



HERACLES
GROUP OF COMPANIES

A member of  **LAFARGE**

**ANNUAL FINANCIAL REPORT OF GROUP & COMPANY
HERACLES G.C.C. FOR THE YEAR ENDED 31ST DECEMBER 2008
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. Pierre Deleplanque, Managing Director and
3. Jean-Charles Blatz, Member of the Board of Directors

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 2008 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 period ended December 31st, 2008,
- 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 MANAGING
DIRECTOR**

**THE MEMBER OF
THE BOARD OF
DIRECTORS**

**MANOLIS CHR.
KYPRIANIDES**

**PIERRE
DELEPLANQUE**

**JEAN-CHARLES
BLATZ**

I.D. No. AZ 007012

**PASSPORT No.
07CV39073**

**PASSPORT No.
02XD34455**

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

Dear Shareholders,

According to article 136 of L.2190/1920, as such was presented 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 31st of December 2008.

A. Overview of major events for the year 2008

1) *Financial results*

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

The overview of 2008 was diverse. On the one hand, the slowdown in the domestic private construction activities, especially during the last quarter, was combined with the successive increases of the fuel and electric power prices and on the other hand, the reversal during the last quarter, of the satisfactory up to the summer period trend of the export markets, was combined with a major decrease in fuel prices.

It should be mentioned that, despite the immediate negative influence of the above in the Company's and Group's profitability, the de-escalation in the international fuel prices did not influence the results for the year, due to the high cost of the existing fuel stock.

Analytically according to the Financial Statements:

- In 2008, the Company's turnover increased by 2.4%, amounting to 632,204 thousand Euros compared to 617,232 thousand Euros in 2007, whilst the Group's turnover was increased by 3.0%, amounting to 708,142 thousand Euros as opposed to 687,141 thousand Euros in 2007.
- The Company's profit before taxes, interest, depreciation and amortisation (EBITDA) decreased in 2008 by 2.4%, amounting to 139,475 thousand Euros as compared to 142,931 thousand Euros in 2007, whilst for the Group decreased by 5.4 %, amounting to 143,801 thousand Euros in 2008 as compared to 152,070 thousand Euros in 2007.
- In 2008, the Company's net profit after taxes increased by 4.0%, amounting to 71,925 thousand Euros as opposed to 69,122 thousand Euros in 2007, whilst the Group realised a decrease of 11.6% in 2008, amounting to 59,959 thousand Euros as compared to 67,834 thousand Euros in 2007.

The main events that affected the course of sales in 2008 were, in the domestic market, the slowdown in private construction as a combined result of the excess offer of residences which was incited due to the booming in building licences prior to the VAT imposition in real estate and the slowdown in housing loans.

Especially, during the last quarter of 2008, the slowdown of the private construction activity was intensified by the international financial crisis and the resulting credit crisis in the market.

The construction activity in public infrastructure during 2008 counterbalanced up to a certain degree the above mentioned slowdown in private construction activity.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

Exports were increased during 2008 compared to 2007.

In 2008, HERACLES GCC successfully continued the effort to control operating costs and optimize performance in production and supply chain, in the frame of "Excellence 2008", an international strategic plan implemented by the LAFARGE Group.

The improvement of fuel and raw material mix in production, the reduction of fixed cost, the reduction of administration and distribution expenses, as well as the increase of productivity, are examples of actions in the frame of Excellence 2008, which partially counterbalanced the exceptionally increased fuel and electric power prices prevailing during 2008, influencing negatively the profits before taxes, interest, depreciation and amortisation (EBITDA) compared to 2007.

In addition to the above mentioned, the provision for the share in losses of the subsidiary EVIESK S.A., contributed to the reduction of Company's profits before taxes, interest, depreciation and amortisation (EBITDA).

In the context of the improvement of the Group's competitiveness, the voluntary retirement program for the staff of the HERACLES GCC Group was applied also in 2008, in the frame of which a provision of 18,043 thousand Euros had been recognised as at 31/12/2007. From the above provision, an amount of 9,921 thousand Euros was utilised during 2008, while an amount of 8,122 thousand Euros was decided by the Company's Management to be derecognised as unused, as at 31/12/2008 (note 9 of the annual Company and Group financial statements).

The cost of the implementation of the new voluntary exit program entirely burdened the parent company HERACLES GCC. The program's aim was the improvement of productivity of the loss-generating activities and the reduction of the operating cost.

The Company's investments in tangible and intangible assets for the year ended 2008 amounted to a total of 31,786 thousand Euros as opposed to 23,729 thousand Euros in 2007 (increase 34%). Concerning the Group, investments amounted to a total of 39,003 thousand Euros in 2008 compared to 31,695 thousand Euros in 2007 (increase 23%).

In 2008, as in 2007, the Group's and the Company's investment activities aimed at the increase of productivity and the improvement of the facilities in issues concerning Environment as well as Health and Safety.

In the context of the long term strategic expansion of the Group in the aggregates and concrete market, the consolidated subsidiary LAFARGE BETON S.A, acquired during 2008 the companies MYTILINI QUARRIES S.A., BETON DOMH S.A. and TRANS BETON S.A., which operate in the production and trading of aggregates and ready mix concrete for a total consideration of 9,026 thousand Euros.

2) Domestic Cement, Aggregates and Concrete market

In 2008 the domestic cement market had a recessing course following the overall tendency of building activities. The domestic production of concrete during 2008 is estimated to have been reduced by 25% compared to 2007.

Respectively, the consumption of cement is estimated to have been reduced by 8% compared to 2007 and by 13% in total compared to 2006. The crisis that the Hellenic real estate market is facing over the last year is aligned with the data derived from the Hellenic National Statistical Agency during the last months of 2008 for the construction activity.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

The volume of private construction activity based on the issuance of building licenses during the months of October, November and December 2008 shows a reduction of 27.5%, 30.4% and 12.7% respectively, compared to the same months in 2007. In 2008 the reduction was 17.1% on annual basis compared to 2007 and is based on the same statistical data.

This recession in private construction activity became deeper during the last year as the majority of the constructors had issued a large amount of building licenses, prior to the VAT imposition in 2006, at the end of 2005. Simultaneously, the growth rate of housing loans reduced significantly.

Specifically, based on the Bank of Greece data, the growth rate in housing loans in December 2008 was 11.4% compared with the respective month of 2007 when the growth rate of granted loans was 21.9%.

3) Other major events

3.1. Introduction of innovative products

In 2008 the process of innovation in the cement product range has accelerated. Since the summer of 2008, HERACLES GCC introduced to the market the bagged product BasisTM. BasisTM is a grey high resistance cement, specialised for the production of armoured concrete which is used where the use of ready mix concrete is unfeasible. The product is based on the customer-oriented policy of the Company, the specific outline of the environment, the recognition of opportunities and the orientation in the creation of new products, which meet the market needs with the best possible way and add value to the customer.

Additionally, during 2008 the market research and study of the end user was completed in order to prepare the introduction in February 2009 of the new basic bagged product under the designation AthlosTM. AthlosTM is a 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. AthlosTM is the advancement and the replacement of the current common cement, covers the needs of modern construction and simultaneously is friendlier to the environment due to the reduced CO2 emissions during its production.

The procedure of outlining the market segments and creation of the products that will cover their needs, consists a basic part of the competencies that HERACLES GCC imports in its operations in order to improve its competitiveness, to create value to the customer and to build a better market profile.

3.2. Customer support

The customer orientation of LAFARGE Group constitutes an international initiative, aiming at the redefinition of the relationship between the Group and the customers. The customer consists a priority, therefore the Group focuses on his needs.

Despite the creation and release of new products, a major need for the customer remains the reliability of the Group in every aspect.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

In this frame HERACLES GCC successfully continued during 2008 the implementation of a tracking and recording system for the quality of deliveries to the customers. Via this system, the Company is able to evaluate its performance in three important dimensions: the time of delivery, the proper quality and quantity of the delivered products and the correct invoicing.

3.3. Health & safety

During 2008 the total number of accidents reduced by 2 and their severity by 78% compared to 2007. The incidents which result in loss of working days or need medical treatment are recorded and analysed systematically.

A Health and Safety event at each site of the Group was implemented during June 2008. Apart from Group employees and their families, the event was attended by Group customers and contractors.

The purpose of the event was to stress issues relating to Health and Safety, both inside as well as outside the working environment by sensitizing Group employees and associates, along with a commitment to the common target of eliminating accidents.

The pursuance of a major number of LAFARGE's standards and advisory processes for safety is already completed or in progress. There were also 15,000 hours of employees training courses on safety issues, including contractors' employees.

Specifically for health issues, a special program of medical observation of the employees in collaboration with the site doctors was implemented, with the simultaneous upgrading of the first aid stations equipments.

3.4. Environmental Issues

The environmental license of Volos plant has been issued and enforced since July 2008. The plant was connected with the supply of natural gas completely replacing the supply of the pre-heater installation with mazout.

The use of biomass in the production procedures of Volos plant has been integrated since July 2008, taking advantage of the remnants of the agricultural cultivations in the area of Thessaly. Biomass contributes to the reduction of solid fuel consumption, the preservation of the environment and the reduction of CO2 emissions.

In addition at Halkis plant, many projects aiming at the protection of the environment were completed. Furthermore, the project for the quarry restoration is in progress.

3.5. Corporate responsibility

HERACLES GCC signed the United Nations Global Compact in May 2008 and became a member of the Hellenic Global Compact network, demonstrating the commitment of HERACLES GCC to align its operations and strategies with ten universally accepted principles which are voluntarily followed by the participating companies.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

The Global Compact is a universal network initiated by the United Nations in 2000 in order to advance universal social and environmental principles. It is the largest global voluntary corporate social responsibility program, of which the foremost concerns are in the areas of human and labour rights, environment protection and anti-corruption.

HERACLES GCC was a founder member of the establishment of the Hellenic business council for sustainable development, sponsored by the Hellenic Federation of Enterprises, which comprises the representative of Hellas in the World Business Council for Sustainable Development, (W.B.C.S.D.).

In the frame of the HERACLES Solidarity and Support Program (PR.A.K.S.H.) for the support of the fire-stricken municipalities in the Evia prefecture, the first phase of the program was completed with the delivery of fully equipped fire-fighting vehicles along with the relative training programs to the municipal authorities of Amarinthion, Aulonon, Dystion, Konistron, Stiraion, and Tamineon. Recently, the municipality of Eretria integrated in the above mention program. Additionally, the amount of one million Euros was contributed to the National Solidarity Fund.

B. Prospects – major sources of risk and uncertainties for the year 2009

The prospects for 2009 depend mainly on the course of the crisis in the credit system and to the degree that real economy will be affected by the crisis.

For 2009 we currently expect a difficult year for housing and constructions, while the high level of uncertainty in macroeconomic and business environment makes forecasting difficult.

The main events influencing this significant slowdown of private construction over the last two years, will probably maintain this negative trend during 2009.

Considering that concrete division remains the major consumer of cement, the maintenance of the negative trend in private construction might result in a further significant slowdown in the domestic market of cement compared to 2008.

The possible increase in public infrastructure works will only partially offset the significant slowdown in private construction activities. In addition, part of the cement production that will not be absorbed in the domestic market, is now improbable to be fully absorbed by the demand abroad.

In such an adverse business environment, it is of a major importance 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”. HERACLES GCC as a member of the LAFARGE Group actively participates in the compilation and implementation of its own “Excellence 2010” plan.

The Group and the Company have strong net cash position and high liquidity ratios. Their strong net cash position derives from their low balance of bank loans. Group’s policy to use only short term loans, makes their exposure to fluctuations of floating interest rates insignificant as regards to the financial expenses and the outflows for loan interest repayments.

Nevertheless, the main targets of the Group for 2009 will be the further enhancement of its net cash position through reduction in operating cost, improvement in working capital and reduction in capital expenditure, excluding investments concerning the improvement of environmental performance of the Group, as well as health and safety.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

The observed slowdown in the domestic market combined with the restraint in bank credits and the resulting lack of liquidity in the market create conditions of credit squeeze in 2009. The Group and the Company have established credit control procedures, aimed at minimizing doubtful debts, while securing as much as possible the highest percentage of receivables from clients is a firm Group policy. When necessary and possible, more collateral is requested to secure part of the credit risk.

As mentioned in note 28.3 of the financial statements, the Group and the Company have recognised a provision for doubtful debts, 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 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.

As mentioned in note 28.1 of the financial statements, 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.

Moreover 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 receives 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.

Contrary to 2008, for 2009, the risk for an increase in fuel prices, electric power and marine freight, is expected to be minimal. However, any exposure to that risk will be hedged by the use of derivative financial instruments.

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 tax audits will result in additional taxes and charges being imposed (note 29 of the financial statements).
- (b) Estimates on the recoverability of deferred tax assets (note 23 of the financial statements).
- (c) Contingent losses from pending legal litigations (note 22 & 29 of the financial statements) and doubtful debts (note 28.3 of the financial statements).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 18 of the financial statements).

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

C. Events after the Balance sheet date

As it is mentioned in note 31 of the financial statements, the following cases concern the subsidiary company "LAFARGE BETON S.A."

- 1) The Company participates in a joint venture in the company "LEADER BETON SHA" in Albania. The share capital of the company amounts to 2.000.000 Albanian Lek. LAFARGE BETON participates with 51% (1.020 shares amounting to 1.020.000 Albanian Lek and € 8.240,43). Shareholder of the 49% (980 shares amounting to 980.000 Albanian Lek) is an individual. The Article of Association of the company was signed on 31/12/2008. The company declared its operation to the Albanian tax authorities on 7/1/2009.
- 2) As already mentioned in note 18, on 27/2/2009 by virtue of decision no K2-2030 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.

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 Company and the Group, according to I.A.S. 24 along with the balances of their transactions accounts, are presented in the following tables.

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

Annually, the Company pays to the parent company LAFARGE S.A. royalties 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, freight cost, information systems and technology services, as well as industrial maintenance services.

Non-current intercompany receivables concern mainly a loan agreement between the parent Company HERACLES GCC. and the subsidiary EVIESK SA amounting to 25,000 thousand Euros.

The Company's and Groups' obligations to LAFARGE CEMENTOS S.A. concern the distribution of reserve from taxed profits of previous financial years and of special reserve, as decided in the Extraordinary General Shareholders Assembly of December 24th 2008.

There are no owned shares of the Parent Company at the hands of the companies included in the consolidation.

The nature of the related party transactions for the year ended 31st December 2008 remains unchanged as compared to the latest annual report as at 31st December 2007.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

GROUP

(in € thousand)

31/12/2008

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividend distribution	Fees and other expenses	Receivables	Payables
GROUP HERACLES ASSOCIATES							
MICHALIS KATSIBRIS	1.015	53	0	0	0	156	0
GROUP LAFARGE COMPANIES							
PERICLES S.A.	0	0	0	0	0	250	0
LAFARGE S.A.	1.119	625	10.303	0	0	18	443
CEMENTIA TRADING S.A.	98.095	573	0	0	0	5.169	0
BLUE CIRCLE INVESTMENTS S.A.	0	0	0	37.998	0	0	137
LAFARGE CEMENTOS S.A.	0	0	0	64.553	0	0	27.328
OTHER GROUP LAFARGE COMPANIES	5.064	3.737	0	0	0	2.246	879
MANAGEMENT and BoD MEMBERS	0	0	0	0	3.377	0	0
Total	105.293	4.988	10.303	102.551	3.377	7.839	28.787

COMPANY

(in € thousand)

31/12/2008

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Dividends	Interest income	Dividend distribution	Fees and other expenses	Receivables	Payables
HERACLES GCC SUBSIDIARIES									
HERACLES MARITIME CO.	562	23.455	0	0	0	0	0	2	6.358
LAFARGE BETON S.A.	30.682	112	0	0	885	0	0	8.172	0
EVIESK S.A.	225	4.848	0	0	869	0	0	25.443	6.532
EKET LTD.	31	809	0	0	0	0	0	1	115
LAVA S.A.	774	4.273	0	590	0	0	0	1	726
AEGEAN TERMINALS S.A.	0	0	0	0	0	0	0	63	0
SUPER BETON S.A. I MARKOULAKIS	2.052	0	0	0	0	0	0	566	0
G. HATZIKYRIAKOS SOC. NAV.	0	0	0	0	0	0	0	0	25
INVESTMENT SILO PORT SAID S.A.	0	0	0	0	0	0	0	0	156
MARATHOS QUARRIES S.A.	0	0	0	0	0	0	0	0	0
BETON DOMI S.A.	540	0	0	0	0	0	0	446	0
TRANS BETON S.A.	48	0	0	0	0	0	0	321	0
GROUP HERACLES ASSOCIATES									
MICHALIS KATSIBRIS	1.015	53	0	0	0	0	0	102	0
GROUP LAFARGE COMPANIES									
LAFARGE S.A.	1.119	604	10.303	0	0	0	0	9	443
CEMENTIA TRADING S.A.	94.263	511	0	0	0	0	0	4.912	0
BLUE CIRCLE INVESTMENTS S.A.	0	0	0	0	0	37.998	0	0	137
LAFARGE CEMENTOS S.A.	0	0	0	0	0	64.553	0	0	27.328
OTHER GROUP LAFARGE COMPANIES	5.053	2.885	0	0	0	0	0	2.196	57
MANAGEMENT and BoD MEMBERS	0	0	0	0	0	0	1.850	0	0
Total	136.364	37.550	10.303	590	1.754	102.551	1.850	42.234	41.877

E. Explanatory report of HERACLES GCC

(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 27.03.2009 to the Company, according to the provisions of article 11a of Law 3371/2005, as it is in force combined with article 33 of Law 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 in the Athens Stock Exchange. The shares of the Company are ordinary nominal shares with voting rights.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

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 Decree 51/1992, as it was in force, and herein Law 3556/2007.

As at 31/12/2008 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 Law 2190/1920, as amended by Law 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 decided to propose to the ordinary 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 per share, based on the Board of Directors decision dated 27/11/08, as already approved by the extraordinary General Assembly of the shareholders dated 24/12/2008.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

G. Analysis of the Group's branches

HERACLES GCC

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., Akteon coast
7. Kavala, 7 Nileos str
8. Igoumenitsa, Ladohori, Thesprotia
9. Heraklion, Linoperamata of Rodia, Crete
10. Kalohori of Thessaloniki
11. Metamorphossi of Attica, 12 Amaliados str

Quarries

12. Platanos of Almiros-Magnissia

Various

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

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

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 Lesbos
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. Platanias 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

1. Araxos of Ahaia
2. Tragana of Fthiotida
3. Voulia of Siros
4. Aliveri of Evia

Aggregates' warehouses

1. Lazareta of Siros

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

Limestone

1. Milaki of Evia

Offices

1. 141 G. Papandreou str – Metamorphossi of Attica
2. 3 El.Venizelos str – Volos
3. 1 P.Vostani and Mitr.Iakovou, Mitilini
4. 2 Laos square – Lamia
5. 2 Ag. Apostolon and Handakos – Chios

Subsidiaries

1. ATLAS S.A. (Quarry) – Messeo Thessanoliki
2. KAMPIS QUARRIES S.A. (Quarry) – 13 Amvrakias str, Arta – Quarry: Kampi Arta
3. SAMARAS QUARRIES S.A. (Quarry) – 141 G. Papandreou str, Metamorphosi Attica – Quarry: Valanidoussa Preveza
4. MYTILINI QUARRIES S.A. (Quarry) – 1 Ol. Gymnassiarchou, Mytilini - Quarry: Pitharia Pygis Lesvos
5. SUPER BETON S.A. – I. MARKOYLAKI & SONS (Concrete) – 13 R. Fereou Heraklion Crete – Concrete unit: 9th km Heraklion - Rethimno
6. BETON DOMI S.A. (Concrete units (2) & Quarries (2)) – 6 Perikleous str, Polikastro – Concrete units: 1st km Polikastro – Aksioupolis & Leventoxori Kilkis – Quarries: Aksios river, Aksioupoli (sand) & Mikro Dasos - Polikastro
7. 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

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2008

EVIESK S.A.

Plants – Sites

1. A' Industrial Area of Volos, Volos, Magnissia Prefecture
2. Agria of Volos, Magnissia Prefecture
3. Milaki location, Evia Prefecture (leased by HERACLES GCC)
4. Milaki location, Evia Prefecture
5. Mikro Vathi of Avlida, Evia Prefecture

Dear Shareholders,

Based on the above mentioned and the Certified Auditors –Accountants 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, 27.03.2009

By order of the Board of Directors

PIERRE DELEPLANQUE

Managing Director

(TRANSLATION)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of HERACLAS GENERAL CEMENT COMPANY

Report on the Financial Statements

We have audited the accompanying stand alone and consolidated financial statements of HERACLES GENERAL CEMENT COMPANY ("the Company") and its subsidiaries (on a consolidated basis "the Group"), which comprise the stand alone and consolidated balance sheet as at December 31, 2008, and the stand alone and consolidated income statement, statement of recognised income and expenses and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as these were adopted by the European Union. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Greek Auditing Standards which are harmonised 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 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 financial statements present fairly, in all material respects, the financial position of the Company and the Group as of December 31, 2008, and of its financial performance and its 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 financial statements according to the provisions of articles 43a, 107 and 37 of Greek Company Law 2190/1920.

Athens, March 27, 2009

The Certified Public Accountants

Nicos K. Sofianos
RN SOEL 12231

Michalis E. Karavas
RN SOEL 13371

Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
250 – 254 Kifissias Avenue
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 31ST OF DECEMBER 2008**

INCOME STATEMENT FOR THE YEAR ENDED 31st DECEMBER 2008

Amounts in thousand Euros

	NOTE	GROUP		COMPANY	
		1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Operating results					
Turnover	6	708.142	687.141	632.204	617.232
Cost of sales		(560.253)	(508.866)	(492.178)	(454.895)
Gross profit		147.889	178.275	140.026	162.337
Administrative & distribution expenses		(62.285)	(59.495)	(42.059)	(43.797)
Other operating income/(expense)	8	2.968	1.302	(8.955)	(4.189)
Provision for fire affected areas aid		0	(3.000)	0	(3.000)
Cost of voluntary staff retirement program	9	8.122	(10.764)	8.122	(10.764)
Impairment of investments in subsidiaries	10	0	(650)	(905)	(650)
Share of profits of associates		6	3	0	0
Operating profit	11	96.700	105.671	96.229	99.937
Finance income/(expense)	12	(3.419)	938	3.435	4.318
Profit before tax		93.281	106.609	99.664	104.255
Income tax	13	(33.322)	(38.775)	(27.739)	(35.133)
Net profit for the period after tax		59.959	67.834	71.925	69.122
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings per share (in €)	14	0,84	0,95	1,01	0,97

The Group and Company Financial Statements on pages 19 to 88 were approved by the Board of Directors in its meeting on Friday 27th of March 2009 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**

**CONSOLIDATION AND
FINANCIAL REPORTING
MANAGER**

**MANOLIS CHRIS
KYPRIANIDES**

**PIERRE
DELEPLANQUE**

**MIHALIS T.
MICHELIS**

**KONSTANTINOS A.
MICHAILIDIS**

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

**PASSPORT No.
07CV39073**

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

**EC.CC.REG. No.36154
A' CLASS**

Notes from page 23 through to page 88 form an integral part of the Group and Company Financial Statements.

BALANCE SHEET AS AT 31st DECEMBER 2008

Amounts in thousand Euros	NOTE	GROUP		COMPANY	
		31/12/2008	31/12/2007	31/12/2008	31/12/2007
Fixed assets					
Goodwill	15	31.871	19.199	0	0
Intangible assets	16	2.167	796	697	341
Tangible assets	17	566.391	586.650	522.029	546.172
Investments in associates and subsidiaries	18	417	411	55.748	36.653
Other investments	19	55	55	55	55
Derivative financial instruments	28.6	944	0	944	0
Other non-current receivables	28.2	5.169	4.461	29.681	37.573
Deferred tax asset	23	3.854	5.651	0	1.141
Total fixed assets		610.868	617.223	609.154	621.935
Current assets					
Inventories	20	81.024	60.804	74.471	55.358
Trade and other receivables	28.3	164.917	162.289	132.676	137.121
Derivative financial instruments	28.6	687	39	687	39
Fixed assets available for sale	17	11.961	0	11.961	0
Cash and cash equivalents	28.4	140.493	149.926	123.359	132.521
Income tax receivable	13	986	745	0	0
Total current assets		400.068	373.803	343.154	325.039
Total assets		1.010.936	991.026	952.308	946.974
Non-current liabilities					
Provision for staff termination indemnity	21	81.510	93.785	70.872	80.629
Other non-current provisions	22	15.926	11.894	30.140	19.585
Derivative financial instruments	28.6	6.832	0	6.832	0
Deferred tax liabilities	23	5.241	1.511	3.589	0
Finance lease liabilities	28.7	679	120	88	0
Bank loans	28.4	3.705	0	0	0
Total non-current liabilities		113.893	107.310	111.521	100.214
Current liabilities					
Provision for staff termination indemnity	21	4.742	6.220	4.109	5.777
Trade and other payables	28.5	126.453	92.223	111.921	79.628
Income tax liability	13	3.633	3.596	3.401	3.265
Finance lease liabilities	28.7	143	126	0	0
Other current provisions	22	1.413	20.390	610	20.328
Derivative financial instruments	28.6	2.587	1.128	2.587	1.128
Dividends payable	24	30.634	0	30.634	0
Bank loans	28.4	32.645	2.068	2.035	0
Total current liabilities		202.250	125.751	155.297	110.126
Total liabilities		316.143	233.061	266.818	210.340
Equity					
Share capital	25	142.165	142.165	142.165	142.165
Share premium	26	1.279	1.279	1.279	1.279
Reserves	27	170.175	204.245	152.683	181.796
Derivatives valuation reserve	28.6	(5.377)	(633)	(5.377)	(633)
Retained earnings		386.551	410.909	394.740	412.027
Total equity		694.793	757.965	685.490	736.634
Total liabilities and equity		1.010.936	991.026	952.308	946.974

Notes from page 23 through to page 88 form an integral part of the Group and Company Financial Statements.

CASH FLOW STATEMENT (INDIRECT METHOD) FOR THE YEAR ENDED 31st DECEMBER 2008

Amounts in thousand Euros

	GROUP		COMPANY	
	1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
<u>Operating activities</u>				
Profit before tax	93.281	106.609	99.664	104.255
Plus / less adjustments for:				
Depreciation	47.101	46.399	43.246	42.994
Provisions	(28.251)	5.313	(19.958)	12.550
Foreign exchange differences	0	(11)	0	(11)
Gain / (loss) from derivatives valuation	491	287	491	287
Income / (expenses), profit / (losses) from investing activities	(3.613)	(6.944)	(6.514)	(7.398)
Interest expenses and relevant expenses	5.450	2.816	708	413
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(20.046)	3.319	(19.192)	3.464
Decrease / (increase) in receivables	(2.490)	13.359	4.585	7.695
(Decrease) / increase in liabilities (excl. banks)	19.037	7.860	23.992	11.251
Less :				
Interest expenses and relevant expenses paid	(5.450)	(2.816)	(708)	(413)
Taxes paid	(24.181)	(38.006)	(19.672)	(35.455)
<u>Total inflow / (outflow) from operating activities (a)</u>	<u>81.329</u>	<u>138.185</u>	<u>106.642</u>	<u>139.632</u>
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(8.831)	(10.045)	(20.000)	0
Intercompany loans	0	0	(11.500)	(23.500)
Repayments of intercompany loans	0	0	20.000	0
Purchase of tangible and intangible fixed assets	(31.912)	(35.169)	(26.030)	(29.543)
Proceeds from disposal of tangible and intangible assets	2.838	1.578	2.627	922
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	0	3.221	0	3.218
Interest received	4.890	4.708	4.444	4.282
Return of capital from subsidiary	0	0	0	565
Dividends received	0	48	590	1.425
<u>Total inflow / (outflow) from investing activities (b)</u>	<u>(33.015)</u>	<u>(35.659)</u>	<u>(29.869)</u>	<u>(42.631)</u>
<u>Financing activities</u>				
Loan proceeds	30.000	2.322	0	0
Loan repayments	(2.046)	(9.928)	0	0
Payment of obligations under finance leases	0	(255)	0	0
Dividends paid	(86.010)	(71.083)	(86.010)	(71.083)
<u>Total inflow / (outflow) from finance activities (c)</u>	<u>(58.056)</u>	<u>(78.944)</u>	<u>(86.010)</u>	<u>(71.083)</u>
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (a)+(b)+(c)	<u>(9.742)</u>	<u>23.582</u>	<u>(9.237)</u>	<u>25.918</u>
Cash and cash equivalents at the beginning of the period	<u>149.926</u>	<u>126.241</u>	<u>132.521</u>	<u>106.603</u>
Cash from subsidiaries acquired during the year	309	103	75	0
Cash and cash equivalents at the end of the period	<u>140.493</u>	<u>149.926</u>	<u>123.359</u>	<u>132.521</u>

Notes from page 23 through to page 88 form an integral part of the Group and Company Financial Statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSES FOR THE YEAR ENDED 31st DECEMBER 2008

Amounts in thousand Euros

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Profit/(loss) from derivative financial instruments recognised directly in equity, net of deferred tax	(4.744)	(1.122)	(4.744)	(1.122)
Actuarial gains/(losses) recognised directly in equity, net of deferred tax	(390)	(308)	(328)	(493)
Net income/(expense) recognised directly in equity	(5.134)	(1.430)	(5.072)	(1.615)
Net profit after tax	59.959	67.834	71.925	69.122
Total income/(expenses) for the year	54.825	66.404	66.853	67.507

RECLASSIFICATIONS AT THE COMPARATIVE FIGURES

- 1) Compared to the previously published financial statements, in the comparative figures of the Group Balance Sheet, an amount of €1.511 thousand concerning deferred tax, has been reclassified from "Deferred tax asset" to "Deferred tax liabilities" for more appropriate presentation.
- 2) Compared to the previously published financial statements, in the comparative figures of the Group Balance Sheet, an amount of €745 thousand concerning income tax receivable, has been reclassified from "Income tax liability" to "Income tax receivable" for more appropriate presentation.
- 3) Compared to the previously published financial statements, in the comparative figures of the Company's Cash Flow, an amount of €23.500 thousand concerning loans granted to subsidiaries, has been reclassified from "Decrease/Increase in receivables" to "Issuance of intercompany loans" for more appropriate presentation.

Notes from page 23 through to page 88 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 31/12/2008, 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

In the current period, the Group and the Company have adopted the new and amended standards 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 Company's activities, apply to accounting periods starting 1st January 2008 and have been endorsed by the EU.

A) Below are presented the new Interpretations, IFRSs as well as the IFRSs' amendments that have been endorsed by EU.

Interpretation 13, Customer loyalty programmes (applicable to annual financial periods beginning on or after July 1st 2008)

Interpretation 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction (applicable to annual financial periods beginning on or after January 1st 2008)

Amendment to IFRS 1, First time adoption of International Financial Reporting Standards (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment relates to cost of an investment on first time adoption.

Amendment to IFRS 2, Share based payment (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment will clarify the terms 'vesting conditions' and 'cancellations' along with the accounting treatment of cancellations, whether by the entity or by other parties.

Amendment to IFRS 5, Non- current assets held for sale and discontinued operations (applicable to annual financial periods beginning on or after July 1st 2009).

The amendment will clarify that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

IFRS 8, Operating segments (applicable to annual financial periods beginning on or after January 1st 2009)

IFRS 8 replaces IAS 14, Segment reporting. It requires information provided for operating segments, to be consistent with those components of the entity that management uses internally to assess performance. The Group has assessed the standard's impact on its financial statements and concluded that there is no need for amendments.

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

Amendment to IAS 1, Presentation of financial statements (applicable to annual financial periods beginning on or after January 1st 2009)

The main changes from the previous version are to require that an entity must prepare a statement of comprehensive income, aggregate information in financial statements on the basis of shared characteristics and in the changes of the titles of some financial statements. The new titles will be used in accounting standards, but are not mandatory for use in financial statements.

Additionally the amendments clarify that financial instruments classified as held for sale in accordance with IAS 39 are not always required to be presented as current assets/liabilities.

Amendment to IAS 16, Property, plant and equipment (applicable to annual financial periods beginning on or after January 1st 2009)

The amendment will replace the term 'net selling price' with 'fair value less cost to sell' in the definition of recoverable amount.

Amendment to IAS 19, Employee benefits (applicable to annual financial periods beginning on or after January 1st 2009).

The subject of the amendment is the clarification and replacement of several terms along with guidance on contingent liabilities.

Amendment to IAS 20, Government grants (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment refers to Government loans with a below-market rate of interest

Amendment to IAS 23, Borrowing costs (applicable to annual financial periods beginning on or after January 1st 2009).

The main change from the previous version is the removal of the option of immediately recognising borrowing costs as an expense that relates to assets which take a substantial period of time to get ready for their intended use or sale

Amendment to IAS 27, Consolidated and separate financial statements (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment requires that investments in subsidiaries, jointly controlled entities and associates accounted for in accordance with IAS 39 in the parent's separate financial statements should continue to be measured in accordance with IAS 39 when classified as held for sale.

Amendment to IAS 28, Investment in associates (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment clarifies the disclosures required for investments in associates along with the accounting treatment of impaired investments in associates.

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

Amendment to IAS 29, Financial reporting in hyperinflationary economies (applicable to annual financial periods beginning on or after January 1st 2009).

The subject of amendment is the description of historical cost financial statements.

Amendment to IAS 31, Interest in joint ventures (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment refers to required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss.

Amendment to IAS 32, and IAS 1 Puttable financial instruments and obligations arising on liquidation (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment requires that puttable financial instruments and any liabilities deriving from the liquidation of an entity can be classified as equity if specific criteria are met.

Amendment to IAS 36, Impairment of assets (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment refers to the disclosure of estimates used to determine the recoverable amount of cash-generating units containing goodwill or intangible assets with indefinite useful lives.

Amendment to IAS 38, Intangible assets (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment clarifies the circumstances in which an entity can recognise an asset for advertising or promotional expenditure.

Amendment to IAS 39, Financial instruments, recognition and measurement (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment refers to the reclassification of instruments into and out of the classification at fair value through profit or loss and the applicable effective interest rate on cessation of fair value hedge accounting.

Amendment to IAS 40, Investment property (applicable to annual financial periods beginning on or after January 1st 2009).

The subject of amendment is the property under construction or development for future use as investment property.

Amendment to IAS 41, Agriculture (applicable to annual financial periods beginning on or after January 1st 2009).

Amendment to IAS 41 does not apply to the Group.

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

B) Below are presented the new Interpretations, IFRSs as well as the IFRSs' amendments that have not yet been endorsed by EU.

Interpretation 12, Service concession arrangements (applicable to annual financial periods beginning on or after January 1st 2008)

Interpretation 15 Agreements for the construction of real estate, (applicable to annual financial periods beginning on or after January 1st 2009)

Interpretation 16, Hedges of a net investment in a foreign operation, (applicable to annual financial periods beginning on or after October 1st 2008)

Interpretation 17, Distribution of non-cash assets to owners, (applicable to annual financial periods beginning on or after July 1st 2009).

Interpretation 18, Transfer of assets from customers, (applicable to annual financial periods beginning on or after July 1st 2009).

Amendment to IFRS 3, Business combinations (applicable to annual financial periods beginning on or after July 1st 2009).

The main changes are the accounting treatment of the acquisition costs, the accounting of changes in the amount of contingent consideration as a result of a post- acquisition event, the option to use the 'full goodwill method', the step acquisition method, the accounting of partial disposal of an investment in a subsidiary while control is retained or lost, the accounting of the acquisition of additional shares in the subsidiary after control was obtained and the application of the standard to combinations of mutual entities and combinations without consideration (dual listed shares)

Amendment to IFRS 7, Financial Instruments: Disclosures (applicable to annual financial periods beginning on or after January 1st 2009).

The amendment concerns enhancements in disclosures about fair value and liquidity risk.

Amendment to IAS 27, Consolidated and separate financial statements (applicable to annual financial periods beginning on or after July 1st 2009).

The main amendments refer to the accounting treatment of the partial disposal of an investment in a subsidiary, while control is retained or lost, along with the treatment of partial disposals of associates and joint ventures and the allocation of the corresponding income as income from investments in non-controlling entities.

Amendment to IAS 28, Investment in associates (applicable to annual financial periods beginning on or after July 1st 2009).

The amendment concerns consequential amendments arising from amendments to IFRS 3

Amendment to IAS 31, Interest in joint ventures (applicable to annual financial periods beginning on or after July 1st 2009).

The amendment concerns consequential amendments arising from amendments to IFRS 3

Amendment to IAS 39, Financial instruments, recognition and measurement (applicable to annual financial periods beginning on or after July 1st 2009).

The amendment refers to the inflation on a financial hedged item and the 1-sided risk in a hedged item.

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 31st December 2007, which are available at the Company's website www.aget.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 31st 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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority 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 balance sheet 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 or made payments 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 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. The management examines at least on an annual basis if there is an indication for impairment and in that case estimates the amount of impairment based on the accounting policy of the Group for recognised goodwill.

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

3. ACCOUNTING PRINCIPLES – Continued

Goodwill - continued

resulting from goodwill impairment is recognised in profit and loss and is not reversed in the following periods.

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. A geographic segment is a component of an enterprise that provides products and services within a particular economic environment that is subject to risks and returns that are different from those of components operating in other economic environments.

The Group's Management has selected business segments as the primary type of presenting segment-specific information. This choice was dictated by the Group's internal organisational and operating structure. The main business segments the Group operates in are production and trading in cement, ready-mix concrete and aggregates.

Income, expenses, assets and liabilities appearing per business segment are the ones directly attributable or reasonably allocable to a segment, if necessary. Each business segment's income constitutes the basis of allocation.

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.

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 completion percentage on the balance sheet date. The project completion percentage is measured based on the proportion of contractual cost incurred by the balance sheet date, to the total contractual cost estimated, on the same date, to be required until project completion, except where this would not be representative of the completion percentage. Deviation from the original contract and various additional claims and incentive payments shall only be recognised if agreed upon with the client.

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

Transactions in foreign currency

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

Transactions in currencies other than Euro are recognised at the exchange rates prevailing on the dates of the transactions. On each balance sheet 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.

3. ACCOUNTING PRINCIPLES – Continued

Transactions in foreign currency - continued

Profits and losses resulting from liquidation or settlements of monetary assets, or from the valuation at current exchange rates as at balance sheet 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 the Balance Sheet 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 balance sheet 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 recognized 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 balance sheet represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost and as reduced by the fair value of scheme assets.

The Group and Company recognise actuarial gains and losses of the period outside income statement. Actuarial gains and losses recognised outside income statement appear in the statement of recognised income and expenses.

Income tax

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

3. ACCOUNTING PRINCIPLES – Continued

Income tax- continued

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 balance sheet 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 is 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.

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 balance sheet 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.

3. ACCOUNTING PRINCIPLES – Continued

Deferred tax- continued

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 amortization and accumulated impairment losses. Amortization 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 1st 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 balance sheet according to the cost method less any subsequent accumulated depreciation.

The above assets shall be tested for impairment when events and circumstances may indicate that the carrying amount of the said asset may exceed its recoverable amount.

Tangible assets

Tangible assets used in the production or supply of goods or services, or for administrative purposes, were stated in the transition to IFRS balance sheet 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)	Group	Company
Buildings	5 - 30	25 - 30
Machinery	5 - 30	15 - 30
Vehicles, Furnitures and Other Equipment	3 - 20	5 - 20

3. ACCOUNTING PRINCIPLES – Continued

Tangible assets-continued

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.

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.

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.

Internally generated intangible assets – Research and development expenditure

Expenditure on research 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 balance sheet 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.

3. ACCOUNTING PRINCIPLES – Continued

Impairment of tangible and intangible assets excluding goodwill-continued

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.

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 balance sheet 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 recognized as an asset. Profit from surplus of emission rights is recognized only after a sale is realized. If there is a shortage a provision is recognized 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 balance sheet 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. 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 balance sheet 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 uncollectible, 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

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 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 balance sheet 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.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments 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 specialized 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 the 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
- 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 29).
- (b) Estimates on the recoverability of deferred tax assets (note 23).
- (c) Contingent losses from pending legal litigations (note 22 & 29) and doubtful debts (note 28.3).
- (d) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 18).

5. STATEMENT OF CHANGES IN EQUITY

Amounts in thousand Euros

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2008	142.165	1.279	204.245	(633)	410.909	757.965
Profit for the period	0	0	0	0	59.959	59.959
Subsidiary's profit distribution movements	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	142.165	1.279	170.175	(5.377)	386.551	694.793
Balance at 01/01/2007	142.165	1.279	219.601	489	399.106	762.640
Profit for the period	0	0	0	0	67.834	67.834
Dividends	0	0	(28.434)	0	(42.649)	(71.083)
Distribution of profits	0	0	13.078	0	(13.078)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	(1.122)	0	(1.122)
Actuarial gain/(losses), net of deferred tax	0	0	0	0	(308)	(308)
Other equity movements	0	0	0	0	4	4
Balance at 31/12/2007	142.165	1.279	204.245	(633)	410.909	757.965

Amounts in thousand Euros

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
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 period	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	142.165	1.279	152.683	(5.377)	394.740	685.490
Balance at 01/01/2007	142.165	1.279	197.232	489	399.045	740.210
Profit for the period	0	0	0	0	69.122	69.122
Dividends	0	0	(28.434)	0	(42.649)	(71.083)
Distribution of profits	0	0	12.998	0	(12.998)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	(1.122)	0	(1.122)
Actuarial gain/(losses), net of deferred tax	0	0	0	0	(493)	(493)
Balance at 31/12/2007	142.165	1.279	181.796	(633)	412.027	736.634

6. TURNOVER

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

Amounts in € thousand

	GROUP		COMPANY	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Income from sale of finished and semi-finished products	686.232	668.820	620.659	606.586
Income from sale of merchandise	8.550	7.216	8.394	7.295
Income from services and construction projects	13.360	11.105	3.151	3.351
	708.142	687.141	632.204	617.232

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

For management purposes, the Group has been organised into three business segments: the cement, the concrete and the aggregates segment. These components form the basis on which the Group reports its fundamental accounting information per segment.

Amounts in € thousand

	1/1 - 31/12/2008				
	Cement	Concrete	Aggregates	Eliminations	TOTAL
Sales to					
Cement division	0	110	0	(110)	0
Concrete division	31.362	0	3.369	(24.425)	10.306
Third parties	610.919	84.226	16.744	(14.053)	697.836
Total Sales	642.281	84.336	20.113	(38.588)	708.142
Operating profit	98.197	(2.351)	256	598	96.700
Finance income / (expenses)	2.349	(6.345)	577	0	(3.419)
Profit before taxes	100.546	(8.696)	833	598	93.281
Income tax	(28.884)	(3.787)	(651)	0	(33.322)
Net profit of the year after tax	71.662	(12.483)	182	598	59.959
Other information					
Fixed asset additions	32.298	4.267	2.438	0	39.003
Depreciation charge	44.052	2.782	267	0	47.101
Impairment from revaluation of recoverable value	0	(1.725)	0	0	(1.725)
Income from derecognition of staff voluntary retirement program	(8.122)	0	0	0	(8.122)
Use of provisions	13.011	151	74	0	13.236
BALANCE SHEET					
Assets per division	1.003.234	123.777	45.730	(162.222)	1.010.519
Investment in Associates	417	0	0	0	417
Total Assets	1.003.651	123.777	45.730	(162.222)	1.010.936
Liabilities per division	1.000.168	123.631	45.726	(162.222)	1.007.303
Tax liabilities	3.483	146	4	0	3.633
Total Liabilities	1.003.651	123.777	45.730	(162.222)	1.010.936

7. BUSINESS AND GEOGRAPHICAL SEGMENTS - continued

	<u>1/1 - 31/12/2007</u>				
Amounts in € thousand					
	<u>Cement</u>	<u>Concrete</u>	<u>Aggregates</u>	<u>Eliminations</u>	<u>TOTAL</u>
Sales to					
Cement division	0	84	0	(84)	0
Concrete division	32.707	0	3.373	(36.080)	0
Third parties	594.178	80.863	12.100	0	687.141
Total Sales	626.885	80.947	15.473	(36.164)	687.141
Operating profit	103.347	354	1.970	0	105.671
Finance income / (expenses)	2.626	(1.473)	(215)	0	938
Profit before taxes	105.973	(1.119)	1.755	0	106.609
Income tax	(37.649)	(278)	(848)	0	(38.775)
Net profit of the year after tax	68.324	(1.397)	907	0	67.834
Other information					
Fixed asset additions	25.027	4.369	2.299	0	31.695
Depreciation charge	44.570	909	920	0	46.399
Fixed assets impairment	(73)	0	0	0	(73)
Staff voluntary retirement program	10.764	0	0	0	10.764
Use of provisions	6.817	35	28	0	6.880
BALANCE SHEET					
Assets per division	997.543	69.470	38.173	(114.571)	990.615
Investment in Associates	411	0	0	0	411
Total Assets	997.954	69.470	38.173	(114.571)	991.026
Liabilities per division	994.358	69.470	38.173	(114.571)	987.430
Tax liabilities	3.596	0	0	0	3.596
Total Liabilities	997.954	69.470	38.173	(114.571)	991.026

The Group and Company operate in the following countries:

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1/1 - 31/12/2008</u>	<u>1/1 - 31/12/2007</u>	<u>1/1 - 31/12/2008</u>	<u>1/1 - 31/12/2007</u>
Greece	592.711	593.366	525.510	531.494
Switzerland	98.084	86.422	94.263	84.253
Other	17.347	7.353	12.431	1.485
	708.142	687.141	632.204	617.232

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

8. OTHER OPERATING INCOME / (EXPENSES)

Other operating expenses in the year under review include Company's provision for losses rising to €10,437 thousand, (2007: € 4.672 thousand), which pertains to the Company's participations in the accumulated losses of its subsidiaries, besides the write-off of the respective participation of the Company therein.

Amounts in thousand Euros

	GROUP		COMPANY	
	1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Profit/(loss) from investment disposals	0	1.853	0	1.853
Profit/(loss) from fixed asset disposals	2.143	(171)	1.482	(253)
Impairment of fixed assets	0	(74)	0	(74)
Share in losses of subsidiaries	0	0	(10.437)	(4.672)
Share in losses of related parties	0	(1.043)	0	(1.043)
Other	825	737	0	0
	<u>2.968</u>	<u>1.302</u>	<u>(8.955)</u>	<u>(4.189)</u>

9. COST OF VOLUNTARY STAFF RETIREMENT PROGRAM

Based on the voluntary staff retirement program of HERACLES GCC Group of Companies, the Company recognised a provision amounting to €13,356 thousand as at 30/06/2007, in addition of the provision recognised in its financial statements as at 31/12/2006 amounting €13,038 thousand. The Company's Management, reassessing the progress of the program decided its termination on 31/12/2007 and hence derecognised the unused provision. A new voluntary exit program for the HERACLES GCC Group of Companies was launched, based on updated data, by recognising a new provision of €18,043 thousand as at 31/12/2007.

From the above mentioned new provision, as at 31/12/2007 an amount of 9,921 thousand Euros was utilised, while an amount of 8,122 thousand Euros was decided by the Company's Management to be derecognised as unused, as at 31/12/2008.

The cost of the implementation of the new program has entirely burdened the parent company HERACLES GCC. The program's aim was the improvement of productivity of the loss-generating activities and the reduction of the operating cost.

10. IMPAIRMENT LOSS / REVERSAL OF IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

The Company had recognised in its interim income statement as at 30/9/2008 an impairment loss amounting to 22,116 thousand Euros, on its investment in the subsidiary LAFARGE BETON S.A., which derived from the impairment testing of its investment in subsidiaries which are assessed at each reporting period end or/and whenever there are impairment indications.

This loss was a result of an assessment for the recoverable value of the investment on 30/9/2008, which was based on an average market value of a sample of similar companies that are listed to Stock Exchange markets. The method used for the approximation of the market value of the subsidiary was that of the market multiple of Earnings Before Interest Tax & Amortization.

The Company, reassessed the recoverable amount of its investment in the subsidiary LAFARGE BETON S.A. on 31/12/2008 using the method of market multiple as well as the method of value in use.

The defined recoverable value of the investment was determined as the higher of the values derived by the two alternative methods, according to par. 18 of IAS 36. Based on this recoverable value the Company recognized on its stand alone financial statements as at 31/12/2008 a total impairment loss on the investment amounting to 905 thousand Euros, by reversing 21,211 thousand Euros from the previous recognized impairment loss in the interim financial statements of 30/9/2008.

11. OPERATING PROFIT

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

Amounts in € thousand	GROUP		COMPANY	
	1/1 - 31/12/2008	1/1 - 31/12/2007	1/1 - 31/12/2008	1/1 - 31/12/2007
Impairment of receivables	1.732	5.631	1.451	5.240
Use / reversal of receivables impairment	(1.351)	(2.186)	(764)	(2.115)
Impairment of fixed assets from revaluation of recoverable amount	1.725	73	0	74
Impairment of participation in subsidiaries	0	650	905	650
Total impairment	<u>2.106</u>	<u>4.168</u>	<u>1.592</u>	<u>3.849</u>
Amortisation of intangible assets	583	449	340	107
Depreciation of tangible assets	46.640	46.056	43.028	42.993
Amortisation of grant	(122)	(106)	(122)	(106)
Total depreciation & amortisation	<u>47.101</u>	<u>46.399</u>	<u>43.247</u>	<u>42.994</u>
Movement of finished and semi-finished products	(1.580)	(8.156)	(2.547)	(7.496)
Consumption of raw, auxiliary materials, consumables and spare parts	<u>205.822</u>	<u>196.821</u>	<u>151.562</u>	<u>145.504</u>
Total movement in inventories	<u>204.242</u>	<u>188.665</u>	<u>149.015</u>	<u>138.008</u>
Employer's contribution	21.510	21.997	16.378	16.799
Salaries and other personnel benefits	108.756	110.984	86.619	88.020
Cost of voluntary staff retirement program	9.195	9.561	7.897	8.115
Staff termination indemnity	35.712	17.444	28.027	12.838
Total personnel expenses	<u>175.173</u>	<u>159.986</u>	<u>138.921</u>	<u>125.772</u>

The number of Group and Company personnel as at 31st December 2008 is analysed as follows:

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Number of personnel	2.185	2.380	1.512	1.697

12. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in € thousand

	GROUP		COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
<u>Income</u>				
Interest received & related income	4.890	4.917	4.444	4.491
Income from dividends	100	48	590	1.425
Foreign exchange income	287	132	0	0
Discounted prepaid rents to present value	0	303	0	303
	<u>5.276</u>	<u>5.400</u>	<u>5.034</u>	<u>6.219</u>
<u>Expenses</u>				
Interest and related expenses	5.450	2.886	708	483
Loss from derivatives	491	287	491	287
Tax audit surcharges	2.270	0	0	0
Foreign exchange losses	484	1.289	400	1.131
	<u>8.696</u>	<u>4.462</u>	<u>1.599</u>	<u>1.901</u>
Total	<u>(3.419)</u>	<u>938</u>	<u>3.435</u>	<u>4.318</u>

13. INCOME TAX

Amounts in € thousand

	GROUP		COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Income tax	20.623	26.339	19.808	25.307
Deferred taxation (Note 23)	5.661	8.309	5.347	6.614
Differences from tax audits	6.307	3.603	1.912	2.735
Other taxes not included in operating costs	731	524	672	477
Total	<u>33.322</u>	<u>38.775</u>	<u>27.739</u>	<u>35.133</u>

The period's income tax expense represents the sum of current income tax, deferred tax, tax audit differences, and property tax. The period's current income tax has been calculated based on the applicable tax rate for 2008, namely 25% (2007: 25%). According to the recent changes in the Hellenic tax law (L. 3697/2008), the applicable tax rates will be gradually decreased until 2014 as follows:

Year	2009	2010	2011	2012	2013	2014
Tax rate	25%	24%	23%	22%	21%	20%

The period's deferred tax has been 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.

13. INCOME TAX - continued

Income tax is analysed as follows:

Amounts in € thousand

	GROUP				COMPANY			
	1/1-31/12/2008		1/1-31/12/2007		1/1-31/12/2008		1/1-31/12/2007	
		%		%		%		%
Profit before taxes	93.281	25%	106.609	25%	99.664	25%	104.255	25%
Income tax at the current tax rate (25%)	23.320	25%	26.652	25%	24.916	25%	26.064	25%
Expenses not deductible in determining taxable profit	2.256	2%	3.823	4%	1.043	1%	4.210	4%
Income not taxable in determining taxable profit	(1.060)	-1%	(1.020)	-1%	(173)	0%	(361)	0%
Tax reduction due to tax free reserve	0	0%	(2.987)	-3%	0	0%	(2.987)	-3%
Additional 3% taxation to property income	9	0%	5	0%	9	0%	5	0%
Difference in the current year's deferred taxation due to changes in tax rate	(2.708)	-3%	0	0%	(2.822)	-3%	0	0%
Effect of different tax rates of subsidiaries operating under a different tax status.	(76)	0%	(145)	0%	0	0%	0	0%
Tax losses not carried forward	5.349	6%	2.906	3%	0	0%	0	0%
Use of previous years' tax losses	8	0%	(292)	0%	0	0%	0	0%
Differences from tax audits	6.307	7%	3.603	3%	1.912	2%	2.735	3%
Participation to impairment of investments, share in losses of subsidiaries and other	944	1%	5.706	5%	3.848	4%	4.990	5%
Valuation allowance reversal	(1.343)	-1%	0	0%	(1.343)	-1%	0	0%
Difference between income tax rate and tax rate on revaluation of fixed assets	(416)	0%	0	0%	(323)	0%	0	0%
Other taxes	731	1%	524	0%	672	1%	477	0%
	33.323	36%	38.775	36%	27.739	28%	35.133	34%

Income tax receivables and payables are analysed as follows:

Amounts in € thousand

	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Receivables				
Income tax receivable	986	745	0	0
	986	745	0	0
Payables				
Income tax payable	(3.633)	(3.596)	(3.401)	(3.265)
	(3.633)	(3.596)	(3.401)	(3.265)
Total	(2.647)	(2.851)	(3.401)	(3.265)

14. EARNINGS PER SHARE

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

Amounts in thousand Euros

	GROUP		COMPANY	
	1/1-31/12/2008	1/1-31/12/2007	1/1-31/12/2008	1/1-31/12/2007
Net profit for the year after tax	59.959	67.834	71.925	69.122
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 €	0,84	0,95	1,01	0,97

15. ACQUIRED COMPANY GOODWILL

On 11/04/2008, the consolidated subsidiary LAFARGE BETON S.A. acquired 100% of the share capital along with the voting rights of the company MYTILINI QUARRIES S.A. which operates in the production and trading of aggregates.

The consideration, temporary estimated goodwill and temporary allocation of the purchase consideration, is as follows:

Amounts in thousand Euros

MYTILINI QUARRIES S.A.	Book value	Provisional fair value adjustments	Provisionally assessed fair value
Equity obtained:			
Intangible and tangible assets	290	67	357
Other non-current receivables	6	0	6
Inventories	20	65	85
Trade and other current receivables	421	0	421
Cash and cash equivalents	21	0	21
Provisions	(1.460)	49	(1.411)
Trade and other creditors	(1.228)	(53)	(1.281)
Deferred tax	0	386	386
	<u>(1.930)</u>	<u>514</u>	<u>(1.416)</u>
Goodwill			5.902
Total consideration, satisfied in cash			<u>4.486</u>
Net cash outflow from acquisition:			
Cash consideration paid			(4.486)
Cash and bank deposits of acquired subsidiary			21
			<u>(4.465)</u>

The revenue of the acquired company in the post-acquisition period (11/4 – 31/12/2008) amounts to 1,282 thousand Euros and the loss which is included in the Group's consolidation, amounts to 22 thousand Euros.

Had the acquisition of the acquired company been completed on the first day of the period, Group revenues for the period would have been increased by 1,706 thousand Euros, and Group profit would have been lower by 2,372 thousand Euros.

The determination of fair value of identifiable assets, liabilities and contingent liabilities acquired following the acquisition of the above mentioned company, the final allocation of the purchase consideration and consequently the final determination of goodwill will be finalised within twelve months of the acquisition.

15. ACQUIRED COMPANY GOODWILL - Continued

On 1/9/2008 the subsidiary LAFARGE BETON S.A. acquired the 100% of the share capital of the company BETON DOMH S.A. which operates in the production and trading of aggregates and ready mix concrete.

The consideration, temporary estimated goodwill and temporary allocation of the purchase consideration, is as follows:

Amounts in thousand Euros

BETON DOMH S.A.	Book value	Provisional fair value adjustments	Provisionally assessed fair value
Equity obtained:			
Intangible and tangible assets	1.269	1.862	3.131
Other long term assets	9	0	9
Deferred tax	0	(112)	(112)
Inventories	120	0	120
Trade and other current receivables	2.366	0	2.366
Cash and cash equivalents	288	0	288
STI Provision	(300)	0	(300)
Other provisions	(300)	0	(300)
Trade and other creditors	(2.395)	(465)	(2.860)
Loans	(5.756)	0	(5.756)
	<u>(4.699)</u>	<u>1.285</u>	<u>(3.414)</u>
Goodwill			<u>7.644</u>
Total consideration, satisfied in cash			<u>4.230</u>
Net cash outflow from acquisition:			
Cash consideration paid			(4.230)
Cash and bank deposits of acquired subsidiary			<u>288</u>
			<u>(3.942)</u>

The revenue of the acquired company in the post-acquisition period (1/9 – 31/12/2008) amounts to 1,627 thousand Euros and the loss which is included in the Group's consolidation, amounts to 319 thousand Euros.

Had the acquisition of the acquired company been completed on the first day of the period, Group revenues for the period would have been increased by 5,286 thousand Euros, and Group profit would have been lower by 5,275 thousand Euros.

The determination of the fair value of identifiable assets, liabilities and contingent liabilities acquired following the acquisition of the above mentioned company, the final allocation of the purchase consideration, and consequently, the final determination of goodwill will be finalised within twelve months from the acquisition.

On 16/10/2008, the subsidiary LAFARGE BETON S.A. acquired the 100% of the share capital of the company TRANS BETON S.A. located in the prefecture of Thessaloniki. The company was established in 1992 and is operating in the production and trading of ready mix concrete.

15. ACQUIRED COMPANY GOODWILL - Continued

The consideration, temporary estimated goodwill and temporary allocation of the purchase consideration, is as follows:

Amounts in thousand Euros

TRANS BETON S.A.	Book value	Provisional fair value adjustments	Provisionally assessed fair value
Equity obtained:			
Intangible and tangible assets	256	232	488
Deferred tax	0	5	5
Other long term assets	4	0	4
Trade and other current receivables	150	0	150
STI Provision	(570)	502	(68)
Other provisions	(25)	0	(25)
Trade and other creditors	(1.619)	(79)	(1.698)
Loans	(1.804)	660	(1.144)
Goodwill			1.454
Total consideration, satisfied in cash			310
Net cash outflow from acquisition:			
Cash consideration paid			(310)
Cash and bank deposits of acquired subsidiary			0
			(310)

The revenue of the acquired company in the post-acquisition period (16/10 – 31/12/2008) amounts to 254 thousand Euros and the loss which is included in the Group's consolidation, amounts to 304 thousand Euros.

Had the acquisition of the acquired company been completed on the first day of the period, Group revenues for the period would have been increased by 1,010 thousand Euros, and Group profit would have been lower by 2,333 thousand Euros.

The determination of fair value of identifiable assets, liabilities and contingent liabilities acquired following the acquisition of the above mentioned company, the final allocation of the purchase consideration and consequently the final determination of goodwill will be finalised within twelve months from the acquisition.

15. ACQUIRED COMPANY GOODWILL - Continued

The total Group goodwill movement is as follows:

Amounts in thousand Euros

	<u>2008</u>	<u>2007</u>
Goodwill as at 01/01	19.199	7.013
Temporary estimated goodwill of acquired companies:		
- MYTILINI QUARRIES S.A.	6.385	0
- BETON DOMH S.A.	8.692	0
- TRANS BETON S.A.	2.086	0
- SKYRODEMA S.A. (acquired fixed assets)	0	1.755
- SYNERGATIKI BETON S.A.	0	288
- KAMBIS QUARRIES S.A.	0	2.554
- SUPER BETON S.A. I. MARKOULAKIS	0	5.899
- SAMARAS QUARRIES S.A.	<u>0</u>	<u>2.335</u>
	17.163	12.831
Provisional fair value adjustments		
- TH. ATHANASSIOU S.A.	0	(270)
- MYTILINI QUARRIES S.A.	(514)	0
- BETON DOMH S.A.	(1.285)	0
- TRANS BETON S.A.	(660)	0
- KAMBIS QUARRIES S.A.	(710)	4
- SUPER BETON S.A. I. MARKOULAKIS	(1.091)	91
- SAMARAS QUARRIES S.A.	<u>(527)</u>	<u>(34)</u>
	(4.787)	(209)
Consideration adjustments:		
- MYTILINI QUARRIES S.A.	31	0
- BETON DOMH S.A.	237	0
- TRANS BETON S.A.	28	0
- SYNERGATIKI BETON S.A.	0	10
- KAMBIS QUARRIES S.A.	0	67
- SUPER BETON S.A. I. MARKOULAKIS	0	64
- SAMARAS QUARRIES S.A.	<u>0</u>	<u>73</u>
	296	214
Goodwill impairment:		
- AEGEAN TERMINALS S.A.	<u>0</u>	<u>(650)</u>
	0	(650)
Goodwill as at 31/12	<u>31.871</u>	<u>19.199</u>

During the period under review, the goodwill of the subsidiaries SUPER BETON I. MARKOULAKI amounting to 4,963 thousand Euros, SAMARAS QUARRIES S.A. amounting to 1,847 thousand Euros and KAMBIS QUARRIES S.A. amounting to 1,917 thousand Euros, were finalised.

From the total temporary estimated goodwill of SUPER BETON I. MARKOULAKI amounting to 6,054 thousand Euros, an amount of 1,455 thousand Euros was allocated to intangible assets as customers' loyalty less the corresponding deferred tax amounting to 364 thousand Euros.

From the total temporary estimated goodwill of SAMARAS QUARRIES S.A. amounting to 2,374 thousand Euros, an amount of 703 thousand Euros was allocated to quarry license, which according to the Group's policies augment the quarries' value, less the corresponding deferred tax amounting to 176 thousand Euros.

From the total temporary estimated goodwill of KAMBIS QUARRIES S.A. amounting to 2,627 thousand Euros, an amount of 947 thousand Euros was allocated to licenses, which according to the Group's policies augment the quarries value, less the corresponding deferred tax amounting to 237 thousand Euros.

16. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiary. The following table shows the relevant items for the years 1/1-31/12/2008 and 1/1-31/12/2007.

Amounts in € thousand	GROUP	COMPANY
COST		
1 January 2007	10.372	7.250
Additions	628	404
Subsidiary acquisition	61	0
Disposals / Write-offs	(128)	0
31 December 2007	10.933	7.654
Subsidiary merge	0	2.033
Additions	228	415
Allocation of G/W to Intangibles	1.455	0
Disposals/Write-offs	(38)	(4)
Transfers from projects in progress	286	0
31 December 2008	12.864	10.098
ACCUMULATED DEPRECIATION		
1 January 2007	9.771	7.206
Depreciation charge	449	107
Subsidiary acquisition	49	0
Disposals/Write-offs	(132)	0
31 December 2007	10.137	7.313
Subsidiary merge	0	1.752
Depreciation charge	583	340
Disposals/Write-offs	(23)	(4)
31 December 2008	10.697	9.401
CARRYING AMOUNT		
31 December 2007	796	341
31 December 2008	2.167	697

17. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years 1/1-31/12/2008 and 1/1-31/12/2007.

Amounts in € thousand

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2007	69.161	254.459	390.546	25.713	20.406	760.285
Impairment of fixed assets	(56)	0	(17)	0	0	(73)
Additions	630	1.092	3.560	3.031	22.754	31.067
Acquisition of subsidiary	29	921	1.934	672	92	3.648
Disposals/Writte-offs	(786)	(486)	(7.040)	(2.315)	(21)	(10.648)
Goodwill allocation	270	0	0	0	0	270
Transfers	976	4.558	17.638	956	(24.128)	0
31 December 2007	70.224	260.544	406.621	28.057	19.103	784.549
Additions	396	262	4.149	2.699	31.269	38.775
Acquisition of subsidiary	544	1.190	1.805	829	0	4.368
Disposals/Writte-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)
Impairment due to revaluation of recoverable amount	0	(1.008)	(165)	(552)	0	(1.725)
31 December 2008	73.076	263.570	425.511	29.539	32.033	823.729
ACCUMULATED DEPRECIATION						
1 January 2007	1.371	50.973	90.422	12.871	0	155.637
Depreciation Charge	523	15.985	26.863	2.579	0	45.950
Acquisition of subsidiary	0	654	1.882	546	0	3.082
Disposals/Writte-offs	0	(23)	(5.825)	(922)	0	(6.770)
Transfers	320	(97)	(336)	113	0	0
31 December 2007	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/Writte-offs	0	(51)	(753)	(795)	0	(1.599)
31 December 2008	2.995	83.957	141.519	16.906	0	245.377
NET BOOK VALUE						
31 December 2007	68.010	193.052	293.615	12.870	19.103	586.650
31 December 2008	70.081	179.613	283.992	12.633	32.033	578.352
Presented in Balance Sheet as:						
Tangible assets	63.500	174.604	283.621	12.633	32.033	566.391
Fixed assets available for sale	6.581	5.009	371	0	0	11.961

In 2008, the management of subsidiary LAFARGE BETON S.A, performed an impairment test for its tangible assets. As a result of this test, both the Group and the subsidiary LAFARGE BETON S.A recognised an impairment loss of €1.725 thousand in 2008 results.

The above assets include the carrying amount of the plot, quarry, machinery, as well as buildings/improvements of the subsidiary LAFARGE BETON S.A. at the Araxos location in Achaia Prefecture, amounting to €3,895 thousand. According to Notary Public deed no. 10114/2003, transfer of ownership of the above plot to LAFARGE BETON S.A. is still outstanding, however the transfer of the demesne has been completed. The Management presumes ownership of property for granted and book value recoverable, although the above impediment has not been remedied yet.

17. TANGIBLE ASSETS - Continued

The following table shows the relevant Company tangible assets movements for the years 1/1-31/12/2008 and 1/1-31/12/2007.

Amounts in € thousand

COMPANY	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST VALUE						
1 January 2007	55.115	239.578	367.149	15.859	17.602	695.303
Impairment of fixed assets	(74)	0	0	0	0	(74)
Additions	31	0	1.440	194	21.660	23.325
Disposals/Write-offs	(675)	(8)	(573)	(457)	0	(1.713)
Transfers	0	4.182	16.629	821	(21.632)	0
31 December 2007	54.397	243.752	384.645	16.417	17.630	716.841
Merge of subsidiary	0	0	4	2.528	0	2.532
Additions	119	0	390	453	30.409	31.371
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
ACCUMULATED DEPRECIATION						
1 January 2007	349	45.790	76.620	5.564	0	128.323
Depreciation Charge	97	15.428	25.581	1.780	0	42.886
Disposals/Write-offs	0	(3)	(181)	(356)	0	(540)
Transfers	0	16	(113)	97	0	0
31 December 2007	446	61.231	101.907	7.085	0	170.669
Merge of subsidiary	0	0	4	2.028	0	2.032
Depreciation charge	59	15.505	26.056	1.286	0	42.906
Disposals/Write-offs	0	(42)	(734)	(547)	0	(1.323)
31 December 2008	505	76.694	127.233	9.852	0	214.284
NET BOOK VALUE						
31 December 2007	53.951	182.521	282.738	9.332	17.630	546.172
31 December 2008	54.284	169.522	270.516	9.061	30.607	533.990
Presented in Balance Sheet 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

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

For this purpose the Company proceeded to relative announcements through the national and international press in the period from 30/11/2008 until 13/12/2008. The procedures for the disposal are still on going.

On the reclassification of the relative Fixed Assets in to Current Assets no impairment on the respective net book value was recognized, because it is less than its fair value less the cost for their sale. The net book value €5.009 thousand of reclassified buildings is analysed in cost €6.650 thousand and accumulated depreciation €1.641 thousand while machinery consist of cost €434 thousand and accumulated depreciation €63 thousand.

The Company owns a collection of artworks, whose current value has been estimated at €4,881 thousand, by a certified art appraisal house. The Company's Management has elected not to recognise the asset in its financial statements.

18. 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:

Name of subsidiary	Registered office	Direct participation	Indirect participation	Total	Main scope of activity
HERACLES GCC	Greece, Lycovrissi, Attica			Parent	Cement manufacture & trade
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	97,58%	2,42%	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%	Metal constructions and mechanical maintenance
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
EKET LTD.	Greece, Lycovrissi, Attica	90,00%	10,00%	100,00%	Cement and concrete production technology
AEGEAN TERMINALS S.A.	Greece, Chalandri, Attica	99,78%		99,78%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	99,97%	0,03%	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
HERACLES GLORY 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
TRANS BETON S.A.	Greece, Thessaloniki		100,00%	100,00%	Concrete production & trade
MYTILINI QUARRIES S.A.	Greece, Mytilini		100,00%	100,00%	Extraction and processing of aggregates
BETON DOMI S.A.	Greece, Kilkis		100,00%	100,00%	Concrete and aggregates production & trade
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		77,00%	77,00%	Dormant
FINDA TRANSPORTS S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Dormant
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	Panama	100,00%		100,00%	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

Companies consolidated using the equity method

Name of Associate	Registered Office	Direct participation	Indirect participation	Total	Main scope of activity
MIHALIS 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)

18. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES - Continued

On 31/12/2008 the merger of AMBER S.A. by HERACLES GCC was completed, by virtue of decision no. K2-15902/31.12.08 of the Perfecture and based on the articles 68-78 of L. 2190/1920 and on the articles 1-5 of L.2166/1993.

On 27/2/2009 by virtue of decision no K2-2030 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 LAFARG BETON S.A was completed, while from 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, on the same way, of SYNERGATIKI BETON.S.A has been completed.

On 28/11/2008 the extraordinary General Assembly of the subsidiary LAFARGE BETON S.A decided the share capital increase of the subsidiary by €20.000 thousand. The capital increase was in order to support the net equity of the subsidiary. The amount was paid in cash on 22/12/2008, totally by the parent Company as the other shareholders (which are also Group subsidiaries), did not take part in the capital increase.

On 31/12/2008 the consolidated dormant subsidiary INTERNATIONAL FLAG, registered in Egypt, was written off.

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

Amounts in € thousand

	COMPANY			COMPANY		
	31/12/2008			31/12/2007		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	78.027	(29.424)	48.603	58.027	(28.520)	29.507
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
AMBER S.A.	0	0	0	192	(192)	0
EKET LTD.	216	0	216	216	0	216
HERACLES MARITIME CO.	5.543	0	5.543	5.544	0	5.544
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	458	(458)	0	458	(458)	0
PORT SAID SILO INVESTMENT COMPANY S.A.	4.880	(4.880)	0	4.880	(4.880)	0
FINDA TRANSPORTS S.A.	756	(756)	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	93.350	(37.602)	55.748	73.543	(36.890)	36.653

The Group's share in associates following its provision for impairment:

Amounts in € thousand

	GROUP	
	31/12/2008	31/12/2007
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	0	0
MICHALIS KATSIMBRIS SA	417	411
Total	417	411

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

18. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES - Continued

Amounts in € thousand

	<u>31/12/2008</u>	<u>31/12/2007</u>
Total Assets	3.803	3.200
Total Liabilities	<u>6.213</u>	<u>5.691</u>
Total Equity	<u>(2.410)</u>	<u>(2.491)</u>
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)
	<u>31/12/2008</u>	<u>31/12/2007</u>
Turnover	3.075	2.695
Profit / (loss)	311	395
Participation in the profit of associated companies	82	105

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

19. OTHER INTERESTS

Other interests include companies which are not consolidated, because they are immaterial.

Amounts in € thousand

		GROUP		COMPANY	
	Share- holding	<u>31/12/2008</u>	<u>31/12/2007</u>	<u>31/12/2008</u>	<u>31/12/2007</u>
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.		<u>(192)</u>	<u>(192)</u>	<u>0</u>	<u>0</u>
Total		<u>55</u>	<u>55</u>	<u>55</u>	<u>55</u>

20. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Merchandise	620	409	424	226
Finished and semi-finished goods	24.531	26.205	20.157	22.682
Less: Obsolescence provision	<u>(1.497)</u>	<u>(1.591)</u>	<u>(1.440)</u>	<u>(1.418)</u>
	23.034	24.614	18.717	21.264
Raw & aux. materials	7.891	5.431	6.283	4.095
Less: Obsolescence provision	<u>(365)</u>	<u>(239)</u>	<u>(43)</u>	<u>(36)</u>
	7.526	5.192	6.240	4.059
Spare parts	45.053	36.613	44.492	35.959
Less: Obsolescence provision	<u>(11.619)</u>	<u>(11.620)</u>	<u>(11.619)</u>	<u>(11.532)</u>
	33.434	24.993	32.873	24.427
Consumables	<u>16.410</u>	<u>5.596</u>	<u>16.217</u>	<u>5.382</u>
Total	<u><u>81.024</u></u>	<u><u>60.804</u></u>	<u><u>74.471</u></u>	<u><u>55.358</u></u>

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

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Balance at the start of year	13.450	8.961	12.986	8.518
Merge of subsidiary	0	0	90	0
Additional provision in the year for finished and semifinished products obsolence	43	155	22	118
Use of provision for finished ans semifinished products	(137)	0	0	0
Additional provision in the year for slow moving raw materials	119	0	0	0
Additional provision in the year for raw materials obsolence	7	0	7	0
Reversal of provision for slow moving raw materials obsolence	0	(16)	0	(10)
Use of provision due to spare part damage	(3)	(1.178)	(3)	(1.168)
Additional provision in the year for spare parts obsolence	2	843	0	843
Additional provision in the year for slow moving spare parts	0	4.685	0	4.685
Total	<u><u>13.481</u></u>	<u><u>13.450</u></u>	<u><u>13.102</u></u>	<u><u>12.986</u></u>

21. 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 Labor Law. There are no other post-retirement benefits. To calculate the Group's above-mentioned constructive 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 represented 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 2008 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 2008) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial losses as at 31/12/2008 amount to €752 thousand and €787 thousand after deferred taxation of €222 thousand and €197 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 from deferred tax on the cumulative actuarial losses of €920 thousand and €918 thousand was recognized directly to Equity of the Group and the Company respectively.

The recognition of the above mentioned actuarial loss decreased the liability for staff retirement compensation and was made directly in the statement of recognised income – expense.

The actuarial losses derive on the one hand from profit of €3,676 thousand and €3,147 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 4.75% to 5.60%, inflation rate from 2.50% to 2.75% and on the other hand from actuarial losses from experiential adjustments totaling €2,924 thousand and € 2,359 thousand for the Group and the Company respectively, which are attributed to the following factors:

- In 2008, the actual average rise in basic pay and allowances increased to 6.8% and 10.7% respectively, against a long-term actuarial assumption of 4.75% for both cases: loss of €1,810 thousand and €1,355 thousand for Group and Company respectively. The Management estimates that in the long term the average rise will be at 4.75%
- The loss of €1,114 thousand and €1,005 thousand for Group and Company respectively, is attributed to population mobility during the year, like retirements, new hiring and mortality.

21. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

	GROUP		COMPANY	
Amounts in € thousand	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Present value of obligation	86.395	100.229	75.116	86.619
Unrecognised past service cost	(143)	(224)	(135)	(213)
Net liability / (asset) in BS	86.252	100.005	74.981	86.406
Amounts recognised in P&L				
Service cost	4.518	4.946	3.825	4.146
Interest cost	4.621	4.556	4.022	3.912
Amortisation of past service cost	56	59	50	57
Regular P&L charge	9.195	9.561	7.897	8.115
Termination loss	35.712	17.444	28.027	12.838
Total P&L charge	44.907	27.005	35.924	20.953
Changes in present value of DBO				
Defined benefit obligation at start of period	100.229	112.089	87.564	96.708
Service cost	4.518	4.946	3.825	4.146
Interest cost	4.622	4.556	4.023	3.912
Benefits paid directly by the Company	(58.286)	(39.385)	(47.508)	(31.612)
Extra payments or expenses / (income)	36.060	17.614	27.999	12.808
Past service cost arising over last period	4	0	0	0
Actuarial loss / (gain)	(752)	409	(787)	657
Defined benefit obligation at end of period	86.395	100.229	75.116	86.619
Analysis of actuarial gain/(loss)				
Gain /(loss) on plan liabilities due to change in assumptions	3.676	3.520	3.147	2.982
Gain /(loss) on plan liabilities due to experiential changes	(2.924)	(3.929)	(2.359)	(3.639)
Actuarial gain/(loss)	752	(409)	788	(657)
Movement in net liability / (asset) in BS				
Net liability / (asset) in BS at the beginning of the period	100.006	111.775	87.351	96.407
Benefits paid directly	(58.286)	(39.385)	(47.508)	(31.612)
Total expense recognised in the income statement	44.907	27.004	35.924	20.954
Net liability / (asset) in BS before adjustment	86.627	99.395	75.767	85.749
Amount recognised in the statement of recognised (income) / expense	(752)	409	(787)	657
Acquisition of new entities	377	201	0	0
Net liability / (asset) in BS	86.252	100.005	74.980	86.406
Included in current liabilities	4.742	6.220	4.109	5.777
Included in non-current liabilities	81.510	93.785	70.872	80.629
Total	86.252	100.005	74.981	86.406

21. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	
Discount rate	5,60%	4,75%	5,60%	4,75%	annual
Salaries increase	4,75%	4,50%	4,75%	4,50%	annual
Allowances increase	4,75%	4,50%	4,75%	4,50%	annual
Inflation rate	2,75%	2,50%	2,75%	2,50%	annual
Average future service	9,74	9,29	9,22	8,82	

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 (5.85%) then the DBO for the Group, would be lower by 1.7% (€1,466 thousand) and for the Company by 1.6% (€1,199 thousand).
- (b) On the other hand, if the discount rate used were 0.25 units lower (5.35%) then the DBO for the Group, would be higher by 1.70% (€1,473 thousand) and for the Company by 1.7% (€1,274 thousand).

22. 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	Other provisions	Total
Amounts in € thousand								
1 January 2007	4.553	709	1.216	0	13.038	0	1.983	21.499
Incorporation of merged subsidiary	30	0	0	0	0	0	150	180
Subsidiary's first consolidation	0	0	0	0	0	0	113	113
Additional provision for the period	55	1.616	878	1.043	0	3.000	15	6.607
Provision for expansion of voluntary staff retirement program	0	0	0	0	13.356	0	0	13.356
Provision for new voluntary staff retirement program	0	0	0	0	18.043	0	0	18.043
Derecognition of voluntary staff retirement program provision	0	0	0	0	(20.635)	0	0	(20.635)
Provision utilised	(703)	(75)	0	0	(5.759)	(323)	(20)	(6.880)
31 December 2007	3.935	2.250	2.094	1.043	18.043	2.677	2.242	32.284
Included in current liabilities	1.343	0	0	0	18.043	987	17	20.390
Included in non-current liabilities	2.592	2.250	2.094	1.043	0	1.690	2.225	11.894
31 December 2007	3.935	2.250	2.094	1.043	18.043	2.677	2.242	32.284
Additional provision for the period	1.352	741	1.106	0	0	0	3.235	6.433
Derecognition of voluntary staff retirement program provision	0	0	0	0	(8.122)	0	0	(8.122)
Provision utilised	(1.188)	(574)	0	0	(9.921)	(1.318)	(235)	(13.236)
Unutilised provision	(20)	0	0	0	0	0	0	(20)
31 December 2008	4.079	2.417	3.200	1.043	0	1.359	5.241	17.339
Included in current liabilities	159	735	0	0	0	500	19	1.413
Included in non-current liabilities	3.920	1.682	3.200	1.043	0	859	5.222	15.926
31 December 2008	4.079	2.417	3.200	1.043	0	1.359	5.241	17.339

22. 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	Other provisions	Total
Amounts in € thousand									
1 January 2007	3.288	433	1.216	5.889	0	13.038	0	855	24.719
Additional provision for the period	46	1.464	878	4.672	1.043	0	3.000	15	11.118
Provision for expansion of voluntary staff retirement program	0	0	0	0	0	13.356	0	0	13.356
Provision for new voluntary staff retirement program	0	0	0	0	0	18.043	0	0	18.043
Derecognition of voluntary staff retirement program provision	0	0	0	0	0	(20.635)	0	0	(20.635)
Provision utilised	(606)	0	0	0	0	(5.759)	(323)	0	(6.688)
31 December 2007	2.728	1.897	2.094	10.561	1.043	18.043	2.677	870	39.913
Included in current liabilities	1.298	0	0	0	0	18.043	987	0	20.328
Included in non-current liabilities	1.430	1.897	2.094	10.561	1.043	0	1.690	870	19.585
31 December 2007	2.728	1.897	2.094	10.561	1.043	18.043	2.677	870	39.913
Additional provision for the period	23	359	1.106	10.437	0	0	0	1.999	13.924
Derecognition of voluntary staff retirement program provision	0	0	0	0	0	(8.122)	0	0	(8.122)
Reversal of provision of impairment and participation in loss of subsidiary	0	0	0	(2.004)	0	0	0	0	(2.004)
Provision utilised	(1.148)	(574)	0	0	0	(9.921)	(1.318)	0	(12.961)
31 December 2008	1.603	1.682	3.200	18.994	1.043	0	1.359	2.869	30.750
Included in current liabilities	110	0	0	0	0	0	500	0	610
Included in non-current liabilities	1.493	1.682	3.200	18.994	1.043	0	859	2.869	30.140
31 December 2008	1.603	1.682	3.200	18.994	1.043	0	1.359	2.869	30.750

Reference is made in note 9 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 €9,040 thousand and €4,926 respectively, for which the estimated eventual loss rises to €2,417 thousand and €1,682 respectively.

The provision for quarry restoration expenses is based on the international experience of LAFARGE Group, the HERACLES GCC 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.

23. DEFERRED TAX RECEIVABLES AND LIABILITIES

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

Amounts in € thousand

GROUP

Deferred taxation from:	1/1/2007	Equity	Acquisition of subsidiary	Year results	31/12/2007	Reclassification for reporting purposes	Equity	Acquisitions	Year results	31/12/2008
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(33.781)	0	585	(3.402)	(36.598)	0	30	(535)	5.284	(31.819)
Provision for doubtful receivables	5.937	0	0	(217)	5.720	0	0	152	(1.068)	4.804
Write-off of unused exports expenses reserve	(466)	0	0	0	(466)	0	0	0	0	(466)
Provision for staff retirement compensation	27.966	99	12	(3.078)	24.999	0	(1.142)	94	(5.457)	18.494
Provision for a bad debt from the Bank of Greece regarding the recovery of penal clauses on foreign exchange regulations	1.457	0	0	(1.457)	0	0	0	0	0	0
Provision for receivable from the Business Restructuring Organisation	2.136	0	0	(1.943)	193	0	0	0	(192)	1
Recognition of financial derivatives	(279)	412	0	73	206	0	1.464	0	123	1.793
Cost of voluntary staff retirement program	1.627	0	0	1.541	3.168	0	0	0	(3.168)	0
Impairment of inventory	1.967	0	0	1.117	3.084	98	0	0	(483)	2.699
Provision for non recoverability of deferred tax assets	0	0	0	0	0	0	0	0	61	61
Amortisation of intangible assets due to goodwill allocation	0	0	0	0	0	0	(364)	0	37	(327)
Other	4.504	0	273	(943)	3.834	(98)	(26)	461	(798)	3.373
Total	11.068	511	870	(8.309)	4.140	0	(38)	172	(5.661)	(1.387)

23. DEFERRED TAX RECEIVABLES AND LIABILITIES - Continued

Amounts in € thousand

COMPANY

Deferred taxation from:	1/1/2007	Equity	Year results	31/12/2007	Merge of subsidiary	Equity	Year results	31/12/2008
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(31.068)	0	(3.264)	(34.332)	0	0	5.087	(29.245)
Provision for doubtful receivables	4.564	0	(263)	4.301	0	0	(1.040)	3.261
Write-off of unused exports expenses reserve	(412)	0	0	(412)	0	0	0	(412)
Provision for staff retirement compensation	24.103	164	(2.665)	21.602	236	(1.114)	(4.866)	15.857
Provision for a bad debt from the Bank of Greece regarding the recovery of penal clauses on foreign exchange regulations	1.457	0	(1.457)	0	0	0	0	0
Provision for receivable from the Business Restructuring Organisation	1.541	0	(1.541)	0	0	0	0	0
Recognition of financial derivatives	(213)	412	73	272	0	1.464	123	1.859
Cost of voluntary staff retirement program	1.627	0	1.541	3.168	0	0	(3.168)	0
Impairment of inventory	1.966	0	1.117	3.083	22	0	(483)	2.622
Other	3.615	(0)	(155)	3.459	9	0	(1.000)	2.469
Total	7.180	576	(6.614)	1.141	267	350	(5.347)	(3.589)

23. DEFERRED TAX RECEIVABLES AND LIABILITIES - Continued

In addition to the deferred tax that is debited to the current profit and loss, deferred tax of €1,142 thousand and €1,114 thousand that concerns actuarial gains recognized during the year and the effect of the future changes in income tax rate on the cumulative actuarial losses, have been credited directly to equity of the Group and the Company respectively as at 31st December 2008. The respective numbers as at 31st December 2007 was €99 thousand and €164 thousand for the Group and the Company. An amount of €1,464 thousand is credited 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 recognized in equity. Respectively, in 2007 deferred tax of €412 thousand has been debited directly to equity of the Group and the Company.

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

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Deferred tax assets	31.163	41.204	26.068	35.885
Deferred tax liabilities	<u>(32.550)</u>	<u>(37.064)</u>	<u>(29.657)</u>	<u>(34.744)</u>
Total	<u>(1.387)</u>	<u>4.140</u>	<u>(3.589)</u>	<u>1.141</u>

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

Amounts in € thousand

	GROUP		COMPANY	
	2008	2007	2008	2007
Provision for voluntary staff retirement program	0	1.343	0	1.343
Prior years tax losses	<u>8.255</u>	<u>2.906</u>	<u>0</u>	<u>0</u>
Unrecognized deferred tax assets	<u>8.255</u>	<u>4.249</u>	<u>0</u>	<u>1.343</u>

On 31 December 2008, Group companies had unused carried forward tax losses of €33.020 thousand (2007: €11.624 thousand). Against the above tax losses the Group does not recognize any deferred tax because Management estimates that they will not be recovered in the future.

On 31 December 2008, Group companies had created provisions for participations impairment amounted to €40,947 thousand (2007: €37,502 thousand) and the Company, respectively, €37,602 thousand (2007: €36,890 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.

24. 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.

The dividend declared in the current period from the previous year's profit 1/1 - 31/12/2007 amounts to €71,083 thousand (€1,00 per share) of which, €56,866 thousand is distributed from the above mentioned year profit, and €14,217 thousand from the period reserves as approved by the General Shareholders' Meeting on 27 June 2008. The payment of the dividend declared for the year ended 31/12/2007 commenced on 9/7/2008.

During the Extraordinary General Meeting of the Company's Shareholders of December 24th 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 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 per share due to the contract for avoiding double taxation between Greece and Spain. The total amount of distributed preliminary dividend is €14,927,368.47 before tax and €14,022,018.99 after tax. The payment of the preliminary dividend started on 24th December 2008.

Additionally, during the Extraordinary General Meeting of the Company's Shareholders of December 24th 2008, the distribution of reserve was decided from taxed profits of previous financial years and of special reserve according to Law 1892/1990 article 23a, amounting to €0.45 per share and net of withholding tax 10%, €0,405 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 per share due to the contract for avoiding double taxation between Greece and Spain. The total distributable amount is €31,987,218.15 before tax and €30,047,183.80 after tax. The payment of the pre-dividend started on January 14th 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 per share, as already is approved by the extraordinary General Assembly of the shareholders dated 24/12/2008 (Note 24 of the Financial Statements).

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

25. SHARE CAPITAL

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

Amounts in € thousand	<u>31/12/2008</u>	<u>31/12/2007</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

26. SHARE PREMIUM

Amounts in € thousand	31/12/2008	31/12/2007
Share premium	<u>1.279</u>	<u>1.279</u>

27. RESERVES

Movements in Group reserves are presented in the tables below:

Amounts in € thousand

GROUP

	1/1/2007	Additions/ (Disposals)	31/12/2007	Additions/ (Disposals)	31/12/2008
Statutory Reserve	27.420	3.054	30.474	3.810	34.284
Special Reserves	6.356	1.894	8.250	(7.073)	1.177
Extraordinary Reserves	79.673	(28.433)	51.240	(42.756)	8.484
Tax-free Reserves	106.152	8.129	114.281	11.948	126.229
	<u>219.601</u>	<u>(15.356)</u>	<u>204.245</u>	<u>(34.070)</u>	<u>170.175</u>

Amounts in € thousand

COMPANY

	1/1/2007	Additions/ (Disposals)	31/12/2007	Merger of subsidiary	Additions/ (Disposals)	31/12/2008
Statutory Reserve	24.216	2.974	27.190	92	3.810	31.092
Special Reserves	6.030	1.894	7.924	0	(7.073)	851
Extraordinary Reserves	67.564	(28.433)	39.131	703	(39.131)	703
Tax-free Reserves	99.422	8.129	107.551	538	11.948	120.037
	<u>197.232</u>	<u>(15.436)</u>	<u>181.796</u>	<u>1.333</u>	<u>(30.446)</u>	<u>152.683</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 2008, after the approval of the General Assemblies of the Group companies, regarding the distribution of profit of the fiscal year 2007, statutory reserves formatted for the Group and the Company amounting to €3,810 thousand.

The statutory reserve of the Company for the year 1/1-31/12/2008 is estimated to amount to €3,340 thousand, after the approval of the financial statements and the proposed dividend distribution from the General Assembly of Shareholders.

27. 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 bulk thereof relates to Special Reserve under article 23A of Law 2892/92 created in 1996 and 1997, to be distributed ten years after it was created 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 € thousand

GROUP

	31/12/2007	Movement	31/12/2008
Tax incentive law 2601/98	36.345	0	36.345
Tax incentive law 1892/90	27.842	0	27.842
Tax incentive law 1828/89	19.207	0	19.207
Tax incentive law 1262/82	3.172	0	3.172
Article 9, Law 2190/20 Committee	1.614	0	1.614
Tax incentive law 1078/71	1.613	0	1.613
Law 2238/94, article 34 para. 5	974	0	974
Tax incentive law 289/76	928	0	928
Tax incentive law 607/68	729	0	729
Tax incentive law 4002/59	210	0	210
Tax incentive law 147/67	178	0	178
Tax incentive law 3299/2004	20.460	11.948	32.408
Other tax-free reserves	1.009	0	1.009
Total	114.281	11.948	126.229

Amounts in € thousand

COMPANY

	31/12/2007	Merger of subsidiary	Movement	31/12/2008
Tax incentive law 2601/98	36.345	0	0	36.345
Tax incentive law 1892/90	25.980	518	0	26.498
Tax incentive law 1828/89	17.649	15	0	17.664
Tax incentive law 1262/82	2.436	0	0	2.436
Article 9, Law 2190/20 Committee	1.614	0	0	1.614
Tax incentive law 1078/71	1.345	0	0	1.345
Tax incentive law 607/68	729	0	0	729
Tax incentive law 4002/59	210	0	0	210
Tax incentive law 147/67	161	0	0	161
Other tax-free reserves	20.450	0	11.948	32.398
	632	5	0	637
Total	107.551	538	11.948	120.037

27. 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 Law 1828/89, 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 Law 1828/89 shall be carried, within three years of its creation, to increase the Company's capital, without any income tax.

In 2008, after the approval of the General Assembly of the Company, regarding the distribution of profit of the fiscal year 2007, tax free reserve of Law 3299/2004 amounting to €11,948 thousand was formatted. The subsidiaries do not formatted any tax free reserves in 2008.

The proposed tax free reserves of the Company for the year 1/1-31/12/2008 amounting to €. 2.240 thousand and is subject to approval of the General Assembly of Shareholders.

28. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

In this note the financial assets and liabilities and their respective financial risks are analyzed.

28.1 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 is new. So far 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 Division, that operates based on procedures, guidelines and directives set out by the Company's and the Group's Management. The Credit Control Division 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 analyzed in note 28.3 together with the policies and methods of the Group for the credit risk management.
- (b) Granted guarantees. The relative maximum risk exposure is analyzed below in note 29 in and specifically paragraph "Granted guarantees".
- (c) Other non-current receivables. The relative maximum exposure to credit risk is analyzed in note 28.2 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 31/12/2008 amounting to €202.250 thousand, while Cash and cash equivalent of the Group on 31/12/2008 amounting to €140.493 thousand, and the Current assets amounting to €400.068 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.

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

28.1 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 \$ thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cash and cash equivalents	90	589	74	585
Receivables	8.927	6.500	8.537	6.432
Payables	(5.839)	(6.426)	(5.515)	(5.990)
Net receivables / (payables)	<u>3.178</u>	<u>663</u>	<u>3.096</u>	<u>1.027</u>
Ισοτιμία προς Ευρώ				
US Dollar	1,3917	1,4721	1,3917	1,4721

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Cash and cash equivalents	65	400	53	397
Receivables	6.415	4.415	6.134	4.369
Payables	(4.196)	(4.365)	(3.963)	(4.069)
Net receivables / (payables)	<u>2.284</u>	<u>450</u>	<u>2.225</u>	<u>698</u>

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

28.1 FINANCIAL RISK FACTORS – Continued

Exchange rate risk - Continued

Regarding the hedging of exchange rate risk, the Company has concluded forward contract of US Dollar purchase. Below an analysis is presented of the contracts and the respective period of the US Dollar purchase. The Company is following the Group LAFARGE policy to hedge at least the 90% of the total foreign exchange risk.

Amounts in thousand

Contract period	Average forward rate	Dollars purchase	Value in Euro
up to 31/3/2009	1,3938	5.500	3.956
1/4 - 30/6/2009	1,3663	11.070	8.117
1/7 - 30/9/2009	1,3527	5.569	4.122
1/10 - 31/12/2009	1,3590	1.000	736

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 31/12/2008 Group short term loans amounted to €32,645 thousand, while long term loans amounted to €3,705 thousand.

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 28.6 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 28.6 below).

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

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

28.1 FINANCIAL RISK FACTORS – Continued

Risk of fuel, freight and electric power prices increase - Continued

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 thousand

SENSITIVITY ANALYSIS 2008						
% variance	+ 30%	+ 25%	+ 20%	+ 15%	+ 10%	+ 5%
Coal	± 7.057	± 5.881	± 4.705	± 3.528	± 2.352	± 1.176
Petcoke	± 12.890	± 10.742	± 8.593	± 6.445	± 4.297	± 2.148
Freight	± 1.898	± 1.582	± 1.266	± 949	± 633	± 316
Electric power	± 15.476	± 12.897	± 10.317	± 7.738	± 5.159	± 2.579
Total	± 37.321	± 31.101	± 24.881	± 18.661	± 12.440	± 6.220

28.2 NON-CURRENT RECEIVABLES

Non-current receivables are analyzed as follows:

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Present value of intercompany notes receivable	0	0	2.826	3.358
Present value of prepaid rents	2.826	3.358	0	0
Guarantee deposits (PPC, rents etc)	4.973	4.382	4.681	4.073
Other non-current receivables	282	165	0	0
Other non-current intercompany receivables	0	0	25.000	33.500
Provision for non-current receivables	(2.912)	(3.444)	(2.826)	(3.358)
Total	5.169	4.461	29.681	37.573

Non-current intercompany receivables concern a loan agreement between the parent Company AGET HERACLES and its subsidiaries EVIESK SA. The amount of this intercompany loan is €25,000 thousand (2007: €13,500 thousand). During the period under review, subsidiary LAFARGE BETON S.A. repaid the full amount of its intercompany loan with the parent company amounting to €20,000 thousand. As intercompany balances, these receivables are considered of low credit risk and their book value approximates their fair value.

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

The guarantee deposits and the intercompany receivables are considered of low credit risk, because their recovery is under the control of the Group, so the maximum exposure in credit risk of the Group and Company "non current assets" is immaterial.

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

28.3 TRADE AND OTHER CURRENT RECEIVABLES

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

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Trade receivables net of intercompany	194.391	192.955	155.270	159.251
Intercompany receivables	0	0	11.087	10.034
	194.391	192.955	166.357	169.285
Bad debt provision for trade receivables	(46.188)	(44.649)	(38.330)	(37.216)
	148.203	148.306	128.027	132.069
Other short term intercompany receivable	0	0	0	507
Claim from IRO	9.323	9.323	6.264	6.163
Short term tax receivable	859	2.382	9	1.279
Other debtors net of intercompany	16.437	8.902	5.883	1.342
Prepaid expenses	1.059	4.706	677	3.925
Receivables from the Greek State	7.501	7.332	7.501	7.214
Bad debt provision for other receivables	(18.465)	(18.662)	(15.684)	(15.378)
	16.714	13.983	4.649	5.052
Total trade and other receivables	164.917	162.289	132.676	137.121

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

Amounts in € thousand

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Doubtful customers				
Opening balance	44.649	43.365	37.216	36.230
Merger of subsidiary	0	0	100	0
Additional provision from acquired subsidiary	430	118	0	0
Additional provision in 2007	1.277	1.477	1.114	1.288
Reversal of unused provision	(67)	(7)	0	0
Use of provision	(100)	(305)	(100)	(302)
Closing balance	46.188	44.649	38.330	37.216
Doubtful debtors				
Opening balance	18.662	19.740	15.378	16.597
Merge of subsidiary	0	0	101	0
Additional provision in the period	455	796	337	594
Reclassification from long term provisions	532	0	532	0
Reversal of unused provision	(1)	0	0	0
Use of provision	(1.183)	(1.874)	(664)	(1.813)
Closing balance	18.465	18.662	15.684	15.378
Total bad debt provision	64.654	63.311	54.014	52.594

28. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**28.3 TRADE AND OTHER CURRENT RECEIVABLES - continued**

In 2008, the average credit period offered to Group customers for sales of goods was 64 days (67 days in 2007). Respectively for the Company in 2008, the average credit period offered to its customers for sales of goods was 62 days (67 days in 2007).

The management considers that the net carrying amount of trade and other receivables as at 31/12/2008 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 Division and after evaluating the client's financial condition, Group's Credit Control Division sets credit limits per customer and implements specific sales and collections terms.

Clients' financial condition is monitored and evaluated continuously from Group's Credit Control Division, 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 monthly 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 recognizes 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' collectibility 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 realized 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 realized based on proposals and approvals from 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).

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

28.3 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 € thousand

	GROUP	
	31/12/2008	31/12/2007
Total receivables	229.570	225.600
Minus:		
Bad Debt provisions	64.653	63.311
Third parties cheques	27.082	28.152
Collaterals	840	840
Bank Warranties	4.337	4.880
Prenotices for mortgage	702	702
Related party receivables	7.839	8.851
Maximum exposure to credit risk	124.117	118.864

Amounts in € thousand

	COMPANY	
	31/12/2008	31/12/2007
Total receivables	186.690	189.715
Minus:		
Bad Debt provisions	54.014	52.594
Third parties cheques	20.321	22.541
Collaterals	840	840
Bank Warranties	3.618	4.161
Prenotices for mortgage	702	702
Intercompany receivables	11.087	10.034
Related party receivables	7.117	8.260
Maximum exposure to credit risk	88.991	90.583

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

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

28.3 TRADE AND OTHER CURRENT RECEIVABLES - Continued

Credit Risk from trade and other current receivables - Continued

In the tables below is presented the receivables ageing analysis and the relative bad debt provision:

Amounts in € thousand

	GROUP					
	31/12/2008			31/12/2007		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	35.179	18.465	16.714	32.645	18.662	13.983
Trade receivables	137.917	0	137.917	134.440	0	134.440
Overdue analysis						
01--30	11.397	6.913	4.484	8.247	2.336	5.911
31--60	4.082	1.447	2.635	2.828	0	2.828
61--90	2.733	1.008	1.725	1.218	4	1.214
91--120	2.389	946	1.443	904	0	904
121--180	2.654	2.654	0	950	779	171
181--360	2.139	2.139	0	2.039	2.026	13
361+	31.081	31.081	0	42.329	39.504	2.825
Total	229.570	64.653	164.917	225.600	63.311	162.289

Amounts in € thousand

	COMPANY					
	31/12/2008			31/12/2007		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	20.333	15.684	4.649	19.923	14.871	5.052
Intercompany other receivables	0	0	0	507	507	0
Trade receivables	118.009	0	118.009	119.267	0	119.267
Intercompany trade payables	11.087	1.069	10.018	10.034	1.164	8.870
Overdue analysis						
01--30	6.913	6.913	0	4.767	2.336	2.431
31--60	1.447	1.447	0	933	0	933
61--90	1.008	1.008	0	510	0	510
91--120	756	756	0	58	0	58
121--180	1.448	1.448	0	199	199	0
181--360	1.622	1.622	0	957	957	0
361+	24.067	24.067	0	32.560	32.560	0
Total	186.690	54.014	132.676	189.715	52.594	137.121

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

28.4 CASH, CASH EQUIVALENTS AND BANK LOANS

Cash and cash equivalents

Cash and cash equivalents comprise Group and Company cash on hand, short-term deposits with initial term of one month or less and Company term deposits with average 2008 interest rate of 2.70% (2007: 3.72%). The management considers that the carrying amount of cash in hand approximates their fair value.

Bank loans

The Group has concluded bank loans and overdrafts with a weighted average 2008 interest rate of: 4.80% (2007: 5.85%). All bank loans are denominated in Euro.

Specifically, the total short-term loans amount to €32,645 thousand, of which €25,000 thousand related to the subsidiary LAFARGE BETON S.A., €5,120 thousand relates to EVIESK S.A., €487 thousand relates to subsidiary BETON DOMI S.A., €2,035 thousand relates to the parent Company (coming from the AMBER SA merge) and €3 thousand relates to MYTILINI QUARRIES S.A..

The long term loan of the Group amounting to €3,705 thousand, relates to the subsidiary BETON DOMH S.A. with its due date in 2016. The intercompany loans are included in the Balance Sheet line "Other non-current receivables" of the Company which is analysed in the note 28.2.

28.5 SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors break down as follows:

Amounts in € thousand	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Suppliers excluding intra-company balances	85.845	63.365	68.312	48.981
HERACLES Group Companies	0	0	7.380	7.042
	85.845	63.365	75.692	56.023
Payables to personnel	4.827	4.297	4.317	4.222
Social security payables	6.151	5.720	4.354	4.299
Income tax payable	10.608	6.311	8.552	4.157
Other creditors excluding intra-company balances	19.022	12.530	12.473	7.323
Other creditors HERACLES Group Companies	0	0	6.532	3.604
Total suppliers and other creditors	126.453	92.223	111.921	79.628

In the comparative figures of 2007, amount €3.604 thousand Euros has been reclassified from "Heracles Group Companies" to "Other Creditors Heracles Group Companies" for presentation reasons.

Suppliers and other creditors mostly relate to purchases of raw materials, fuel and consumables, as well as various operating costs. In 2008, the average credit period for the Group's operating purchases was 47 days (39 days in 2007) and respectively the Company's operating purchases in 2008 was 47 days (38 days in 2007).

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.

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

28.6 DERIVATIVES FINANCIAL INSTRUMENTS

Amounts in € thousand

	31/12/2008		31/12/2007	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	215	(976)	0	(1.128)
Commodities forward contracts	1.416	(8.443)	39	0
	1.631	(9.419)	39	(1.128)
Split to:				
Long term	944	(6.832)	0	0
Short term	687	(2.587)	39	(1.128)
	1.631	(9.419)	39	(1.128)

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 2008 the fair value of the foreign currency forward exchange contracts amounts to a receivable of €215 thousand and a liability of €976 thousand (31/12/2007: the fair value of the foreign currency forward exchange contracts amounts to a liability of €1,128 thousand). Changes in the fair value of foreign currency forward exchange contracts that are designated and effective as hedges of risks are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. For the fiscal year 2008 a loss of €308 thousand was recognized in the income statement (2007: recognized a loss of €245 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 2008 the fair value of commodity forward contracts amounts to a receivable of €1,416 thousand and to a liability of €8,443 thousand. On 31 December 2007 the fair value of commodity forward contracts amounted to a receivable of €39 thousand. Amounts are based on the market prices of the respective derivatives on the balance sheet date.

Changes in the fair value of commodity derivative contracts that are designated and effective as hedges of risks are recognised directly in equity and the ineffective portion is recognised immediately in the income statement. For the fiscal year 2008 and the prior year 2007, the ineffective portion was immaterial.

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

28.6 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 € thousand	<u>31/12/2008</u>	<u>31/12/2007</u>
Hedging reserve opening balance	(633)	489
Gain/(loss) recognised on cash flow hedges:		
Foreign currency forward exchange contracts	(208)	(883)
Commodities forward contracts	(6.844)	39
Deferred tax related to gains/losses recognised in equity	1.763	211
Transferred to retained earnings:		
Foreign currency forward exchange contracts	883	0
Commodities forward contracts	(39)	(651)
Deferred tax related to gains/losses recognised in equity	(299)	162
Hedging reserve closing balance	<u>(5.377)</u>	<u>(633)</u>

The 2007 figures have been reclassified for reporting purposes.

28.7 OBLIGATIONS UNDER FINANCE LEASES

As at 31/12/2008, the subsidiary LAFARGE BETON S.A., leases: four (4) mixers, one (1) pump, one (1) tractor and one (1) truck, pursuant to six (6) finance leasing contracts along with office equipment.

The term of the above leases is sixty (60) months, (except the office equipment contract which is thirty six (36) months) four of which will expire in 2009 and the remaining two in 2010.

The subsidiary EVIESK leases a bus. The term of this lease is sixty (60) months. The interest is approximately 8%.

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

28.7 OBLIGATIONS UNDER FINANCE LEASES - Continued

Amounts in € thousand	Minimum payments		Present value of minimum payments	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Amounts payable:				
Within one year	585	138	143	126
Within two to five years	278	124	679	120
	863	262	822	246
Less: Unearned interest expense	(41)	(16)		
Present value of finance lease liabilities	822	246	822	246
Less: Amounts payable within the year (showing in current obligations)			(143)	(126)
Finance leases			679	120

Every obligation arising from financial leasing contracts is in Euro.

The Management estimates that the fair value of the financial leasing obligations does not differ from the book value.

29. CONTINGENT ASSETS AND LIABILITIES

Company disputes under litigation or arbitration

On 31/12/2008, there were pending lawsuits against the Group amounting to €47,351 thousand (31/12/2007: €36,665 thousand), out of which the pending lawsuits against the Company amount to €34,126 thousand (31/12/2007: €34,144 thousand), which are being tried. 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 €25,301 thousand, out of which the maximum risk from the final decisions on the cases of the Company amounts to €20,021 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:

- Lawsuit for loss of freight of approximately €2,462 thousand, with estimated maximum risk of €936 thousand.
- Lawsuit for loss of vessel and loss of profit to the amount of €18,132 thousand, with estimated maximum risk of €9,066 thousand
- Lawsuit for counterclaim from environmental cost of €4,255 thousand, with estimated maximum risk of €3,404 thousand.

29. CONTINGENT RECEIVABLES AND LIABILITIES - Continued**Company disputes under litigation or arbitration-continued**

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 thousand and €1,885 thousand respectively. No provision has been made in the financial statements for these cases, as it is unlikely that such risk will eventually occur.

Unaudited years

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

Company	Registered Office	Unaudited tax years
HERACLES GCC	Greece, Lycovrissi, Attica	2007-2008
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	2006-2008
ATLAS S.A.	Greece, Kallithea, Thessaloniki	2007-2008
EVIESK S.A.	Greece, Lycovrissi, Attica	2005-2008
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	2005-2008
LAVA S.A.	Greece, Lycovrissi, Attica	2006-2008
AMBER S.A.	Greece, Lycovrissi, Attica	2007-2008
EKET LTD.	Greece, Lycovrissi, Attica	2007-2008
AEGEAN TERMINALS S.A.	Greece, Chalandri, Attica	2007-2008
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	Greece, Lycovrissi, Attica	2007-2008
G. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2008
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2008
DYSTOS SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1996-2008
NAFSIKA SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2008
HERACLES GLORY SOC. NAV. (dormant)	Greece, Lycovrissi, Attica	1998-2008
SYNERGATIKI BETON S.A. (absorbed by LAFARGE BETON S.A.)	Greece, Lamia	2007-2008
TRANS BETON MACEDONIA S.A.	Greece, Arta	2007-2008
SUPER BETON S.A. I MARKOULAKIS	Greece, Heraclion, Crete	2007-2008
SAMARAS QUARRIES	Greece, Athens Attica	2007-2008
MYTILINI QUARRIES S.A.	Greece, Lesvos	2007-2008
BETON DOMI S.A.	Greece, Kilis	2007-2008
MICHALIS KATSIBRIS	Greece, Heraclion, Crete	2007-2008
INVESTMENT SILO PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	1995-2008
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. (under liquidation)	Greece, Lycovrissi, Attica	1993-2008
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete	2007-2008
ALEXANDRIA SILO INVESTMENT COMPANY S.A. (under liquidation)	Panama	*
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.

Tax audit of the liquidated naval company PONTOPOROS for the years 2000 – 2004 is in progress.

29. CONTINGENT RECEIVABLES AND LIABILITIES - continued***Unaudited years - Continued***

The tax audit of LAFARGE BETON S.A. for the years 2001-2005 has been completed. Additionally, the tax audit of HERACLES SHIPPING for years 2002-2004 has been completed. From the finalisation of the above tax audits the Group suffered a loss of €5,886 thousand out of which an amount of €3,633 thousand is presented in the income tax, while an amount of €2,270 thousand which concerns interest charges, burdens the financial expenses.

As regards to the 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 been finalized yet. At any rate, 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 Law 1892/1990.

For the financial years 1999-2002, of AGET HERACLES, tax audits have been performed but are not finalized.

The tax obligations of the Group companies shall be finalized 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 in 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 31/12/2008 and on 31/12/2007:

Amounts in thousand Euros

	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Granted guarantees	5.049	5.084	3.564	4.227
Intercompany granted guarantees	0	0	1.923	0

29. CONTINGENT RECEIVABLES AND LIABILITIES - Continued***Commitments for purchases and capital expenditure***

Purchase and capital expenses contracts, in force on 31/12/2008 and on 31/12/2007, are analyzed below:

Amounts in thousand Euros	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Purchase contracts	97.145	70.907	132.513	117.363
Capital expenditure contracts	8.725	10.250	6.856	10.412

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

Amounts in thousand Euros	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Within one year	17.328	11.832	284	65
Within two and up to five years	26.264	25.489	1.950	2.069
Over five years	1.848	909	319	384
	<u>45.440</u>	<u>38.230</u>	<u>2.553</u>	<u>2.518</u>

30. OPERATING LEASES

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

The Group / Company as Lessee

amounts in € thousands	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Lease payments for land and quarries	3.400	3.629	595	620
Lease payments for buildings	1.033	754	262	288
Lease payments for residences	339	358	339	358
Lease payments for port facilities	25	47	25	47
Lease payments for ships	18.125	16.592	0	0
Lease payments for machinery & equipment	56	199	55	14
Lease payments for means of transportation	1.246	1.198	816	767
Other	88	200	26	43
Operating lease payments recognised as an expense in the income statement	<u>24.310</u>	<u>22.977</u>	<u>2.118</u>	<u>2.137</u>

31. EVENTS AFTER THE BALANCE SHEET DATE

The following case concerns subsidiary company “LAFARGE BETON S.A.”

- 1) The Company participates in a joint venture in the company “LEADER BETONSHA” in Albania. The share capital of the company amounts to 2.000.000 Albanian Lek. LAFARGE BETON participates with 51% (1.020 shares amounting to 1.020.000 Albanian Lek and € 8.240,43). Shareholder of the 49% (980 shares amounting to 980.000 Albanian Lek) is an individual. The Article of Association of the company signed on 31/12/2008. The company declared its operation to the Albanian tax authorities on 7/1/2009.
- 2) As already mentioned in note 18, on 27/2/2009 by virtue of decision no K2-2030 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 LAFARG BETON S.A was completed.

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

32. RELATED PARTY TRANSACTIONS

Transactions between associates

For the Group, associates 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 thousand Euros

GROUP	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 -	1/1 -	1/1 -	1/1 -	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Group HERACLES associates	1.015	619	53	66	156	122	0	0
Parent company LAFARGE S.A.	1.119	841	625	681	18	0	443	4.363
Group LAFARGE associates	103.159	83.122	4.310	3.187	7.665	8.729	28.344	291
Franchise rights to LAFARGE S.A.	0	0	10.303	8.540	0	0	0	0
Total	105.293	84.582	15.291	12.474	7.839	8.851	28.787	4.654

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 thousand Euros

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1 -	1/1 -	1/1 -	1/1 -	31/12/2008	31/12/2007	31/12/2008	31/12/2007
	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007	31/12/2008	31/12/2007
HERACLES Group Companies	35.928	35.065	33.550	49.404	35.117	44.116	13.912	10.646
Parent company LAFARGE S.A.	1.119	838	604	677	9	0	443	4.360
Group LAFARGE associates	99.316	80.142	3.396	2.693	7.108	8.260	27.522	0
Franchise rights to LAFARGE S.A.	0	0	10.303	8.540	0	0	0	0
Total	136.364	116.045	47.853	61.314	42.234	52.376	41.877	15.006

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

32. 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 thousand Euros

	GROUP		COMPANY	
	1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Current benefits	2.651	3.210	1.528	1.902
Provision for retirement compensation and paid compensations	439	2.109	54	1.383
BoD members attendance fees	287	260	269	242
	<u>3.377</u>	<u>5.579</u>	<u>1.850</u>	<u>3.527</u>

Amounts in thousand Euros

	GROUP		COMPANY	
	1/1- 31/12/2008	1/1- 31/12/2007	1/1- 31/12/2008	1/1- 31/12/2007
Prepayments of expenses to Management to be refunded and BoD Members	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables/ (obligations) to Management and BoD Members	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

WEBSITE

The annual financial statement, the audit reports of the certified public accountants and the Board of Directors Reports of the société 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.aget.gr and specifically in the area “ Investors Relations/ Financial Statements and Reports”

INDEX OF COORPORATE ANNOUNCEMENTS

The table below includes the Corporate Announcements, continuing from the previous table as published in the Company's 2007 Annual Report

General Meeting Convocations and Decisions		
24/12/2008	Resolutions of the Extraordinary Shareholders General Meeting, 24/12/2008	www.aget.gr/Corporate Info / Latest News
27/11/2008	Invitation for he Extraordinary Shareholders General Meeting, 24/12/2008	www.aget.gr/Corporate Info / Latest News
Dividend Allocation and Payment		
19/12/2008	Clarification regarding pre-dividend distribution	www.aget.gr/Corporate Info / Latest News
27/06/2008	Announcement for payment of dividend for the financial year 2007	www.aget.gr/Corporate Info / Latest News
Other announcements published on the ATHEX Daily Official List		
24/12/2008	Announcement concerning the appointment of Maria – Isabella Chatzipli as Legal Services and Real Estate General Manager	www.aget.gr/Corporate Info / Latest News
19/12/2008	Announcement concerning the notification of Lafarge for its participation in Heracles	www.aget.gr/Corporate Info / Latest News
02/12/2008	Revised Announcement concerning the resolution of the BoD of Heracles held on 27/11/2008	www.aget.gr/Corporate Info / Latest News
27/11/2008	Resolution of the BoD of Heracles.	www.aget.gr/Corporate Info / Latest News
03/07/2008	Announcement concerning the change of the professional state of its BoD' independent non-executive member, Ch. Sorotos	www.aget.gr/Corporate Info / Latest News
25/06/2008	Amendments' and codification draft of Articles of Association	www.aget.gr/Corporate Info / Latest News
25/06/2008	Announcement of the amendments' draft of the Company's Articles of Association	www.aget.gr/Corporate Info / Latest News
Press Releases		
05/03/2009	ATHLOS – The evolution of multipurpose bagged cement by Heracles	www.aget.gr/Corporate Info / Latest News
28/01/2009	Head Office as per the principles of sustainable construction	www.aget.gr/Corporate Info / Latest News
11/11/2008	Heracles among the founding members of the Greek Council for Sustainable Development	www.aget.gr/Corporate Info / Latest News
01/10/2008	Pierre Deleplanque appointed CEO of Heracles	www.aget.gr/Corporate Info / Latest News
26/08/2008	Press Release regarding changes in Heracles Board	www.aget.gr/Corporate Info / Latest News
27/06/2008	Press Release regarding the resolutions of the Ordinary General Meeting of Heracles held on 27 th June 2008	www.aget.gr/Corporate Info / Latest News
Financial Results		
27/11/2008	Financial Results for the nine – month period of 2008	www.aget.gr/Corporate Info / Latest News
28/08/2008	Financial results for half year period of 2008	www.aget.gr/Corporate Info / Latest News

Financial Statements		
11/03/2009	Data and information of the subsidiary EKET S.A. in brief at 31.12.2008	www.aget.gr/ Investor Relations/Financial Statements
11/03/2009	Annual Financial Statements of the subsidiary EKET S.A. at 31.12.2008	www.aget.gr/ Investor Relations/Financial Statements
27/11/2008	Interim financial statements of Heracles general Cement Co and Heracles Group at 30.09.2008	www.aget.gr/ Investor Relations/Financial Statements
27/11/2008	Financial data and information of Heracles General Cement Co and Heracles Group at 30.09.2008	www.aget.gr/ Investor Relations/Financial Statements
29/08/2008	Half year financial results	www.aget.gr/ Investor Relations/Financial Statements
29/08/2008	Data and information of Heracles General Cement Co and Heracles Group at 30.06.2008	www.aget.gr/ Investor Relations/Financial Statements
20/06/2008	Book of Facts 2007	www.aget.gr/ Investor Relations/Financial Statements
19/06/2008	More data of the published financial statement "Data and information of Heracles General Cement Co and Heracles Group at 31.03.2008"	www.aget.gr/ Investor Relations/Financial Statements
27/05/2008	Interim Financial Statements of Heracles General Cement Co and Heracles Group at 31.03.2008	www.aget.gr/ Investor Relations/Financial Statements
27/05/2008	Data and information of Heracles General Cement Co and Heracles Group at 31.03.2008	www.aget.gr/ Investor Relations/Financial Statements

FINANCIAL DATA AND INFORMATION FOR THE PERIOD FROM 1 JANUARY 2008 TO 31 DECEMBER 2008

(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, deriving from Financial Statments, aim to provide for a general overview of the financial position and the results of the Group and the Company HERACLES G.C.C.Co. S.A. Therefore we sugest to readers, before proceeding to any investment decision or other transaction with the Copmany, to refer to the web site of the Company where financial statements are published, as well as the auditors’ opinion. Indicatively, readers may visit the Company’s website where all the mentioned information is available.

COMPANY’S INFORMATION	
COMPANY’S REGISTERED ADDRESS	: 49-51 SOPHOCLI VENIZELOU STR, 14123 LYCOVRISSI, ATTICA
COMPANIES REG. NO.	: 13576/06/B/86/096
QUALIFIED PREFECTURE	: MINISTRY OF DEVELOPMENT - Department of Societe Anonyme and Trust
BOARD OF DIRECTORS COMPOSITION	: 1. Manolis Ch. Kyprianides - Chairman 2. Peter Hoddinott - Vice Chairman 3. Pierre Deleplanque - Managing Director 4. Jean-Charles Blatz- Member 5. Jean-Jacques Gauthier - Member 6. Ulrich Glaunach - Member 7. Didier Petetin - Member 8. Christos Sorotos - Member 9. Agisilaos Karampelas - Member
FINANCIAL STATEMENTS APPROVAL DATE BY THE BOARD OF DIRECTORS	: March 27th 2009
COMPANY’S WEBSITE	: www.aget.gr
CERTIFIED PUBLIC ACCOUNTANTS	: NICOLAOS K. SOFIANOS (REG. No: ICPA (GR) 12231) - MICHAEL E. KARAVAS (REG. No: ICPA (GR) 13371)
AUDIT FIRM	: DELOITTE. - HADJIPAVLOU, SOFIANOS & CAMBANIS SA.- REG. No: ICPA (GR): E 120
TYPE OF AUDIT REPORT	: UNQUALIFIED

BALANCE SHEET				
All amounts in € thousand	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
ASSETS				
Tangible assets	566.391	586.650	522.029	546.172
Intangible assets	34.038	19.995	697	341
Other non current assets	10.439	10.578	86.428	75.422
Inventories	81.024	60.804	74.471	55.358
Trade receivables	164.917	162.289	132.676	137.121
Other current assets	1.673	784	687	39
Fixed assets available for sale	11.961	0	11.961	0
Cash & cash equivalents	140.493	149.926	123.359	132.521
TOTAL ASSETS	1.010.936	991.026	952.308	946.974
LIABILITIES & EQUITY				
Share capital	142.165	142.165	142.165	142.165
Other equity figures	552.628	615.800	543.325	594.469
Total Shareholders’ equity (a)	694.793	757.965	685.490	736.634
Minority Interest (b)	0	0	0	0
Total Equity (c) = (a) + (b)	694.793	757.965	685.490	736.634
Provisions/ Other non current liabilities	113.893	107.310	111.521	100.214
Short term bank loans	32.645	2.068	2.035	0
Other current liabilities	169.605	123.683	153.262	110.126
Total Liabilities (d)	316.143	233.061	266.818	210.340
TOTAL EQUITY AND LIABILITIES (c) + (d)	1.010.936	991.026	952.308	946.974

STATEMENT OF CHANGES IN EQUITY				
All amounts in € thousand	GROUP		COMPANY	
	31/12/2008	31/12/2007	31/12/2008	31/12/2007
Beginning of the year (01/01/2008 and 01/01/2007 respectively)	757.965	762.640	736.634	740.210
Profit for the year after tax	59.959	67.834	71.925	69.122
Dividends	(117.997)	(71.083)	(117.997)	(71.083)
Derivatives valuation net of deferred tax	(4.744)	(1.122)	(4.744)	(1.122)
Actuarial gain / (losses) net of deferred tax	(390)	(308)	(328)	(493)
Other equity movements	0	4	0	0
End of the year (31/12/2008 and 31/12/2007 respectively)	694.793	757.965	685.490	736.634

ADDITIONAL DATA AND INFORMATION

1. The basic accounting principals used, are consisted to those followed in the 31 December 2007 published annual financial statements of the Group and Company.

There are some reclassifications to the already published accounts, in Group balance sheet without any effect in the accounts of Sales, Profit after tax and to minority and shareholders' net equity.

There is an analysis of these reclassifications in page 22 of the annual Group and Company finacial statements for the year ended 31st December 2008.

2. On April 11, 2008, the subsidiary LAFARGE BETON S.A. acquired the 100% of shares and the respective voting rights of the company MYTILINI QUARRIES S.A. that operates in the Aggregates segment (production and merchandising).

On September 1, 2008, the subsidiary LAFARGE BETON S.A. acquired the 100% of shares and the respective voting rights of the company BETON DOMH S.A. that operates in the Aggregates segment (production and merchandising).

On October 16, 2008 the subsidiary LAFARGE BETON S.A. acquired the 100% of shares and the respective voting rights of the company TRANS BETON S.A.

The above mentioned company operates in aggregates segment withn one production unit.

The above mentioned acquisitions do not effect more than 25% the account of sales, profit after tax and minority interests and shareholders' net equity of the Company and the Group.

There is a detailed anlysis concerning the acquisition in note 15 of the annual financial statements.

3. The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2008, 88,99% of the issued share capital of HERACLES GCC, prepares Consolidated Financial Statements including the Financial Statements of the Group, using the full consolidation method.

4. The unaudited by tax authorities fiscal years of the Group companies are described in note 29 of the annual financial statements.

5. 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 thousand and €1.885 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 2008, there are pending lawsuits against the Group amounting to €47.351 thousand of which €34.126 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 €25.301 thousand of which €20.021 thousand relate to the maximum risk from the final decisions on the Company's cases. No relative provision has been made in these Financial Statements, as it is unlikely that such risk will eventually occur.

Furthermore, as at December 31, 2008 there are pending lawsuits against the Group amounting to €9.040 thousand of which €4.926 thousand relate to pending lawsuits against the Company that are being handled legally, and their outcome as estimated by management, will be probably negative. The maximum risk from the final decisions on the above cases is estimated at €2.417 thousand of which €1.682 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 as described in the table below:

Amounts in € thousand	GROUP	COMPANY
Provisions for legal litigation	2.417	1.682
Provision for staff retirement	86.252	74.981
Other provisions	14.922	29.068
Total provisions	103.591	105.731

6. The number of employees for the Group and the Company as at 31 December 2008, is 2.185 (31/12/2007: 2.380) and 1.512 (31/12/2007: 1.697) respectively.

7. Transactions and balances between the Company and its related parties are disclosed below according to IAS 24:

Amounts in € thousand	GROUP	COMPANY
Income from related parties	105.293	136.364
Expenses from related parties	15.291	47.853
Receivables from related parties	7.839	42.234
Payables to related parties	28.787	41.877
Salaries and expenses of General managers and BoD members	3.377	1.850
Receivables from General managers and BoD members	0	0
Payables to General managers and Bod members	0	0

8. Income and expenses recognized directly to Equity are as follows:

Amounts in € thousand	GROUP		COMPANY	
	31/12/08	31/12/07	31/12/08	31/12/07
Gain / (loss) on valuation of derivatives net of deferred tax	(4.744)	(1.122)	(4.744)	(1.122)
Actuarial gain / (losses) of staff retirement compensation provision, net of deferred tax	(390)	(308)	(328)	(493)
Total income / (expenses) recognised directly to Equity	(5.134)	(1.430)	(5.072)	(1.615)

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

10. Post Balance Sheet Events:

1) The Company participates in a joint venture in the company "LEADER BETON SHA" in Albania. The share capital of the company amounts to 2.000.000 Albanian Lek. LAFARGE BETON participates with 51% (1.020 shares amounting to 1.020.000 Albanian Lek and € 8.240,43). Shareholder of the 49% (980 shares amounting to 980.000 Albanian Lek) is an individual. The Article of Association of the company signed on 31/12/2008. The company declared its oparetion to the Albanian tax authorities on 7/1/2009.

2) As it is mentioned in note 18 of the financial statements, on February 27, 2009 by virtue of decision no K2-2030 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 LAFARG BETON S.A was completed, with balance sheet transition date February 29, 2008.

11. The name, the registered address, the consolidation method and the direct and indirect percentage of participation of the parent company in the consolidated companies are described in the note 18 of the annual finacial statements.

12. Modifications of consolidation structure:

a) In the current year (1 January - 31 December 2008) consolidation includes for the first time, the subsidiary MYTILINI QUARRIES S.A. because the Group gained its control on April 11, 2008, as well as BETON DOMH SA, that was acquired by the Group on 1 September 2008 and TRANS BETON SA, that was acquired on 16 October 2008.

b) Compared to the previous year (1 January - 31 December 2007) the subsidiary SYNERGATIKI BETON S.A., SAMARAS QUARRIES S.A. and KAMBIS QUARRIES S.A. are not included in the consolidation, due to their absorption by the subsidiary LAFARGE BETON S.A., as well as AMBER S.A. due to its absorption from parent company HERACLES G.C.C.Co S.A.

In addition the company INTERNATIONAL FLAG is not included in consolidation as it was written-off.

The above mentioned changes do not effect more than 25% the account of sales, profit after tax and minority interests and shareholders' net equity of the Group.

13. ARMSTOCK CORPORATION S.A. and EKEPI S.A. are not included in the consolidation, due to their immaterial impact as described in note 19 of the annual financial statements.

Lykovrissi, 27th of March 2009

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
MIHALIS T. MICHELIS
PERM. No. 29960

THE CONSOLIDATION & FINANCIAL REPORTING MANAGER
KONSTANTINOS A. MICHAILIDIS
PERM. No. 36154