, over and above the provision for loss of capital. Furthermore, a provision for the undertaking of the liabilities of MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A. has been recognised.

The long term provision for disputed tax cases relates to pending disputed tax liabilities for the tax audit of Halkis Cement Company conducted in 2001 for the years 1994-1996.

The tax audit assessed an amount of 10.353 Euro thousand as additional taxes for Halkis Cement. Due to the Company merger with Halkis Cement in 2000, the Company assumed full liability for the tax assessed and recourses were filed before the Greek courts. The main argument was that Halkis Cement group had already settled this liability through the agreement between Halkis Cement and its creditors including the Greek State, as stipulated in L.1892/1990 Article 44.

The judgement of the First Instance Court was in favour of the tax administration but the Company won the case before the Court of Appeals in November 2009. Based on this ruling the Greek State had to return to the Company the amount of 10.353 Euro thousand by off setting against its tax liabilities.

However, since the Greek State has appealed against the decision of the Court of Appeals, the Company's Management, based on the principle of prudence, decided to provide for the related amount in the Statement of Financial position.

20. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group and Company as well as the movement of the relative accounts:

Amounts in Euro thousand

GROUP

Deferred taxation from:	1/1/2009	Equity	Income statement	31/12/2009	Equity	Income statement	31/12/2010
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(31.819)	0	(588)	(32.407)	0	191	(32.216)
Deferred tax asset on tax losses of year	0	0	0	0	0	4.404	4.404
Provision for doubtful receivables	4.804	0	1.927	6.731	0	2.891	9.622
Provision for staff retirement compensation	18.494	889	(1.912)	17.471	(991)	(3.659)	12.821
Recognition of financial derivatives	1.793	(1.330)	(213)	250	(53)	48	245
Impairment of inventory	2.699	0	(463)	2.236	0	(330)	1.906
Amortisation of intangible assets due to goodwill allocation	(327)	(383)	69	(641)	354	25	(262)
Other	2.969	(771)	177	2.375	(351)	(942)	1.082
Total	(1.387)	(1.595)	(1.003)	(3.985)	(1.041)	2.628	(2.398)

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

Amounts in Euro thousand

COMPANY

Deferred taxation from:	1/1/2009	Merger of subsidiary	Equity	Income statement	31/12/2009	Equity	Income statement	31/12/2010
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(29.245)	0	0	(944)	(30.189)	0	36	(30.153)
Deferred tax asset on tax losses of year	0	0	0	0	0	0	4.291	4.291
Provision for doubtful receivables	3.261	0	0	2.213	5.474	0	2.651	8.125
Provision for staff retirement compensation	15.858	77	804	(798)	15.941	(934)	(3.387)	11.620
Recognition of financial derivatives	1.859	0	(1.330)	(213)	316	(53)	48	311
Impairment of inventory	2.622	0	0	(454)	2.168	0	(220)	1.948
Other	2.056	(5)	0	(180)	1.870	0	(402)	1.468
Total	(3.589)	72	(526)	(376)	(4.419)	(987)	3.016	(2.390)

The above tables of the Group and the Company are presented in less detailed analysis compared to last year for more appropriate presentation.

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

In addition to the deferred tax that has been recognised in the income statement, deferred tax of 991 Euro thousand and 934 Euro thousand that concerns actuarial gain recognised during the year has been recorded directly to equity of the Group and the Company respectively as at 31 December 2010. The respective numbers as at 31 December 2009 were 889 Euro thousand and 804 Euro thousand for the Group and the Company respectively. An amount of 53 Euro thousand is recorded directly to equity of the Group and the Company and concerns the recognition of Company's derivatives during the year. Respectively, in 2009 deferred tax of 1.330 Euro thousand has been recorded directly to equity of the Group and the Company.

Deferred tax assets and liabilities of the Group and the Company have been offset. The following is the analysis of the deferred tax balances following offset for financial reporting purposes:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Deferred tax assets	30.685	29.856	28.368	26.182
Deferred tax liabilities	(33.083)	(33.841)	(30.758)	(30.601)
Total	(2.398)	(3.985)	(2.390)	(4.419)

Non-recognised figures of deferred tax assets for Group and Company, are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	2010	2009	2010	2009
Prior years tax losses	8.178	11.017	0	0
Unrecognised deferred tax assets	8.178	11.017	0	0

On 31 December 2010, Group companies had unused carried forward tax losses of 40.890 Euro thousand (2009: 44.068 Euro thousand). Against the above tax losses the Group does not recognise any deferred tax because Management estimates that it is not likely that they will be recovered in the future.

On 31 December 2010, the Company had created provisions for participations impairment amounted to 37.458 Euro thousand (2009: 37.458 Euro thousand). For these amounts no deferred tax asset was created, since Management does not expect that the liquidation of the related companies will take place in the near future, so as to have a tax benefit from the loss of capital.

21. DIVIDENDS

According to Greek corporate legislation in force, each year entities are obliged to allocate dividends corresponding to at least 35% of profit after tax, less legal reserve. The Company may not allocate dividend if 70% of shareholders approve.

At the end of each year, the Board of Directors proposes the dividends amount, which is then subject to approval from the General Shareholders Meeting.

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.

The company has losses and no dividends will be distributed for year 2010.

22. SHARE CAPITAL

There is a single class of common shares which carry no right to fixed income.

Amounts in Euro thousand	<u>31/12/2010</u>	<u>31/12/2009</u>
Number of common shares	71.082.707	71.082.707
Nominal share price	2,68	2,00
Approved, issued and fully paid:	190.502	142.165

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,

with increase of nominal share price from 2 Euro to 2,68 Euro.

23. SHARE PREMIUM

Amounts in Euro thousand	<u>31/12/2010</u>	<u>31/12/2009</u>
Share premium	<u>1.279</u>	<u>1.279</u>

24. RESERVES

Movements in Group reserves are presented in the tables below:

Amounts in Euro thousand

GROUP

	<u>1/1/2009</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2009</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2010</u>
Statutory Reserve	34.284	2.596	36.880	1.381	38.261
Special Reserves	1.177	(21)	1.156	0	1.156
Extraordinary Reserves	8.485	(3.932)	4.553	0	4.553
Tax-free Reserves	126.229	2.240	128.469	2.257	130.726
	<u>170.175</u>	<u>883</u>	<u>171.058</u>	<u>3.638</u>	<u>174.696</u>

Amounts in Euro thousand

COMPANY

	<u>1/1/2009</u>	<u>Merger of subsidiary</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2009</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2010</u>
Statutory Reserve	31.092	19	3.339	34.450	1.573	36.023
Special Reserves	851	0	0	851	0	851
Extraordinary Reserves	703	59	0	762	0	762
Tax-free Reserves	120.037	0	2.240	122.277	2.257	124.534
	<u>152.683</u>	<u>78</u>	<u>5.579</u>	<u>158.340</u>	<u>3.830</u>	<u>162.170</u>

Statutory reserve

According to Greek corporate legislation, every profitable company each year must transfer 5% of their profit after taxes to the statutory reserve, until the reserve equals 1/3 of the share capital. This reserve is not distributed, but it can be used against losses. In 2010, after the approval of the General Assembly of the Group companies, regarding the distribution of profit of the fiscal year 2009, an amount of 1.573 Euro thousand was transferred to statutory reserves of the Group while there was a decrease of 192 Euro thousand due to liquidation of subsidiary company INTERNATIONAL MEDITERRANEAN SHIPPING HOLDING S.A.

The Company has losses and no statutory reserve will be created for year 2010.

Special reserves

These are various special reserves, such as taxed accounting differences, differences from conversion of capital from Drachma to Euro, each with different conditions attached. The majority of the reserves relate to taxed accounting differences and the related amount can be distributed without any tax burden.

Extraordinary reserves

Extraordinary reserves comprise previous years' taxed profit carried forward, can be distributed to the Company's shareholders without further taxation, after General Assembly Meeting decision and are subject to withholding tax in the name of the shareholder.

24. RESERVES - continued

Tax free reserves

Movements in tax free reserves are presented in the tables below:

Amounts in Euro thousand

GROUP

	<u>31/12/2009</u>	<u>Movement</u>	<u>31/12/2010</u>
Tax incentive L. 2601/98	36.345	0	36.345
Tax incentive L. 1892/90	27.842	0	27.842
Tax incentive L. 1828/89	19.207	0	19.207
Tax incentive L. 1262/82	3.172	0	3.172
Article 9, L. 2190/20 Committee	1.614	0	1.614
Tax incentive L. 1078/71	1.613	0	1.613
L. 2238/94, article 34 para. 5	974	0	974
Tax incentive L. 289/76	928	0	928
Tax incentive L. 607/68	729	0	729
Tax incentive L. 4002/59	210	0	210
Tax incentive L. 147/67	178	0	178
Tax incentive L. 3299/2004	34.648	2.256	36.904
Other tax-free reserves	1.009	1	1.010
Total	<u><u>128.469</u></u>	<u><u>2.257</u></u>	<u><u>130.726</u></u>

Amounts in Euro thousand

COMPANY

	<u>31/12/2009</u>	<u>Movement</u>	<u>31/12/2010</u>
Tax incentive L. 2601/98	36.345	0	36.345
Tax incentive L. 1892/90	26.498	0	26.498
Tax incentive L. 1828/89	17.664	0	17.664
Tax incentive L. 1262/82	2.436	0	2.436
Article 9, L. 2190/20 Committee	1.614	0	1.614
Tax incentive L. 1078/71	1.345	0	1.345
Tax incentive L. 607/68	729	0	729
Tax incentive L. 4002/59	210	0	210
Tax incentive L. 147/67	161	0	161
Tax incentive L. 3299/2004	34.638	2.256	36.894
Other tax-free reserves	637	1	638
Total	<u><u>122.277</u></u>	<u><u>2.257</u></u>	<u><u>124.534</u></u>

24. RESERVES - continued

Tax free reserves-continued

According to the new tax legislation enacted by the Parliament Plenum in its PΘ' Session of the 29th of March 2011, tax-free reserves or discounts formed in accordance with the provisions of L.3299/2004 (Government Gazette 261 A') L.2601/1998 (Government Gazette 81 A), L.1262/1982 (Government Gazette 70 A), as well as any other tax incentive law, due to the realization of investments, when these are distributed or capitalized, they are added to the taxable income of the company and are taxed in the accounting period in which the distribution or the withdrawal of the corresponding amount of the tax-free reserve has been effected. For the said profits, the provisions of, paragraph 1 article 54 and of case d' of paragraph 1 article 55 of the Income Tax Code are applied, as the case may be. These provisions apply under the reservation of the provisions of article 13 of L.1473/1984 (Government Gazette 127 A') or article 101 of L.1892/1990 (Government Gazette 101 A').

In 2010, after the approval of the General Assembly of the Company, regarding the distribution of profit of the fiscal year 2009, an amount of 2.257 Euro thousand was transferred to tax free reserve of L. 3299/2004. The other Group subsidiaries did not create any tax free reserves in year 2010.

The Company has losses and cannot create tax free reserve for year 2010.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

In this note the Groups' financial assets and liabilities and their respective financial risks are analysed.

25.1. FINANCIAL RISK FACTORS

The Group is exposed to financial risks: credit risk and market risk such as exchange rate fluctuations, borrowing rates and purchase prices of fuels and freights. These risks are consistent in the Group's operations and they are managed successfully. No new risks have recently arisen. The Group's risk management program aims at minimising the possible negative impact that such risks may have on the Group's financial performance.

Risk management is the responsibility of the Financial management and Credit Control Function, that operates based on procedures, guidelines and directives set out by the Company's and the Group's Management. The Credit Control Function provides advice to the Group's subsidiaries and coordinates access to domestic and international money markets.

Among others, the above includes identification, assessment and hedging the financial risks in which the Group is exposed. It is the Group's policy not to perform speculative transactions and in general transactions not related to its commercial, investment or borrowing activities.

The financial instruments that the Group mainly uses are bank deposits, overdraft bank accounts, repurchase agreements, receivables and liabilities, loans from third parties and to associates, finance lease contracts, factoring agreements and derivatives.

Credit risk

The financial assets and liabilities of the Group that contain credit risk are mainly the following:

- (a) Trade and other receivables. The relative maximum exposure of the Group and the Company to credit risk is analysed in note 25.3 together with the policies and methods of the Group for the credit risk management.
- (b) Other non-current receivables. The relative maximum exposure to credit risk is analysed in note 25.2 below.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued

25.1. FINANCIAL RISK FACTORS - continued

Liquidity risk

Liquidity risk of the Group is insignificant due to the high current assets of the Group companies in relation with the current short-term liabilities. Specifically the total of short-term liabilities of the Group on 31/12/2010 amounts to 175.406 Euro thousand, while Cash and cash equivalent of the Group on 31/12/2010 amounts to 138.002 Euro thousand and the Current assets amounts to 342.240 Euro thousand.

Exchange rate risk

The majority of the Group's transactions is carried out in Euro and the rest mainly in US Dollars. Therefore, to some degree, the Group is exposed to the risk of exchange rate fluctuations. The risk is hedged with derivatives, especially exchange futures. The exposure of the Group to exchange rate risks is due to its transactions in foreign currency concerning imports or export of goods and services. The financial assets and liabilities of the Group that contain exchange rate risk are the following:

- (a) Trade and other current receivables.
- (b) Cash and cash equivalents
- (c) Trade and other payables

The effect of the exchange rate fluctuation is opposite to the above line "Trade and other Payables" compared to the effect to the other two lines. In the tables below, the US Dollars balances are presented as well as their respective value in Euro.

FINANCIAL ASSETS AND LIABILITIES IN US DOLLARS

Amounts in US Dollar thousand

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Cash and cash equivalents	4.300	3.011	3.940	1.474
Receivables	4.466	4.950	4.432	4.657
Payables	(11.524)	(12.563)	(11.471)	(12.511)
Net receivables / (payables)	(2.758)	(4.602)	(3.099)	(6.380)
Exchange rate				
US Dollar	1,3362	1,4406	1,3362	1,4406

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Cash and cash equivalents	3.218	2.090	2.949	1.024
Receivables	3.342	3.436	3.317	3.233
Payables	(8.624)	(8.721)	(8.585)	(8.685)
Net receivables / (payables)	(2.064)	(3.195)	(2.319)	(4.428)

Regarding the hedging of exchange rate risk, the Company has concluded forward contracts of US Dollar purchase. Below an analysis of the contracts entered into 2010 and the respective period of 2011 that the purchase will be made is presented.

Amounts in thousand

Contract period	Average forward rate	Dollars purchase	Value in Euro
up to 3/1/2011	1,3316	3.000	2.253

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.1. FINANCIAL RISK FACTORS - continued*****Interest rate risk***

Bank loans of the Group are related to floating rates, the fluctuations of which, do not affect materially the interest expenses and the cash flows. Group policy concerning bank loans is to conclude short-term loan agreements so there is low risk of change in interest rate. Keeping also in mind the low balance of Group bank loans, the exposure to interest rate risk is minimal. Nevertheless whichever exposure of the Group to interest rate risk is budgeted and then followed up.

On 31/12/2010 Group short term loans amounted to 43.609 Euro thousand, while no long term loans exist.

Risk of fuel, freight and electric power prices increase

The Group suffers significant cost by consuming fuel and electric power for production and distribution of its products; hence it is exposed to the risk of increased fuel prices. In order to hedge the risk, the Group is using derivatives financial instruments, usually forward contracts that refer to international fuel prices (relative note 25.6 below).

The Group is also extensively using freight services for the transportation of finished and semi-finished goods, raw materials and fuels in order to cover its sales and production needs; hence it is also exposed to the risk of increased freight prices. In order to hedge the risk, the Group is using derivatives financial instruments and more specifically, forward contracts that refer to international freight prices (relative note 25.6 below). The above hedging is directed centrally by LAFARGE Group.

In the table below, a sensitivity analysis of the Company's profit to the fluctuation of prices of fuel, freight and electric power is presented, supposing that the sale prices of the Company will not change.

Amounts in Euro thousand

SENSITIVITY ANALYSIS 2010						
% variance	± 30%	± 25%	± 20%	± 15%	± 10%	± 5%
Coal	± 4.717	± 3.931	± 3.145	± 2.359	± 1.572	± 786
Petcoke	± 5.321	± 4.434	± 3.547	± 2.660	± 1.774	± 887
Freight	± 1.426	± 1.189	± 951	± 713	± 476	± 238
Electric power	± 10.411	± 8.782	± 7.152	± 5.522	± 3.892	± 2.262
Total	± 21.875	± 18.336	± 14.795	± 11.254	± 7.714	± 4.173

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.2. OTHER NON-CURRENT RECEIVABLES**

Non-current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Present value of notes receivable	9.200	10.560	9.100	10.560
Guarantee deposits (PPC, rents etc)	2.546	3.231	2.278	2.910
Other non-current receivables	12.502	176	12.344	0
Other non-current intercompany receivables	0	0	25.000	0
Provision for non-current receivables	(3.400)	(3.986)	(3.400)	(3.986)
Reclassification from current provisions	(5.523)	0	(5.523)	0
Total	15.325	9.981	39.799	9.484

In the current year the loan agreement between the Company and its subsidiary E.V.I.E.S.K. S.A. was renewed. The amount of this intercompany loan is 25.000 Euro thousand and is repayable in June of 2013. For this reason, the specific receivables were classified from the account "Trade and other current receivables" to "Other non-current intercompany receivables". It should also be noted that the intercompany loans are considered of low risk, as the repayment is controlled by the Group and their book value approximates their fair value.

The largest part of the amount of other non-current receivables together with the related provisions amounting to 5.523 Euro thousand were included in the account "Trade and other current receivables" in the prior year and were classified to "Other non-current receivables" in the current year.

The related provisions for the above amounts according to Management's judgment adjust the balance of "Other non-current receivables" to their fair value.

Based on Group policy to ask for further collaterals for covering part of credit risk, the Company has guarantees, mortgages and liens for its clients' property, of total amount 13.212 Euro thousand, which further reduce the exposure to credit risk from long-term receivables.

The "Guarantee deposits PPC, rents etc" are considered of low credit risk by Management, so the maximum exposure to credit risk is immaterial.

25.3. TRADE AND OTHER CURRENT RECEIVABLES

Group and Company trade and other current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Trade receivables net of intercompany	192.428	191.490	142.789	142.747
Intercompany receivables	0	0	7.467	9.263
	192.428	191.490	150.256	152.010
Bad debt provision for trade receivables	(70.042)	(51.427)	(59.630)	(43.835)
	122.386	140.063	90.626	108.175
Other short term intercompany receivable	0	0	0	25.000
Claim from IRO	8.543	8.543	6.295	6.295
Short term tax receivable	1.576	1.240	933	565
Other debtors net of intercompany	9.534	8.436	6.712	6.564
Prepaid expenses	1.667	774	1.482	479
Receivables from the Greek State	7.525	7.663	7.486	7.579
Bad debt provision for other receivables	(20.102)	(19.039)	(16.884)	(16.315)
	8.743	7.617	6.024	30.167
Total trade and other receivables	131.129	147.680	96.650	138.342

The Group's comparative data have been adjusted for presentation purposes.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued**

An analysis of bad debt provision is presented in the following table:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Doubtful trade receivables				
Opening balance	51.427	46.188	43.835	38.330
Merger of subsidiary	0	0	0	15
Additional provision for the year	25.952	14.970	22.485	14.487
Reclassification to long term provisions	(5.523)	0	(5.523)	0
Reversal of unused provision	(1.668)	(1)	(1.167)	0
Use of provision	(146)	(9.730)	0	(8.997)
Closing balance	70.042	51.427	59.630	43.835
Doubtful other receivables				
Opening balance	19.039	18.465	16.315	15.684
Merge of subsidiary	0	0	0	30
Additional provision for the year	494	20	0	42
Reclassification from long term provisions	586	559	586	559
Use of provision	(17)	(5)	(17)	0
Closing balance	20.102	19.039	16.884	16.315
Total bad debt provision	90.144	70.466	76.514	60.150

As occurs from the financial statements, in 2010 the average credit period offered to Group customers for sales of goods was 92 days (76 days in 2009). Respectively for the Company in 2010 the average credit period offered to its customers for sales of goods was 78 days (71 days in 2009).

The Management considers that the accumulated provision represents the best possible estimation and that the carrying amount of trade and other receivables approximates the fair value.

Credit Risk from trade and other current receivables

The Group has established credit control procedures, aimed at minimising doubtful debts. Receivables from clients come from a broad customer base and therefore, credit risk is spread over a large number of clients. Group receipts consist of cash and post dated cheques from clients or from clients of our clients, after evaluating the solvency of the issuer.

In cooperation with Sales Management and after evaluating the client's financial condition, Group's Credit Control Management sets and applies specific sales and collections terms as well as credit limits per customer.

Clients' financial condition is monitored and evaluated continuously by Group's Credit Control Management, through a system of daily and monthly reports, analysis and indices, per client and per group of clients. In addition, a full record of each client's past payments and collaboration is maintained, supported by data provided from financial information agencies. On a regular basis the Company's Credit Committee evaluates the results of credit ratings and doubtful debts and approves any cases of excesses over the fixed credit policy.

Securing as much as possible of the receivables from clients is a firm Group policy. When necessary and feasible, collateral is requested to secure part of the credit risk.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued*****Credit Risk from trade and other current receivables - continued***

In the Financial Statements, the Group recognises a provision for doubtful debts, according to the policy of LAFARGE S.A., the parent company, on the basis of client outstanding balances maturity as well as Management estimates for special credit risk of specific clients, based on previous years doubtful debts experience and the estimation of the industry's market conditions.

The Group evaluates receivables' collectability based on historic data concerning transactions with the client, the Company's credit policy for the specific customer and credibility analysis obtained from financial information agencies.

Monitoring of doubtful debts is performed through monthly reports containing all Company's clients and through Legal Department's reports concerning disputed cases.

The final write-off of doubtful debts is performed based on proposals and approvals from the Group's Legal Department, following the existing tax regulations, after exhausting without result, all legal means and procedures for their reduction (collection, assignment of property etc) or alternatively, when the success of the expected – from law and procedures – claim means is not considered possible.

In the tables the maximum exposure of the Group and the Company to credit risk is presented:

Amounts in Euro thousand

	GROUP	
	<u>31/12/2010</u>	<u>31/12/2009</u>
Total receivables	221.273	218.146
Minus:		
Bad Debt provisions	90.144	70.466
Third parties cheques	16.537	33.204
Collaterals	107	540
Bank Warranties	12.116	5.474
Mortgages	9.656	8.637
Prenotices for mortgage	4.367	4.428
Related party receivables	4.757	5.255
Maximum exposure to credit risk	<u><u>83.589</u></u>	<u><u>90.142</u></u>

Amounts in Euro thousand

	COMPANY	
	<u>31/12/2010</u>	<u>31/12/2009</u>
Total receivables	173.164	198.492
Minus:		
Bad Debt provisions	76.514	60.150
Third parties cheques	10.080	19.767
Collaterals	107	540
Bank Warranties	10.180	3.258
Mortgages	9.656	8.637
Prenotices for mortgage	4.367	4.428
Intercompany receivables	7.467	34.263
Related party receivables	4.435	4.574
Maximum exposure to credit risk	<u><u>50.358</u></u>	<u><u>62.874</u></u>

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued

25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued

Credit Risk from trade and other current receivables - continued

In addition, there is insurance coverage for receivables allocated to the Company's customers, which is further mitigating the exposure to credit risk.

The tables below present the receivables aging analysis of the Group and the Company and the relative bad debt provision:

Amounts in Euro thousand

	GROUP					
	31/12/2010			31/12/2009		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	28.845	20.102	8.743	26.656	19.039	7.617
Trade receivables	74.598	0	74.598	117.981	0	117.981
Overdue analysis						
01--30	15.922	46	15.876	14.243	14	14.229
31--60	8.653	35	8.618	7.152	4.896	2.256
61--90	5.605	90	5.515	4.108	3.315	793
91--120	4.101	118	3.983	4.145	1.939	2.206
121--180	7.709	159	7.550	6.768	4.814	1.954
181--360	18.046	11.800	6.246	5.620	4.976	644
361+	57.794	57.794	0	31.473	31.473	0
Total	221.273	90.144	131.129	218.146	70.466	147.680

Amounts in Euro thousand

	COMPANY					
	31/12/2010			31/12/2009		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	22.908	16.884	6.024	21.482	16.315	5.167
Intercompany other receivables	0	0	0	25.000	0	25.000
Trade receivables	54.562	0	54.562	88.272	0	88.272
Intercompany trade payables	7.467	1.069	6.398	9.263	1.069	8.194
Overdue analysis						
01--30	9.920	0	9.920	11.311	0	11.311
31--60	5.390	0	5.390	5.223	4.825	398
61--90	3.348	0	3.348	3.287	3.287	0
91--120	2.584	0	2.584	1.939	1.939	0
121--180	4.744	0	4.744	4.814	4.814	0
181--360	12.582	8.902	3.680	4.521	4.521	0
361+	49.659	49.659	0	23.380	23.380	0
Total	173.164	76.514	96.650	198.492	60.150	138.342

The Group's comparative data have been adjusted for presentation purposes.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued

25.4. CASH, CASH EQUIVALENTS AND BANK LOANS

Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

Amounts in thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Cash on hand	51	87	32	30
Cash at banks	114.242	104.417	106.930	94.849
Time deposits	23.709	87.616	19.000	82.300
	138.002	192.120	125.962	177.178

Short-term bank deposits have an average duration of one month or less while the average interest rate was 1,02% for 2010 (2009: 1,74%).

Bank loans

The Group has concluded bank loans and overdrafts with a weighted average interest rate of 4,52% for 2010 (2009: 3,46%). All bank loans are denominated in Euro. Specifically, the total short-term loans amount to 43.609 Euro thousand, of which 38.699 Euro thousand relates to the subsidiary LAFARGE BETON S.A., 3.697 Euro thousand relates to EVIESK S.A., 1.017 Euro thousand relates to the Company and 196 Euro thousand relates to LEADER BETON S.A. The intercompany loans are included in "Other non-current intercompany receivables" of the Company which are analysed in note 25.2.

25.5. SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Suppliers excluding intra-company balances	86.104	85.345	70.723	68.711
HERACLES Group Companies	0	0	3.764	4.430
	86.104	85.345	74.487	73.141
Payables to personnel	4.516	5.137	3.802	4.571
Social security payables	4.317	5.250	3.539	4.310
Income tax payable	10.309	12.684	8.672	11.393
Other creditors excluding intra-company balances	16.872	15.923	11.435	9.548
Other creditors HERACLES Group Companies	0	0	6.687	6.532
Total suppliers and other creditors	122.118	124.339	108.622	109.495

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2010, the average credit period for the Group's operating purchases was 73 days (63 days in 2009) and respectively the Company's operating purchases in 2010 was 71 days (61 days in 2009).

The normal course of business of the Group companies does not depend on the business of its suppliers except for the Public Power Company (DEH), which is the only supplier of electricity power in Greece. Group and Company Management considers the carrying amount of trade payables approximates to their fair value.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.6. DERIVATIVES FINANCIAL INSTRUMENTS**

Amounts in Euro thousand	COMPANY			
	31/12/2010		31/12/2009	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	12	(22)	250	0
Commodities forward contracts	2.356	(3.700)	4.240	(5.748)
	2.368	(3.722)	4.490	(5.748)
Split to:				
Long term	0	0	3.790	(4.542)
Short term	2.368	(3.722)	700	(1.206)
	2.368	(3.722)	4.490	(5.748)

Foreign currency forward exchange contracts

The Group uses foreign currency forward exchange contracts, through the Lafarge Group, to hedge against risks regarding specific existing commitments or anticipated transactions.

On 31 December 2010 the fair value of the foreign currency forward exchange contracts results in an asset of 12 Euro thousand and a liability of 22 Euro thousand. For the year that ended 31/12/2009, the fair value of the foreign currency forward exchange contracts resulted in an asset of 250 Euro thousand. For the fiscal year 2010 a loss of 10 Euro thousand was recognised in the income statement (2009: recognised a gain of 250 Euro thousand).

Commodities forward contracts

The Group uses commodity forward contracts, mostly fuel and marine freight, through the Lafarge Group, to hedge against risks regarding specific existing commitments or anticipated transactions.

On 31 December 2010 the fair value of commodity forward contracts amounts to an asset of 2.356 Euro thousand and to a liability of 3.700 Euro thousand. On 31 December 2009 the fair value of commodity forward contracts amounted to an asset of 4.240 Euro thousand and to a liability of 5.748 Euro thousand. Amounts are based on the market prices of the respective derivatives on the Statement of Financial Position date.

For the fiscal year 2010 a loss of 11 Euro thousand was recognised in the Income Statement while for 2009 the ineffective portion of commodity derivative contracts was a loss of 27 Euro thousand.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued

25.6. DERIVATIVES FINANCIAL INSTRUMENTS - continued

Derivatives valuation reserve

In the table below the movement of the net of deferred tax hedging reserve of the Company is presented, since only the company is holding derivatives.

Amounts in Euro thousand	<u>31/12/2010</u>	<u>31/12/2009</u>
Hedging reserve opening balance	(1.136)	(5.377)
Gain/(loss) recognised on cash flow hedges:		
Foreign currency forward exchange contracts	0	0
Commodities forward contracts	(1.332)	(1.481)
Deferred tax related to gains/losses recognised in equity	316	433
Transferred to retained earnings:		
Foreign currency forward exchange contracts	0	208
Commodities forward contracts	1.481	6.844
Deferred tax related to gains/losses recognised in income statement	(370)	(1.763)
Hedging reserve closing balance	<u><u>(1.041)</u></u>	<u><u>(1.136)</u></u>

25.7. OBLIGATIONS UNDER FINANCE LEASES

As at 31/12/2010, the subsidiary LAFARGE BETON S.A. leases a production plant under a finance leasing agreement as a result of the absorption of BETON DOMI S.A. on 31 August of 2010. Moreover, there are four finance leasing contracts for the lease of office equipment.

The duration of the first contract is sixty months while the duration of the contracts of office equipment is thirty six months. The first contract will expire in 2011 and the other four contracts of office equipment will expire in years 2011 and 2012.

Amounts in Euro thousand	Minimum payments		Present value of minimum payments	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Amounts payable:				
Within one year	189	223	187	211
Within two to five years	231	308	221	301
	<u>420</u>	<u>531</u>	<u>408</u>	<u>512</u>
Less: Unearned interest expense	<u>(11)</u>	<u>(19)</u>		
Present value of finance lease liabilities	<u><u>409</u></u>	<u><u>512</u></u>	408	512
Less: Amounts payable within the year (disclosed in current obligations)			<u>(187)</u>	<u>(210)</u>
Finance leases			<u><u>221</u></u>	<u><u>302</u></u>

All obligations under finance leases are denominated in Euro.

Management estimates that the fair value of the obligations under finance leases of the Group approaches their accounting value.

26. CONTINGENT LIABILITIES AND COMMITMENTS

Company disputes under litigation or arbitration

On 31/12/2010, there were pending lawsuits against the Group, the outcome of which is uncertain, amounting to 50.025 Euro thousand (31/12/2009: 45.378 Euro thousand), out of which the pending lawsuits against the Company amount to 36.397 Euro thousand (31/12/2009: 32.094 Euro thousand). According to estimates, the maximum risk for the Group from the final decisions on the above cases amounts to 22.881 Euro thousand, out of which the maximum risk from the final decisions on the cases of the Company amounts to 17.988 Euro thousand. No provision has been made in the Financial Statements for said pending cases, as it is unlikely that such risk will eventually occur.

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

- (a) Lawsuit for loss of vessel and loss of profit of 20.769 Euro thousand, with estimated maximum risk of 10.384 Euro thousand
- (b) Lawsuit for indemnity due to default on freight agreement of 4.304 Euro thousand, with estimated maximum risk of 1.507 Euro thousand
- (c) Lawsuit for loss of freight of 2.638 Euro thousand, with estimated maximum risk of 1.002 Euro thousand.
- (d) Lawsuit for indemnity due to sale of foreign property of 1.725 Euro thousand, with estimated maximum risk of 863 Euro thousand.

Various plots of land of the Company have been declared as forests, sea shores and archaeological sites and their ownership is disputed by the Greek State and 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 financial statements of the year for the said claims as it is unlikely that such risk will eventually occur.

26. CONTINGENT LIABILITIES AND COMMITMENTS - continued***Unaudited tax years***

The unaudited tax years for the Group companies are listed below:

Company	Registered Office	Unaudited tax years
HERACLES GCC	Greece, Lycovrissi, Attica	2009-2010
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	2009-2010
EVIESK S.A.	Greece, Lycovrissi, Attica	2005-2010
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	2005-2010
LAVA S.A.	Greece, Lycovrissi, Attica	2010
AEGEAN TERMINALS S.A.	Greece, Lycovrissi, Attica	2010
INVESTMENT SILO PORT SAID COMPANY S.A. (absorbed by AEGEAN TERMINALS S.A.)	Greece, Lycovrissi, Attica	2010
G. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2010
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2010
DYSTOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1996-2010
NAFSIKA SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2010
HERACLES GLORY SOC. NAV. (liquidated)	Greece, Lycovrissi, Attica	1998-2009
SUPER BETON S.A. I MARKOULAKIS	Greece, Heraclion, Crete	2010
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	Greece, Lycovrissi, Attica	2010
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	2010
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (liquidated)	Luxemburg	*

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

The tax audit of the companies Heracles G.C.C. and AMBER S.A. for the years 2007 and 2008 and of LAFARGE BETON S.A. for the years 2006 to 2008 has been finalized (refer to Note 10).

A tax audit is in progress for the Group company 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.

26. CONTINGENT LIABILITIES AND COMMITMENTS - continued

Unaudited tax years - continued

Based on recent law 3888 / 30/9/2010, Group companies proceeded to settlement of their outstanding income tax obligations, as presented in the table below:

<u>Company</u>	<u>Settlement amount</u>	<u>Settlement years</u>
LAVA S.A.	280	2006-2009
MARATHOS QUARRIES S.A.	2	2007-2009
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	2	2007-2009
INVESTMENT SILO PORT SAID COMPANY S.A. (absorbed by AEGEAN TERMINALS S.A.)	6	2000-2009
E.K.E.T. Ε.Π.Ε. (συγχωνεύθηκε με την ΑΓΕΤ ΗΡΑΚΛΗΣ)	18	2007-2009
HALKIS CEMENT INTERNATIONAL S.A. (absorbed by PORT SAID SILO INVESTMENT COMPANY S.A.)	6	2000-2006
AEGEAN TERMINALS S.A.	2	2007-2009
MYTILINI QUARRIES S.A.(absorbed by LAFARGE BETON S.A.)	34	2007-2008
SYNERGATIKI BETON S.A. (absorbed by LAFARGE BETON S.A.)	2	2007-2008
TRANS BETON MACEDONIA S.A.(absorbed by LAFARGE BETON S.A.)	16	2007-2008
ATLAS S.A. (absorbed by LAFARGE BETON S.A.)	117	2007-2009
SUPER BETON S.A. I MARKOULAKIS	85	2007-2009
SAMARAS QUARRIES S.A. (absorbed by LAFARGE BETON S.A.)	3	2007-2008
KAMPIS QUARRIES S.A. (absorbed by LAFARGE BETON S.A.)	7	2007-2008
BETON DOMI S.A. (absorbed by LAFARGE BETON S.A.)	<u>88</u>	2007-2009
Σύνολο	<u>668</u>	

Granted guarantees

The following Letters of Guarantee have been provided to secure liabilities of the Group and the Company and were in force on 31/12/2010 and on 31/12/2009:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Granted guarantees	4.686	5.538	3.233	4.076
Intercompany granted guarantees	<u>0</u>	<u>0</u>	<u>1.923</u>	<u>1.923</u>
	<u>4.686</u>	<u>5.538</u>	<u>5.156</u>	<u>5.999</u>

Commitments for purchases and capital expenditure

Purchase and capital expenses contracts in force on 31/12/2010 and 31/12/2009, are analysed below:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2010</u>	<u>31/12/2009</u>	<u>31/12/2010</u>	<u>31/12/2009</u>
Purchase contracts	22.753	42.479	31.548	61.070
Capital expenditure contracts	<u>6.723</u>	<u>3.044</u>	<u>4.923</u>	<u>844</u>
	<u>29.476</u>	<u>45.523</u>	<u>36.471</u>	<u>61.914</u>

The comparative data of the purchase and capital expenditure contracts of the Company and the Group for 2009 have been adjusted for presentation purposes.

26. CONTINGENT LIABILITIES AND COMMITMENTS - continued

Commitments for purchases and capital expenditure – continued

On the reporting date the Group / Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which are due as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Within one year	10.464	14.365	247	164
Within two and up to five years	9.092	14.620	2.440	1.761
Over five years	5.839	3.341	1.957	286
	<u>25.395</u>	<u>32.326</u>	<u>4.644</u>	<u>2.211</u>

27. EMPLOYEE STOCK PURCHASE PLAN

In 2009, based on “Lafarge in Action” (LEA) program, shares of LAFARGE S.A. have been offered to employees. The Group employees purchased a total of 31.785 shares contributing to a capital increase of 1.551 Euro thousand in LAFARGE S.A. while the Company employees purchased 25.125 shares contributing to a capital increase of 1.226 Euro thousand. No shares were purchased / offered in 2010.

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Related to the cash incentive	0	402	0	334
Related to the compensation expense deducted from the discount	0	85	0	67
	<u>0</u>	<u>487</u>	<u>0</u>	<u>401</u>

28. OPERATING LEASES

The Group / the Company as Lessee:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Lease payments for land and quarries	2.400	2.180	542	640
Lease payments for buildings	988	851	255	167
Lease payments for residences	268	278	265	272
Lease payments for port facilities	56	76	56	76
Lease payments for ships	11.682	15.302	0	0
Lease payments for machinery & equipment	348	185	63	27
Lease payments for means of transportation	1.391	1.315	855	857
Other	58	168	58	40
Operating lease payments recognised as an expense in the income statement	<u>17.191</u>	<u>20.355</u>	<u>2.094</u>	<u>2.079</u>

29. AUDITORS' FEES

The total audit fees, for the financial year 2010, that were charged by the legally appointed auditors are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Audit Services	565	572	390	400
Other audit fees	10	18	5	0
Various non audit related services	0	2	0	0
	<u>575</u>	<u>592</u>	<u>395</u>	<u>400</u>

30. RELATED PARTY TRANSACTIONS

Transactions with related parties

For the Group, related parties are considered the 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 - 31/12/2010	1/1 - 31/12/2009	1/1 - 31/12/2010	1/1 - 31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
HERACLES G.C.C Group associates	414	855	52	57	0	219	0	0
Parent company LAFARGE S.A.	43.874	51.642	962	681	0	932	1.990	47
LAFARGE Group associates	54.900	67.719	10.000	5.034	4.757	4.104	471	813
Royalties to LAFARGE S.A.	0	0	7.574	9.444	0	0	0	0
Total	<u>99.188</u>	<u>120.216</u>	<u>18.588</u>	<u>15.216</u>	<u>4.757</u>	<u>5.255</u>	<u>2.461</u>	<u>860</u>

Transactions of the Company with its subsidiaries, on the one hand, which are related parties, prior to being eliminated on consolidation and with the parent company LAFARGE S.A. along with other Group LAFARGE companies, on the other, are disclosed below:

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 - 31/12/2010	1/1 - 31/12/2009	1/1 - 31/12/2010	1/1 - 31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
HERACLES G.C.C Group Companies	25.407	33.398	16.671	22.120	31.395	32.390	10.452	10.065
Parent company LAFARGE S.A.	43.875	51.641	833	655	0	932	1.839	0
LAFARGE Group associates	54.659	65.954	9.779	4.785	4.435	3.642	389	666
Royalties to LAFARGE S.A.	0	0	7.574	9.444	0	0	0	0
Total	<u>123.941</u>	<u>150.993</u>	<u>34.857</u>	<u>37.004</u>	<u>35.830</u>	<u>36.964</u>	<u>12.680</u>	<u>10.731</u>

All transactions between related parties are conducted on market prices and terms, as applicable on third party transactions.

30. RELATED PARTIES TRANSACTIONS - continued

Remuneration to Management and Members of the BoD

Remunerations and amounts due to/from executive management, as well as attendance fees to Group and Company BoD members, are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>
Current benefits	3.764	3.668	2.203	1.715
Provision for retirement compensation and paid compensations	165	1.855	90	1.731
BoD members attendance fees	208	213	195	195
	<u>4.137</u>	<u>5.735</u>	<u>2.488</u>	<u>3.642</u>

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2009</u>
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	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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.

31. EVENTS AFTER THE REPORTING DATE OF THE FINANCIAL STATEMENTS

A regular tax audit of the company EVIESK S.A., subsidiary of HERACLES G.C.C., was performed for years 2005-2009 and a stamp duty was assessed. The company has the right from March 1, 2011 and within 60 days either to accept and pay the specific amount or to bring an action to the authorised administrative court.

On March 29, 2011 the new tax law was enacted by the Parliament Plenum. According to this law the corporate tax rate applied on the total taxable income, is reduced from 24% to 20% applicable on revenues realized in the fiscal year 2012 onwards.

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

WEBSITE

The annual financial statements, the audit reports of the certified public accountant and the Board of Directors Reports of the societe anonyme, as defined in part (b) of paragraph 1 of the article 134 of L. 2190/1920, are published in the website at the following address: www.lafarge.gr.

INDEX OF CORPORATE ANNOUNCEMENTS

The table below includes the Corporate Announcements, continuing from the previous table as published in the Company's 2009 Annual Report.

General Meeting Convocations and Decisions		
24/09/2010	Announcement for share capital increase through the increase of the nominal value of the Company's share	www.lafarge.gr
29/06/2010	Announcement as per dividend payment for the financial year 2009 – Corrected Announcement	www.lafarge.gr
29/06/2010	Announcement as per dividend payment for the financial year 2009	www.lafarge.gr
28/06/2010	Resolutions of the Ordinary Shareholders General Assembly of Heracles G.C.C held on 28th of June 2010	www.lafarge.gr
28/06/2010	Announcement of HERACLES G.C.C Codified Articles of Association Draft of Amendment	www.lafarge.gr
02/06/2010	Invitation for the Ordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
Press Releases		
16/03/2011	Partnership of Heracles with Benaki Museum for its Calendars art collection	www.lafarge.gr
05/01/2011	New Sales and Marketing General Manager	www.lafarge.gr
09/12/2010	Open Briefing Day in Milaki Plant	www.lafarge.gr
06/12/2010	We put green in the plant	www.lafarge.gr
03/11/2010	Cooperation of LAVA Mining & Quarrying with Agricultural University of Athens	www.lafarge.gr
06/10/2010	Heracles G.C.C: Integrated project on Road Safety	www.lafarge.gr
04/10/2010	Lafarge Invention Awards 2010	www.lafarge.gr
08/09/2010	Announcement regarding P. Nicolaou in Lafarge Beton	www.lafarge.gr
30/08/2010	Changes in the Board of Directors of Heracles G.C.C	www.lafarge.gr
21/07/2010	Heracles Sustainability Report 2009	www.lafarge.gr
07/06/2010	Health & Safety month in Heracles	www.lafarge.gr
19/05/2010	2 nd Award for Environmental Management to Heracles G.C.C	www.lafarge.gr
18/05/2010	Lafarge Beton signed a tripartite collaboration for biodiversity protection	www.lafarge.gr
13/05/2010	Annual training of the volunteers for the fire protection in the framework of PRAKSI	www.lafarge.gr
03/05/2010	"Little Ecologists": Presentation of the educational game in Halkis schools	www.lafarge.gr
20/04/2010	Training of athletes and trainers of IOX with Heracles G.C.C support	www.lafarge.gr
29/03/2010	Lafarge exceeds its global target for the decrease of CO2 emissions	www.lafarge.gr
26/03/2010	New Marketing and Strategy General Manager	www.lafarge.gr
23/03/2010	New corporate website for Heracles	www.lafarge.gr
18/03/2010	Heracles participates in the 4 th Exhibition of Ecology & Contemporary Construction "Hellas Build"	www.lafarge.gr
04/02/2010	Heracles earns excellence award for occupational Health & Safety	www.lafarge.gr
Financial Results		
29/11/2010	Financial Results of the nine-month period of 2010	www.lafarge.gr
30/08/2010	Financial Results of the half year period of 2010	www.lafarge.gr
28/05/2010	Financial Results of the 1 st quarter of 2010	www.lafarge.gr
30/03/2010	Financial Results of 2009	www.lafarge.gr
Financial Statements		

29/11/2010	Interim Condensed Financial Statements of Heracles G.C.C and Heracles Group at 30/9/2010	www.lafarge.gr
29/11/2010	Financial Data and Information of Heracles G.C.C and Heracles Group at 30/9/2010	www.lafarge.gr
30/08/2010	Half Year Financial Statements of Heracles G.C.C and Heracles Group	www.lafarge.gr
30/08/2010	Financial Data and Information of Heracles G.C.C and Heracles Group at 30/6/2010	www.lafarge.gr
31/05/2010	Annual Financial Statements of Heracles Maritime CO.	www.lafarge.gr
31/05/2010	Financial Data and Information of Heracles Maritime CO. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of EVIESK S.A	www.lafarge.gr
31/05/2010	Financial Data and Information of EVIESK S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of LAVA S.A.	www.lafarge.gr
31/05/2010	Financial Data and Information of LAVA S.A at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of Aegean Terminals S.A.	www.lafarge.gr
31/05/2010	Financial Data and Information of Aegean Terminals S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements Marathos Quarries S.A.	www.lafarge.gr
31/05/2010	Financial Data and Information of Marathos Quarries S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of A. Hatzikyriakos Soc Nav.	www.lafarge.gr
31/05/2010	Annual Financial Statements of G. Hatzikyriakos Soc Nav.	www.lafarge.gr
31/05/2010	Annual Financial Statements of Nafsika Soc Nav.	www.lafarge.gr
31/05/2010	Financial Data and Information of Pericles S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of Dystos Soc Nav.	www.lafarge.gr
31/05/2010	Financial Data and Information of Lafarge Beton S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Financial Data and Information of Atlas S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Financial Data and Information of Beton Domi S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Financial Data and Information of Super Beton S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Statements of Lafarge Beton S.A.	www.lafarge.gr
31/05/2010	Annual Financial Statements of Atlas S.A.	www.lafarge.gr
31/05/2010	Annual Financial Statements of Beton Domi S.A.	www.lafarge.gr
31/05/2010	Annual Financial Statements of Super Beton S.A.	www.lafarge.gr
31/05/2010	Financial Data and Information of Port Said Silo Investment Company S.A. at 31/12/09	www.lafarge.gr
31/05/2010	Annual Financial Data and Information of Middle East	www.lafarge.gr
28/05/2010	Interim Condensed Financial Statements of Heracles G.C.C and Heracles Group at 31/3/2010	www.lafarge.gr
28/05/2010	Financial Data and Information of Heracles G.C.C and Heracles Group at 31/3/2010	www.lafarge.gr
30/03/2010	Financial Data and Information of Heracles G.C.C and Heracles Group at 31/12/2010	www.lafarge.gr
30/03/2010	Annual Financial Statements of Heracles G.C.C and Heracles Group	www.lafarge.gr

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2010 TO 31 DECEMBER 2010

(published according to C.L.2190/20, article 135 for entities preparing Annual Financial Statements, consolidated or not consolidated according to IAS)

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.

COMPANY'S INFORMATION

COMPANY'S NAME : HERACLES GROUP OF COMPANIES
COMPANY'S REGISTERED ADDRESS : 49-51 SOPHOCLI VENIZELOU STR, 14123 LYCOVRISSI, ATTICA
COMPANIES REG. NO. : 13576/06/B/86/096
QUALIFIED PREFECTURE : MINISTRY OF DEVELOPMENT - DEPARTMENT OF SOCIETE ANONYME AND TRUST
BOARD OF DIRECTORS COMPOSITION : 1. Manolis Ch. Kyprianides - Chairman 2. Peter Hoddinott - Vice Chairman
 3. Pierre Deleplanque - Managing Director 4. Jean-Charles Blatz - Member
 5. Jean-Jacques Gauthier - Member 6. Pericles Nicolaou - Member
 7. Christos Sorotos - Member 8. Agisilaos Karampelas - Member

ANNUAL FINANCIAL STATEMENTS APPROVAL
DATE BY THE BOARD OF DIRECTORS : March 30th 2011
CERTIFIED AUDITORS : NICOS K. SOFIANOS (REG. No: ICPA (GR) 12231)
 EPAMINONTAS E. GIUROUKOS (REG. No: ICPA (GR) 10351)
 DELOITTE - HADJIPAVLOU, SOFIANOS & CAMBANIS S.A.
 (REG. No: ICPA (GR): E 120)
AUDIT FIRM : UNQUALIFIED
TYPE OF AUDIT OPINION : UNQUALIFIED
COMPANY'S WEBSITE : www.lafarge.gr

STATEMENT OF FINANCIAL POSITION

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
ASSETS				
Tangible assets	511,198	545,415	473,514	507,965
Intangible assets	33,528	33,568	1,485	1,212
Other non current assets	15,928	16,305	121,022	94,493
Inventories	56,364	63,079	50,236	56,668
Trade receivables	131,129	147,680	96,650	138,342
Other current assets	7,701	1,757	6,477	700
Non current assets available for sale	9,044	2,428	9,044	0
Cash & cash equivalents	138,002	192,120	125,962	177,178
TOTAL ASSETS	902,894	1,002,352	884,390	976,558
LIABILITIES & EQUITY				
Share capital	190,502	142,165	190,502	142,165
Other equity figures	455,845	568,319	483,117	576,054
Total Shareholders' equity (a)	646,347	710,484	673,619	718,219
Non-controlling interest (b)	62	0	0	0
Total Equity (c) = (a) + (b)	646,409	710,484	673,619	718,219
Provisions/ Other non current liabilities	81,079	108,766	92,715	115,355
Short term bank loans	43,609	39,480	1,017	15,445
Other current liabilities	131,797	143,622	117,039	127,539
Total Liabilities (d)	256,485	291,868	210,771	258,339
TOTAL EQUITY AND LIABILITIES (c) + (d)	902,894	1,002,352	884,390	976,558

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Equity opening balance				
(01/01/2010 and 01/01/2009 respectively)	710,484	694,793	718,219	685,490
Total comprehensive income after tax	(43,461)	15,691	(23,986)	32,729
Distributed Dividends	(20,614)	0	(20,614)	0
Equity closing balance				
(31/12/2010 and 31/12/2009 respectively)	646,409	710,484	673,619	718,219

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2010	1/1-31/12/2009	1/1-31/12/2010	1/1-31/12/2009
Turnover (Sales)	401,415	530,234	350,807	469,098
Gross Profit	46,059	116,274	34,890	98,830
Earnings / (losses) before interest & tax	(32,910)	44,864	(20,876)	50,595
Profit / (loss) for the year before tax	(38,001)	39,993	(19,916)	55,544
Net profit / (loss) for the year after tax (a)	(45,861)	15,364	(26,439)	32,202
Allocated to: Company's shareholders	(45,814)	15,364	(26,439)	32,202
Non-controlling interest	(47)	0	0	0
Other comprehensive income after tax (b)	2,400	327	2,453	527
Total comprehensive income after tax (a) + (b)	(43,461)	15,691	(23,986)	32,729
Allocated to: Company's shareholders	(43,414)	15,691	(23,986)	32,729
Non-controlling interest	(47)	0	0	0
Earnings / (losses) per share after tax (in €)	(0.6452)	0.2161	(0.3720)	0.4530
Earnings before interest, tax, depreciation and amortization	14,315	91,584	22,563	93,191

ADDITIONAL DATA AND INFORMATION

- The basic accounting principles 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 S.A. in the associated company KATSIBRIS MICHALIS S.A. was sold on 24/6/2010. The percentage of participation of the Group in the subsidiary company LATOMIA MARATHOU S.A. was increased by 22.13% on 14/4/2010 while the acquisition of percentage 0.22% of the company AEGEAN TERMINALS S.A. was completed on 7/10/2010. In addition, the merger of LAFARGE BETON S.A. with ATLAS S.A. and BETON DOMI S.A. was completed on 13/7/2010 as well as the merger of AEGEAN TERMINALS S.A. with PORT SAID SILO INVESTMENT S.A. was completed on 31/12/2010. 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 15 of the annual financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2010, 88.99% of the issued share capital of HERACLES G.C.C. prepares consolidated financial statements including the financial statements of the Group and the Company, using the full consolidation method.
- The unaudited by tax authorities fiscal years of the Group companies are described in note 26 of the annual 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 and archaeological sites and their ownership is disputed by the Greek State and 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 31 December 2010, there are pending lawsuits against the Group amounting to 50,025 Euro thousand of which 36,397 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 22,881 Euro thousand of which 17,988 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 31 December 2010, there are pending lawsuits against the Group amounting to 4,829 Euro thousand of which 4,418 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 1,649 Euro thousand of which 1,561 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	1,649	1,561
Provision for staff retirement	62,012	58,096
Other provisions	19,780	35,068
Total provisions	83,441	94,725
- The number of employees for the Group and the Company as at 31 December 2010, is 1,580 (31/12/2009: 1,908) and 1,234 (31/12/2009: 1,471) 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	99,188	123,941
Expenses from related parties	18,588	34,857
Receivables from related parties	4,757	35,830
Payables to related parties	2,461	12,680
Salaries and expenses of General managers and BoD members	4,137	2,488
Receivables from General managers and BoD members	0	0
Payables to General managers and BoD members	0	0
- Amounts and nature of other comprehensive income after tax are as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Actuarial gain / (loss) net of deferred tax	3,264	(3,980)	3,054	(3,685)
Gain on valuation of derivatives net of deferred tax	95	4,241	95	4,241
Withheld tax on the capitalization of retained earnings	(538)	0	(538)	0
Merger of subsidiary	0	0	0	(114)
Other equity movements	(421)	66	(158)	85
Other comprehensive income after tax	2,400	327	2,453	527
- There are not any shares of the parent company (treasury shares) held by the Group companies.
- Significant events after the reporting date of the financial statements:
A regular tax audit of the company EVIESK S.A., subsidiary of HERACLES G.C.C., was performed for years 2005-2009 and a stamp duty was assessed. The company has the right, from March 1, 2011 and within 60 days, either to accept and pay the specific amount or to bring an action to the authorised administrative court.
On March 29, 2011 the new tax law was enacted by the Parliament Plenum. According to this law the corporate tax rate applied on the total taxable income, is reduced from 24% to 20% applicable on revenues realized in the fiscal year 2012 onwards.
- 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 note 15 of the annual financial statements.
- Modifications of consolidation structure:
Compared to the previous year (1 January - 31 December 2009) the subsidiaries ATLAS S.A. and BETON DOMI S.A. are not included in consolidation due to their absorption by the subsidiary LAFARGE BETON S.A., as well as the subsidiary PORT SAID SILO INVESTMENT S.A. due to its absorption by the subsidiary AEGEAN TERMINALS S.A. Also the subsidiary INTERNATIONAL MEDITERRANEAN SHIPPING HOLDING S.A. is not included in consolidation as it is liquidated. Furthermore KATSIBRIS MICHALIS S.A. 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.
- EKPY S.A. is not included in the consolidation, due to its immaterial impact as described in note 16 of the annual financial statements.
- 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 March 2011

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

THE MANAGING DIRECTOR
PIERRE DELEPLANQUE
 PASP. No. 07CV39073

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