



HERACLES
GROUP OF COMPANIES

A member of **LAFARGE**

**HERACLES COMPANY AND GROUP
INTERIM CONDENSED FINANCIAL STATEMENTS
IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL
REPORTING STANDARDS
AS AT 30 JUNE 2006**

HERACLES GENERAL CEMENT COMPANY S.A.
PUBLIC COMPANIES REG, NO. 13576/06/B/86/096
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INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2006

Amounts in € thousand

	NOTE	GROUP		COMPANY	
		1/1-30/6/2006	1/1-30/6/2005	1/1-30/6/2006	1/1-30/6/2005
Operating results					
Turnover (sales)	4	329.470	286.890	294.382	256.413
Cost of Goods Sold		(259.481)	(232.591)	(230.424)	(208.693)
Gross profit		69.989	54.299	63.958	47.720
Administrative & distribution expenses		(29.341)	(27.181)	(24.275)	(22.513)
Other operating income / (expenses)		(165)	422	(183)	(178)
Share of results of associates		18	0	0	0
Operating profit		40.501	27.540	39.500	25.029
Finance income		703	834	1.466	1.046
Profit before taxes		41.204	28.374	40.966	26.075
Income tax	6	(15.034)	(9.434)	(13.867)	(8.344)
Net profit after tax	4	26.170	18.940	27.099	17.731
Earnings per share (in €)	7	0,37	0,27	0,38	0,25

	GROUP		COMPANY	
	1/4/2006- 30/6/2006	1/4/2005- 30/6/2005	1/4/2006- 30/6/2006	1/4/2005- 30/6/2005
Operating results				
Turnover (sales)	188.280	166.660	167.327	148.229
Cost of Goods Sold	(137.649)	(124.956)	(120.931)	(109.936)
Gross profit	50.631	41.704	46.396	38.293
Administrative & distribution expenses	(12.247)	(10.349)	(9.309)	(8.994)
Other operating income / (expenses)	(429)	(138)	(473)	(90)
Share of results of associates	18	0	0	0
Operating profit	37.973	31.217	36.614	29.209
Finance income	33	839	474	842
Profit before taxes	38.006	32.056	37.088	30.051
Income tax	(14.432)	(9.884)	(13.369)	(8.954)
Net profit after tax	23.574	22.172	23.719	21.097
Earnings per share (in €)	0,33	0,31	0,33	0,30

The notes set out on page 7 through page 19 form an integral part of the Company and Group Interim Condensed Financial Statements.

BALANCE SHEET AS AT 30 JUNE 2006

Amounts in € thousand

	NOTE	GROUP		COMPANY	
		30/6/2006	31/12/2005	30/6/2006	31/12/2005
Non current assets					
Goodwill		6.945	2.666	0	0
Intangible assets	9	626	840	48	89
Tangible assets	9	615.529	630.024	575.537	592.475
Investment in associates and subsidiaries	10	1.608	1.590	40.571	15.776
Other investments		58	128	55	104
Other non-current receivables		6.453	6.742	6.178	6.281
Deferred tax assets		6.341	9.428	2.254	5.609
Total non current assets		637.560	651.418	624.643	620.334
Current assets					
Inventories		60.871	78.027	53.875	73.450
Trade and other current receivables		212.964	165.559	185.701	129.433
Cash and cash equivalents		133.983	140.096	111.974	127.741
Total current assets		407.818	383.682	351.550	330.624
Total assets		1.045.378	1.035.100	976.193	950.958
Non-current liabilities					
Provision for staff retirement compensation		82.837	78.132	70.658	66.679
Other non-current provisions		7.887	7.447	9.068	8.321
Deferred tax liabilities		1.840	1.597	0	0
Obligations under finance leases		347	140	0	0
Bank borrowings		0	0	0	0
Total non-current liabilities		92.911	87.316	79.726	75.000
Current liabilities					
Provision for staff retirement compensation		5.429	9.676	5.005	8.846
Suppliers and other creditors		82.639	84.711	66.193	72.092
Income tax liabilities		29.592	25.576	28.660	24.777
Obligations under finance leases		255	148	0	0
Other current provisions		1.242	1.258	1.001	1.017
Derivative financial instruments		373	2.177	373	2.177
Dividend payable		67.529	0	67.529	0
Bank borrowings	11	19.076	37.634	0	0
Total current liabilities		206.135	161.180	168.761	108.909
Total liabilities		299.046	248.496	248.487	183.909
Equity					
Share capital	12	142.165	109.467	142.165	109.467
Share premium		1.279	1.279	1.279	1.279
Treasury shares		431	431	0	0
Reserves		219.591	213.668	197.232	191.309
Derivatives valuation reserve		(395)	(1.482)	(395)	(1.482)
Retained earnings		383.261	463.241	387.425	466.476
Total equity		746.332	786.604	727.706	767.049
Total liabilities and equity		1.045.378	1.035.100	976.193	950.958

The notes set out on page 7 through page 19 form an integral part of the Company and Group Interim Condensed Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2006

Amounts in € thousand

GROUP	Share Capital	Share premium account	Reserves	Derivatives valuation reserve	Treasury shares	Accumulated profit	Total
Beginning of period 1/1/2006	109.467	1.279	213.668	(1.482)	431	463.241	786.604
Loss from commodity derivatives transferred to results	0	0	0	1.482	0	0	1.482
Capitalization of L.2065/1992	32.698	0	(95)	0	0	(32.603)	0
Profit for the period	0	0	0	0	0	26.170	26.170
Dividends	0	0	(9.314)	0	0	(58.215)	(67.529)
Distribution of profit	0	0	15.332	0	0	(15.332)	0
Loss of commodity derivatives	0	0	0	(395)	0	0	(395)
End of period 30/6/06	<u>142.165</u>	<u>1.279</u>	<u>219.591</u>	<u>(395)</u>	<u>431</u>	<u>383.261</u>	<u>746.332</u>
Beginning of period 1/1/2005	109.467	1.279	151.428	(22)	(115)	395.221	657.258
Loss from commodity derivatives transferred to results	0	0	0	22	0	0	22
Profit for the period	0	0	0	0	0	18.940	18.940
Dividends	0	0	0	0	0	(28.433)	(28.433)
Distribution of profit	0	0	62.240	0	0	(62.240)	0
Loss of commodity derivatives	0	0	0	(1.039)	0	0	(1.039)
Sale of Treasury Shares	0	0	0	0	115	0	115
End of period 30/6/05	<u>109.467</u>	<u>1.279</u>	<u>213.668</u>	<u>(1.039)</u>	<u>0</u>	<u>323.488</u>	<u>646.863</u>
COMPANY	Share Capital	Share premium account	Reserves	Derivatives valuation reserve	Treasury shares	Accumulated profit	Total
Beginning of period 1/1/2006	109.467	1.279	191.309	(1.482)	0	466.476	767.049
Loss from commodity derivatives transferred to results	0	0	0	1.482	0	0	1.482
Capitalization of L.2065/1992	32.698	0	(95)	0	0	(32.603)	0
Profit for the period	0	0	0	0	0	27.099	27.099
Dividends	0	0	(9.314)	0	0	(58.215)	(67.529)
Distribution of profit	0	0	15.332	0	0	(15.332)	0
Loss on commodity derivatives	0	0	0	(395)	0	0	(395)
End of period 30/6/06	<u>142.165</u>	<u>1.279</u>	<u>197.232</u>	<u>(395)</u>	<u>0</u>	<u>387.425</u>	<u>727.706</u>
Beginning of period 1/1/2005	109.467	1.279	126.985	(22)	0	406.908	644.617
Loss from commodity derivatives transferred to results	0	0	0	22	0	0	22
Profit for the period	0	0	0	0	0	17.731	17.731
Dividends	0	0	0	0	0	(28.433)	(28.433)
Distribution of profit	0	0	62.069	0	0	(62.069)	0
Loss on commodity derivatives	0	0	0	(1.039)	0	0	(1.039)
End of period 30/6/05	<u>109.467</u>	<u>1.279</u>	<u>189.054</u>	<u>(1.039)</u>	<u>0</u>	<u>334.137</u>	<u>632.898</u>

The notes set out on page 7 through page 19 form an integral part of the Company and Group Interim Condensed Financial Statements.

**CASH FLOW STATEMENT (Indirect method)
FOR THE PERIOD ENDED 30 JUNE 2006**

Amounts in € thousand

	GROUP		COMPANY	
	1/1- 30/6/2006	1/1- 30/6/2005	1/1- 30/6/2006	1/1- 30/6/2005
<u>Operating activities</u>				
Profit before taxes	41.204	28.374	40.966	26.075
Plus / less adjustments for:				
Depreciation	23.447	23.435	21.727	21.529
Provisions	1.926	396	(2.995)	1.711
Foreign exchange differences	2	(244)	2	(244)
Loss from derivatives valuation	(273)	849	(273)	849
Results (income, expenses, profit and losses) from investment activities	(2.439)	(3.067)	(2.177)	(1.991)
Interest expenses and relevant expenses	1.066	1.629	260	1.123
Plus/less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	18.255	(12.013)	19.694	(11.943)
Decrease / (increase) in receivables	(46.914)	(59.086)	(52.448)	(42.310)
(Decrease) / Increase in liabilities (except banks)	(3.775)	71.674	(5.406)	52.596
Less :				
Interest expenses and relevant expenses paid	(1.066)	(1.629)	(260)	(1.123)
Taxes paid	(8.824)	(13.161)	(7.557)	(11.221)
Total inflow / (outflow) from operating activities (a)	<u>22.609</u>	<u>37.157</u>	<u>11.533</u>	<u>35.051</u>
<u>Investment activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(4.566)	(11.727)	(24.795)	(233)
Purchase of tangible and intangible fixed assets	(12.139)	(8.502)	(10.383)	(7.576)
Proceeds from the sale of tangible and intangible fixed assets	6.217	734	5.927	161
Proceeds (payments) from the sale (purchase) of investment titles (shares, securities)	807	413	658	0
Interest received	1.374	2.463	1.276	2.169
Total inflow / (outflow) from investment activities (b)	<u>(8.307)</u>	<u>(16.619)</u>	<u>(27.317)</u>	<u>(5.479)</u>
<u>Finance activities</u>				
Proceeds from loans issued / drawn	163	11.103	0	0
Repayments of loans	(20.496)	0	0	0
Payment of obligations under finance leases	(99)	(42)	0	0
Dividend paid	0	(29)	0	(29)
Total inflow / (outflow) from finance activities (c)	<u>(20.432)</u>	<u>11.032</u>	<u>0</u>	<u>(29)</u>
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	<u>(6.130)</u>	<u>31.570</u>	<u>(15.784)</u>	<u>29.543</u>
Cash and Cash Equivalents- beginning of period	<u>140.096</u>	<u>63.691</u>	<u>127.741</u>	<u>50.772</u>
Effects of foreign exchange rate changes	17	0	17	0
Cash and Cash Equivalents- end of period	<u>133.983</u>	<u>95.261</u>	<u>111.974</u>	<u>80.315</u>

The notes set out on page 7 through page 19 form an integral part of the Company and Group Interim Condensed Financial Statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

1. GENERAL INFORMATION

HERACLES GENERAL CEMENT COMPANY S.A. (the Company) is a company incorporated in Greece under the Companies Act 2190/1920, with its registered office in the Municipality of Lycovrissi, Attica, 49-51 Soph. Venizelou Str. The Company belongs to the Lafarge Group which is incorporated in France. The Group mainly operates in the production and trading of cement, concrete and other structural material. The above interim condensed financial statements are presented in thousand Euros, as it is the currency of the primary economic environment in which the Group operates.

2. BASIS OF PREPARATION

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

New standards, interpretations and amendments to published standards

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Group's current and subsequent accounting periods. Management's estimation of the impact of these standards, interpretations and amendments is as follows:

- **IAS 19 (Amendment), Employee Benefits (effective from 1 January 2006)**

This amendment introduces the option of an alternative recognition approach for actuarial gains and losses, imposes additional recognition requirements for multi-employer plans and adds new disclosure requirements.

The Group and Company do not intend to change the accounting policy adopted for the recognition of actuarial gains and losses and since no multi-employer plans are active for the Group, this amendment is not relevant to the Group's and Company's operations.

- **IAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intra-group Transactions (effective from 1 January 2006)**

This amendment is not relevant to the Group's and Company's operations.

- **IAS 39 (Amendment), The Fair Value Option (effective from 1 January 2006)**

This amendment changes the definition of financial instruments classified at fair value through profit or loss.

This amendment is not relevant to the Group's and Company's operations.

- **IAS 39 and IFRS 4 (Amendment), Financial Guarantee Contracts (effective from 1 January 2006)**

This amendment is not relevant to the Group's and Company's operations.

- **IFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and IFRS 6, Exploration for and Evaluation of Mineral Resources (effective from 1 January 2006)**

This amendment is not relevant to the Group's and Company's operations.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

- **IFRIC 4, Determining whether an Arrangement contains a Lease (effective from 1 January 2006)**

IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: a) fulfilment of the arrangement is dependent on the use of a specific asset or assets and b) the arrangement conveys a right to use the asset. Management assesses that IFRIC 4 will not affect the accounting treatment of existing arrangements.

- **IFRIC 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective from 1 December 2005).**

IFRIC 6 is not relevant to the Group's and Company's operations.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical or deemed cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group's & Company's annual financial statements for the year ended 31 December 2005.

4. BUSINESS SEGMENTS

For management purposes, the Group is currently organised into the following operating segments: the cement division and the concrete and aggregates division. These divisions are the basis on which the Group reports its primary segment information.

Amounts in € thousand

	Sales		Net profit/(loss) after tax	
	<u>1/1-30/6/2006</u>	<u>1/1-30/6/2005</u>	<u>1/1-30/6/2006</u>	<u>1/1-30/6/2005</u>
Cement Division	298.626	261.771	27.093	19.126
Ready Mix Division	42.365	35.722	(1.394)	(155)
Aggregates Division	6.569	4.025	471	(31)
Intercompany	<u>(18.090)</u>	<u>(14.628)</u>	<u>0</u>	<u>0</u>
Total	<u><u>329.470</u></u>	<u><u>286.890</u></u>	<u><u>26.170</u></u>	<u><u>18.940</u></u>

5. RESULTS FOR THE PERIOD

Group turnover amounts to €329.470 thousand for the 1st semester of 2006, increased by 14,8%. The increase in turnover is mainly due to the increase of the domestic sales volumes by 21% due to a dynamic private building activity, as well as to the export prices recovery.

Group net profit after tax for the same period amounts to €26.170 thousand, increased by 38,2% as a result of the above mentioned increase in sales which overbalanced the fuel and raw materials' cost increases.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

6. INCOME TAX

The income tax expense represents the sum of current income tax for the period, previous years' tax audit differences, property tax and deferred tax.

Current income tax for the period is temporarily calculated based on the annual income tax rate for 2006, 29% (2005: 32%).

7. EARNINGS PER SHARE

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

	GROUP		COMPANY	
	<u>1/1-30/6/06</u>	<u>1/1-30/6/05</u>	<u>1/1-30/6/06</u>	<u>1/1-30/6/05</u>
Net profit in € thousand	26.170	18.940	27.099	17.731
Average weighted number of common shares for the purposes of calculating basic profit per share	71.082.707	71.082.707	71.082.707	71.082.707
Earnings per share in €	0,37	0,27	0,38	0,25

8. DIVIDENDS

Dividend distribution of €67.529 (€0,95 per share) from prior fiscal year's profit and extraordinary reserves was approved by the General Assembly, which took place at 30/6/2006.

9. INTANGIBLE & TANGIBLE ASSETS

During the interim period, the Group spent €12.139 thousand on new tangible assets (A' Semester 2005: €8.502 thousand) and the Company spent €10.383 thousand (A' Semester 2005: €7.576 thousand).

Group fixed assets with net book value of €5.902 thousand, were disposed of during the current period with total sales proceeds of €6.217 thousand.

Management intends to reassess the tangible asset fair value of the subsidiary Lafarge Beton SA, provided by the independent valuers for the purpose of IFRS first application. Such reassessment is expected to be completed in 2006.

Any amendments to tangible asset values that may result due to the reassessment, if material, shall be recognised according to the provisions of IAS 8.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

10. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

The following table includes a list of the companies included in the consolidated financial statements, with their respective addresses and the Group's interest therein.

Companies consolidated by the full consolidation method

Name of Subsidiary	Registered Office	Direct participation	Indirect participation	Total
HERACLES GCC	Greece, Lykovrissi, Attica			Parent
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	96,79%	3,21%	100,00%
ATLAS S.A.	Greece, Kallithea, Thessaloniki		100,00%	100,00%
EVIESK S.A.	Greece, Lykovrissi, Attica	95,76%	4,24%	100,00%
HERACLES MARITIME CO.	Greece, Lykovrissi, Attica	99,99%	0,01%	100,00%
LAVA S.A.	Greece, Lykovrissi, Attica	44,16%	55,84%	100,00%
AMPER S.A.	Greece, Lykovrissi, Attica	100,00%		100,00%
EKET LTD.	Greece, Lykovrissi, Attica	90,00%	10,00%	100,00%
BETON PREVEZIS S.A.	Greece, BI.PE Preveza		100,00%	100,00%
TH. ATHANASSIOU S.A.	Greece, Tsarouxa Evia		100,00%	100,00%
AEGEAN TERMINAL S.A.	Greece, Halandri, Attica	99,78%		99,78%
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lykovrissi, Attica	99,88%	0,12%	100,00%
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lykovrissi, Attica		100,00%	100,00%
A. HATZIKYRIAKOS SOC. NAV. (inactive)	Greece, Lykovrissi, Attica		100,00%	100,00%
DYSTOS SOC. NAV. (inactive)	Greece, Lykovrissi, Attica		100,00%	100,00%
IOKASTI SOC. NAV. (under liquidation)	Greece, Lykovrissi, Attica		100,00%	100,00%
NAFSIKA SOC. NAV. (inactive)	Greece, Lykovrissi, Attica		100,00%	100,00%
HERACLES GLORY SOC. NAV. (inactive)	Greece, Lykovrissi, Attica		100,00%	100,00%
HALKIS CEMENT INTERNATIONAL S.A. (under liquidation)	Greece, Lykovrissi, Attica	100,00%		100,00%
FINDA TRANSPORTS S.A. (under liquidation)	Greece, Lykovrissi, Attica	100,00%		100,00%
ALEXANDRIA SILO INVESTMENT COMPANY S.A. (under liquidation)	Panama	100,00%		100,00%
PORT SAID SILO INVESTMENT COMPANY S.A. (inactive)	Panama		100,00%	100,00%
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (under liquidation)	Luxemburg		100,00%	100,00%
INTERNATIONAL FLAG (inactive)	Egypt		95,50%	95,50%

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

10. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES- continued

On 14 April 2006, the three year liquidation period for the companies HERMES COMPANIA NAVIERA S.A., MARITIME COMPANY ESPERIDES S.A. and DEPOT AND COORDINATION CO S.A. was completed as prescribed by relevant laws in Panama.

On 11 May 2006, the Company participated 100% in the share capital increase of its subsidiary company LAFARGE BETON S.A. amounting to €24.000 thousand.

Companies consolidated by the equity method

Name of Associate	Registered Office	Direct participation	Indirect participation
HELACEM S.A.(under liquidation)	Switzerland	50,00%	
METROPOLITAN AUTOMOBILE ENTERPRISES S.A.	Greece, Athens	45,97%	
MIHALIS KATSIMBRIS SA	Greece, Heraclion, Crete		26,50%
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		40,00%

11. BORROWINGS

The Group has bank loans and overdrafts with average interest rate of 4,03% during 2006 (2005: 3,55%). All the bank loans and overdrafts are denominated in Euro.

An amount of €19.800 thousand was repaid during current period as part of the total capital of €31.000 thousand raised by a Group's subsidiary.

12. SHARE CAPITAL

Under a resolution of the Ordinary Shareholders Meeting held on 30 June 2006 the Share Capital of the Company was increased by the amount of €32.698 thousand resulting from a capitalisation of: a) surplus value arising from real estate revaluation, in accordance with the provisions of Law 2065/1992, amounting to €32.603 thousand, included in retained earnings and b) part of the reserve of Law 1828/1989 amounting to €95 thousand; respectively, increase of the nominal value of the share from 1,54 to 2,00 euros per share.

Following such increase the Share Capital of the Company amounts to €142.165 thousand.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

13. CONTINGENT LIABILITIES

Liens and Encumbrances

Since 25/2/2004, there is a prenotation of mortgage on two plots of land, of 3.505sq.m. and 3.932sq.m. respectively, belonging to the recently acquired subsidiary "Beton Prevezis S.A" amounting to € 240 thousand for the Commercial Bank of Greece. The aforementioned plots of land are located in the municipality of Preveza outside the city plan but inside the Industrial Sector of Preveza.

Company disputes under litigation or arbitration

Both parties, the Company and the Greek State, have filed an appeal against the court decision which obliged the Greek State to return to the Company the amount of €44.138 thousand. The amount was actually paid on 27/5/2005. However, the Company claims a total amount of €74.500 thousand which was initially paid to the Greek State relating to the case of the alleged excess state grant that the Company received in 1986, following the decision of the Commission of the European Communities.

As at 30/6/2006, there are pending lawsuits against the Group amounting to €34.446 thousand (31/12/2005: €29.422 thousand) which are being handled legally. The outcome of such trials is uncertain. The maximum risk from the final decisions on the above cases is estimated at €19.988 thousand. No provision has been made in these financial statements for these cases, as it is unlikely that such risk will eventually occur.

As at 30/6/2006, there are pending lawsuits against the Company amounting to €30.838 thousand (31/12/2005: €27.742 thousand) which are being handled legally. The outcome of such trials is uncertain. The maximum risk from the final decisions on the above cases is estimated at €17.727 thousand. No provision has been made in these financial statements for these cases, as it is unlikely that such risk will eventually occur.

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

- a. Claim for loss of income due to cancellation of a contract of approx. €2.143 thousand, with estimated maximum risk of €1.500 thousand.
- b. Claim for loss of vessel and loss of profit, to the amount of €14.102 thousand, with estimated maximum risk of €7.051 thousand.
- c. Lawsuit for counterclaim for environmental cost of €3.307 thousand, with estimated maximum risk of €2.646 thousand.

The Greek State or the Department of Forestry has pending claims over certain land of the subsidiary Lafarge Beton SA, with a book value of €182 thousand, and consequently over buildings thereon with a carrying amount of €108 thousand. These cases are being handled legally.

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 is estimated at €850 thousand. No provision has been made in these financial statements for these cases, as it is unlikely that such risk will eventually occur.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

Operating License for a Subsidiary's Quarry

By virtue of decision no ΔB Φ25/688/9.3.2005 of the Achaia Prefect, operation of the quarry of subsidiary Lafarge Beton SA in Mavra Vouna location, Araxos, Achaia prefecture, was forbidden as of 18/1/2006 . Later, validity of the above decision was suspended until 31/12/2006 by virtue of decision no.162-23/2/2006 of the Achaia prefect, pending the completion of the review of the new Environmental Impact Assessment Reports (EIAR) that has been submitted to the MEPPPW.

On 30/06/2006, the carrying value of the above quarry amounted to €3.684 thousand which includes the value of the land, improvements, aggregate stocks, buildings and facilities, as well the stripping cost.

Consequently, the above aggregate quarry commenced operations under the terms specified in the above prefectural decision dated 23/2/2006, namely observance of environmental conditions set forth in previous EIAR, and the performance of regular inspections by the Environmental Control Centre and the Southern Greece Environment Inspectors.

In the meantime, the aforementioned decision for approval of the new EIAR is still anticipated, while the hearing and/or adjudication on a number of remedies that the Company has sought before the competent courts is still pending. According to the Company's Management, the possibility of a negative outcome of the case is quite remote.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

13. CONTINGENT LIABILITIES - Continued

Unaudited Years

Tax obligations of the Group's companies in Greece will be finalised after completion of the relevant regular tax audits by the competent tax authorities, and/or after finalisation of all pending court cases on existing prior years' differences with tax authorities. It is possible that the above tax audits will result in additional taxes and charges being imposed that cannot be accurately estimated at the time. Therefore no provisions have been made.

Company	Registered Office	Unaudited years
HERACLES GCC	Greece, Lykovrissi, Attica	2003-2005 *
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	2001-2005
ATLAS S.A.	Greece, Kallithea, Thessaloniki	2003-2005
EVIESK S.A.	Greece, Lykovrissi, Attica	2005
HERACLES MARITIME CO.	Greece, Lykovrissi, Attica	2002-2005
LAVA S.A.	Greece, Lykovrissi, Attica	2001-2005
AMPER S.A.	Greece, Lykovrissi, Attica	2004-2005
EKET LTD.	Greece, Lykovrissi, Attica	2005
BETON PREVEZIS S.A.	Greece, Bl.PE Preveza	2001-2005
TH. ATHANASSIOU S.A.	Greece, Tsarouxa Evia	2003-2005
AEGEAN TERMINAL S.A.	Greece, Halandri, Attica	2003-2005
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lykovrissi, Attica	1999-2005
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lykovrissi, Attica	1998-2005
A. HATZIKYRIAKOS SOC. NAV. (inactive)	Greece, Lykovrissi, Attica	1998-2005
DYSTOS SOC. NAV. (inactive)	Greece, Lykovrissi, Attica	1996-2005
IOKASTI SOC. NAV. (under liquidation)	Greece, Lykovrissi, Attica	1998-2005
NAFSIKA SOC. NAV. (inactive)	Greece, Lykovrissi, Attica	1998-2005
HERACLES GLORY SOC. NAV. (inactive)	Greece, Lykovrissi, Attica	1998-2005
HALKIS CEMENT INTERNATIONAL S.A. (under liquidation)	Greece, Lykovrissi, Attica	1997-2005
FINDA TRANSPORTS S.A. (under liquidation)	Greece, Lykovrissi, Attica	1993-2005
ALEXANDRIA SILO INVESTMENT COMPANY S.A. (under liquidation)	Panama	**
PORT SAID SILO INVESTMENT COMPANY S.A. (inactive)	Panama	**
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (under liquidation)	Luxemburg	**
INTERNATIONAL FLAG (inactive)	Egypt	**

* The Company has been audited by tax authorities up to the financial year 2002, except for administration support expenses, under case r, para.1, article 31 of Law 2238/94, amounting to €7.2 million for the financial years 2001 and 2002, which were referred to the committee under para. 4c, articles 66 of Law 2238/94. For the financial years 1999 and 2000, provisional tax audits have been performed due to the pending issue with the Greek Government. The tax audit for 2003 to 2005 of the parent Company is currently in progress. As regards the audits of the financial years 1983 to 1991, when the Company belonged to the Business Restructuring Organisation, the tax audit reports have been legally disputed and have not been finalized. However any tax which may be imposed 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.

** relates to company incorporated outside Greece subject to special tax rules applicable in that country.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

13. CONTINGENT LIABILITIES - Continued

Emissions Rights

As of 1 January 2005, the Company has been advised of its allowance according to the National CO2 Emissions Allocation Plan.

In case CO2 emissions exceed the corresponding limit allocated by the National Allocation Plan, then the Company shall incur extra costs to pay the stipulated fine or purchase additional emissions rights. Alternatively, the Company may make investments aimed at reducing emissions and avoiding fines.

Based on existing results, Management believes that the Company will not exceed the corresponding limit allocated.

Guarantees Granted

The following letters of guarantee have been provided to secure liabilities of the Group and the Company, and were in force on 30/6/2006 and on 31/12/2005:

Amounts in € thousand

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Granted Guarantees	8.613	9.492	7.437	8.546
Inter-company Granted Guarantees	0	0	27.185	49.234

Commitments for Purchases and Capital Expenditure

Purchase and capital expenses contracts, in force on 30/6/2006 and on 31/12/2005, follow:

Amounts in € thousand

	GROUP		COMPANY	
	30/6/2006	31/12/2005	30/6/2006	31/12/2005
Purchase contracts	58.247	69.519	57.913	68.861
Capital expenditure contracts	4.235	6.538	4.004	6.124

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

14. EVENTS AFTER THE BALANCE SHEET DATE

No events have occurred subsequent to the balance sheet date and through the date of issuance of the Interim Condensed Financial Statements that would have a significant impact on the financial position of the Group and Company.

15. RELATED PARTY TRANSACTIONS

Transactions with Related Parties

The Group considers the parent company LAFARGE SA, as well as the other LAFARGE Group companies, as related parties. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note:

Amounts in € thousand

GROUP	SALES		PURCHASES		RECEIVABLES		PAYABLES	
	1/1/2006- 30/6/2006	1/1/2005- 30/6/2005	1/1/2006- 30/6/2006	1/1/2005- 30/6/2005	1/1/2006- 30/6/2006	1/1/2005- 31/12/2005	1/1/2006- 30/6/2006	1/1/2005- 31/12/2005
Parent company Lafarge S.A.								
- Royalties	0	0	3.059	0	0	0	0	0
- Other transactions	336	292	541	378	85	0	41	4.007
Group Lafarge Associates	46.772	48.273	1.122	559	8.916	5.686	69	136
Total	47.108	48.565	4.722	937	9.001	5.686	110	4.143

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 SA, on the other, are disclosed below:

Amounts in € thousand

COMPANY	SALES		PURCHASES		RECEIVABLES		PAYABLES	
	1/1/2006- 30/6/2006	1/1/2005- 30/6/2005	1/1/2006- 30/6/2006	1/1/2005- 30/6/2005	1/1/2006- 30/6/2006	1/1/2005- 31/12/2005	1/1/2006- 30/6/2006	1/1/2005- 31/12/2005
Heracles Group Companies	17.120	14.530	30.449	26.919	19.401	18.659	9.124	7.082
Parent company Lafarge S.A.								
- Royalties	0	0	3.059	0	0	0	0	0
- Other transactions	335	291	541	370	85	0	0	4.003
Group Lafarge Associates	45.925	47.945	1.096	529	8.633	5.479	17	0
Total	63.380	62.766	35.145	27.818	28.119	24.138	9.141	11.085

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

Royalties to the parent company Lafarge SA as at 30/06/2005, were not recorded since the relevant franchise agreement was not yet signed. The total royalties for 2005 amounted to € 4.287 thousand.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

16. ACQUISITION OF SUBSIDIARIES

On 1 March 2006, the consolidated subsidiary LAFARGE BETON S.A. acquired 100 per cent of the issued share capital of BETON PREVEZIS S.A., a production and trading of ready-mix products company.

On 23 March 2006, the parent Company HERACLES GENERAL CEMENT COMPANY S.A. acquired 99,78% per cent of the issued share capital of AEGEAN TERMINAL S.A., a production and trading of concrete materials company.

On 31 March 2006, the consolidated subsidiary LAFARGE BETON S.A. acquired 100 per cent of the issued share capital of TH. ATHASSIOU S.A, a quarry exploitation and production and trading of ready-mix products company.

The board of Directors of the consolidated subsidiary LAFARGE BETON SA decided on 30 May 2006 to merge the newly acquired companies BETON PREVEZIS S.A. and TH. ATHASSIOU S.A.

The considerations, temporary estimated goodwill and the temporary allocated purchase considerations of the aforementioned acquisitions are analysed as follows:

Amounts in € thousand

BETON PREVEZIS S.A.	Book Value	Temporary Fair Value Adjustments	Temporary Fair Value
Net assets acquired:			
Intangible & tangible assets	526	(92)	434
Inventories	18	0	18
Trade and other current receivables	193	0	193
Cash and cash equivalents	7	0	7
Provision for staff retirement compensation	0	(49)	(49)
Suppliers and other creditors	(708)	0	(708)
Bank borrowings	(150)	0	(150)
Deferred Taxes	0	(7)	(7)
	<u>(114)</u>	<u>(148)</u>	<u>(262)</u>
Goodwill arising on acquisition			<u>677</u>
Total consideration, satisfied by cash			<u>415</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(415)
Cash and cash equivalent acquired			<u>7</u>
			<u>(408)</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

16. ACQUISITION OF SUBSIDIARIES - Continued

Amounts in € thousand

AEGEAN TERMINAL S.A.	<u>Book Value</u>	<u>Temporary Fair Value Adjustments</u>	<u>Temporary Fair Value</u>
Net assets acquired:			
Trade and other current receivables	143	0	143
Cash and cash equivalents	4	0	4
Suppliers and other creditors	(1)	0	(1)
	<u>146</u>	<u>0</u>	<u>146</u>
Goodwill arising on acquisition			650
Total consideration, satisfied by cash			<u>796</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(796)
Cash and cash equivalent acquired			4
			<u>(792)</u>

Amounts in € thousand

ATHANASSIOU S.A.	<u>Book Value</u>	<u>Temporary Fair Value Adjustments</u>	<u>Temporary Fair Value</u>
Net assets acquired:			
Intangible & tangible assets	1.022	1.050	2.072
Inventories	923	0	923
Trade and other current receivables	1.877	0	1.877
Cash and cash equivalents	6	0	6
Provision for staff retirement compensation	0	(97)	(97)
Suppliers and other creditors	(1.986)	0	(1.986)
Obligations under finance leases	0	(413)	(413)
Income tax liabilities	(81)	0	(81)
Bank borrowings	(1.625)	0	(1.625)
Deferred Taxes	0	(256)	(256)
	<u>136</u>	<u>284</u>	<u>420</u>
Goodwill arising on acquisition			2.952
Total consideration, satisfied by cash			<u>3.372</u>
Net cash outflow arising on acquisition:			
Cash consideration paid			(3.372)
Cash and cash equivalent acquired			6
			<u>(3.366)</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2006

16. ACQUISITION OF SUBSIDIARIES - Continued

The net profit contributed by the acquired companies in the period between the date of acquisition and the balance sheet date amounted to €65 thousand before tax (€15 thousand after tax).

If the acquisition had been completed on 1 January 2006, total group revenue for the period would have been €330.273 thousand, and profit for the period would have been €25.504 thousand.

The fair value of the assets, liabilities and contingent liabilities, acquired as well as the finalization of the goodwill determined in each case, will be determined within twelve months from the acquisition of each company.

17. NUMBER OF EMPLOYEES

The number of employees for the Group and the Company is analysed as follows:

	GROUP		COMPANY	
	<u>30/6/2006</u>	<u>30/6/2005</u>	<u>30/6/2006</u>	<u>30/6/2005</u>
Number of employees	2.572	2.584	1.899	1.935

The Group and Company financial statements from page 3 through page 19 were approved by the Board of Directors' meeting held on August 21st, 2006. As ordered by the Board of Directors, Financial Statements are signed by:

**CHAIRMAN OF THE
B.O.D**

**MANAGING
DIRECTOR**

**CHIEF FINANCIAL
OFFICER**

**FINANCIAL SERVICES
MANAGER**

**MANOLIS CHRIS
KYPRIANIDES**

SAAD M. SEBBAR

**HARRIS V.
KOKOLOGIANIS**

MIHALIS T. MICHELIS

I.D. N 032249

PASP.No. 04FE81791

PERM.No. 31731

PERM.No. 29960

REVIEW REPORT

To the Shareholders of HERACLES GENERAL CEMENT Co

We have reviewed the accompanying condensed interim balance sheet of HERACLES GENERAL CEMENT Co (the Company) and the condensed interim balance sheet of the Company and its subsidiaries (the “Group”) as of June 30, 2006 and the related condensed interim income statement, cash flows and changes in shareholders equity for the six months ended June 30, 2006 for the Company and the Group. Our review was performed for the six month period as a whole, and did not include the separate individual review of the financial information for the three month period 1 April to 30 June 2006, which are presented in the income statement of the accompanying condensed interim financial statements. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these condensed interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Review Engagements 2400, as required by the Greek Standards on Auditing. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the condensed Company and Group interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six months ended June 30, 2006 for the Company and the Group are not presented fairly, in all material respects, in accordance with International Accounting Standards 34 – Interim Financial Reporting.

Without qualifying our opinion your attention is drawn to the following:

- a) As it is further explained in note 13 to the accompanying condensed interim financial statements, the income tax returns filed by the Company and its consolidated subsidiaries have not been examined and agreed with the tax authorities. In addition, there are disputes with the tax authorities currently pending before the competent administrative courts. The parent Company is currently subject to a tax audit with respect to the financial years 2003 – 2005. The final outcome from the above future tax examinations and/or pending litigation can not be presently determined and, therefore, no provision has been established in this respect in the accompanying financial statements.
- b) As it is further explained in note 16 to the accompanying condensed interim financial statements the management of the Company, on the basis of the provisions of par. 62 of IFRS 3, has temporarily determined the goodwill arising on the acquisition of BETON PREVESIS S.A, ATHANASSIOU S.A. and AEGEAN TERMINALS SA which took place on March 1, 2006, March 31, 2006 and March 23, 2006 respectively, to Euros 4,279 thousands. The finalization of the measurement of the above acquisitions will be finalized within 12 months from the date of each of the above acquisitions.

Athens, August 28, 2006
The Certified Public Accountants

Michael E. Karavas
Reg. No (ICPA (GR)): 13371

Nicolaos A. Papadimitriou
Reg. No (ICPA (GR)): 14271

Deloitte. Hadjipavlou, Sofianos & Cambanis SA