



HERACLES
GROUP OF COMPANIES

A member of **LAFARGE**

**ANNUAL FINANCIAL REPORT OF GROUP & COMPANY
HERACLES G.C.C FOR THE YEAR ENDED 31 DECEMBER 2009
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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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 Financial Statements of the Company and of the Group for the year 2009 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 and of the companies included in the consolidation, as of and for the year ended December 31, 2009,
- b. The report of the Board of Directors fairly presents the financial results, evolution and position of HERACLES G.C.C and of 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 2009

Dear Shareholders,

According to article 136 of L.2190/1920, as such was defined by article 13 of L.3229/2004, and paragraphs 6,7 and 8 of 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 2009.

A. Overview of major events for the year 2009

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 slowdown in the domestic private construction activities, which started in 2007 and continued throughout 2008, further deteriorated in 2009. As a consequence, the reduction of cement sales volume in the domestic market amounted to 24.9% for 2009 as compared 2008.

The global financial crisis, especially intense in the traditional export markets of the Company resulted in the significant reduction of cement and clinker export sales volumes by 30.7% for 2009 compared to 2008.

Analytically according to the Financial Statements:

- The Company's turnover decreased by 25.8% in 2009, amounting to 469,098 Euro thousand compared to 632,204 Euro thousand in 2008, whilst the Group's turnover decreased by 25.1%, amounting to 530,234 Euro thousand compared to 708,142 Euro thousand in 2008.
- The Company's profit before taxes, interest, depreciation and amortisation (EBITDA) decreased in 2009 by 33.2%, amounting to 93,191 Euro thousand compared to 139,475 Euro thousand in 2008, whilst for the Group decreased by 36.3%, amounting to 91,584 Euro thousand in 2009 compared to 143,801 Euro thousand in 2008.
- The Company's net profit after taxes decreased in 2009 by 55.2% to 32,202 Euro compared to 71,925 Euro thousand in 2008, whilst the Group's net profit after taxes decreased by 74.4%, amounting to 15,364 Euro thousand compared to 59,959 Euro thousand in 2008.

The main events that affected the course of sales in 2009, was the slowdown in private construction activity in the domestic market as a combined result of the excess supply of residences and the slowdown of housing loans granted by banks, while the deepening of the global financial crisis and the resulting credit crisis in the market affected export sales in the same manner.

The domestic construction activity in public infrastructure during the same period only partially offset the above mentioned slowdown in private construction activity.

In 2009, HERACLES G.C.C successfully continued the effort to control operating costs and optimise performance in production and supply chain, in the framework of the international strategic plan "Excellence 2010", implemented by the LAFARGE Group.

The improvement of fuel and raw material mix in production, the optimisation of electric power consumption, the reduction of fixed cost and distribution cost, as well as the increase of productivity, are examples of actions taken under "Excellence 2010", which partially offset the effects of the slowdown of the domestic and global market. Also, there have been an important improvement in working capital, with the reduction of inventory levels of finished and semi-finished products, raw material, spare-parts and fuels, but also improvement of the timing of the collections of receivables compared to the payment of liabilities.

The Company's investments in tangible and intangible assets for 2009 amounted to a total of 19,917 Euro thousand compared to 31,786 Euro thousand in 2008. As far as the Group is concerned, investments amounted to 22,130 Euro thousand in 2009 compared to 39,003 Euro thousand in 2008. In 2009, as in 2008, the Group's and Company's investing activities are primary aimed at the improvement of facilities concerning environmental care, health, safety, and production efficiency.

2. Domestic Cement, Aggregates and Concrete market

In 2009 the domestic cement market had a recessive course following the overall trend of the building activities. The aggregates market in 2009 is estimated to have declined by 25% compared to 2008. Regarding the concrete market in 2009, it is estimated that there have been a decline of 27% compared to 2008.

Respectively, the domestic consumption of cement is estimated to have decrease by 25% compared to 2008. The crisis in the Greek real estate market is verified by the data derived from the National Statistical Service of Greece and by the reports of the constructors' associations.

According to the latest data from the National Statistical Service of Greece, the private construction activity in 2009 decreased by 14.3% in the number of building licenses issued, by 25.4% in area size, and by 27.6% in volumes compared to 2008.

3. Other major events

3.1 Introduction of innovative products

In February 2009 the new bagged product athlos™ was introduced in the market. athlos™ is grey cement with advanced characteristics and properties for the end user. It has optimum performance in applications of general construction use like, brick laying, plastering, filling floors and other. Athlos™ covers the needs of modern construction and is more friendly to the environment due to the reduced greenhouse effect emissions during its production. Athlos™ together with basis™, are the Company's two bagged cement products.

The procedure of defining the cement market segments and the development of respective products that will cover their needs, constitutes a basic part of the competencies introduced in the operations of HERACLES G.C.C, in order to improve competitiveness, create value to customers and build an improved market profile.

3.2. Customer support

The LAFARGE Group's customer orientation constitutes an international initiative, aiming at redefining the relationship between the Group and the customers. The customer is a priority; therefore the Group focuses on his needs.

Apart from the development and release of new products, the customer's major need remains the reliability on the Group in every aspect.

In this context, HERACLES G.C.C has been committed to the constant implementation of a monitoring and recording system for the quality of deliveries to customers. Via this system, the Company is able to evaluate its performance in three important dimensions: the time of delivery, proper quality and quantity of the delivered products and correct invoicing of deliveries.

3.3. Health & safety

In 2009 the total number of accidents was reduced by 30% compared to 2008. For the second consecutive year the "Safety Month" events were completed with success at every site of the Company. The personnel participated in training activities on matters of health, cleaning and housekeeping risks' assessment before engaging in work and locking – unlocking of work equipment.

The implementation of a significant number of LAFARGE's standards and advisory processes regarding mobile equipment and aggregates of materials continued, while the implementation of the Standard of sub-contractors safety management and the advisory texts for transport systems and locking – unlocking of work equipment is already in progress.

The program for the safety of harbour installations is in progress and its implementation started at the Volos plant. The program for the safety of road cement transports is implemented with great success and it is expanded to the raw materials transports as well.

The safety behavioural program "THESIS" was performed for a second year in a row. The purpose of this program is to increase employees' sensitivity regarding Health and Safety issues, and contribute to the prevention of accidents within the working environment.

Finally, training seminars were held concerning critical safety matters of personnel, such as the use of personal safety means, risk assessment, locking of work equipment, work at height, analysis of causes of accidents etc.

On the subject of health, an electronic data gathering program for the follow up of the health of workers was started by the Company doctors and also the completion of employees' medical files was initiated.

3.4. Environmental Issues

The Group completed the preparation and defined the Sustainability ambitions 2012 in three basic sectors: corporate governance and business ethics, society and environment. Regarding the environmental matters specific and measurable targets are included concerning environmental inspections, sites' restoration, bio-diversity, climate change and CO2 emissions, dust emissions, etc.

In March 2009 at the Volos plant, the official launching of the operation of the new hybrid filter of K1 unit took place. The 3,000 Euro thousand investment for the installation of the hybrid filter is the first out of three projects for hybrid filters installations in Volos plant. The installation and operation of the three hybrid filters consist part of the Action Plan 2007 – 2015 for the environmental upgrade of the Volos plant. Starting from the K1 unit which produces half of the plant production, the hybrid filters are expected to minimise dust emissions on rates lower than 10 mg/Nm³, covering by far the current requirements of the industry.

Furthermore, the use of biomass as alternative fuel continued with very good reactions from the local society, while in February 2009 the use of gas through the connection of the plant with the natural gas network, replaced the use of mazout as fuel for the pre-heater of cement line production. This investment amounted to 2,000 Euro thousand and concerns 8 million square meters of gas on a yearly basis. Concluding, the plant is preparing the implementation of environmental management system with ISO 14001, aiming to be certified within 2010.

At the Milaki plant, the new environmental license has been issued and at the Chalkis plant, projects concerning the cleaning and reformation of old installations are in progress.

3.5. Corporate responsibility

In the context of the HERACLES Solidarity and Support Program (P.R.A.K.S.H.), in April 2009 the yearly training of fire protection volunteers by the municipal authorities of Amarinthion, Aulonon, Dystion, Eretria, Konistron, Stiraion, and Tamineon took place at the Chalkis plant. The training was conducted by the Chalkis fire department and included theoretical as well as practical training regarding the prevention and confrontation of fires. The municipality of Eretria joined the above mentioned program in 2009 and a 4x4 patrol and fire-fighting vehicle was donated by the Company.

The Heracles Sustainability Report 2008, developed as per the G3 GRI (Global Reporting Initiative) guidelines and indicators, was issued in September 2009, detailing the efforts and progress on the goals set for sustainable development. The Sustainability Report 2008 presented both the company's actions to manage its impact and the actions taken in areas where major improvements can be delivered: health and safety of employees, combating climate change and protection of the biodiversity. The report also presented the Company's record as a corporate citizen, as per its commitments to the principles of the UN Global Compact.

Accountability Rating™ Greece released in December 2009 its ranking of corporate social performance, placing Heracles for the first time in the top 10 of companies.

Also in December 2009, the Centre for Environmental Policy and Strategic Environmental Management of University of the Aegean awarded Heracles G.C.C. for the quality of its Sustainability reporting. Heracles G.C.C. was placed 8th among the leading CSR reporters in Greece.

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

The prospects for 2010 depend mainly on the course of the global financial crisis but also the domestic fiscal crisis which is now transformed to a crisis in the credit system of the real economy.

For 2010 it is expected that the same difficulties as in 2009 for the housing and construction activities will continue, while the high level of uncertainty in the macroeconomic and business environment makes forecasting difficult. It is expected that the private construction activity will follow the overall trend of the economic environment.

The development of activity in public infrastructure works is uncertain and even if there would be an increase it would only partially offset the significant slowdown in private construction activities. In addition, it is improbable that the part of the cement production that will not be absorbed in the domestic market, will be fully absorbed by the demand of foreign markets.

In such an adverse business environment, the Group LAFARGE initiative to continue the internationally implemented strategic plan to control operating costs and improve performance in production and the supply chain with the initiation of a new cycle, that of "Excellence 2010" is of major importance. HERACLES G.C.C. as a member of the LAFARGE Group actively participates in the formation and implementation of its own "Excellence 2010" plan.

The Group and the Company have strong net cash position and high liquidity ratios. The strong net cash position derives mainly from the significant improvement in working capital, a restrained dividend distribution and investment policy and from low level of bank loans. The Group's policy to use only short term loans, makes its exposure to fluctuations of floating interest rates insignificant as regards to the financial expenses and the outflows for loan interest repayments.

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

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

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

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

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

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

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

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

For 2010 it is expected that there will be an increase in fuel prices which will affect the price of electric power and marine freight. However, any exposure to that risk will be hedged by the use of derivative financial instruments if considered necessary.

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 27 of the Financial Statements).
- (b) Estimates of the recoverability of deferred tax assets (note 21 of the Financial Statements).
- (c) Contingent losses from pending legal litigations (note 27 of the Financial Statements) and doubtful debts (note 26.3 of the Financial Statements).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 16 of the Financial Statements).

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

As described in note 16 of the Financial statements, on 14/1/2010 by virtue of decision number K2 – 13517/09 of the Ministry of Economy and Finance and following approval by the competent authorities the legal merger of LAFARGE BETON S.A with MYTILINI QUARRIES S.A. and TRANS BETON MACEDONIA S.A. was completed based on article 68-78 in L. 2190/1920 and article 1-5 in L. 2166/1993.

Furthermore, on 2/2/2010 based on the certification by the Ministry of Economy and Finance with protocol number 351.1/2349/04 the liquidation of the entity HERACLES GLORY SOC. NAV., a subsidiary of HERACLES MARITIME COMPANY, was completed and was deleted from the Shipping Company Registry.

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

D. Related party transactions

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

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

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

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

Intercompany receivables concern mainly a loan granted by the parent Company HERACLES G.C.C to the subsidiary EVIESK S.A amounting to 25,000 Euro thousand and a receivable from LAFARGE BETON S.A. amounting to 6,936 Euro thousand.

The nature of the related party transactions for 2009 remains unchanged compared to the latest annual report as at 31 December 2008.

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

GROUP

31/12/2009

Amounts in Euro thousand

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Fees and other expenses	Receivables	Payables
<u>HERACLES GROUP ASSOCIATES</u>						
MICHALIS KATSIBRIS	855	57	0	0	219	0
<u>LAFARGE GROUP COMPANIES</u>						
PERICLES S.A.	0	0	0	0	282	0
LAFARGE S.A.	51.642	681	9.444	0	932	47
CEMENTIA TRADING S.A.	39.355	773	0	0	1.439	0
OTHER LAFARGE GROUP COMPANIES	28.364	4.261	0	0	2.383	813
<u>MANAGEMENT and BoD MEMBERS</u>	0	0	0	4.199	0	0
Total	120.216	5.772	9.444	4.199	5.255	860

COMPANY

Amounts in Euro thousand

	<u>31/12/2009</u>							
Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividends	Interest income	Fees and other expenses	Receivables	Payables
<u>HERACLES GCC SUBSIDIARIES</u>								
HERACLES MARITIME CO.	573	16.767	0	4.710	0	0	0	3.087
LAFARGE BETON S.A.	21.378	42	0	0	0	0	6.936	0
EVIESK S.A.	137	1.397	0	0	324	0	24.103	6.532
EKET LTD.	34	1.171	0	0	0	0	0	0
LAVA S.A.	939	2.687	0	936	0	0	0	272
AEGEAN TERMINALS S.A.	0	0	0	0	0	0	69	0
SUPER BETON S.A. I MARKOULAKIS	1.730	0	0	0	0	0	567	0
G. HATZIKYRIAKOS SOC. NAV.	0	0	0	0	0	0	0	24
INVESTMENT SILO PORT SAID S.A.	0	0	0	0	0	0	0	150
BETON DOMI S.A.	1.332	0	0	0	0	0	453	0
TRANS BETON S.A.	450	0	0	0	0	0	165	0
<u>HERACLES GROUP ASSOCIATES</u>								
MICHALIS KATSIBRIS	855	57	0	0	0	0	96	0
PERICLES S.A.	0	0	0	0	0	0	17	0
<u>LAFARGE GROUP COMPANIES</u>								
LAFARGE S.A.	51.641	655	9.444	0	0	0	932	0
CEMENTIA TRADING S.A.	37.600	566	0	0	0	0	1.259	0
OTHER LAFARGE GROUP COMPANIES	28.354	4.218	0	0	0	0	2.366	666
<u>MANAGEMENT and BoD MEMBERS</u>	0	0	0	0	0	2.768	0	0
Total	145.023	27.560	9.444	5.646	324	2.768	36.963	10.731

E. Explanatory report of HERACLES G.C.C

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

The present Report of the Board of Directors of the company under the trade name "HERACLES General Cement Company" (hereinafter as "the Company"), which is addressed to the Ordinary General Assembly of the Shareholders, includes information, known today 29/03/2010 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 forty two millions one hundred sixty five thousand four hundred and fourteen (142.165.414,00) Euros, divided into seventy one million eighty two thousand seven hundred and seven (71.082.707) shares, with a nominal value of two (2,00) Euros 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 31/12/2009 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.

F. Dividend policy

The Board of directors with its decision on 29 March 2010, proposes to the General Assembly of the shareholders to distribute as dividend an amount of 0.29 Euro per share for the year 2009 totalling 20,614 Euro thousand.

G. Share capital of the subsidiaries of the Group

	<u>31/12/2009</u>		
	<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.	70.171.577	1,18	82.802.461
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.	55.513	100,00	5.551.300
ATLAS S.A.	194.790	3,00	584.370
MARATHOS QUARRIES S.A.	235.000	2,93	688.550
BETON DOMI S.A.	32.191	29,55	951.244
LEADER BETON S.A.	2.000	7,84	15.686

H. 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

Distribution Terminals

4. Drapetsona, 1 Kontopoulou str., Drapetsona, Piraeus
5. Thessaloniki, Dendropotamos' bridge (coast)
6. Rio of Patrae, 15 Eleftherias str., Akte on coast
7. Kavala, 7 Nileos str
8. Igoumenitsa, Ladohori, Thesprotia
9. Heraklion, Linoperamata of Rodia, Crete
10. Kalohori of Thessaloniki

Quarries

11. Platanos of Almiros-Magnissia

Various

12. Chania, 20 Margouniou str.(office)
13. Stilida of Fthiotida (camping)
14. Rhodes (3rd Port of Akandia)

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. 10th km of National road of Neohorouda- Thessaloniki
12. Strofi of Lakia, Thessaloniki
13. 10th km of Volos-Larissa road, Sesklo of Magnissia
14. Lamia of Fthiotida, 2nd km of Lami-Domokos road
15. Industrial Area of Preveza
16. Platania 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

Quarries

23. Araxos of Ahaia
24. Tragana of Fthiotida
25. Voulia of Siros
26. Aliveri of Evia
27. Kampi of Artas
28. Valanidoussa of Prevesa

Aggregates' warehouses

29. Lazareta of Siros

Limestone

30. Milaki of Evia

Offices

31. 141 G. Papandreou str – Metamorphossi of Attica
32. 3 El.Venizelos str – Volos
33. 1 P.Vostani and Mitr.Iakovou, Mitilini
34. 2 Laos square – Lamia
35. 2 Ag. Apostolon and Handakos – Chios

Subsidiaries

36. ATLAS S.A. (Quarry) – Messeo Thessanolyki
37. SUPER BETON S.A. – I. MARKOYLAKI & SONS (Concrete) – 13 R. Fereou Heraklion Crete – Concrete unit: 9th km Heraklion - Rethimno
38. BETON DOMI S.A. (Concrete units (2) & Quarries (2)) – 6 Perikleous str, Polikastro – Concrete units: 1st km Polikastro – Aksioupolis & Leventoxori Kilkis – Quarries: Aksiou river, Aksioupoli (sand) & Mikro Dasos - Polikastro
39. TRANS BETON MACEDONIA S.A. (Concrete unit) – 19 Mitropoleos str, Thessaloniki – Concrete unit: 18th km Thessaloniki - Serres

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

EVIK S.A

1. A' Industrial Area of Volos, Volos, Magnissia Prefecture

Dear Shareholders,

Based on the above mentioned and the Certified Auditor's 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, 29/03/2010
By order of the Board of Directors

PIERRE DELEPLANQUE
Managing Director

TRANSLATION

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HERACLES GENERAL CEMENT COMPANY

Report on the Company and Consolidated Financial Statements

We have audited the accompanying 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, 2009, and the company and consolidated income statements and statements of comprehensive income, changes in equity and cash flow for the year then ended, as well as a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Company 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 the 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 risk of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity'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 entity'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.

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, 2009, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these were adopted by the European Union.

Report on Other Legal and Regulatory Requirements

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 the article 43^a, 107 and 37 of the Codified Law 2190/1920.

Athens, March 29, 2010

The Certified Public Accountants

Nicos K. Sofianos
RN SOEL 12231

Michalis E. Karavas
RN SOEL 13371

Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
250-254 Kifissias Ave.
152 31 Halandri
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 OF DECEMBER 2009**

The Group and Company Financial Statements on pages 19 to 89 were approved by the Board of Directors in its meeting on 29 March 2010 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**

**PIERRE
DELEPLANQUE**

**MICHALIS T.
MICHELIS**

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

**PASSPORT No.
07CV39073**

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

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

Amounts in Euro thousand	NOTE	GROUP		COMPANY	
		<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>
Operating results					
Turnover	5,6	530.234	708.142	469.098	632.204
Cost of sales		<u>(413.960)</u>	<u>(560.253)</u>	<u>(370.268)</u>	<u>(492.178)</u>
Gross profit		116.274	147.889	98.830	140.026
Administrative & distribution expenses		(70.865)	(62.285)	(50.956)	(42.059)
Other operating income/(expense)	7	(650)	2.968	3.036	(8.955)
Cost of voluntary staff retirement program	8	0	8.122	0	8.122
Impairment of investments in subsidiaries		0	0	(315)	(905)
Share of profits of associates		105	6	0	0
Operating profit	9	44.864	96.700	50.595	96.229
Finance income/(expense)	10	(4.871)	(3.419)	4.949	3.435
Profit before tax		39.993	93.281	55.544	99.664
Income tax	11	(24.629)	(33.322)	(23.342)	(27.739)
Net profit for the year after tax	6	15.364	59.959	32.202	71.925
Number of shares					
		71.082.707	71.082.707	71.082.707	71.082.707
Earnings per share (in €)	12	0,22	0,84	0,45	1,01

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2009

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Net profit after tax	15.364	59.959	32.202	71.925
Merge of subsidiary	0	0	(114)	0
Profit/(Loss) from derivative financial instruments recognised directly in equity, net of deferred tax	4.241	(4.744)	4.241	(4.744)
Actuarial gains/(losses) recognised directly in equity, net of deferred tax	(3.980)	(390)	(3.685)	(328)
Share based payments and other equity movements	<u>66</u>	<u>0</u>	<u>85</u>	<u>0</u>
Other comprehensive income for the year, net of tax	327	(5.134)	527	(5.072)
Total comprehensive income for the year	15.691	54.825	32.729	66.853

Notes from page 23 through to page 89 form an integral part of the Group and Company Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

Amounts in Euro thousand

	NOTE	GROUP		COMPANY	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
Fixed assets					
Goodwill	13	29.480	31.871	0	0
Intangible assets	14	4.088	2.167	1.212	697
Tangible assets	15	545.415	566.391	507.965	522.029
Investments in associates and subsidiaries	16	522	417	81.164	55.748
Other investments	17	55	55	55	55
Derivative financial instruments	26.6	3.790	944	3.790	944
Other non-current receivables	26.2	9.981	5.169	9.484	29.681
Deferred tax asset	21	1.957	3.854	0	0
Total fixed assets		595.288	610.868	603.670	609.154
Current assets					
Inventories	18	63.079	81.024	56.668	74.471
Trade and other receivables	26.3	147.680	164.917	138.342	132.676
Derivative financial instruments	26.6	700	687	700	687
Fixed assets available for sale	15	2.428	11.961	0	11.961
Cash and cash equivalents	26.1	192.120	140.493	177.178	123.359
Income tax receivable	11	1.057	986	0	0
Total current assets		407.064	400.068	372.888	343.154
Total assets		1.002.352	1.010.936	976.558	952.308
Non-current liabilities					
Provision for staff termination indemnity	19	77.240	81.510	72.319	70.872
Other non-current provisions	20	20.740	15.926	33.950	30.140
Derivative financial instruments	26.6	4.542	6.832	4.542	6.832
Deferred tax liabilities	21	5.942	5.241	4.419	3.589
Finance lease liabilities	26.7	302	679	125	88
Bank loans		0	3.705	0	0
Total non-current liabilities		108.766	113.893	115.355	111.521
Current liabilities					
Provision for staff termination indemnity	19	5.285	4.742	4.944	4.109
Trade and other payables	26.5	124.339	126.453	109.495	111.921
Income tax liability	11	7.526	3.633	7.448	3.401
Finance lease liabilities	26.7	210	143	0	0
Other current provisions	20	4.918	1.413	4.308	610
Derivative financial instruments	26.6	1.206	2.587	1.206	2.587
Dividends payable	22	138	30.634	138	30.634
Bank loans	26.4	39.480	32.645	15.445	2.035
Total current liabilities		183.102	202.250	142.984	155.297
Total liabilities		291.868	316.143	258.339	266.818
Equity					
Share capital	23	142.165	142.165	142.165	142.165
Share premium	24	1.279	1.279	1.279	1.279
Reserves	25	171.058	170.175	158.340	152.683
Derivatives valuation reserve	26.6	(1.136)	(5.377)	(1.136)	(5.377)
Retained earnings		397.118	386.551	417.571	394.740
Total equity		710.484	694.793	718.219	685.490
Total liabilities and equity		1.002.352	1.010.936	976.558	952.308

Notes from page 23 through to page 89 form an integral part of the Group and Company Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

31 DECEMBER 2009

Amounts in Euro thousand

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2009	142.165	1.279	170.175	(5.377)	386.551	694.793
Profit for the year	0	0	0	0	15.364	15.364
Subsidiary's profit & reserves distribution	0	0	(4.696)	0	4.696	0
Distribution of profits	0	0	5.579	0	(5.579)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	4.241	0	4.241
Actuarial gain/(losses), net of deferred tax	0	0	0	0	(3.980)	(3.980)
Share based payments and other equity movements	0	0	0	0	66	66
Balance at 31/12/2009	<u>142.165</u>	<u>1.279</u>	<u>171.058</u>	<u>(1.136)</u>	<u>397.118</u>	<u>710.484</u>
Balance at 01/01/2008	142.165	1.279	204.245	(633)	410.909	757.965
Profit for the year	0	0	0	0	59.959	59.959
Subsidiary's profit & reserves distribution	0	0	(3.633)	0	3.633	0
Dividends	0	0	(46.204)	0	(71.793)	(117.997)
Distribution of profits	0	0	15.767	0	(15.767)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	(4.744)	0	(4.744)
Actuarial gain/(losses), net of deferred tax	0	0	0	0	(390)	(390)
Balance at 31/12/2008	<u>142.165</u>	<u>1.279</u>	<u>170.175</u>	<u>(5.377)</u>	<u>386.551</u>	<u>694.793</u>

Amounts in Euro thousand

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2009	142.165	1.279	152.683	(5.377)	394.740	685.490
Merge of subsidiary	0	0	78	0	(192)	(114)
Profit 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/(losses), net of deferred tax	0	0	0	0	(3.685)	(3.685)
Share based payments and other equity movements	0	0	0	0	85	85
Balance at 31/12/2009	<u>142.165</u>	<u>1.279</u>	<u>158.340</u>	<u>(1.136)</u>	<u>417.571</u>	<u>718.219</u>
Balance at 01/01/2008	142.165	1.279	181.796	(633)	412.027	736.634
Merge of subsidiary	0	0	1.333	0	-1.333	0
Profit for the year	0	0	0	0	71.925	71.925
Dividends	0	0	(46.204)	0	(71.793)	(117.997)
Distribution of profits	0	0	15.758	0	(15.758)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	(4.744)	0	(4.744)
Actuarial gain/(losses), net of deferred tax	0	0	0	0	(328)	(328)
Balance at 31/12/2008	<u>142.165</u>	<u>1.279</u>	<u>152.683</u>	<u>(5.377)</u>	<u>394.740</u>	<u>685.490</u>

Notes from page 23 through to page 89 form an integral part of the Group and Company Financial Statements.

STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED 31 DECEMBER 2009

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1- 31/12/2009	1/1- 31/12/2008	1/1- 31/12/2009	1/1- 31/12/2008
<u>Operating activities</u>				
Profit before tax	39.993	93.281	55.544	99.664
Plus / less adjustments for:				
Depreciation	46.720	47.101	42.596	43.246
Provisions	(480)	(28.251)	(314)	(19.958)
Foreign exchange differences	361	0	361	0
Gain / (loss) from derivatives valuation	(223)	491	(223)	491
Income / (expenses), profit / (losses) from investing activities	(1.743)	(3.613)	(7.468)	(6.514)
Settled share based payments	85	0	85	0
Interest and related expenses	5.511	5.450	1.507	708
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	20.040	(20.046)	19.909	(19.192)
Decrease / (increase) in receivables	6.008	(2.490)	7.878	4.585
(Decrease) / increase in liabilities (excl. bank loans)	1.591	19.037	445	23.992
Less :				
Interest and related expenses paid	(4.602)	(5.450)	(657)	(708)
Taxes paid	(9.047)	(24.181)	(8.304)	(19.672)
<u>Total inflow / (outflow) from operating activities (a)</u>	104.214	81.329	111.359	106.642
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(0)	(8.831)	(25.946)	(20.000)
Intercompany loans	0	0	0	(11.500)
Repayments of intercompany loans	0	0	0	20.000
Purchases of tangible and intangible fixed assets	(30.295)	(31.912)	(24.969)	(26.030)
Proceeds from disposals of tangible and intangible assets	4.717	2.838	3.808	2.627
Interest received	707	4.890	849	4.444
Dividends received	0	0	5.646	590
<u>Total inflow / (outflow) from investing activities (b)</u>	(24.871)	(33.015)	(40.612)	(29.869)
<u>Financing activities</u>				
Loan proceeds	75.777	30.000	15.445	0
Loan repayments	(72.647)	(2.046)	(2.035)	0
Payments of obligations under finance leases	(350)	0	(3)	0
Dividends paid	(30.496)	(86.010)	(30.496)	(86.010)
<u>Total inflow / (outflow) from finance activities (c)</u>	(27.716)	(58.056)	(17.089)	(86.010)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)	51.627	(9.742)	53.658	(9.237)
Cash and cash equivalents at the beginning of the year	140.493	149.926	123.359	132.521
Cash from subsidiaries acquired during the year	0	309	161	75
Cash and cash equivalents at the end of the year	192.120	140.493	177.178	123.359

Notes from page 23 through to page 89 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. The French company LAFARGE S.A. (parent company of LAFARGE Group of Companies) holds indirectly shares that represent 88.99%, as at 31/12/2009, of the Company's share capital.

The HERACLES G.C.C Group (the Group) mainly operates in the production and trading of cement, concrete and other building materials. The above Financial Statements are presented in thousand Euros, 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 reporting period and subsequent reporting periods. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards effective for the year ended 31 December 2009

IFRS 8 "Operating Segments"

This standard supersedes IAS 14, under which segments were identified and reported based on a risk and return analysis. Under IFRS 8 segments are components of an entity regularly reviewed by the entity's chief operating decision maker and are reported in the Financial Statements based on this internal component classification. This standard has not resulted in any change in the number of reportable segments presented.

IAS 1 (Revised) "Presentation of Financial Statements"

IAS 1 has been revised to enhance the usefulness of information presented in the Financial Statements. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has elected to present two statements.

IFRS 7 (Amendment) "Financial instruments – Disclosures"

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

IFRS 2 (Amendment) "Share Based Payment"

The amendment clarifies the definition of "vesting condition" by introducing the term "non-vesting condition" for conditions other than service conditions and performance conditions. The amendment also clarifies that the same accounting treatment applies to awards that are effectively cancelled by either the entity or the counterparty. This amendment does not impact the Group's Financial Statements.

IAS 23 (Revised) "Borrowing Costs"

This standard replaces the previous version of IAS 23. The main change is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that need a substantial period of time to get ready for use or sale. The amendment did not impact the Group.

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

IAS 32 (Amendment) “Financial Instruments: Presentation” and IAS 1 (Amendment) “Presentation of Financial Statements”

The amendment to IAS 32 requires certain puttable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to puttable instruments classified as equity. This amendment does not impact the Group’s Financial Statements.

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

This amendment clarifies that entities should no longer use hedge accounting for transactions between segments in their separate Financial Statements. This amendment is not applicable to the Group as it does not apply hedge accounting in terms of IAS 39.

Interpretations effective for year ended 31 December 2009

IFRIC 13 – Customer Loyalty Programmes

This interpretation clarifies the treatment of entities that grant loyalty award credits such as “points” and “travel miles” to customers who buy other goods or services. This interpretation is not relevant to the Group’s operations.

IFRIC 15 - Agreements for the construction of real estate

This interpretation addresses the diversity in accounting for real estate sales. Some entities recognise revenue in accordance with IAS 18 (i.e. when the risks and rewards in the real estate are transferred) and others recognise revenue as the real estate is developed in accordance with IAS 11. The interpretation clarifies which standard should be applied to particular. This interpretation is not relevant to the Group’s operations.

IFRIC 16 - Hedges of a net investment in a foreign operation

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 18 “Transfers of assets from customers” (effective for transfers of assets received on or after 1 July 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.

Standards effective after year ended 31 December 2009

IFRS 3 (Revised) “Business Combinations” and IAS 27 (Amended) “Consolidated and Separate Financial Statements” (effective for annual periods beginning on or after 1 July 2009)

The revised IFRS 3 introduces a number of changes in the accounting for business combinations which will 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 amended IAS 27 requires that a change in ownership interest of a subsidiary to be accounted for as an equity transaction. Furthermore the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by these standards must be applied prospectively and will affect future acquisitions and transactions with non-controlling interests. The Group will apply these changes from their effective date.

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

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. IFRS 9 has not been endorsed by the EU.

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

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 will not impact the Group’s Financial Statements since it has already adopted IFRSs. This amendment has not yet been endorsed by the EU.

IFRS 2 (Amendment) “Share-based Payment” (effective for annual periods beginning on or after 1 January 2010)

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 is not expected to impact the Group’s Financial Statements. This amendment has not yet been endorsed by the EU.

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

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

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.

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

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” (effective for annual periods beginning on or after 1 July 2009)

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

Interpretations effective after year ended 31 December 2009

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

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

IFRIC 17 “Distributions of non-cash assets to owners” (effective 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. The Group will apply this interpretation from its effective date.

IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments” (effective for annual periods beginning on or after 1 July 2010)

This interpretation addresses the accounting by the entity that issues equity instruments to a creditor in order to settle, in full or in part, a financial liability. This interpretation is not relevant to the Group. This amendment has not yet been endorsed by the EU.

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

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

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

The amendments set out below describe the key changes to IFRSs following the publication in July 2009 of the results of the IASB’s annual improvements project. These amendments have not yet been endorsed by the EU. Unless otherwise stated the following amendments are effective for annual periods beginning on or after 1 January 2010. In addition, unless otherwise stated, the following amendments will not have a material impact on the Group’s Financial Statements.

IFRS 2 “Share-Based payment” (effective for annual periods beginning on or after 1 July 2009)

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.

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

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.

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” (effective for annual periods beginning on or after 1 July 2009)

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” (effective for annual periods beginning on or after 1 July 2009)

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” (effective for annual periods beginning on or after 1 July 2009)

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.

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 2008, 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 therein. 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 and 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

In 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 "Investments in associates" above.

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 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.

3. ACCOUNTING PRINCIPLES – Continued

Revenue Recognition- continued

The income 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 income 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.

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.

3. ACCOUNTING PRINCIPLES – Continued

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.

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 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 defined contribution retirement schemes 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 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 and Company recognise 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.

3. ACCOUNTING PRINCIPLES – Continued

Share based payments

On a regular basis, the Lafarge Group offers employee share purchase plans.

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, 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.

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 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. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from 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 on investments in subsidiaries and associates, and interests in joint ventures, except where 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.

3. ACCOUNTING PRINCIPLES – Continued

Deferred tax- continued

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 allocation and in general any taxation whatsoever thereof 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 dealt with in 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.

Intangible assets

Intangible assets relate to software measured at acquisition cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit and loss 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 for and evaluation of mineral resources expenses are recognised as fixed assets. Fixed assets from the exploration for 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.

3. ACCOUNTING PRINCIPLES – Continued

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, and commences when the assets are ready for their intended use. Depreciation is charged so as to write off the cost or valuation 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	25 - 30
Machinery	5 - 30	15 - 30
Vehicles, Furnitures and Other Equipment	3 - 20	5 - 20

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 acquired separately.

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 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 for which the estimates of future cash flows have not been adjusted.

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. The cost of finished goods and work in progress 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.

3. ACCOUNTING PRINCIPLES – Continued

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.

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 on points 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 FVTPL.

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

These consists of cash held, bank deposits and other short-term investments of high liquidity, promptly convertible into a known sum of money with a very low 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 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.

3. ACCOUNTING PRINCIPLES – Continued

Financial instruments - continued

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.

Other financial liabilities

Other financial liabilities are split into current and non-current and initially are recognised at fair value. Non-current trade payables are measured at present value 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 FVTPL, 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.

3. ACCOUNTING PRINCIPLES – Continued

Financial instruments - continued

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.

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 in the Financial income/(expenses).

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 when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

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 readily 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 in the period of the revision and 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 estates
- 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 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 27).
- (b) Estimates on the recoverability of deferred tax assets (note 21).
- (c) Contingent losses from pending legal litigations (note 20 & 27) and doubtful debts (note 26.3).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 16).

5. TURNOVER

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

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Income from sale of finished and semi-finished products	513.756	686.232	460.176	620.659
Income from sale of merchandise	8.033	8.550	5.536	8.394
Income from services and construction projects	8.445	13.360	3.386	3.151
	530.234	708.142	469.098	632.204

6. OPERATING SEGMENTS

The adoption of "IFRS 8: Operating Segments" by the Group has not affected the presentation of its reportable segments compared to the last published annual Financial Statements.

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

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

Segment information is presented below:

Amounts in Euro thousand	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	37.912	(5.853)	2.220	0	34.279

Amounts in Euro thousand	31/12/2008				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	642.281	84.336	20.113	(36.989)	709.741
Current Operating Income	132.876	195	3.288	0	136.359
Operating Income	106.759	(1.800)	3.290	0	108.249

Amounts in Euro thousand

Total Assets as per Management Reporting	31/12/2009				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
31/12/2009	983.987	87.104	64.931	(140.569)	995.453
31/12/2008	983.800	86.927	59.787	(118.083)	1.012.431

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>31/12/2009</u>	<u>31/12/2008</u>
Turnover per Management Reporting	533.942	709.741
Discount reclassification between Turnover and Cost of sales	<u>(3.708)</u>	<u>(1.599)</u>
Turnover per Income Statement	<u><u>530.234</u></u>	<u><u>708.142</u></u>

Amounts in Euro thousand

	<u>31/12/2009</u>	<u>31/12/2008</u>
Reportable Segments		
Current Operating Income	70.276	136.359
Non-recurring income/ (expenses)	<u>(35.997)</u>	<u>(28.110)</u>
Operating Income	34.279	108.249
Reconciliation to Income Statement		
Timing difference on revenue recognition	13.200	(13.200)
Reversal of journal entry concerning imputed cost vs financial income posted for Management Report purposes	1.543	1.662
Gain recognised in 2008 Financial Statements	(624)	0
Provisions recognised in different periods	(2.169)	3.865
Difference in Fixed Assets depreciation	(3.379)	(4.329)
Other timing differences	<u>2.014</u>	<u>453</u>
Income Statement		
Operating Income	44.864	96.700
Net financial income/(expense)	<u>(4.871)</u>	<u>(3.419)</u>
Profit before tax	39.993	93.281
Income tax	<u>(24.629)</u>	<u>(33.322)</u>
Net profit for the year after tax	<u><u>15.364</u></u>	<u><u>59.959</u></u>

6. OPERATING SEGMENTS - continued

Amounts in Euro thousand

	<u>31/12/2009</u>	<u>31/12/2008</u>
Total Assets per Management Reporting	995.453	1.012.431
Difference in deemed cost of fixed assets	16.910	17.754
Total assets of non consolidated entity	(3.984)	(3.994)
Receivables due to timing difference on revenue recognition	0	(13.200)
Deferred tax asset	(4.228)	(914)
Differences due to reclassifications between working capital accounts	0	(2.473)
Other	<u>(1.799)</u>	<u>1.332</u>
Total Assets per statement of Financial position	<u>1.002.352</u>	<u>1.010.936</u>

The Group and Company operate in the following countries:

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1 - 31/12/2009</u>	<u>1/1 - 31/12/2008</u>	<u>1/1 - 31/12/2009</u>	<u>1/1 - 31/12/2008</u>
Greece	458.497	591.878	404.110	524.677
Switzerland	66.635	110.515	64.880	106.694
Other countries	5.102	5.749	108	833
	<u>530.234</u>	<u>708.142</u>	<u>469.098</u>	<u>632.204</u>

In the comparative figures for 2008, an amount of 12.431 Euro thousand was reclassified from "Other countries" to "Switzerland" and 833 Euro thousand was reclassified from "Greece" to "Other countries", for more appropriate presentation.

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 Company includes income from partial reversal of provision for participation in the accumulated losses of its subsidiaries that exceed the Company's initial investment amounting to 1,751 Euro thousand, while for the year 1/1-31/12/2008 an expense of 10,437 Euro thousand was recognised.

In addition, the subsidiary EVIESK S.A. recognised a loss of impairment of tangible assets amounting to 2,710 Euro thousand in 2009.

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>
Profit/(loss) from fixed asset disposals	931	2.143	1.285	1.482
Impairment of tangible fixed assets	(2.736)	0	0	0
Reversal of provision / (Provision) for share in losses of subsidiaries	0	0	1.751	(10.437)
Other	1.155	825	0	0
	<u>(650)</u>	<u>2.968</u>	<u>3.036</u>	<u>(8.955)</u>

8. COST OF VOLUNTARY STAFF RETIREMENT PROGRAM

The program's aim was the improvement of productivity of the loss-generating activities and the reduction of the operating cost.

In 2007 the Company's Management launched a voluntary exit program for the HERACLES G.C.C Group of Companies, by recognising a provision of 18,043 Euro thousand. From the above mentioned provision, an amount of 9,921 Euro thousand was utilised, while an amount of 8,122 Euro thousand was decided by the Company's Management to be derecognised as unused, as at 31/12/2008.

In the current year no provision for voluntary staff retirement was recognised.

9. OPERATING PROFIT

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

Amounts in Euro thousand	GROUP		COMPANY	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008
Impairment of receivables	14.990	1.732	14.529	1.451
Use / reversal of receivables impairment	(9.736)	(1.351)	(8.997)	(764)
Impairment of fixed assets from revaluation of recoverable amount	2.736	1.725	0	0
Impairment of participation in subsidiaries	0	0	315	905
Total impairment	<u>7.990</u>	<u>2.106</u>	<u>5.847</u>	<u>1.592</u>
Amortisation of intangible assets	973	583	408	340
Depreciation of tangible assets	45.869	46.640	42.310	43.028
Amortisation of grant	(122)	(122)	(122)	(122)
Total depreciation & amortisation	<u>46.720</u>	<u>47.101</u>	<u>42.596</u>	<u>43.246</u>
Movement of finished and semi-finished products	(6.192)	(1.580)	(6.180)	(2.547)
Consumption of raw, auxiliary materials, consumables and spare parts	147.429	205.822	106.529	151.562
Cost of goods sold	<u>141.237</u>	<u>204.242</u>	<u>100.349</u>	<u>149.015</u>
Employer's contribution	20.383	21.510	16.693	16.378
Salaries and other personnel benefits	98.276	108.756	83.198	86.619
Provision for staff termination indemnity	8.740	9.195	8.077	7.897
Staff termination indemnity	31.651	35.712	36.345	28.027
Total personnel expenses	<u>159.050</u>	<u>175.173</u>	<u>144.313</u>	<u>138.921</u>

The number of Group and Company personnel as at 31 December 2009 is analysed as follows:

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Number of personnel	1.908	2.185	1.471	1.512

10. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Income				
Interest received and related income	707	4.890	849	4.444
Income from dividends	0	100	5.646	590
Reversal of provision in participations	0	287	0	0
Foreign exchange income	92	0	0	0
Income from derivatives	223	0	223	0
	<u>1.022</u>	<u>5.277</u>	<u>6.718</u>	<u>5.034</u>
Expenses				
Interest and related expenses	5.511	5.450	1.507	708
Loss from derivatives	0	491	0	491
Tax audit surcharges	0	2.270	0	0
Foreign exchange losses	382	484	262	400
	<u>5.893</u>	<u>8.695</u>	<u>1.769</u>	<u>1.599</u>
Total	<u>(4.871)</u>	<u>(3.419)</u>	<u>4.949</u>	<u>3.435</u>

11. INCOME TAX

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Income tax	13.501	20.623	13.049	19.808
Deferred taxation (Note 21)	1.003	5.661	376	5.347
Tax audit differences	419	6.307	293	1.912
Special levy (L. 3808/2009)	9.017	0	9.017	0
Other taxes not included in operating costs	689	731	607	672
Total	<u>24.629</u>	<u>33.322</u>	<u>23.342</u>	<u>27.739</u>

Based on L. 3808/2009 passed on 8 December 2009, an amount of 9,017 Euro thousand was imposed as a special levy for social responsibility. The special levy is imposed to the net income as this is defined to paragraphs of articles 31, par. 19 and 105, par. 7 of Income Tax Code. For the Companies that publish their financial statements based on IFRS, the special levy is imposed on the IFRS net profits if those are higher from the total net income as it is defined from the paragraphs of articles 31, par.19 and 105, par. 7 of Income Tax Code (L. 2238/1994). The above mentioned liability has been included in income tax of the year.

Income tax expense represents the sum of current income tax, special levy of L. 3808/2009, deferred tax, tax audit differences, and property tax. The current year's income tax has been calculated based on the applicable tax rate for 2009, namely 25% (2008: 25%). According to the Hellenic tax law (L. 3697/2008), the applicable tax rates will be gradually decreased until 2014 as follows:

Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Tax rate	24%	23%	22%	21%	20%

The current income tax for the years of 2009 and 2008 was calculated with 25% tax rate. The deferred tax for the years 2008 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. Additionally, it includes the corresponding adjustment for the deferred tax, which has already recognised in previous years and will be settled in the future.

11. INCOME TAX - continued

Income tax is analysed as follows:

Amounts in Euro thousand	GROUP				COMPANY			
	1/1-31/12/2009		1/1-31/12/2008		1/1-31/12/2009		1/1-31/12/2008	
		%		%		%		%
Profit before taxes	39.993	25%	93.281	25%	55.544	25%	99.664	25%
Income tax at the current tax rate (25%)	9.998	25%	23.320	25%	13.886	25%	24.916	25%
Expenses not deductible in determining taxable profit	1.888	5%	2.266	2%	1.491	3%	1.136	1%
Income not taxable in determining taxable profit	(118)	0%	(1.060)	-1%	(1.412)	-3%	(173)	0%
Tax reduction due to establishment of tax free reserve	(560)	-1%	0	0%	(560)	-1%	0	0%
Difference in the current year's deferred taxation due to changes in tax rate	252	1%	(2.708)	-3%	103	0%	(2.822)	-3%
Effect of different tax rates of subsidiaries operating under a different tax status.	(2)	0%	(76)	0%	0	0%	0	0%
Tax losses not carried forward	2.762	7%	5.349	6%	0	0%	0	0%
Use of previous years' tax losses	295	1%	8	0%	0	0%	0	0%
Differences from tax audits	418	1%	6.307	7%	293	1%	1.912	2%
Participation to impairment of investments, share in losses of subsidiaries and other	(272)	-1%	944	1%	(359)	-1%	3.568	4%
Valuation allowance reversal	262	1%	(1.343)	-1%	276	0%	(1.119)	-1%
Difference between income tax rate and tax rate on revaluation of fixed assets	0	0%	(416)	0%	0	0%	(351)	0%
Special levy (L. 3808/2009)	9.017	23%	0	0%	9.017	16%	0	0%
Other taxes	689	2%	731	1%	607	1%	672	1%
	<u>24.629</u>	<u>62%</u>	<u>33.322</u>	<u>36%</u>	<u>23.342</u>	<u>42%</u>	<u>27.739</u>	<u>28%</u>

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

Income tax receivables and payables are analysed as follows:

Amounts in Euro thousand	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Receivables				
Income tax receivable	1.057	986	0	0
	<u>1.057</u>	<u>986</u>	<u>0</u>	<u>0</u>
Payables				
Income tax payable	(7.526)	(3.633)	(7.448)	(3.401)
	<u>(7.526)</u>	<u>(3.633)</u>	<u>(7.448)</u>	<u>(3.401)</u>
Total	<u>(6.469)</u>	<u>(2.647)</u>	<u>(7.448)</u>	<u>(3.401)</u>

12. EARNINGS PER SHARE

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

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>	<u>1/1-31/12/2009</u>	<u>1/1-31/12/2008</u>
Net profit for the year after tax	15.364	59.959	32.202	71.925
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 per share in Euro	0,22	0,84	0,45	1,01

13. ACQUIRED COMPANY GOODWILL

The total Group goodwill movement is as follows:

Amounts in Euro thousand	<u>2009</u>		<u>2008</u>	
Goodwill as at 01/01		31.871		19.199
Temporary estimated goodwill of acquired companies:				
- MYTILINI QUARRIES S.A.	0		6.385	
- BETON DOMH S.A.	0		8.692	
- TRANS BETON S.A.	<u>0</u>	0	<u>2.086</u>	17.163
Provisional fair value adjustments				
- MYTILINI QUARRIES S.A.	(1.081)		(514)	
- BETON DOMH S.A.	(1.147)		(1.285)	
- TRANS BETON S.A.	(109)		(660)	
- KAMBIS QUARRIES S.A.	0		(710)	
- SUPER BETON S.A. I. MARKOULAKIS	0		(1.091)	
- SAMARAS QUARRIES S.A.	<u>0</u>	(2.337)	<u>(527)</u>	(4.787)
Consideration adjustments:				
- MYTILINI QUARRIES S.A.	0		31	
- BETON DOMH S.A.	0		237	
- TRANS BETON S.A.	0		28	
- KAMBIS QUARRIES S.A.	(103)		0	
- SAMARAS QUARRIES S.A.	<u>49</u>	<u>(54)</u>	<u>0</u>	296
Goodwill as at 31/12		<u>29.480</u>		<u>31.871</u>

During the year, the goodwill of the subsidiaries MYTILINI QUARRIES S.A amounting to 4,821 Euro thousand, TRANS BETON MACEDONIAS S.A. amounting to 1,345 Euro thousand and BETON DOMH S.A. amounting to 6,497 Euro thousand, were finalised.

From the total temporary estimated goodwill of MYTILINI QUARRIES S.A amounting to 5,902 Euro thousand, an amount of 1,442 Euro thousand was allocated to quarry license, which according to the Group's policies increases the quarries' value, less the corresponding deferred tax amounting to 361 Euro thousand.

13. ACQUIRED COMPANY GOODWILL- continued

From the total temporary estimated goodwill of TRANS BETON MACEDONIAS S.A. amounting to 1,454 Euro thousand, an amount of 145 Euro thousand was allocated to intangible assets as customers' loyalty less the corresponding deferred tax amounting to 36 Euro thousand.

From the total temporary estimated goodwill of BETON DOMH S.A. amounting to 7,644 Euro thousand, an amount of 559 Euro thousand was allocated to quarry license, which according to the Group's policies increases the quarries' value, less the corresponding deferred tax amounting to 140 Euro thousand, in addition an amount of 971 Euro thousand was allocated to intangible assets as customers' loyalty less the corresponding deferred tax amounting to 243 Euro thousand.

14. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiary. The following table shows the movement for the years 1/1-31/12/2009 and 1/1-31/12/2008.

Amounts in Euro thousand	GROUP	COMPANY
COST		
1 January 2008	10.933	7.654
Additions	228	415
Subsidiary acquisition	0	0
Allocation of Goodwill to Intangibles	1.455	0
Disposals / Write-offs	(38)	(4)
Transfers from projects in progress	286	0
31 December 2008	12.864	10.098
Subsidiary merge	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
ACCUMULATED DEPRECIATION		
1 January 2008	10.137	7.313
Depreciation charge	583	340
Subsidiary acquisition	0	1.752
Disposals/Write-offs	(23)	(4)
31 December 2008	10.697	9.401
Subsidiary merge	0	101
Depreciation charge	895	408
Allocation of Goodwill to Intangibles	78	0
Disposals/Write-offs	(198)	0
31 December 2009	11.472	9.910
CARRYING AMOUNT		
31 December 2008	2.167	697
31 December 2009	4.088	1.212

15. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years 1/1-31/12/2009 and 1/1-31/12/2008.

Amounts in Euro thousand

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2008	70.224	260.544	406.621	28.057	19.103	784.549
Impairment due to revaluation of recoverable	0	(1.008)	(165)	(552)	0	(1.725)
Additions	396	262	4.149	2.699	31.269	38.775
Acquisition of subsidiary	544	1.190	1.805	829	0	4.368
Disposals/Write-offs	(11)	(185)	(1.817)	(1.588)	(2)	(3.603)
Goodwill allocation	1.650	0	0	0	0	1.650
Transfers	273	2.767	14.918	94	(18.337)	(285)
31 December 2008	73.076	263.570	425.511	29.539	32.033	823.729
Goodwill allocation	2.001	0	0	0	0	2.001
Impairment due to revaluation of recoverable	(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)	(2.990)	0	(9.521)
Transfers	0	3.679	25.475	97	(29.330)	(79)
31 December 2009	75.974	261.704	449.934	27.583	18.631	833.825
ACCUMULATED DEPRECIATION						
1 January 2008	2.214	67.492	113.006	15.187	0	197.899
Depreciation Charge	661	16.224	27.752	1.881	0	46.518
Acquisition of subsidiary	120	292	1.514	633	0	2.559
Disposals/Write-offs	0	(51)	(753)	(795)	0	(1.599)
31 December 2008	2.995	83.957	141.519	16.906	0	245.377
Depreciation charge	493	15.723	27.477	1.844	0	45.538
Amortisation of allocation of goodwill	209 0	0 0	0 0	0 0	0 0	209
Disposals/Write-offs	(131)	(1.970)	(1.886)	(1.154)	0	(5.141)
31 December 2009	3.566	97.711	167.110	17.595	0	285.982
NET BOOK VALUE						
31 December 2008	70.081	179.613	283.992	12.633	32.033	578.352
31 December 2009	72.408	163.993	282.824	9.987	18.631	547.843
Presented in Balance Sheet 31/12/08 as:						
Tangible assets	63.500 0	174.604 0	283.621 0	12.633 0	32.033 0	566.391
Fixed assets available for sale	6.581	5.009	371	0	0	11.961
	<u>70.081 0</u>	<u>179.613 0</u>	<u>283.992 0</u>	<u>12.633 0</u>	<u>32.033 0</u>	<u>578.352</u>
Presented in Balance Sheet 31/12/09 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
	<u>72.408 0</u>	<u>163.993 0</u>	<u>282.824 0</u>	<u>9.987 0</u>	<u>18.631 0</u>	<u>547.843</u>

The Company's Board of Directors decided on 27/11/2008 the sale through tender offers, of four premises that are located in Lycovrissi, including the building of Head Office.

The net book value of the above mentioned premises that were classified to Current Assets as fixed assets held for sale as at 31/12/2008, was 11,961 Euro thousand. In May 2009 two of the premises were sold for a consideration of 1,301 Euro thousand.

15. TANGIBLE ASSETS - Continued

The procedure for the disposal of the remaining premises was terminated without any considerable offers, therefore assets held for sale were classified back to Fixed Assets during the current year and the related depreciation for these assets amounted to 364 Euro thousand were charged in current year results.

In September 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 2010 the sale of the one property was completed for an amount of 740 Euro thousand.

In order for the Company to classify some of the assets as held for sales, Management performed an impairment test for tangible assets. As a result of this test, both the Group and the subsidiary EVIESK S.A recognised an impairment loss of 2,710 Euro thousand in 2009 results.

In addition, from the temporary estimated goodwill of the Group the value of quarry licenses was allocated to tangible assets for the subsidiaries MYTILINI QUARRIES S.A and BETON DOMH S.A (note 13).

The above assets include the carrying amount of the land, quarry, machinery, as well as buildings' improvements 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.

15. TANGIBLE ASSETS - Continued

The following table shows the relevant Company tangible assets movements for the years 1/1-31/12/2009 and 1/1-31/12/2008.

Amounts in Euro thousand

COMPANY	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2008	54.397	243.752	384.645	16.417	17.630	716.841
Additions	119	0	390	453	30.409	31.371
Additions	0	0	4	2.528	0	2.532
Disposals/Write-offs	0	(113)	(1.802)	(555)	0	(2.470)
Transfers	273	2.577	14.512	70	(17.432)	0
31 December 2008	54.789	246.216	397.749	18.913	30.607	748.274
Merge of subsidiary	0	57	859	208	0	1.124
Additions	1.844	892	573	436	15.249	18.994
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
ACCUMULATED DEPRECIATION						
1 January 2008	446	61.231	101.907	7.085	0	170.669
Depreciation Charge	59	15.505	26.056	1.286	0	42.906
Acquisition of subsidiary	0	0	4	2.028	0	2.032
Disposals/Write-offs	0	(42)	(734)	(547)	0	(1.323)
31 December 2008	505	76.694	127.233	9.852	0	214.284
Merge of subsidiary	0	53	617	194	0	864
Depreciation charge	35	15.044	25.950	1.159	0	42.188
Disposals/Write-offs	0	(650)	(492)	(406)	0	(1.548)
31 December 2009	540	91.141	153.308	10.799	0	255.788
NET BOOK VALUE						
31 December 2008	54.284	169.522	270.516	9.061	30.607	533.990
31 December 2009	55.374	157.494	271.280	6.960	16.857	507.965
Presented in Balance Sheet 31/12/09 as:						
Tangible assets	47.703	164.513	270.145	9.061	30.607	522.029
Fixed assets available for sale	6.581	5.009	371	0	0	11.961
	54.284	169.522	270.516	9.061	30.607	533.990

The Company owns a collection of artworks. The Company's Management has elected not to recognise the assets in its Financial Statements.

16. 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
ATLAS S.A.	Greece, Kallithea, Thessaloniki		100,00%	100,00%	Aggregates production & trade
EVIESK S.A.	Greece, Lycovrissi, Attica	95,76%	4,24%	100,00%	Dormant
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	99,99%	0,01%	100,00%	Sea transports and ship management
LAVA S.A.	Greece, Lycovrissi, Attica	44,16%	55,84%	100,00%	Building materials and aggregates production & trade
AEGEAN TERMINALS S.A.	Greece, Lycovrissi, Attica	99,78%		99,78%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Dormant
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
A. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
DYSTOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
NAFSIKA SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Dormant
SUPER BETON S.A. I MARKOULAKIS	Greece, Heraclion, Crete		100,00%	100,00%	Concrete production & trade
BETON DOMI S.A.	Greece, Polikastro Kilkis		100,00%	100,00%	Concrete production & trade, extraction & production of aggregates
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		77,00%	77,00%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Panama		100,00%	100,00%	Dormant
INTERNATIONAL MEDITERRANEAN SHIPPING S.A.	Luxemburg		100,00%	100,00%	Under liquidation
LEADER BETON S.A	Tirana, Albania		51,00%	51,00%	Trade of concrete

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>
MICHALIS KATSIMBRIS SA	Greece, Heraclion, Crete		26,50%	26,50%	Building material and quarrying
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	Greece, Lycovrissi, Attica	1,00%	49,00%	50,00%	Dormant

The Group participates in company LEADER BETON S.A. located in Tirana Albania. The share capital of the entity is 2,000 thousand Albanian Lek. LAFARGE BETON S.A. participates with 51% (1,020 shares amounting to 1,020 thousand Albanian Lek, 8 Euro thousand respectively). Shareholder of the remaining 49% (980 shares amounting to 980 thousand Albanian Lek and 7,7 Euro thousand respectively) is an individual. The Article of Association of the Company was signed on 31 December 2008. The company started its operation on 7th January 2009 which is the date it was registered with the Albanian tax authorities.

16. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES - Continued

On 27/2/2009 by virtue of decision no K2-2030/27.02.2009 of the Ministry of Development and following approval by the competent authorities the merger of KAMBIS QUARRIES S.A and SAMARAS QUARRIES S.A. by LAFARGE BETON S.A was completed. On 23/4/2008 by virtue of decision no K2-5077 and based on the articles 68-78 of L. 2190/1920 and on the articles 1-5 of L.2166/1993 the absorption of SYNERGATIKI BETON.S.A was completed.

On 30/09/2009, according to the Panamanian Company Registry (protocol number 223610/09.09.2009), the consolidated dormant subsidiary ALEXANDRIA SILO INVESTMENT COMPANY S.A. was de-registered.

Based on the Board of Directors decision dated 23/12/2009 subsidiary EVIESK S.A. sold as at 31/12/2009 to the Company 711.616 shares of LAFARGE BETON S.A. for an amount of 947 Euro thousand.

On 30/12/2009 the Extraordinary General Assembly of the subsidiary LAFARGE BETON S.A decided to increase the share capital of the subsidiary by 1.475 Euro thousand and the creation of a share premium reserve amounting to 23.525 Euro thousand. The above mentioned share capital increase realised with the issuance of 1.250 thousand new shares of nominal value 1,18 Euro and issuance price 20 Euro per share. The capital increase was in order to strengthen the net equity of the subsidiary. The amount was paid in cash on 30/12/2009, totally by the parent Company as the other shareholders (which are also Group subsidiaries), did not take part in the capital increase.

On 31/12/2009 the merger of EKET LTD. by HERACLES G.C.C was completed based on the paragraphs of L. 2190/1920 and on the articles 1-5 of L.2166/1993 and by virtue of decision number K2-13247/29.12.09 of the Ministry of Economy and Finance, which was filed on 31/12/2009 with the register of the above Ministry.

On 31/12/2009 the merger of FINDA TRANSPORTATION S.A by PORT SAID SILO INVESTMENT S.A. was completed based on the paragraphs of L. 2190/1920 and on the articles 1-5 of L.2166/1993 and by virtue of decision number EM-30806/09 of Athens Prefecture East Sector, which was filed to the register of the above Prefecture on 31/12/2009.

On 14/1/2010 by virtue of decision number K2 – 13517/09 of the Ministry of Economy and Finance and following approval by the competent authorities the legal merger of LAFARGE BETON S.A with MYTILINI QUARRIES S.A. and TRANS BETON MACEDONIA S.A was completed based on article 68-78 in L. 2190/1920 and article 1-5 in L. 2166/1993.

Furthermore, on 2/2/2010 based on the certification by the Ministry of Economy and Finance with protocol number 351.1/2349/04 the liquidation of the entity HERACLES GLORY SOC. NAV., a subsidiary of HERACLES MARITIME COMPANY, was completed and it was deleted from the Shipping Company Registry.

Given that the subsidiaries in which the Group's participation is less than 100% are loss making and have negative net equity, non controlling interest has not been recognised either in the period losses or in the negative net equity because non controlling does not have any constructive obligation for these losses.

Concerning the only profitable subsidiary LEADER BETON S.A. that the Group does not participate 100%, no non controlling interest has been recognised as the amount is considered immaterial for the Group.

16. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES - Continued

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

Amounts in Euro thousand

	COMPANY					
	31/12/2009			31/12/2008		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	103.973	(29.738)	74.235	78.027	(29.424)	48.603
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
EKET LTD.	0	0	0	216	0	216
HERACLES MARITIME CO.	5.543	0	5.543	5.543	0	5.543
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	0	0	0	458	(458)	0
PORT SAID SILO INVESTMENT COMPANY S.A.	5.636	(5.636)	0	4.880	(4.880)	0
FINDA TRANSPORTS S.A.	0	0	0	756	(756)	0
AEGEAN TERMINALS S.A.	796	(650)	146	796	(650)	146
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	6	(6)	0	6	(6)	0
Total	118.622	(37.458)	81.164	93.350	(37.602)	55.748

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

Amounts in Euro thousand

	GROUP	
	31/12/2009	31/12/2008
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	0	0
MICHALIS KATSIMBRIS SA	522	417
Total	522	417

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

Amounts in Euro thousand

	31/12/2009	31/12/2008
Total Assets	3.780	3.803
Total Liabilities	5.858	6.213
Total Equity	(2.078)	(2.410)
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)

Amounts in Euro thousand

	31/12/2009	31/12/2008
Turnover	2.381	3.075
Profit / (loss)	396	311
Participation in the profit of associated companies	105	82

The participation in the profit of associated companies concerns only the associated company MICHALIS KATSIMBRIS S.A.

17. OTHER INTERESTS

The Group has a 40% shareholding in the entity ARMSTOCK CORPORATION S.A which is incorporated in Luxemburg and is under liquidation. The Group has a 0.52% shareholding in the company EKEPY S.A. registered in Halkida of Evia. The above mentioned entities are not consolidated, because their shareholdings and financial position are immaterial.

Amounts in Euro thousand

	Share- holding	GROUP		COMPANY	
		31/12/2009	31/12/2008	31/12/2009	31/12/2008
ARMSTOCK CORP. S.A. (σε εκκαθάριση)	40%	192	192	0	0
Other interest		55	55	55	55
Provision for impairment of ARMSTOCK CORP. S.A.		(192)	(192)	0	0
Total		55	55	55	55

18. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Merchandise	574	620	318	424
Finished and semi-finished goods	18.339	24.531	13.977	20.157
Less: Obsolescence provision	<u>(1.440)</u>	<u>(1.440)</u>	<u>(1.440)</u>	<u>(1.440)</u>
Raw & aux. materials	6.009	7.891	4.496	6.283
Less: Obsolescence provision	<u>(388)</u>	<u>(390)</u>	<u>(129)</u>	<u>(129)</u>
Spare parts	38.450	45.053	37.904	44.492
Less: Obsolescence provision	<u>(9.558)</u>	<u>(11.651)</u>	<u>(9.427)</u>	<u>(11.533)</u>
Consumables	11.093	16.410	10.969	16.217
Total	<u>63.079</u>	<u>81.024</u>	<u>56.668</u>	<u>74.471</u>

In the comparative figures of the Group an amount of 57 Euro thousand was reclassified from provision for obsolete finished and semi-finished goods to provision for Raw and auxiliary materials (25 Euro thousand) and provision for Spare parts (32 Euro thousand) for more appropriate presentation.

As for the Company, an amount of 86 Euro thousand was reclassified from provision for obsolete Spare parts to provision for Raw and auxiliary materials for more appropriate presentation

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

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Balance at the start of year	13.481	13.450	13.102	12.986
Merge of subsidiary	0	0	0	90
Additional provision in the year for finished and semi finished products obsolesce	0	43	0	22
Use of provision for finished and semi finished products	0	(137)	0	0
Additional provision in the year for slow moving raw materials	281	119	0	0
Additional provision in the year for raw materials obsolesce	0	7	0	7
Reversal of provision for slow moving raw materials obsolesce	(283)	0	0	0
Use of provision due to spare part destruction	(2.106)	(3)	(2.106)	(3)
Additional provision in the year for spare parts obsolesce	13	2	0	0
Total	<u>11.386</u>	<u>13.481</u>	<u>10.996</u>	<u>13.102</u>

19. 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 obligation towards its staff regarding future payment of staff retirement benefits depending on the 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 2009 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 and losses (differences between expected and actual defined benefit obligations at the end of 2009) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial loss as at 31/12/2009 amount to 4,869 Euro thousand and 4,489 Euro thousand after deferred taxation of 1,217 Euro thousand and 1,123 Euro thousand respectively, which is attributed to experiential adjustments and to a change in actuarial assumptions in relation to the previous year.

Furthermore, due to the effect of the future changes in the income tax rate, a loss incurred from deferred tax on the cumulative actuarial losses of 331 Euro thousand for the Group and the Company.

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

The actuarial losses derive firstly from profit of 3,250 Euro thousand and 2,976 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 discount factor from 5.6% to 5%, and secondly from actuarial losses from experiential adjustments totalling 1,619 Euro thousand and 1,513 Euro thousand for the Group and the Company respectively, which are attributed to the following factors:

- In 2009, the actual average rise in basic pay and allowances increased to 6.7% and 5.7% for the Group and the Company respectively, against a long-term actuarial assumption of 4.75% leading to a loss of 770 Euro thousand for the Group and 697 Euro thousand for the Company. The Management estimates that in the long term the average rise will be at 4.75%
- The remaining loss of 849 Euro thousand and 816 Euro thousand for Group and Company respectively, is attributed to population mobility during the year, like retirements, new hiring and mortality.

19. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Amounts in Euro thousand				
Present value of obligation	82.606	86.395	77.346	75.116
Unrecognised past service cost	(81)	(143)	(83)	(135)
Net liability / (asset) in Statement of financial position	82.525	86.252	77.263	74.981
Amounts recognised in the Income Statement				
Service cost	3.970	4.518	3.581	3.825
Interest cost	4.705	4.621	4.429	4.022
Amortisation of past service cost	65	56	67	50
Regular Income Statement charge	8.740	9.195	8.077	7.897
Termination loss	31.651	35.712	36.345	28.027
Total Income Statement charge	40.391	44.907	44.422	35.924
Changes in present value of Defined benefit obligation				
Defined benefit obligation at start of year	86.394	100.229	75.116	86.619
Merger of subsidiary	0	0	397	945
Service cost	3.970	4.518	3.581	3.825
Interest cost	4.705	4.622	4.429	4.023
Benefits paid directly by the Company	(48.986)	(58.286)	(47.026)	(47.508)
Extra payments or expenses / (income)	31.632	36.060	30.732	27.999
Immediate recognition of settlement cost due to staff transfers between Group companies	0	0	5.628	0
Past service cost arising over last year	22	4	0	0
Actuarial loss / (gain)	4.869	(752)	4.489	(787)
Defined benefit obligation at end of year	82.606	86.395	77.346	75.116
Analysis of actuarial gain/(loss)				
Gain /(loss) on plan liabilities due to change in assumptions	(3.250)	3.676	(2.976)	3.147
Gain /(loss) on plan liabilities due to experiential changes	(1.619)	(2.924)	(1.513)	(2.359)
Actuarial gain/(loss)	(4.869)	752	(4.489)	788
Movement in net liability / (asset) in Statement of financial position				
Net liability /(asset) in Statement of financial position at the beginning of the year	86.252	100.006	74.981	86.406
Merger of subsidiary	0	0	397	946
Benefits paid directly	(48.986)	(58.286)	(47.026)	(47.508)
Total expense recognised in the income statement	40.390	44.907	44.422	35.924
Net liability / (asset) in Statement of financial position before adjustment	77.656	86.627	72.774	75.768
Amount recognised in the statement of recognised (income) / expense	4.869	(752)	4.489	(787)
Acquisition of new entities	0	377	0	0
Net liability / (asset) in Statement of financial position	82.525	86.252	77.263	74.981
Included in current liabilities	5.285	4.742	4.944	4.109
Included in non-current liabilities	77.240	81.510	72.319	70.872
Total	82.525	86.252	77.263	74.981

19. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	
Discount rate	5,00%	5,60%	5,00%	5,60%	annual
Salaries increase	4,75%	4,75%	4,75%	4,75%	annual
Allowances increase	4,75%	4,75%	4,75%	4,75%	annual
Inflation rate	2,75%	2,75%	2,75%	2,75%	annual
Average future service	9,93	9,74	9,34	9,22	

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 (5.25%) then the Defined Benefit Obligation for the Group, would be lower by 1.7% (1,404 Euro thousand) and for the Company by 1.6% (1,231 Euro thousand).
- (b) On the other hand, if the discount rate used were 0.25 units lower (4.75%) then the Defined Benefit Obligation for the Group, would be higher by 1.70% (1,404 Euro thousand) and for the Company by 1.7% (1,308 Euro thousand).

20. 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 voluntary staff retirement program	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand									
1 January 2008	3.935	2.250	2.094	1.043	18.043	2.677	0	2.242	32.284
Additional provision for the year	1.352	741	1.106	0	0	0	0	3.234	6.433
Derecognition of voluntary staff retirement program provision	0	0	0	0	(8.122)	0	0	0	(8.122)
Unutilised provision	(20)	0	0	0	0	0	0	0	(20)
Provision utilised	(1.188)	(574)	0	0	(9.921)	(1.318)	0	(235)	(13.236)
31 December 2008	4.079	2.417	3.200	1.043	0	1.359	0	5.241	17.339
Included in current liabilities	159	735	0	0	0	500	0	19	1.413
Included in non-current liabilities	3.920	1.682	3.200	1.043	0	859	0	5.222	15.926
31 December 2008	4.079	2.417	3.200	1.043	0	1.359	0	5.241	17.339
Additional provision for the year	0	0	1.057	0	0	0	10.353	1.195	12.605
Provision utilised	(886)	(506)	0	0	0	(339)	0	(17)	(1.748)
Unutilised provision	(16)	(304)	(1.534)	0	0	0	0	(683)	(2.537)
31 December 2009	3.177	1.607	2.723	1.043	0	1.020	10.353	5.735	25.658
Included in current liabilities	134	175	2.172	0	0	300	0	2.137	4.918
Included in non-current liabilities	3.043	1.432	551	1.043	0	720	10.353	3.598	20.740
31 December 2009	3.177	1.607	2.723	1.043	0	1.020	10.353	5.735	25.658

20. OTHER NON-CURRENT AND CURRENT PROVISIONS – Continued

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 voluntary staff retirement program	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand										
1 January 2008	2.728	1.897	2.094	10.561	1.043	18.043	2.677	0	870	39.913
Additional provision for the year	23	359	1.106	10.437	0	0	0	0	1.999	13.924
Derecognition of voluntary staff retirement program provision	0	0	0	0	0	(8.122)	0	0	0	(8.122)
Reversal of provision of impairment and participation in loss of subsidiary	0	0	0	(2.004)	0	0	0	0	0	(2.004)
Provision utilised	(1.148)	(574)	0	0	0	(9.921)	(1.318)	0	0	(12.961)
31 December 2008	1.603	1.682	3.200	18.994	1.043	0	1.359	0	2.869	30.750
Included in current liabilities	110	0	0	0	0	0	500	0	0	610
Included in non-current liabilities	1.493	1.682	3.200	18.994	1.043	0	859	0	2.869	30.140
31 December 2008	1.603	1.682	3.200	18.994	1.043	0	1.359	0	2.869	30.750
Additional provision for the year	0	0	1.054	0	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	0	(1.751)
Unutilised provision	0	(304)	(1.534)	0	0	0	0	0	(365)	(2.203)
Provision utilised	(121)	0	0	0	0	0	(339)	0	0	(460)
31 December 2009	1.482	1.378	2.720	17.243	1.043	0	1.020	10.353	3.019	38.258
Included in current liabilities	110	0	2.169	0	0	0	300	0	1.729	4.308
Included in non-current liabilities	1.372	1.378	551	17.243	1.043	0	720	10.353	1.290	33.950
31 December 2009	1.482	1.378	2.720	17.243	1.043	0	1.020	10.353	3.019	38.258

20. OTHER NON-CURRENT AND CURRENT PROVISIONS - Continued

Reference is made in note 8 concerning the staff voluntary exit program.

The provision for pending legal litigations cases concerns actions filed against the Group and the Company, to a total amount of 5,547 Euro thousand and 4,541 Euro thousand respectively, for which the estimated eventual loss would be 1,607 Euro thousand and 1,378 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 pending labour law cases concerns the current assessment of the labour disputes resolution cost.

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 in 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 10,253 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 as at 31 December 2009.

21. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group and Company movements thereon during the current and prior reporting year:

Amounts in Euro thousand

GROUP

Deferred taxation from:	Reclassification for reporting purposes		Acquisition of subsidiary	Income statement	Income statement		31/12/2009		
	1/1/2008	Equity			31/12/2008	Equity			
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(36.598)	0	30	(535)	5.284	(31.819)	(0)	(588)	(32.407)
Provision for doubtful receivables	5.720	0	0	152	(1.068)	4.804	0	1.927	6.731
Write-off of unused exports expenses reserve	(466)	0	0	0	0	(466)	0	0	(466)
Provision for staff retirement compensation	24.999	0	(1.142)	94	(5.457)	18.494	889	(1.912)	17.471
Provision for receivable from the Business Restructuring Organisation	193	0	0	0	(192)	0	0	0	0
Recognition of financial derivatives	206	0	1.464	0	123	1.793	(1.330)	(213)	250
Cost of voluntary staff retirement program	3.168	0	0	0	(3.168)	0	0	0	0
Impairment of inventory	3.084	98	0	0	(483)	2.699	0	(463)	2.236
Amortisation of intangible assets due to goodwill allocation	0	0	(364)	0	37	(327)	(710)	69	(968)
Other	3.834	(98)	(26)	461	(737)	3.435	(444)	177	3.168
Total	4.140	0	(38)	172	(5.661)	(1.387)	(1.595)	(1.003)	(3.985)

21. DEFERRED TAX ASSETS AND LIABILITIES - Continued

Amounts in Euro thousand

COMPANY

Deferred taxation from:	1/1/2008	Merger of subsidiary	Equity	Income statement	31/12/2008	Merge of subsidiary	Equity	Income statement	31/12/2009
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(34.332)	0	0	5.087	(29.245)	0	0	(944)	(30.189)
Provision for doubtful receivables	4.301	0	0	(1.040)	3.261	0	0	2.213	5.474
Write-off of unused exports expenses reserve	(412)	0	0	0	(412)	3	0	0	(409)
Provision for staff retirement compensation	21.602	236	(1.114)	(4.866)	15.858	77	804	(798)	15.942
Recognition of financial derivatives	272	0	1.464	123	1.859	0	(1.330)	(213)	316
Cost of voluntary staff retirement program	3.168	0	0	(3.168)	0	0	0	0	0
Impairment of inventory	3.083	22	0	(483)	2.622	0	0	(454)	2.168
Other	3.459	9	(0)	(1.000)	2.468	(8)	0	(180)	2.279
Total	1.141	267	350	(5.347)	(3.589)	72	(526)	(376)	(4.419)

21. DEFERRED TAX ASSETS AND LIABILITIES - Continued

In addition to the deferred tax that has been recognised in the income statement, deferred tax of 889 Euro thousand and 804 Euro thousand that concerns actuarial losses recognised during the year and the effect of the future changes in income tax rate on the cumulative actuarial losses, have been recorded directly to equity of the Group and the Company respectively as at 31 December 2009. The respective numbers as at 31 December 2008 were 1,142 Euro thousand and 1,114 Euro thousand for the Group and the Company. An amount of 1,330 Euro thousand is recorded directly to equity of the Group and the Company and concerns the recognition of Company's derivatives during the year and the effect of the change in income tax rate on the cumulative derivatives recognised in equity. Respectively, in 2008 deferred tax of 1,464 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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Deferred tax assets	29.856	31.163	26.182	26.068
Deferred tax liabilities	(33.841)	(32.550)	(30.601)	(29.657)
Total	(3.985)	(1.387)	(4.419)	(3.589)

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

Amounts in Euro thousand	GROUP		COMPANY	
	2009	2008	2009	2008
Prior years tax losses	11.017	8.255	0	0
Unrecognized deferred tax assets	11.017	8.255	0	0

On 31 December 2009, Group companies had unused carried forward tax losses of 44,068 Euro thousand (2008: 33,020 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 2009, Group companies had created provisions for participations impairment amounted to 40,006 Euro thousand (2008: 40,947 Euro thousand) and the Company, respectively, 37,458 Euro thousand (2008: 37,602 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.

22. 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.

During the Extraordinary General Meeting of the Company's shareholders of 24 December 2008, the Board of Directors decision dated 27/11/2008 for the distribution of preliminary dividend to the Shareholders of the Company was approved. According to that decision, a preliminary dividend of 0.21 per share and net of withholding tax 10%, 0,189 Euro per share distributed to the Shareholders, except for the dividend paid to the parent company LAFARGE CEMENTOS S.A that withholding tax was 5% and the net dividend paid was 0,1995 Euro per share due to the contract for avoiding double taxation between Greece and Spain. The total amount of distributed preliminary dividend is 14,927 Euro thousand before tax and 14,022 Euro thousand after tax. The payment of the preliminary dividend started 24 December 2008.

Additionally, during the Extraordinary General Meeting of the Company's Shareholders of December 24 2008, the distribution of reserve was decided from taxed profits of previous financial years and of special reserve according to L.1892/1990 article 23a, amounting to 0.45 Euro per share and net of withholding tax 10%, 0,405 Euro per share, except the dividend paid to the parent company LAFARGE CEMENTOS S.A that withholding tax was 5% and the net dividend paid was 0,4275 Euro per share due to the contract for avoiding double taxation between Greece and Spain. The total distributable amount was 31,987 Euro thousand before tax and 30,047 Euro thousand after tax. The payment of the pre-dividend started on 14 January 2009.

The Board of Directors decided to propose to the General Assembly of the shareholders not to distribute any further dividend for the year 2008 than the already paid pre-dividend amounting to 0.21 Euro per share, as already is approved by the Extraordinary General Assembly of the shareholders dated 24/12/2008.

The Board of directors with its decision on 29 March 2010, proposes to the General Assembly of the shareholders to distribute as dividend an amount of 0.29 Euro per share for the year 2009 totaling 20,614 Euro thousand.

Dividends payable are recognised as a liability at the time of approval by the General Assembly of Shareholders.

23. SHARE CAPITAL

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

Amounts in Euro thousand	<u>31/12/2009</u>	<u>31/12/2008</u>
Approved, issued and fully paid:		
Number of common shares	71.082.707	71.082.707
Nominal share price	2,00	2,00
Share Capital	142.165	142.165

24. SHARE PREMIUM

Amounts in Euro thousand	<u>31/12/2009</u>	<u>31/12/2008</u>
Share premium	<u>1.279</u>	<u>1.279</u>

25. RESERVES

Movements in Group reserves are presented in the tables below:

Amounts in Euro thousand	GROUP				
	<u>1/1/2008</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2008</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2009</u>
Statutory Reserve	30.474	3.810	34.284	2.596	36.880
Special Reserves	8.250	(7.073)	1.177	(21)	1.156
Extraordinary Reserves	51.240	(42.755)	8.485	(3.932)	4.553
Tax-free Reserves	114.281	11.948	126.229	2.240	128.469
	<u>204.245</u>	<u>(34.070)</u>	<u>170.175</u>	<u>883</u>	<u>171.058</u>

Amounts in Euro thousand	COMPANY						
	<u>1/1/2008</u>	<u>Merger of subsidiary</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2008</u>	<u>Merger of subsidiary</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2009</u>
Statutory Reserve	27.190	92	3.810	31.092	19	3.339	34.450
Special Reserves	7.924	0	(7.073)	851	0	0	851
Extraordinary Reserves	39.131	703	(39.131)	703	59	0	762
Tax-free Reserves	107.551	538	11.948	120.037	0	2.240	122.277
	<u>181.796</u>	<u>1.333</u>	<u>(30.446)</u>	<u>152.683</u>	<u>78</u>	<u>5.579</u>	<u>158.340</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 2009, after the approval of the General Assembly of the Group companies, regarding the distribution of profit of the fiscal year 2008, an amount of 3,339 Euro thousand, was transferred to statutory reserves of the Group and the Company and an amount of 743 Euro thousand was distributed by the subsidiary HERACLES MARITIME COMPANY as the reserve had been covered above the amount stipulated by corporate legislation.

The proposed statutory reserve from Company's current year (1/1-31/12/2009) profits amounts to 1,574 Euro thousand, and is subject to the approval the General Assembly of Shareholders.

25. RESERVES - Continued

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 and can be distributed to the Company's shareholders without further taxation, after the General Assembly Meeting decision.

Tax free reserves

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

Amounts in Euro thousand	GROUP		
	31/12/2008	Movement	31/12/2009
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	32.408	2.240	34.648
Other tax-free reserves	1.009	0	1.009
Total	126.229	2.240	128.469

Amounts in Euro thousand	COMPANY		
	31/12/2008	Movement	31/12/2009
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
Other tax-free reserves	32.398	2.240	34.638
	637	0	637
Total	120.037	2.240	122.277

25. RESERVES - Continued

Tax free reserves-continued

These are tax-free reserves created from expenses for productive investments. All tax-free reserves stipulated in tax incentive laws, excluding that of L.1828/1989, can be capitalised with 5% taxation for the Parent Company and 10% for Group subsidiaries, or distributed at the tax rate in force at the time of distribution. There is no time restriction for their distribution. The tax-free reserve of L.1828/1989 shall be carried, within three years of its creation, to increase the Company's capital, without any income tax.

In 2009, after the approval of the General Assembly of the Company, regarding the distribution of profit of the fiscal year 2008, an amount of 2,240 Euro thousand was transferred to tax free reserve of L. 3299/2004 of the Group and the Company.

The proposed transfer from the fiscal year 2008 profits to the tax free reserves of the Company is amounting to 2,332 Euro thousand and is subject to approval of the General Assembly of Shareholders.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

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

26.1 FINANCIAL RISK FACTORS

The Group is exposed to financial risks, such as market risk (unforeseen exchange rate, interest rate and market price fluctuations) and credit risk. These risks are consistent and none of them are new and they are managed successfully. 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 lending 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 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 to credit risk is analysed in note 26.3 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 26.2 below.

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 31/12/2009 amounts to 183,102 Euro thousand, while Cash and cash equivalent of the Group on 31/12/2009 amounts to 192,120 Euro thousand, and the Current assets amounts to 407,064 Euro thousand.

Exchange rate risk

The majority of the Group's transactions are 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.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.1 FINANCIAL RISK FACTORS - Continued

Exchange rate risk - Continued

The exposure of the Group in exchange rate risks is due to its transactions in foreign currency concerning imports and export of goods and services. The financial assets and liabilities 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 in the other two lines. In the tables below the US Dollars balances amounting to the net US Dollar position are presented as well as the respective value in Euro.

FINANCIAL ASSETS AND LIABILITIES IN US DOLLARS

Amounts in US Dollar thousand

	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Cash and cash equivalents	3.011	90	1.474	74
Receivables	4.950	8.927	4.657	8.537
Payables	(12.563)	(5.839)	(12.511)	(5.515)
Net receivables / (payables)	<u>(4.602)</u>	<u>3.178</u>	<u>(6.380)</u>	<u>3.096</u>
Exchange rate				
US Dollar	1,4406	1,3917	1,4406	1,3917

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Cash and cash equivalents	2.090	65	1.024	53
Receivables	3.436	6.415	3.233	6.134
Payables	(8.721)	(4.196)	(8.685)	(3.963)
Net receivables / (payables)	<u>(3.195)</u>	<u>2.284</u>	<u>(4.428)</u>	<u>2.224</u>

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.1 FINANCIAL RISK FACTORS – Continued

Interest rate risk

Bank loans of the Group are related to floating rates, but their fluctuations do not affect materially the interest expenses or the cash flows. Group policy concerning bank loans is to conclude loan agreements in terms of one to three months 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 31/12/2009 Group short term loans amounted to 39,480 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; 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 26.6 below).

The Group is also extensively using freight services for its sales and purchases; 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, usually forward contracts that refer to international freight prices (relative note 26.6 below).

The above hedging is directed centrally by LAFARGE SA (Parent Company of the HERACLES GROUP).

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

Amounts in Euro thousand

SENSITIVITY ANALYSIS 2009						
% variance	± 30%	± 25%	± 20%	± 15%	± 10%	± 5%
Coal	± 1.598	± 1.332	± 1.065	± 799	± 533	± 266
Petcoke	± 8.195	± 6.830	± 5.464	± 4.098	± 2.732	± 1.366
Freight	± 1.470	± 1.225	± 980	± 735	± 490	± 245
Electric power	± 10.899	± 9.083	± 7.266	± 5.450	± 3.633	± 1.816
Total	± 22.162	± 18.470	± 14.775	± 11.082	± 7.388	± 3.693

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.2 NON-CURRENT RECEIVABLES

Non-current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Present value of notes receivable	10.560	2.826	10.560	2.826
Guarantee deposits (PPC, rents etc)	3.231	4.973	2.910	4.681
Other non-current receivables	176	282	0	0
Other non-current intercompany receivables	0	0	0	25.000
Provision for non-current receivables	(3.986)	(2.912)	(3.986)	(2.826)
Total	9.981	5.169	9.484	29.681

Non-current intercompany receivables concern a loan agreement between the parent Company HERACLES G.C.C. and its subsidiary EVIESK S.A. The amount of this intercompany loan is 25,000 Euro thousand of which 20,000 Euro thousand repayable in June 2010 and the remaining 5,000 Euro thousand is repayable in December 2010. As intercompany balances, these receivables are considered of low credit risk and their book value approximates their fair value.

The increase in the present value of notes receivable mainly relates to the successful restructuring agreements of receivables from customers.

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

The guarantee deposits are considered of low credit risk by Management, so the maximum exposure in credit risk of the Group and Company "non current assets" is immaterial.

26 FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.3 TRADE AND OTHER CURRENT RECEIVABLES

Group and Company trade and other current receivables, is analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Trade receivables net of intercompany	183.904	194.391	142.747	155.270
Intercompany receivables	0	0	9.263	11.087
	183.904	194.391	152.010	166.357
Bad debt provision for trade receivables	(51.427)	(46.188)	(43.835)	(38.330)
	132.477	148.203	108.175	128.027
Other short term intercompany receivable	0	0	25.000	0
Claim from IRO	8.543	9.323	6.295	6.264
Short term tax receivable	1.240	859	565	9
Othe debtors net of intercompany	16.022	16.437	6.564	5.883
Prepaid expenses	774	1.059	479	677
Receivables from the Greek State	7.663	7.501	7.579	7.500
Bad debt provision for other receivables	(19.039)	(18.465)	(16.315)	(15.684)
	15.203	16.714	30.167	4.649
Total trade and other receivables	147.680	164.917	138.342	132.676

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

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Doubtful trade receivables				
Opening balance	46.188	44.649	38.330	37.216
Merger of subsidiary	0	0	15	100
Additional provision from acquired subsidiary	0	430	0	0
Additional provision for the year	14.970	1.277	14.487	1.114
Reversal of unused provision	(1)	(67)	0	0
Use of provision	(9.730)	(101)	(8.997)	(100)
Closing balance	51.427	46.188	43.835	38.330
Doubtful other receivables				
Opening balance	18.465	18.662	15.684	15.378
Merge of subsidiary	0	0	30	101
Additional provision for the year	20	455	42	337
Reclassification to long term provisions	559	532	559	532
Reversal of unused provision	0	(1)	0	0
Use of provision	(5)	(1.183)	0	(664)
Closing balance	19.039	18.465	16.315	15.684
Total bad debt provision	70.466	64.653	60.150	54.014

26 FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.3 TRADE AND OTHER CURRENT RECEIVABLES - Continued

In 2009, the average credit period offered to Group customers for sales of goods was 76 days (64 days in 2008). Respectively for the Company in 2009, the average credit period offered to its customers for sales of goods was 71 days (62 days in 2008).

The Management considers that the net carrying amount of trade and other receivables as at 31/12/2009 approximates their 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 checks from clients or from the clients of our clients, after evaluating the solvency of the issuer.

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

Clients' financial condition is monitored and evaluated continuously by Group's Credit Control Function, through a system of daily and monthly reports, analysis and indices, per client and per group of clients. In addition, a full record of 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 from 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.

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 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).

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.3 TRADE AND OTHER CURRENT RECEIVABLES - Continued

Credit Risk from trade and other current receivables - Continued

In the tables the maximum exposure in credit risk is presented:

Amounts in Euro thousand	GROUP	
	31/12/2009	31/12/2008
Total receivables	218.146	229.570
Minus:		
Bad Debt provisions	70.466	64.653
Third parties cheques	33.204	27.082
Collaterals	540	840
Bank Warranties	5.474	4.337
Mortgages	8.637	0
Prenotices for mortgage	4.428	702
Related party receivables	5.255	7.839
Maximum exposure to credit risk	90.142	124.117

Amounts in Euro thousand	COMPANY	
	31/12/2009	31/12/2008
Total receivables	198.492	186.690
Minus:		
Bad Debt provisions	60.150	54.014
Third parties cheques	19.767	20.321
Collaterals	540	840
Bank Warranties	3.258	3.618
Mortgages	8.637	0
Prenotices for mortgage	4.428	702
Intercompany receivables	34.263	11.087
Related party receivables	4.574	7.117
Maximum exposure to credit risk	62.874	88.991

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

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.3 TRADE AND OTHER CURRENT RECEIVABLES - Continued

Credit Risk from trade and other current receivables - Continued

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

	31/12/2009			31/12/2008		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	34.242	19.039	15.203	35.179	18.465	16.714
Trade receivables	110.395	0	110.395	137.917	0	137.917
Overdue analysis						
01--30	14.243	14	14.229	11.397	6.913	4.484
31--60	7.152	4.896	2.256	4.082	1.447	2.635
61--90	4.108	3.315	793	2.733	1.008	1.725
91--120	4.145	1.939	2.206	2.389	946	1.442
121--180	6.768	4.814	1.954	2.654	2.654	0
181--360	5.620	4.976	644	2.139	2.139	0
361+	31.473	31.473	0	31.080	31.081	0
Total	218.146	70.466	147.680	229.570	64.653	164.917

Amounts in Euro thousand

	31/12/2009			31/12/2008		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	21.482	16.315	5.167	20.333	15.684	4.649
Intercompany other receivables	25.000	0	25.000	0	0	0
Trade receivables	88.272	0	88.272	118.009	0	118.009
Intercompany trade payables	9.263	1.069	8.194	11.087	1.069	10.018
Overdue analysis						
01--30	11.311	0	11.311	6.913	6.913	0
31--60	5.223	4.825	398	1.447	1.447	0
61--90	3.287	3.287	0	1.008	1.008	0
91--120	1.939	1.939	0	756	756	0
121--180	4.814	4.814	0	1.448	1.448	0
181--360	4.521	4.521	0	1.622	1.622	0
361+	23.380	23.380	0	24.067	24.067	0
Total	198.492	60.150	138.342	186.690	54.014	132.676

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

26.4 CASH, CASH EQUIVALENTS AND BANK LOANS

Cash and cash equivalents

Cash and cash are analysed as follows:

Amounts in thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Cash on hand	87	94	30	46
Cash at banks	58.696	58.956	49.128	48.171
Time deposits	133.337	81.443	128.021	75.142
	192.120	140.493	177.178	123.359

Short-term bank deposits have an average duration of less than one month while the average interest rate was 1.74% for 2009 (2008: 2.70%).

Bank loans

The Group has concluded bank loans and overdrafts with a weighted average 2009 interest rate of 3.46% (2008: 4.8%). All bank loans are denominated in Euro. Specifically, the total short-term loans amount to 39,480 Euro thousand, of which 19,027 Euro thousand relates to the subsidiary LAFARGE BETON S.A., 4,678 Euro thousand relates to EVIESK S.A., 126 Euro thousand relates to subsidiary BETON DOMI S.A., 15,445 Euro thousand relates to the parent Company and 204 Euro thousand relates to LEADER BETON S.A.

The intercompany loans are included in the Statement of Financial Position line "Other non-current receivables" of the Company which is analysed in note 26.3.

26.5 SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Suppliers excluding intra-company balances	85.345	85.845	68.711	68.312
HERACLES Group Companies	0	0	4.430	7.380
	85.345	85.845	73.141	75.692
Payables to personnel	5.137	4.827	4.571	4.318
Social security payables	5.250	6.151	4.310	4.354
Income tax payable	12.684	10.608	11.393	8.552
Other creditors excluding intra-company balances	15.923	19.022	9.548	12.473
Other creditors HERACLES Group Companies	0	0	6.532	6.532
Total suppliers and other creditors	124.339	126.453	109.495	111.921

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.5 SUPPLIERS AND OTHER CREDITORS - Continued

Suppliers and other creditors mostly relate to purchases of raw materials, fuel and consumables, as well as various operating costs. In 2009, the average credit period for the Group's operating purchases was 63 days (47 days in 2008) and respectively the Company's operating purchases in 2009 was 61 days (47 days in 2008).

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.

26.6 DERIVATIVES FINANCIAL INSTRUMENTS

Amounts in Euro thousand

	31/12/2009		31/12/2008	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	250	0	215	(976)
Commodities forward contracts	4.240	(5.748)	1.416	(8.443)
	4.490	(5.748)	1.631	(9.419)
Split to:				
Long term	3.790	(4.542)	944	(6.832)
Short term	700	(1.206)	687	(2.587)
	4.490	(5.748)	1.631	(9.419)

Foreign currency forward exchange contracts

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

On 31 December 2009 the fair value of the foreign currency forward exchange contracts results in an asset of 250 Euro thousand. For the year that ended 31/12/2008: the fair value of the foreign currency forward exchange contracts results in an asset of 215 Euro thousand and a liability of 976 Euro thousand. For the fiscal year 2009 a gain of 250 Euro thousand was recognised in the income statement (2008: recognised a loss of 308 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 commitments or anticipated transactions.

On 31 December 2009 the fair value of commodity forward contracts amounts to an asset of 4,240 Euro thousand and to a liability of 5,748 Euro thousand. On 31 December 2008 the fair value of commodity forward contracts amounted to an asset of 1,416 Euro thousand and to a liability of 8,443 Euro thousand. Amounts are based on the market prices of the respective derivatives on the Statement of Financial Position date.

For the fiscal year 2009 a loss of 27 Euro thousand was recognised in the Income Statement while for 2008 the ineffective portion of commodity derivative contracts was a loss of 183 Euro thousand.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - Continued

26.6 DERIVATIVES FINANCIAL INSTRUMENTS – Continued

Commodities forward contracts - Continued

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>31/12/2009</u>	<u>31/12/2008</u>
Hedging reserve opening balance	(5.377)	(633)
Gain/(loss) recognised on cash flow hedges:		
Foreign currency forward exchange contracts	0	(208)
Commodities forward contracts	(1.481)	(6.844)
Deferred tax related to gains/losses recognised in equity	433	1.763
Transferred to retained earnings:		
Foreign currency forward exchange contracts	208	883
Commodities forward contracts	6.844	(39)
Deferred tax related to gains/losses recognised in equity	(1.763)	(299)
Hedging reserve closing balance	<u>(1.136)</u>	<u>(5.377)</u>

26.7 OBLIGATIONS UNDER FINANCE LEASES

As at 31/12/2009, the subsidiary LAFARGE BETON S.A., leases: one (1) mixers, one (1) tractor in two separate leasing agreements, furthermore the subsidiary has entered into to four (4) finance leasing contracts for the lease of office equipment. Also, one loader (1) is leased which came from the absorbed entity MYTILINI QUARRIES S.A.

The term of the above leases is sixty (60) months, except the office equipment contract which is thirty six (36) months. Three (3) of the contracts will expire in 2010 and the remaining four (4) which concerns the office equipment expire in 2011 and 2012.

Amounts in Euro thousand	Minimum payments		Present value of minimum payments	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Amounts payable:				
Within one year	223	585	211	143
Within two to five years	308	278	301	679
	<u>531</u>	<u>863</u>	<u>512</u>	<u>822</u>
Less: Unearned interest expense	(19)	(41)		
Present value of finance lease liabilities	<u>512</u>	<u>822</u>	512	822
Less: Amounts payable within the year (showing in current obligations)			(210)	(143)
Finance leases			<u><u>302</u></u>	<u><u>679</u></u>

27. CONTINGENT ASSETS AND LIABILITIES

Company disputes under litigation or arbitration

On 31/12/2009, there were pending lawsuits against the Group amounting to 45,378 Euro thousand (31/12/2008: 47,351 Euro thousand), out of which the pending lawsuits against the Company amount to 32,094 Euro thousand (31/12/2008: 34,126 Euro thousand). The outcome of such trials is uncertain. According to estimates, the maximum risk for the Group from the final decisions on the above cases amounts to 18,354 Euro thousand, out of which the maximum risk from the final decisions on the cases of the Company amounts to 14,179 Euro thousand. No provision has been made in this Financial report 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 freight of approximately 2,560 Euro thousand, with estimated maximum risk of 973 Euro thousand.
- (b) Lawsuit for loss of vessel and loss of profit to the amount of 19,594 Euro thousand, with estimated maximum risk of 9,797 Euro thousand
- (c) Lawsuit for indemnity due to sale of foreign property of 1,605 Euro thousand, with estimated maximum risk of 802 Euro thousand.

Various plots of land of the Company have been declared as forests, sea shores, archaeological sites etc and/or their ownership is disputed by the Greek State and/or various third parties. The maximum risk, from these disputes, for the Group and the Company is estimated at 1,908 Euro thousand and 1,885 Euro thousand respectively. No provision has been made in the Financial Statements for these cases, as it is unlikely that such risk will eventually occur.

27. CONTINGENT RECEIVABLES AND LIABILITIES - Continued

Unaudited tax years

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

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

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

27. CONTINGENT RECEIVABLES AND LIABILITIES - continued

Unaudited tax years - Continued

In 2008 the tax audit of LAFARGE BETON S.A. for the years 2001-2005 was completed. Additionally, the tax audit of HERACLES MARITIME COMPANY for years 2002-2004 was completed. From the finalisation of the above tax audits the Group was charged an additional assessment of 5,886 Euro thousand out of which an amount of 3,633 Euro thousand is presented as income tax, while an amount of 2,253 Euro thousand which concerns interest charges, is presented as financial expenses.

Regarding the tax audits of the financial years 1983 to 1991, when the Group belonged to the Business Restructuring Organisation, the tax audit reports have been legally disputed and have not yet been finalised. In any case, Company Management deems that any tax amount due by virtue of the judicial rulings will be payable by the aforementioned Organisation – substituted by the Greek Government – as set out in the provisions of article 49 of L.1892/1990.

For the financial years 1999-2002, of HERACLES G.C.C., tax audits have been performed but are not finalised.

Tax audits are in progress for the below Group companies:

- HERACLES G.C.C for the years 2007 and 2008.
- LAFARGE BETON S.A. for the years 2006 to 2008
- PONTOPOROS SOC. NAV. (liquidated) for the years 2000 to 2004

The tax obligations of the Group companies shall be finalised when the respective tax audits will be conducted and/or the relative pending legal litigation will be cleared. From these tax audits, additional tax obligation may arise, which is estimated not to have significant effect for the Group and the Company.

Granted guarantees

The following Letters of Guarantee have been provided to secure liabilities of the Group and the Company, and were in force on 31/12/2009 and on 31/12/2008:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Granted guarantees	5.538	5.049	4.076	3.564
Intercompany granted guarantees	0	0	1.923	1.923
	<u>5.538</u>	<u>5.049</u>	<u>5.999</u>	<u>5.487</u>

27. CONTINGENT RECEIVABLES AND LIABILITIES - Continued

Commitments for purchases and capital expenditure

Purchase and capital expenses contracts, in force on 31/12/2009 and on 31/12/2008, are analysed below:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Purchase contracts	46.580	97.145	65.271	132.513
Capital expenditure contracts	3.591	8.725	1.393	6.856

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

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Within one year	14.365	17.328	164	284
Within two and up to five years	14.620	26.264	1.761	1.950
Over five years	3.341	1.848	286	319
	<u>32.326</u>	<u>45.440</u>	<u>2.211</u>	<u>2.553</u>

28. EMPLOYEE STOCK PURCHASE PLAN

The shares of LAFARGE S.A. have been offered to employees in 2009, as determined by LAFARGE management, under the plan "Lafarge in Action" (LEA). Under the terms of the plan, the employees were entitled to purchase shares for a maximum of 25% of their annual salary. The purchase price was 48.8 Euros, 20% less than the average of Lafarge's share price over the last 20 days preceding the date the offer was proposed. Additionally, on the first 15 shares a further discount of 20% was offered to the Group employees by the Company. The shares purchased cannot be sold for a period of five years except under very specific circumstances. Under this plan, the Group employees purchased a total of 31,785 shares contributing to a capital increase of 1,551 Euro thousand in Lafarge S.A and the Company employees, 25,125 shares contributing to a capital increase of 1,226 Euro thousand.

A net expense has been recognised on this plan in full in 2009 as there are no vesting conditions attached to the shares.

Amounts in Euro thousand	GROUP		COMPANY	
	<u>31/12/2009</u>	<u>31/12/2008</u>	<u>31/12/2009</u>	<u>31/12/2008</u>
Related to the cash incentive	402	0	334	0
Related to the compensation expense deducted from the discount	85	0	67	0
	<u>487</u>	<u>0</u>	<u>401</u>	<u>0</u>

29. OPERATING LEASES

The Group's and the Company's operating leases concern mostly machinery and means of transportation.

The Group and Company as Lessee:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Lease payments for land and quarries	2.180	3.400	640	595
Lease payments for buildings	851	1.033	167	262
Lease payments for residences	278	339	272	339
Lease payments for port facilities	76	25	76	25
Lease payments for ships	15.302	18.125	0	0
Lease payments for macinery & equipment	185	56	27	55
Lease payments for means of transportation	1.315	1.246	857	816
Other	168	88	40	26
Operating lease payments recognised as an expense in the income statement	20.355	24.312	2.079	2.118

30. AUDITORS' FEES

The total audit fees for the financial year 2009 that were charged by the legally appointed auditors is analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Audit Services	572	600	400	400
Other audit fees	18	4	0	4
Tax advice	0	0	0	0
Various non audit related services	2	0	0	0
	592	604	400	404

31. RELATED PARTY TRANSACTIONS

Transactions with related parties

For the Group, related parties are 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 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
HERACLES Group associates	855	1.015	57	53	219	156	0	0
Parent company LAFARGE S.A.	51.642	1.119	681	625	932	18	47	443
LAFARGE Group associates	67.719	103.159	5.034	4.310	4.104	7.665	813	28.344
Royalties to LAFARGE S.A.	0	0	9.444	10.303	0	0	0	0
Total	120.216	105.293	15.216	15.291	5.255	7.839	860	28.787

Transactions between the company and 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:

Amounts in Euro thousand

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 - 31/12/2009	1/1 - 31/12/2008	1/1 - 31/12/2009	1/1 - 31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
HERACLES Group Companies	33.398	35.928	22.120	33.550	32.390	35.117	10.065	13.912
Parent company LAFARGE S.A.	51.641	1.119	655	604	932	9	0	443
Group LAFARGE associates	65.954	99.316	4.785	3.396	3.642	7.108	666	27.522
Franchise rights to LAFARGE S.A.	0	0	9.444	10.303	0	0	0	0
Total	150.993	136.363	37.004	47.853	36.964	42.234	10.731	41.877

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

31. 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	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Current benefits	2.800	2.651	1.527	1.528
Provision for retirement compensation and paid compensations	1.095	439	87	54
BoD members attendance fees	213	287	195	269
	4.108	3.377	1.809	1.851

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Prepayments of expenses to Management to be refunded and BoD Members	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables/ (obligations) to Management and BoD Members	0	0	0	0

32. EVENTS AFTER THE REPORTING PERIOD

As described in note 16, on 14/1/2020 by virtue of decision number K2 – 13517/09 the Ministry of Economy and Finance and following approval by the competent authorities the legal merger of LAFARGE BETON S.A with MYTILINI QUARRIES S.A. and TRANS TRANS BETON MACEDONIA S.A was completed based on article 68-78 in L.2190/1920 and article 1-5 in L.2166/1993.

Furthermore, on 2/2/2010 based on the certification by the Ministry of Economy and Finance with protocol number 351.1/2349/04 the liquidation of the entity HERACLES GLORY SOC. NAV., a subsidiary of HERACLES MARITIME COMPANY, was completed and was deleted from the Shipping Company Registry.

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

WEBSITE

The annual financial statement, the audit reports of the certified public accountants 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 2008 Annual Report

General Meeting Convocations and Decisions		
21/12/2009	Resolutions of the Extraordinary Shareholders General Meeting, 21/12/2009	www.lafarge.gr
30/11/2009	Invitation for the Extraordinary Shareholders General Meeting, 21/12/2009	www.lafarge.gr
22/05/2009	Resolutions of the Ordinary Shareholders General Assembly, 22/05/2009	www.lafarge.gr
22/04/2009	Invitation for the Ordinary Shareholders General Assembly, 22/05/2009	www.lafarge.gr
Other announcements published of the ATHEX Daily Official List		
19/01/2010	Approval of the merger of HERACLES GENERAL CEMENT COMPANY by absorption of the 100% subsidiary Hellenic Cement Research Center Single Partner Ltd	www.lafarge.gr
Press Releases		
22/10/2009	Presentation of the environmental upgrading plan to the local stakeholders at Milaki plant in the framework of the European Cement Industry Week	www.lafarge.gr
20/10/2009	Support for the rehabilitation of Evia in the framework of PRAKSI	www.lafarge.gr
08/07/2009	"Sustainability Ambitions 2012" Heracles' s program of actionable commitments to Sustainable Development	www.lafarge.gr
23/05/2009	HERACLES General Cement Company: New Board of Directors	www.lafarge.gr
09/04/2009	Training of the volunteers for the fire protection in the framework of PRAKSI	www.lafarge.gr
31/03/2009	New Hybrid Filter in Heracles Volos plant Inauguration by the Magnesia Prefect	www.lafarge.gr
Financial Results		
27/11/2009	Financial Results of the nine-month period of 2009	www.lafarge.gr
26/08/2009	Financial Results of the half year period of 2009	www.lafarge.gr
29/05/2009	Financial Results of the 1 st quarter of 2009	www.lafarge.gr
31/03/2009	Heracles Group announces year 2008 results turnover Increased by 3%	www.lafarge.gr
Financial Statements		
30/11/2009	Condensed Interim Financial Statements of Heracles General Cement Company and Heracles Group at 30/9/2009	www.lafarge.gr
30/11/2009	Financial Data and Information of Heracles General Cement Company and Heracles Group at 30/9/2009	www.lafarge.gr
27/08/2009	Half Year Financial Report	www.lafarge.gr
27/08/2009	Financial Data and Information of Heracles General Cement Company and Heracles Group at 30/6/2009	www.lafarge.gr
29/05/2009	Interim Concise Financial Report of Heracles General Cement Company and Heracles Group at 31/3/2009	www.lafarge.gr
29/05/2009	Financial Data and Information of Heracles General Cement Company and Heracles Group at 31/3/2009	www.lafarge.gr

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2009 TO 31 DECEMBER 2009

(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 SOPHOCLEI VENIZELOU STR, 14123 LYCOVRISSI, ATTICA
COMPANIES REG. NO. : 13576/06/B/86/096
QUALIFIED PREFECTURE : MINISTRY OF ECONOMY AND FINANCE - 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. Didier Petetin - Member
 7. Christos Sorotos - Member 8. Agisilaos Karampelas - Member

ANNUAL FINANCIAL STATEMENTS APPROVAL
DATE BY THE BOARD OF DIRECTORS : March 29th 2010
CERTIFIED AUDITORS : NICOS K. SOFIANOS (REG. No: ICPA (GR) 12231)
 MICHALIS E. KARAVAS (REG. No: ICPA (GR) 13371)
 DELOITTE - HADJIPAVLOU, SOFIANOS & CAMBANIS SA
 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	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
ASSETS				
Tangible assets	545,415	566,391	507,965	522,029
Intangible assets	33,568	34,038	1,212	697
Other non current assets	16,305	10,439	94,493	86,428
Inventories	63,079	81,024	56,668	74,471
Trade receivables	147,680	164,917	138,342	132,676
Other current assets	1,757	1,673	700	687
Non current assets available for sale	2,428	11,961	0	11,961
Cash & cash equivalents	192,120	140,493	177,178	123,359
TOTAL ASSETS	1,002,352	1,010,936	976,558	952,308
LIABILITIES & EQUITY				
Share capital	142,165	142,165	142,165	142,165
Other equity figures	568,319	552,628	576,054	543,325
Total Shareholders' equity (a)	710,484	694,793	718,219	685,490
Non-controlling interest (b)	0	0	0	0
Total Equity (c) = (a) + (b)	710,484	694,793	718,219	685,490
Long term bank loans	0	3,705	0	0
Provisions/ Other non current liabilities	108,766	110,188	115,355	111,521
Short term bank loans	39,480	32,645	15,445	2,035
Other current liabilities	143,622	169,605	127,539	153,262
Total Liabilities (d)	291,868	316,143	258,339	266,818
TOTAL EQUITY AND LIABILITIES (c) + (d)	1,002,352	1,010,936	976,558	952,308

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008
Equity opening balance (01/01/2009 and 01/01/2008 respectively)	694,793	757,965	685,490	736,634
Total comprehensive income after tax	15,691	54,825	32,729	66,853
Distributed Dividends	0	(117,997)	0	(117,997)
Equity closing balance (31/12/2009 and 31/12/2008 respectively)	710,484	694,793	718,219	685,490

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Turnover (Sales)	530,234	708,142	469,098	632,204
Gross Profit	116,274	147,889	98,830	140,206
Earnings before interest & tax	44,864	96,700	50,595	96,229
Profit for the year before tax	39,993	93,281	55,544	99,664
Net profit for the year after tax (a)	15,364	59,959	32,202	71,925
Allocated to: Company's shareholders	15,364	59,959	32,202	71,925
Non-controlling interest	0	0	0	0
Other comprehensive income after tax (b)	327	(5,134)	527	(5,072)
Total comprehensive income after tax (a) + (b)	15,691	54,825	32,729	66,853
Allocated to: Company's shareholders	15,691	54,825	32,729	66,853
Non-controlling interest	0	0	0	0
Earnings per share after tax (in €)	0.2161	0.8435	0.4530	1.0118
Proposed dividend per share (in €)	0.2900	0.2100	0.2900	0.2100
Earnings before interest, tax, depreciation and amortization	91,584	143,801	93,191	139,475

ADDITIONAL DATA AND INFORMATION

- The basic accounting principals used, are consistent to those followed in the 31 December 2008 published annual financial statements of the Group and Company.
- On 31 December 2009 the merger of EKET LTD. Company by HERACLES G.C.C. was completed, by virtue of decision no. K2-13247/29.12.2009 of the Ministry of Economy and Finance. On 14 January 2010 by virtue of decision number K2 - 13517/09 of the Ministry of Economy and Finance and following approval by the competent authorities the legal merger of LAFARGE BETON S.A. with MYTILINI QUARRIES S.A. and TRANS BETON MACEDONIA S.A. was completed. On 31 December 2009 the merger of FINDA TRANSPORTATION S.A. by PORT SAID SILO INVESTMENT S.A. was completed by virtue of decision no. EM-30806/09 of Athens' Prefecture-East Sector. The Group participates in company LEADER BETON S.A. located in Tirana Albania. The company started its operation on 7th January 2009 which is the date it was registered with the Albanian tax authorities. 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 16 of the annual financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2009, 88.99% of the issued share capital of HERACLES G.C.C., prepares Consolidated Financial Statements including the Financial Statements of the Group, using the full consolidation method.
- The unaudited by tax authorities fiscal years of the Group companies are described in note 27 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, archaeological sites etc and/or their ownership is disputed by the Greek State and/or various third parties.
 The maximum risk, from these disputes, for the Group and the Company is estimated at 1,908 Euro thousand and 1,885 Euro thousand respectively. No relative provision has been made in the financial statements, as it is unlikely that such risk will eventually occur.
 As at 31 December 2009, there are pending lawsuits against the Group amounting to 45,378 Euro thousand of which 32,094 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 18,354 Euro thousand of which 14,173 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 2009, there are pending lawsuits against the Group amounting to 5,547 Euro thousand of which 4,541 Euro thousand relate to actions filed against the Company, 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 1,607 Euro thousand of which 1,378 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	1,607	1,378
Provision for staff retirement	82,525	77,263
Other provisions	24,051	36,880
Total provisions	108,183	115,521

- The number of employees for the Group and the Company as at 31 December 2009, is 1,908 (31/12/2008: 2,185) and 1,471 (31/12/2008: 1,512) respectively.

STATEMENT OF CASH FLOWS

Indirect method Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2009	1/1-31/12/2008	1/1-31/12/2009	1/1-31/12/2008
Operating activities				
Profit before tax	39,993	93,281	55,544	99,664
Plus / less adjustments for:				
Depreciation	46,720	47,101	42,596	43,246
Provisions	(480)	(28,251)	(314)	(19,958)
Foreign exchange differences	361	0	361	0
Gain / (loss) from derivatives valuation	(223)	491	(223)	491
Results (income, expenses, profit and losses) from investing activities	(1,743)	(3,613)	(7,468)	(6,514)
Settled share based payments	85	0	85	0
Interest and related expenses	5,511	5,450	1,507	708
Plus/less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	20,040	(20,046)	19,909	(19,192)
Decrease / (increase) in receivables	6,008	(2,490)	7,878	4,585
(Decrease) / Increase in liabilities (excl. loans)	1,591	19,037	445	23,992
Less :				
Interest and related expenses paid	(4,602)	(5,450)	(657)	(708)
Tax paid	(9,047)	(24,181)	(8,304)	(19,672)
Total inflow / (outflow) from operating activities (a)	104,214	81,329	111,359	106,642
Investing activities				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	(8,831)	(25,946)	(20,000)
Loans to subsidiaries	0	0	0	(11,500)
Repayments of loans to subsidiaries	0	0	0	20,000
Purchase of tangible and intangible fixed assets	(30,295)	(31,912)	(24,969)	(26,030)
Cash from disposal of tangible and intangible fixed assets	4,717	2,838	3,808	2,627
Interest received	707	4,890	849	4,444
Dividends received	0	0	5,646	590
Total inflow / (outflow) from investing activities (b)	(24,871)	(33,015)	(40,612)	(29,869)
Financing activities				
Loan proceeds	75,777	30,000	15,445	0
Loan repayments	(72,647)	(2,046)	(2,035)	0
Payment of obligations under finance leases	(350)	0	(3)	0
Dividends paid	(30,496)	(86,010)	(30,496)	(86,010)
Total inflow / (outflow) from financing activities (c)	(27,167)	(58,056)	(17,089)	(86,010)
Net increase / (decrease) in cash & cash equivalents (a) + (b) + (c)	51,627	(9,742)	53,658	(9,237)
Cash and Cash Equivalents - at the beginning of the year	140,493	149,926	123,359	132,521
Cash and Cash Equivalents of acquired companies	0	309	161	75
Cash and Cash Equivalents - at year end	192,120	140,493	177,178	123,359

- 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	120,216	150,993
Expenses from related parties	15,216	37,004
Receivables from related parties	5,255	36,963
Payables to related parties	860	10,731
Salaries and expenses of General managers and BoD members	4,108	1,809
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
Merger of subsidiary	0	(114)
Actuarial losses net of deferred tax	(3,980)	(390)
Gain on valuation of derivatives net of deferred tax	4,241	(4,744)
Other equity movements	66	85
Other comprehensive income after tax	327	(5,134)
- There are not any own shares held by the Group companies.
- Significant events after the reporting date of the annual Financial Statements:
 1) On 14 January 2010 by virtue of decision number K2 - 13517/09 of the Ministry of Economy and Finance and following approval by the competent authorities the legal merger of LAFARGE BETON S.A. with MYTILINI QUARRIES S.A. and TRANS BETON MACEDONIA S.A. was completed based on article 68-78 in Law 2190/1920 and article 1-5 in Law 2166/93.
 2) On 2 February 2010 based on the certification by the Ministry of Economy and Finance with protocol number 351.1/2349/04 the liquidation of the entity HERACLES GLORY SOC. NAV., was completed and it was deleted from the Shipping Company Registry.
- 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 16 of the annual financial statements.
- Modifications of consolidation structure:
 a) In the current period (1 January - 31 December 2009) consolidation includes for the first time the subsidiary LEADER BETON S.A.
 b) Compared to the previous year (1 January - 31 December 2008) the subsidiaries TRANS BETON MACEDONIA S.A. and MYTILINI QUARRIES S.A. are not included in consolidation due to their absorption by the subsidiary LAFARGE BETON S.A., as well as EKET LTD. due to its absorption from parent company HERACLES G.C.C. S.A. Also the subsidiary FINDA TRANSPORTATION S.A. is not included in consolidation due to its absorption by the subsidiary PORT SAID SILO INVESTMENT S.A. In addition ALEXANDRIA SILO INVESTMENT COMPANY S.A. is not included in consolidation as it was deregistered and HERACLES GLORY SOC. NAV. is not included in consolidation as it was liquidated. 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.
- ARMSTOCK CORPORATION S.A. and EKEPI S.A. are not included in the consolidation, due to their immaterial impact as described in note 17 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 2008).

Lykovrissi, 29th of March 2010

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