



**INTERIM COMPANY AND GROUP
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY 2005 TO 30 SEPTEMBER 2005**

CONTENTS

	Pages
Balance Sheet	3
Income Statement	4
Statement of changes in Equity	5
Cash flow statement (indirect method)	6
Notes to the Financial Statements	7-23
Group and Company reconciliation between Greek Accounting Standards and International Financial and Reporting Standards	24-26

The financial statements of the Group and the Company from pages 3 to 26 were approved by the Board of Directors in its meeting of Tuesday 15 November 2005.

CHAIRMAN OF THE THE BOARD OF DIRECTORS	MANAGING DIRECTOR	CHIEF FINANCIAL OFFICER	ACCOUNTING MANAGER
JEAN-CHARLES BLATZ	ALBERT CORCOS	MARCEL COBUZ	MERKOURIOS MERKOURIOU
PASSPORT No. 02XD34455	PASSPORT No 01RE52755	PASSPORT No 05680139	ECG No 10629

BALANCE SHEET

All amounts in Euro thousands

<u>ASSETS</u>	GROUP		COMPANY	
	30/9/2005	31/12/2004	30/9/2005	31/12/2004
Intangible & Tangible assets	647.140	659.313	646.967	666.790
Inventories	75.752	63.372	70.658	59.126
Trade Receivables	194.975	124.262	161.353	114.648
Cash and cash equivalents	85.871	63.691	68.300	50.772
Other assets	6.728	7.578	3.622	2.608
TOTAL ASSETS	1.010.466	918.216	950.900	893.944
<u>EQUITY & LIABILITIES</u>				
Non current liabilities	159.880	157.043	145.298	143.571
Borrowings	37.777	24.447	-	-
Other current liabilities	98.142	79.468	82.994	82.352
Total liabilities (α)	295.799	260.958	228.292	225.923
Total Equity (β)	714.667	657.258	722.608	668.021
TOTAL EQUITY & LIABILITIES (α)+(β)	1.010.466	918.216	950.900	893.944

INCOME STATEMENT

Amounts in Euro thousands

	GROUP		COMPANY	
	01.01- 30.09.2005	01.01- 30.09.2004	01.01- 30.09.2005	01.01- 30.09.2004
Turnover	448,040	441,013	399,727	386,599
Gross profit	101,089	108,791	90,499	98,413
Profit before tax, financing and investment results	105,917	74,545	101,271	70,256
Profit before taxes, financing, investment results and depreciation	141,050	109,801	133,599	102,076
Profit before tax	106,399	73,156	102,189	69,563
Less taxes	(20,218)	(26,638)	(18,267)	(26,222)
Profit after tax	86,181	46,518	83,922	43,341
Profits after taxes per share – basics (in €)	1.21	0.65	1.18	0.61

	GROUP		COMPANY	
	01.07- 30.09.2005	01.07- 30.09.2004	01.07- 30.09.2005	01.07- 30.09.2004
Turnover	161,150	143,052	143,314	126,826
Gross profit	25,871	16,549	23,065	16,725
Profit before taxes, financing and investment results	78,377	32,156	76,242	29,747
Profit before tax, financing, investment results and depreciation	90,075	43,869	87,041	40,323
Profit before taxes	78,025	32,080	76,114	29,944
Less tax	(10,784)	(10,769)	(9,923)	(10,910)
Profits after tax	67,241	21,311	66,191	19,034
Profits after taxes per share – basics (in €)	0.95	0.30	0.93	0.27

CASH FLOW STATEMENT (indirect method)

All amounts in Euro thousands

	GROUP 01/01- 30/09/2005	01/01- 30/09/2004	COMPANY 01/01- 30/09/2005	01/01- 30/09/2004
<u>OPERATING ACTIVITIES</u>				
Profit before tax	106.399	73.156	102.189	69.563
Adjustments for:				
Depreciation	35.133	35.256	32.328	31.820
Provisions	2.180	8.520	3.473	6.483
Exchange differences	(1.025)	88	(893)	180
Losses on valuation of derivatives	560	258	560	258
Results from investing activities	(229)	196	112	27
Finance costs	1.197	(1.711)	398	868
Movements in working capital				
Decrease/(increase) in inventories	(11.636)	331	(11.370)	211
Decrease/(increase) in receivables	(68.086)	(27.218)	(49.888)	(2.542)
Increase/(decrease) in payables (excl banks)	26.561	17.763	7.496	(4.567)
Less:				
Finance costs paid	(1.197)	1.711	(398)	(868)
Taxes paid	(29.314)	(34.249)	(26.410)	(32.148)
NET CASH FROM OPERATING ACTIVITIES	<u>60.543</u>	<u>74.101</u>	<u>57.597</u>	<u>69.285</u>
<u>INVESTING ACTIVITIES</u>				
Acquisition of subsidiaries ,related companies ,joint venturers and other investments	(11.727)	0	(232)	0
Purchases of tangible and intangible assets	(13.634)	(14.947)	(12.228)	(13.105)
Proceeds on sale of tangible and intangible assets	870	1.828	213	6
Proceeds on sale of own shares	565	0	0	0
Interest received	772	389	640	325
NET CASH USED IN INVESTING ACTIVITIES	<u>(23.154)</u>	<u>(12.730)</u>	<u>(11.607)</u>	<u>(12.774)</u>
<u>FINANCING ACTIVITIES</u>				
New bank loans raised	13.330	0	0	0
Repayments of borrowings	0	(31.519)	0	(28.475)
Repayments of obligations under finance leases	(77)	0	0	0
Dividends paid	(28.462)	(28.466)	(28.462)	(28.466)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	<u>(15.209)</u>	<u>(59.985)</u>	<u>(28.462)</u>	<u>(56.941)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>22.180</u>	<u>1.386</u>	<u>17.528</u>	<u>(430)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>63.691</u>	<u>39.398</u>	<u>50.772</u>	<u>31.769</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>85.871</u>	<u>40.784</u>	<u>68.300</u>	<u>31.339</u>

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

HERACLES GENERAL CEMENT COMPANY (the Company) is a company incorporated in Greece under the Companies Act 2190/1920, and its registered office is in the Municipality of Likovrissi, 49-51 Sofokli Venizelou str., and belongs to the Lafarge Group which is registered in France. The Group mainly operates in the production and trading of cement and other structural material. The above financial statements are presented in thousand Euro as this is the currency of the primary economic environment in which the Group operates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting

The financial statements have for the first time been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the relevant Interpretations given by the International Financial Reporting Interpretations Committee (IFRIC), standards which are relevant to the Group's activities and apply to accounting periods starting 1 January 2005, and have been adopted by the European Commission. The disclosures required by IFRS 1 concerning the transition from previous generally accepted accounting practices in Greece, namely the provisions of Companies Act 2190/1920 and the Greek General Accounting Plan to the IFRS, are given on page 51 of these financial statements.

The financial statements have been prepared on the historical or deemed cost basis (as provided by IFRS 1 which governs the transition from previous accounting bases to IFRS). The principal accounting policies adopted are set out below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) as at the balance sheet date. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain 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, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Basis of Consolidation

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Subsidiaries

Acquisition of subsidiaries is accounted using the purchase method. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of all assets given, liabilities incurred or assumed and equity shares that have been issued by the Group's companies in exchange for the control of the acquiree, including direct expenses attributable to the acquisition.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary, meeting the recognition criteria stipulated in IFRS 3, are measured at their fair values at the date of acquisition. The goodwill resulting from the acquisition is recognised as an asset and initially measured at cost, being the excess of the cost over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition of the acquiree. If, after review, the Group's interest in the fair value percentage of identifiable assets, liabilities and contingent liabilities exceeds the cost, then the excess is directly recognised in profit and loss.

Investments in Associates

An associate is an entity over which the Group has significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting except when classified as held for sale. Investments in associates are carried in the balance sheet at cost as adjusted by 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 the associates in excess of the group's interest in those associates are not recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Investments in Associates – Continued

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 the investment. Any excess of the Group's share of the net fair values of the identifiable net assets and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit and loss.

Where a group company 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 consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in profit or loss and is not subsequently reversed.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash generating units expected to benefit from the synergies of consolidation. Cash generating units to which goodwill has been allocated are tested for impairment on an annual basis or more regularly, if there are indications that the 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 goodwill allocated to the specific unit, and then to the unit's remaining assets, pro rata, based on the carrying amount of each asset's participation in the specific unit. The loss resulting from the goodwill impairment shall not be reversed in following periods.

On sale of a subsidiary, associate or jointly controlled entity, the attributable carrying amount of the 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".

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Goodwill - Continued

Goodwill arising on acquisitions concluded 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 IFRS it has been written off against retained earnings and shall not be included in the calculation of any profit or loss that will result from any future sale.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Sales of goods are recognised when goods are delivered and title has passed.

Interest income is accrued on a time 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 have been established.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessee

Finance Leases

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Finance Leases - Continued

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 against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the respective IFRS.

Operating Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Transactions in Foreign Currency

Transactions in currencies other than Euro are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options.

On consolidation, the assets and liabilities of the Group's operations abroad are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period 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 in the period in which the operation is disposed of.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Government Grants / Subsidies

Government grants relating to machinery and equipment are deducted from the carrying amount of the asset and released to profit and loss over the expected useful lives of the assets concerned. Government subsidies relating to staff training are recognised as income over the periods necessary to match them with the related costs and are deducted in reporting the related expense.

Staff Retirement Compensation

State Social Security Funds are classified as defined contribution plans and contributions are charged as an expense as they fall due.

The statutory retirement termination indemnity is classified as a defined benefit plan. For defined benefit retirement schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses which, at the end of the previous period exceed 10% of the present value of the defined benefit obligation on that date, are amortised in profit and loss over the employees' average remaining working life.

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

The retirement benefit obligation 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.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the Company's best assessment 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 years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates in force at the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Taxation - Continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method and the taxation rates expected to be in force when the asset is realised or the liability will be settled. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for 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.

The carrying amount of deferred tax assets is reviewed at 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 calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax liabilities and receivables are offset when there is a legal right to set off current tax receivables against current tax liabilities, and when they relate to income taxes imposed by the same taxation authority and the Group intends to settle its current tax receivable and liabilities on a net basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Tangible assets

Fixed assets held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at deemed cost, as permitted by IFRS 1, being the fair value at the date of transition to IFRS, as determined by professional valuers based on market evidence, or at their carrying amount less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Buildings	12 to 30 years
Industrial machinery	15 to 30 years
Furniture and equipment	5 to 10 years

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.

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 is recognised only if all of the following conditions are met:

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Internally Generated Intangible Assets – Research and Development Expenditure - Continued

- an asset is created that can be identified (such as software and new processes).
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of Tangible And Intangible Assets Excluding Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those 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 the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Impairment Of Tangible And Intangible Assets Excluding Goodwill - Continued

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 recognised as an expense immediately in profit and loss.

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

Financial Instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Trade Receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Financial Instruments - Continued

Derivative financial instruments and hedging accounting

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodities.

The group uses foreign exchange forward contracts to hedge these exposures to fluctuating exchange rates and commodities, concerning specific existing commitments or anticipated transactions.

The use of financial derivatives is governed by the policies of Lafarge Group that controls Heracles, which are harmonised with the Lafarge Group risk management strategy.

Initially derivatives are measured at their fair value on the date of conclusion of each contract, and are then re-measured to fair value at subsequent reporting dates.

Changes 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.

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.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term bank highly liquid investments that are, promptly convertible into a known amount of cash and are subject to an insignificant risk of change in value.

Bank Borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES - Continued

Financial Instruments - Continued

Trade Payables

Trade payables are non interest bearing and are stated at their nominal value.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured at managements best estimate of the expenditure required to settle the obligation at the Balance Sheet date, and are discounted to present value where the effect is material.

Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties.

Key sources of estimation uncertainty

The key sources of uncertainty concern Management assumptions regarding future developments on accounting estimates for the recoverability of deferred taxation assets and contingent losses from pending court cases and bad debts.

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

The companies of the Group, which are included in the consolidated financial statements with their corresponding addresses and the percentages of participation in the Group are as follows:

COMPANIES WHICH ARE CONSOLIDATED WITH THE FULL CONSOLIDATION METHOD

Name of subsidiary	Registered office	Direct Participati	Indirect Participation	Total
HERACLES G.C.Co S.A.	Greece,Lykovrissi Attica			Parent
ATLAS SA	Greece, Kalithea Thessaloniki		100%	100%
EVIESK S.A.	Greece,Lykovrissi Attica	87%	13%	100%
HERACLES SHIPPING S.A.	Greece,Lykovrissi Attica	100%	0%	100%
LAVA S.A.	Greece,Lykovrissi Attica		100%	100%
AMPER S.A.	Greece,Lykovrissi Attica		100%	100%
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece,Lykovrissi Attica	99%	1%	100%
G. HATZIKYRIAKOS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
A. HATZIKYRIAKOS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
DYSTOS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
PROTOPOROS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
THALASSOPOROS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
PONTOPOROS SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
POSEIDON II SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
VOLOS I SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
FAETHON SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
IOKASTI SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
NAFSIKA SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
HERACLES GLORY SOC. NAV.	Greece,Lykovrissi Attica		100%	100%
EKET LTD.	Greece,Lykovrissi Attica	90%	10%	100%
EMMY BUILDING S.A	Greece,Lykovrissi Attica	100%		100%
LAFARGE BETON ABEE	Greece,Metamorfosi Attic	94%	6%	100%
HALKIS CEMENT INTERNATIONAL S.A.	Greece,Lykovrissi Attica	100%		100%
FINDA TRANSPORTS S.A.	Greece,Lykovrissi Attica	100%		100%
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	Panama	100%		100%
HERMES COMPANIA NAVIERA S.A.	Panama	100%		100%
PORT SAID SILO INVESTMENT COMPANY S.A.	Panama		100%	100%
MARITIME COMPANY ESPERIDES S.A.	Panama		100%	100%
DEPOT AND COORDINATION CO S.A	Panama		100%	100%
INTERNATIONAL MEDITERRANEAN SHIPPING	Luxemburg		100%	100%
INTERNATIONAL FLAG	Egypt		100%	100%

3. SUBSIDIARIES AND ASSOCIATED COMPANIES – Cont.

COMPANIES WHICH ARE CONSOLIDATED WITH THE NET EQUITY METHOD

Name of affiliate	Registered office	Direct Participation	Indirect Participation
HELACEM S.A.	Switzerland	50,00%	
METROPOL. VEHIC. ENTERPRISES S.A.	Athens,Greece	45,97%	
KATSIMPIRIS MICHALIS	Greece, Iraklio, Crete		26,50%
MARATHOS QUARRIES S.A.	Greece, Iraklio, Crete		40,00%

4. PARENT COMPANY

The company LAFARGE S.A. with headquarters in Paris, which holds 52,70% of the share capital of AGET HERACLES, draws up consolidated financial statements which include the financial statements of the Company. These consolidated statements are available at the seat of the French company.

5. ENCUMBRANCES

There are no encumbrances on the assets of the Company or on its subsidiaries.

6. ACQUISITION OF SUBSIDIARY

On April 20 2005, the Group acquired through the subsidiary company Lafarge Beton S.A. 100% of the share capital of ATLAS S.A. by paying the total cost of the acquisition in cash, i.e. 12.798 thousand Euros. This acquisition was recorded in the books at the purchase value of the acquired company.

The fair value of the company's liabilities at the date of its acquisition by the Group are investigated .

7. NUMBER OF PERSONNEL

The number of personnel working for the Company and the Group at 30 September 2005 are 1,945 persons and 2,605 persons respectively.

8. FIXED ASSETS

The fixed assets for the nine-month period 2005 amount to: 12.228 thousand Euros for the Company (2004 13.105 thousand Euros), For the Group 13.634 thousand Euros (2004 14.947 thousand Euros).

9. FACTS AFTER THE DATE OF DRAWING-UP OF THE BALANCE SHEET

Following the decision of the Ministry of Development with Reg.No.K2-12835/13-10-2005, in conjunction with the announcement of registration in the Registry of Societes Anonymes of the Athens Prefecture Reg.No. EM-20139/20-10-2005, the company EMMI – BUILDING MATERIALS SA was merged by absorption by AGET HERACLES on 20/10/2005 and was written off the Registry of Societes Anonymes of the Prefecture.

10. PROBABLE LIABILITIES

Disputes subject to trial or arbitration

On 27-05-2005, the Greek State reimbursed to the Company the amount of 44.1 million Euros, according to court decisions 2415/27.2.2004 and 2417/27-2-2004, concerning the petition made by the Company to the Administrative Courts for the refund of the total amount of 74.5 million Euros. The Company was obliged to pay the said amount to the Greek State in 1999 following a decision of the European Communities Committee regarding the issue of debt capitalization from the Greek State.

According to the decision of the Board of Directors of the Company, which was based on independent legal opinions, the amount of 44.1 million Euros was recorded as extraordinary income in the financial statements of the Company at 30.9.2005.

There are pending lawsuits against the Company amounting to 23.257 thousand Euros which are being tried. The outcome of such trials is uncertain. No provisions have been made for such pending court cases. According to estimates, the maximum risk from the final decisions on the above cases, amounts to 15.081 thousand Euros.

Unaudited periods by the tax authorities

The tax liabilities of the Group's companies will be finalized when the corresponding ordinary tax audits take place or/and the relevant pending legal cases are solved. It is probable that from the above tax audits additional taxes and surcharges will arise which cannot be provided for with precision. Therefore no relevant provisions have been formed.

Company	Unaudited years
HERACLES GCC	2003-2004 *
EVIESK SA	2002-2004
HERACLES MARITIME CO	2002-2004
LAVA SA	2002-2004
AMBER SA	2002-2004
PORT SAID SILO INVESTMENT COMPANY S.A.	1999-2004
G. HATZIKYRIAKOS SOC. NAV.	1998-2004
A. HATZIKYRIAKOS SOC. NAV.	1998-2004
DYSTOS SOC. NAV.	1996-2004
PROTOPOROS SOC. NAV.	1998-2004
THALASSOPOROS SOC. NAV.	1998-2004
PONTOPOROS SOC. NAV.	1998-2004
POSEIDON II SOC. NAV.	1998-2004
VOLOS I SOC. NAV.	1998-2004
FAETHON SOC. NAV.	1998-2004
IOKASTI SOC. NAV.	1998-2004
NAFSIKA SOC. NAV.	1998-2004
HERACLES GLORY SOC. NAV.	1998-2004
EKET LTD	2001-2004
EMMY BUILDING S.A	1999-2004
LAFARGE BETON SA	2002-2004
HALKIS CEMENT INTERNATIONAL S.A.	1999-2004
FINDA TRANSPORTS S.A.	1993-2004
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	**
HERMES COMPANIA NAVIERA S.A.	**
PORT SAID SILO INVESTMENT COMPANY S.A.	**
MARITIME COMPANY ESPERIDES S.A.	**
DEPOT AND COORDINATION CO S.A	**
INTERNATIONAL MEDITERRANEAN SHIPPING S.A	**
INTERNATIONAL FLAG	**

*The Company has been audited by the tax authorities up to the fiscal year 2002 apart from the administrative expenses L.2238/94 article 31 para.1 amounting to approx. 7,2 millions Euros for the years 2001 and 2002 which were forwarded to the committee of article 66 para.4c L.2238/94. For the years 1999 and 2000, temporary audit sheets were issued due to the legal pendency with the Greek State. For the audit of the years 1983 to 1991, at which period the Company belonged to the Organization for the Restoration of Companies, the audit sheets have been legally disputed and have not been finalized yet. Nevertheless, whatever tax may arise on the basis of the Court Decisions, it will be paid by the above organization – which today has been replaced by the Greek State – as defined by the clauses of article 49 of L.1892/1990.

** It is subject to a special tax status quo

Dust emissions

As of the 1st of January 2005, the Company has been informed as regards to the allocation which corresponds to it concerning the National Plan for CO2 Emission Allocation. The National Plan is subject to the approval of the accounting handling by IASB and EFRAG. Therefore the Company has not recorded the impact of the National Plan in the present financial statements. Nevertheless, based on the existing information available, the Management values that the will not need to buy-out the rights of dust emissions in the context of the aforementioned National Plan..

11. TRANSACTIONS WITH ASSOCIATED PARTIES

TRANSACTIONS AMONGST ASSOCIATED COMPANIES

For the Group, associated parties are considered the parent company LAFARGE S.A., the other companies of the LAFARGE Group as well as the National Bank of Greece which is the minority shareholder. The Company's transactions with its subsidiaries have been written off at consolidation and are not included in the analysis below:

GROUP	DIVESTMENTS	ACQUISITIONS	CLAIMS	LIABILITIES
Parent company Lafarge S.A.	598	1,705	540	2
Associated companies of the Lafarge Group	<u>69,967</u>	<u>804</u>	<u>8,029</u>	<u>1,676</u>
Total	<u>70,565</u>	<u>2,509</u>	<u>8,569</u>	<u>1,678</u>

The Company's transactions with its subsidiaries, which are associated entities, prior to their abolishment at consolidation with the parent company LAFARGE S.A. are analyzed as follows:

COMPANY	DIVESTMENTS	ACQUISITIONS	CLAIMS	LIABILITIES
Companies of the Heracles Group	22,775	38,907	17,710	6,984
Parent company Lafarge S.A.	598	1,695	540	0
Associated companies of the Lafarge Group	<u>69,062</u>	<u>774</u>	<u>7,797</u>	<u>1,647</u>
Total	<u>92,435</u>	<u>41,376</u>	<u>26,047</u>	<u>8,631</u>

All transactions between associated parties are carried out at market prices and terms.

Group and Company reconciliation between Greek Accounting Standards and International Financial Reporting Standards

EQUITY RECONCILIATION BETWEEN GREEK ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT 1/1/2005 & 1/1/2004

All amounts in Euro thousands

	GROUP		COMPANY	
	1/1/2005	1/1/2004	1/1/2005	1/1/2004
Opening equity (under Greek GAAP)	319.194	250.471	336.211	268.801
A. Incorporation of differences between Greek GAAP and IFRS				
Dividend recognition deferred to date of approval by the General Assembly	28.410	28.410	28.433	28.433
Appropriation of profits to employees	1.180	1.180	1.180	1.180
Effect of the valuation of tangible assets and depreciation due to change in economic useful lifes	402.178	449.531	396.874	444.679
Adjustment to inventories due to depreciation based on useful economic lifes of assets	800	-	800	-
Effect of intangible assets valuation (previously recognized under Greek GAAP)	(612)	(958)	(594)	(932)
Associated companies equity accounted	(193)	(193)	-	-
Adjustments to provisions for employees' untaken vacation leave	(574)	(632)	-	(25)
Discounting of prepaid rentals	(2.717)	(3.111)	(2.717)	(3.111)
Adjustment to provision for quarry restoration	(5.473)	(5.473)	(4.402)	(4.402)
Reclassification of Government Grants from Equity to liabilities	(725)	(1.179)	(725)	(893)
Recognition of deferred taxation	(63.392)	(108.434)	(69.543)	(116.223)
Treasury shares presented in Net Equity	(115)	(115)	-	-
Write-off of reserve for special export costs recorded in Greek books	2.042	2.516	1.824	2.097
Derivative Financial Instruments Recognised	(32)	-	(32)	-
Other	537	496	(534)	(399)
B. Revision of Estimates				
Adjustments to provisions for Staff Retirement Compensation	(7.669)	(7.538)	(7.085)	(6.861)
Provision for claim against Central Bank of Greece regarding penalties for exchange rules violation	(5.828)	(5.828)	(5.828)	(5.828)
Provision for long outstanding claim from Industrial Restructuring Organisation.	(9.753)	(9.753)	(5.841)	(5.841)
Restated opening equity (under IFRS)	657.258	589.390	668.021	600.675

EQUITY RECONCILIATION BETWEEN GREEK ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS AS AT 30/09/2004

<i>Amounts in Euro thousands</i>	GROUP 30/9/2004	COMPANY 30/9/2004
Opening Net Equity (According to the Greek Accounting Standards).	335,543	351,144
A. Incorporation of differences between the Greek and the International Financial Reporting Standards		
Income tax for the period	(31,978)	(31,809)
Impact from the valuation of tangible assets at fair values and revaluation of the corresponding assessment of their useful life	439,212	432,759
Impact from the valuation of intangible assets	(715)	(672)
Consolidation of associated companies with the net equity method	(193)	0
Adjustment of provisions for the compensation of staff due to the non-use of vacation leaves	(1,162)	(150)
Adjustment of the nominal value of prepaid rentals at present value	(2,816)	(2,816)
Adjustment of provisions for expenses incurred for the restoration of quarries	(5,473)	(4,402)
Transfer of state subsidies from Net Equity to other liabilities	(648)	(477)
Acknowledgement of deferred tax liabilities	(102,508)	(110,635)
Presentation of treasury shares in Net Equity	(115)	0
Write-off of reserve for non-used export expenses	2,245	2,027
Acknowledgement of financial derivatives	(258)	(258)
Other	(788)	(403)
B. Review of Valuations		
Review of assumptions for the budget of provisions for staff compensations due to exit from the service	(7,267)	(7,056)
Provision for doubtful receivables from the Central Bank of Greece for the recovery of penal clauses concerning the regulations for foreign currency	(5,828)	(5,828)
Provision for the claim due from the Organization for the Restoration of Companies	(9,753)	(5,841)
Opening Net Equity for the Period (According to the International Financial Reporting Standards).	<u>607,498</u>	<u>615,583</u>

PROFIT RECONCILIATION BETWEEN GREEK ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS FOR THE PERIOD 1/1/2004 – 30/9/2004

Amounts in Euro thousands

	1/1/2004 - 30/09/2004	
	GROUP	COMPANY
Results before taxes for the period (According to the Greek Financial Reporting Standards).	86,185	82,759
Other taxes not incorporated in the operating costs	(581)	(540)
Income tax for the period	(31,982)	(31,268)
Impact from the change of depreciation due to the use of useful life	(11,194)	(11,920)
Impact from the valuation of intangible assets	244	260
Adjustment of long-term claims at present value	295	295
Provision for the compensation of personnel for leave not taken	(530)	(125)
Provision for the compensation of personnel due to exit from the company	270	(195)
Acknowledgement of exchange differences in the results of the period	(16)	(4)
Allocation of profits to the personnel	(1,180)	(1,180)
Acknowledgement of deferred tax liabilities	5,926	5,587
Acknowledgement of financial derivatives	(258)	(258)
Other	(661)	(70)
	<hr/>	<hr/>
Results for the period (According to the International Financial Reporting Standards)	<u><u>46,518</u></u>	<u><u>43,341</u></u>