



**INTERIM CONDENSED COMPANY AND GROUP
FINANCIAL REPORT OF HERACLES G.C.C.
IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS
AS AT 30 JUNE 2007**

HERACLES GCC
COMPANIES' REG. NO. : 13576/06/B/86/096
49-51 SOPH. VENIZELOU STR.
141 23 LYCOVRISSE - ATTICA

TABLE OF CONTENTS

page

INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007	3
BALANCE SHEET AS AT 30 JUNE 2007	4
STATEMENT OF RECOGNISED INCOME - EXPENSES FOR THE PERIOD ENDED 30 JUNE 2007	5
CASH FLOW STATEMENT (indirect method) FOR THE PERIOD ENDED 30 JUNE 2007	6
NOTES TO THE INTERIM CONDENSED FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007	
1 GENERAL INFORMATION	7
2 BASIS OF PREPARATION	7
3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS	7
4 ACCOUNTING PRINCIPLES	8
5 STATEMENT OF CHANGES IN EQUITY	11
6 BUSINESS SEGMENTS	13
7 OTHER OPERATING INCOME / (EXPENSES)	13
8 COST OF VOLUNTARY STAFF RETIREMENT PROGRAM	14
9 LOSS FROM IMPAIRMENT OF INVESTMENTS	14
10 FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2007	14
11 INCOME TAX	14
12 EARNINGS PER SHARE	15
13 DIVIDENDS	15
14 INTANGIBLE & TANGIBLE ASSETS	15
15 INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES	16
16 PROVISION FOR STAFF RETIREMENT COMPENSATION	17
17 BANK LOANS	17
18 CONTINGENT LIABILITIES	17
19 EVENTS AFTER THE BALANCE SHEET DATE	21
20 RELATED PARTY TRANSACTIONS	21
21 ACQUISITIONS OF SUBSIDIARIES	23
22 NUMBER OF EMPLOYEES	25
23 RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO CHANGE IN ACCOUNTING POLICY	25
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	34

INCOME STATEMENT FOR THE PERIOD ENDED 30 JUNE 2007

Amounts in € thousand

	NOTE	GROUP		COMPANY	
		1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Operating results					
Turnover (sales)	6,10	331.056	329.470	297.192	294.382
Cost of goods sold		(244.009)	(258.190)	(217.397)	(229.279)
Gross profit		87.047	71.280	79.795	65.103
Administrative & distribution expenses		(29.361)	(29.241)	(22.062)	(24.175)
Other operating income / (expenses)	7	2.240	(744)	(1.540)	(762)
Cost of voluntary staff retirement program	8	(13.356)	0	(13.356)	0
Impairment of investment	9	(650)	0	(650)	0
Share of results of associates		2	18	0	0
Operating profit		45.922	41.313	42.187	40.166
Finance income / (expense)		1.368	703	3.532	1.466
Profit for the period before tax		47.290	42.016	45.719	41.632
Income tax	11	(19.137)	(15.237)	(16.397)	(14.034)
Net profit for the period after tax	6,10	28.153	26.779	29.322	27.598
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings per share (in €)	12	0,40	0,38	0,41	0,39

Amounts in € thousand

	GROUP		COMPANY	
	1/4/2007- 30/6/2007	1/4/2006- 30/6/2006	1/4/2007- 30/6/2007	1/4/2006- 30/6/2006
Operating results				
Turnover (sales)	166.746	188.280	150.982	167.327
Cost of goods sold	(121.543)	(137.089)	(111.285)	(120.444)
Gross profit	45.203	51.191	39.697	46.883
Administrative & distribution expenses	(11.882)	(12.197)	(8.309)	(9.259)
Other operating income / (expenses)	101	(633)	(3.393)	(677)
Cost of voluntary staff retirement program	(13.356)	0	(13.356)	0
Impairment of investment	(650)	0	(650)	0
Share of results of associates	2	18	0	0
Operating profit	19.418	38.379	13.989	36.947
Finance income / (expense)	882	33	2.661	474
Profit for the period before tax	20.300	38.412	16.650	37.421
Income tax	(10.894)	(14.533)	(8.861)	(13.453)
Net profit for the period after tax	9.406	23.879	7.789	23.968
Number of shares	71.082.707	71.082.707	71.082.707	71.082.707
Earnings per share (in €)	0,13	0,34	0,11	0,34

Notes from page 7 through to page 32 form an integral part of the Company and Group Interim Condensed Financial Report.

BALANCE SHEET AS AT 30 JUNE 2007

Amounts in € thousand

	NOTE	GROUP		COMPANY	
		30/6/2007	31/12/2006	30/6/2007	31/12/2006
Fixed assets					
Goodwill		8.721	7.013	0	0
Intangible assets	14	517	601	82	44
Tangible assets	14	589.922	604.647	551.600	566.980
Investments in associates and subsidiaries	15	413	409	37.218	37.868
Other investments		55	59	55	55
Other non-current receivables		8.105	7.909	20.764	17.554
Deferred tax asset		6.638	11.068	4.131	7.180
Total fixed assets		614.371	631.706	613.850	629.681
Current assets					
Inventories		79.901	68.362	74.302	63.290
Trade and other current receivables		187.910	172.216	158.422	144.146
Derivative financial instruments		2.045	883	2.045	883
Non-current asset available for sale		0	1.150	0	1.277
Cash and cash equivalents		98.931	126.241	77.042	106.603
Total current assets		368.787	368.852	311.811	316.199
Total assets		983.158	1.000.558	925.661	945.880
Non-current liabilities					
Provision for staff retirement compensation	16	94.683	101.798	82.240	87.088
Other non-current provisions		16.890	7.065	23.652	10.395
Obligations under finance leases		189	252	0	0
Total non-current liabilities		111.762	109.115	105.892	97.483
Current liabilities					
Provision for staff retirement compensation	16	7.175	9.978	6.754	9.319
Trade and other creditors		89.498	85.179	77.143	73.947
Income tax liabilities		17.903	11.410	17.090	10.445
Obligations under finance leases		180	249	0	0
Other current provisions		15.617	14.434	15.517	14.324
Derivative financial instruments		153	152	153	152
Bank loans	17	15.679	7.401	0	0
Total current liabilities		146.205	128.803	116.657	108.187
Total liabilities		257.967	237.918	222.549	205.670
Equity					
Share capital		142.165	142.165	142.165	142.165
Share premium		1.279	1.279	1.279	1.279
Reserves		204.246	219.601	181.797	197.232
Derivatives valuation reserve		1.474	489	1.474	489
Retained earnings		376.027	399.106	376.397	399.045
Total equity		725.191	762.640	703.112	740.210
Total liabilities and equity		983.158	1.000.558	925.661	945.880

Notes from page 7 through to page 32 form an integral part of the Company and Group Interim Condensed Financial Report.

STATEMENT OF RECOGNISED INCOME –EXPENSES FOR THE PERIOD ENDED 30 JUNE 2007

Amounts in € thousand

	NOTE	GROUP		COMPANY	
		30/6/2007	30/6/2006	30/6/2007	30/6/2006
Profit/(loss) from derivative financial instruments recognised directly in equity		985	1.087	985	1.087
Actuarial gains/(losses) recognised directly in equity, net of deferred tax	16	4.496	0	3.678	0
Net income/(expense) recognised directly in equity		5.481	1.087	4.663	1.087
Net profit for the period after tax		28.153	26.779	29.322	27.598
Total income/(expenses) for the period		33.634	27.866	33.985	28.685
 <u>Impact of change in accounting policy on retained earnings</u>					
		<u>1/1/2007</u>	<u>1/1/2006</u>	<u>1/1/2007</u>	<u>1/1/2006</u>
(a) Actuarial gains/(losses), net of deferred tax		(18.010)	(11.589)	(15.597)	(9.987)
(b) Voluntary staff retirement program cost, net of deferred tax		1.655	0	1.655	0
(c) Provision for losses of subsidiaries		0	0	(1.542)	(1.230)
Total		(16.355)	(11.589)	(15.484)	(11.217)

Notes from page 7 through to page 32 form an integral part of the Company and Group Interim Condensed Financial Report.

CASH FLOW STATEMENT (indirect method)

FOR THE PERIOD ENDED 30 JUNE 2007

Amounts in € thousand

	GROUP		COMPANY	
	1/1- 30/6/2007	1/1- 30/6/2006	1/1- 30/6/2007	1/1- 30/6/2006
<u>Operating activities</u>				
Profit before tax	47.290	42.016	45.719	41.632
Plus / less adjustments for:				
Depreciation	22.795	23.447	21.390	21.727
Provisions	8.366	1.114	13.284	(3.661)
Foreign exchange differences	0	2	0	2
Loss from derivatives valuation	0	(273)	0	(273)
Results (income, expenses, profit and losses) from investment activities	(4.466)	(2.439)	(4.132)	(2.177)
Interest expenses and relevant expenses	1.175	1.066	199	260
Plus/less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(11.280)	18.255	(10.897)	19.694
Decrease / (increase) in receivables	(16.009)	(46.914)	(18.120)	(52.448)
(Decrease) / increase in liabilities (excl. banks)	2.815	(3.775)	2.969	(5.406)
Less :				
Interest expenses and relevant expenses paid	(1.175)	(1.066)	(199)	(260)
Tax paid	(8.847)	(8.824)	(7.993)	(7.557)
<u>Total inflow / (outflow) from operating activities (a)</u>	<u>40.664</u>	<u>22.609</u>	<u>42.220</u>	<u>11.533</u>
<u>Investment activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(2.619)	(4.566)	0	(24.795)
Purchase of tangible and intangible fixed assets	(7.928)	(12.139)	(6.115)	(10.383)
Cash from disposal of tangible and intangible assets	354	6.217	1	5.927
Proceeds from the sale of investments	3.218	807	3.218	658
Interest received	2.392	1.374	2.198	1.276
<u>Total inflow / (outflow) from investment activities (b)</u>	<u>(4.583)</u>	<u>(8.307)</u>	<u>(698)</u>	<u>(27.317)</u>
<u>Financing activities</u>				
Loan proceeds	17.754	163	0	0
Loan repayments	(9.930)	(20.496)	0	0
Payment of obligations under finance leases	(132)	(99)	0	0
Dividends paid	(71.083)	0	(71.083)	0
<u>Total inflow / (outflow) from finance activities (c)</u>	<u>(63.391)</u>	<u>(20.432)</u>	<u>(71.083)</u>	<u>0</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(27.310)</u>	<u>(6.130)</u>	<u>(29.561)</u>	<u>(15.784)</u>
Cash and cash equivalents at the beginning of the period	<u>126.241</u>	<u>140.096</u>	<u>106.603</u>	<u>127.741</u>
Effects from changes in exchange rates	<u>0</u>	<u>17</u>	<u>0</u>	<u>17</u>
Cash and cash equivalents at the end of the period	<u>98.931</u>	<u>133.983</u>	<u>77.042</u>	<u>111.974</u>

Notes from page 7 through to page 32 form an integral part of the Company and Group Interim Condensed Financial Report.

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. By majority (79.17%), as at 30/06/2007 the Company belongs to Lafarge Group which is incorporated in France. Regarding the development of the Lafarge Group investment in the Company refer to Note 15.

The HERACLES G.C.C Group (the Group) mainly operates in the production and trading of cement, concrete and other structural materials. The above interim condensed financial report is presented in thousand Euros, which is the currency of the primary economic environment in which the Group operates.

2. BASIS OF PREPARATION

The interim condensed financial report has been prepared in accordance with International Accounting Standard "IAS" 34, Interim Financial Reporting.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS

During the year, 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 with the Company's activities and which apply to accounting periods starting 1st January 2007.

The new IFRS, interpretations and amendments of existing standards, are listed below:

IFRS 7, Financial Instruments: Disclosures and supplementary adaptation to IAS 1, presentation of financial statements, capital disclosures (applicable for annual financial periods beginning on or after January 1st 2007).

IFRS 7 requires additional disclosures with respect to exposures to risks from financial instruments, including credit risk, liquidity risk and market risk.

The supplementary adaptation of IAS 1 refers to disclosures regarding the amount and management of capital.

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 to be provided for operating segments, to be consistent with those components of the entity that management uses internally to assess performance. The Group is in the process of assessing the standard's impact on its financial statements.

Interpretation 10, Interim financial reporting and impairment (applicable to annual financial periods beginning on or after November 1st 2006)

Refer to note 9 of the Interim Condensed Financial Report.

Interpretation 11, IFRS 2 – Group and treasury shares transactions (applicable to annual financial periods beginning on or after March 1st 2007)

Interpretation 11 does not apply to the Group.

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

Interpretation 12 has not yet been adopted by the EU.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENT OF EXISTING STANDARDS – continued

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

Interpretation 13 has not yet been adopted by the EU.

Interpretation 14, IAS 19 – 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)

Interpretation 14 has not yet been adopted by the EU.

Amendment to IAS 23, Borrowing costs

The main change from the previous version is the removal of the option of immediately recognising borrowing costs as an expense that relate to assets which take a substantial period of time to get ready for its intended use or sale (applicable to annual financial periods beginning on or after January 1st 2009).

Amendment to IAS 23 has not yet been adopted by the EU.

4. ACCOUNTING PRINCIPLES

The interim condensed financial report has been prepared on the historical or deemed cost basis.

The main accounting principles used have not changed in relation to the Group and Company annual financial statements of 31 December 2006, except for the change in accounting policy for recognising actuarial gains and losses.

Specifically, according to the accounting policy that the Group and Company pursued until 31 December 2006, actuarial gains and losses which, at the end of the previous period exceeded 10% of the current value of the liability from defined benefits on that date were amortised through the profit and loss over the employees' average remaining working life.

According to the new accounting policy adopted as of 1 January 2007, all actuarial gains and losses in the period are recognised outside profit or loss, as they occur. Actuarial gains and losses recognised outside profit or loss shall appear in the statement of recognised income and expenses.

The implementation of the new accounting policy by the Group aims to presenting a more fair view of the provision for staff retirement compensation.

4. ACCOUNTING PRINCIPLES – continued

The impact from implementing the new accounting policy to the interim condensed financial report is presented below:

Impact on Group and Company Income Statements as at 30 June 2007

Amounts in € thousand

	New accounting policy	Effect of new accounting policy	Previous accounting policy
GROUP			
Amortisation of unrecognised actuarial losses	0	746	(746)
Utilisation of provision for staff retirement compensation	8.981	1.712	7.269
Cost of voluntary staff retirement program	(13.356)	1.419	(14.775)
Utilisation of provision for cost of voluntary staff retirement program	2.968	(406)	3.374
Profit for the period before the effect of the new accounting policy	48.697	0	48.697
Profit for the period before tax	47.290	3.471	43.819
Income tax	(19.137)	(687)	(18.450)
Net profit for the period after tax	28.153	2.784	25.369
COMPANY			
Amortisation of unrecognised actuarial losses	0	655	(655)
Utilisation of provision for staff retirement compensation	6.567	1.279	5.288
Share of loss of subsidiaries	(3.327)	89	(3.416)
Cost of voluntary staff retirement program	(13.356)	1.419	(14.775)
Utilisation of provision for cost of voluntary staff retirement program	2.968	(406)	3.374
Intercompany charge for the cost of voluntary staff retirement program	(2.439)	424	(2.863)
Profit for the period before the effect of the new accounting policy	55.306	0	55.306
Profit for the period before tax	45.719	3.460	42.259
Income tax	(16.397)	(556)	(15.841)
Net profit for the period after tax	29.322	2.904	26.418

4. ACCOUNTING PRINCIPLES – continued

Effect to Group and Company Balance Sheets as at 30 June 2007

Amounts in € thousand

	GROUP			COMPANY		
	New accounting policy	Effect of new accounting policy	Previous accounting policy	New accounting policy	Effect of new accounting policy	Previous accounting policy
Fixed assets	614.371	3.805	610.566	613.850	3.236	610.614
of which:						
Deferred tax receivables	6.638	3.805	2.833	4.131	3.236	895
Current assets	368.787	0	368.787	311.811	0	311.811
Total assets	983.158	3.805	979.353	925.661	3.236	922.425
Non-current liabilities	111.762	13.314	98.448	105.892	12.996	92.896
of which:						
Provisions for staff retirement compensations	94.683	15.730	78.953	82.240	13.959	68.281
Other non-current provisions	16.890	(2.416)	19.306	23.652	(963)	24.615
Current liabilities	146.205	(434)	146.639	116.657	(858)	117.515
of which:						
Suppliers and other creditors	89.498	0	89.498	77.143	(424)	77.567
Other current provisions	15.617	(434)	16.051	15.517	(434)	15.951
Total liabilities	257.967	12.880	245.087	222.549	12.138	210.411
Equity	725.191	(9.075)	734.266	703.112	(8.902)	712.014
of which:						
Retained earnings	376.027	(9.075)	385.102	376.397	(8.902)	385.299
Total liabilities and equity	983.158	3.805	979.353	925.661	3.236	922.425

Effect to Group and Company Statements of Changes in Equity as at 30 June 2007

Amounts in € thousand

	GROUP			COMPANY		
	New accounting policy	Effect of new accounting policy	Previous accounting policy	New accounting policy	Effect of new accounting policy	Previous accounting policy
Balance at 01/01/2007 as previously published	778.995	0	778.995	755.694	0	755.694
(a) Actuarial gains/(losses), net of deferred tax	(18.010)	(18.010)	0	(15.597)	(15.597)	0
(b) Voluntary staff retirement program cost, net of deferred tax	1.655	1.655	0	1.655	1.655	0
(c) Provision for losses of subsidiaries	0	0	0	(1.542)	1.542	(3.084)
Balance at 01/01/2007 as restated	762.640	(16.355)	778.995	740.210	(15.484)	755.694
Profit for the period	28.153	2.784	25.369	29.322	2.904	26.418
Dividends	(71.083)	0	(71.083)	(71.083)	0	(71.083)
Profit/(loss) from derivative financial instruments recognised directly in equity	985	0	985	985	0	985
Actuarial gains/(losses) recognised directly in equity, net of deferred tax	4.496	4.496	0	3.678	3.678	0
Balance at 30/6/2007	725.191	(9.075)	734.266	703.112	(8.902)	712.014

Regarding the restatements of the published Interim and Annual Financial Statements please refer to Notes 5 and 23.

5. STATEMENT OF CHANGES IN EQUITY

Amounts in € thousand

GROUP	Share Capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2007 as previously published	142.165	1.279	219.601	489	415.461	778.995
(a) Actuarial gains/(losses), net of deferred tax	0	0	0	0	(18.010)	(18.010)
(b) Voluntary staff retirement program, net of deferred tax	0	0	0	0	1.655	1.655
Balance at 01/01/2007 as restated	142.165	1.279	219.601	489	399.106	762.640
Profit for the period	0	0	0	0	28.153	28.153
Dividends	0	0	(28.433)	0	(42.650)	(71.083)
Transfer to reserves	0	0	13.078	0	(13.078)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	985	0	985
Actuarial gain/(losses) of staff retirement compensation provision, net of deferred tax	0	0	0	0	4.496	4.496
Balance at 30/6/2007	142.165	1.279	204.246	1.474	376.027	725.191
Balance at 01/01/2006 as previously published	109.467	1.279	213.668	(1.482)	463.241	786.604
(a) Actuarial gains/(losses), net of deferred tax	0	0	0	0	(11.589)	(11.589)
Balance at 01/01/2006 as restated	109.467	1.279	213.668	(1.482)	451.652	775.015
Capitalization under law 2065/1992	32.698	0	(95)	0	(32.603)	0
Profit for the period as restated	0	0	0	0	26.779	26.779
Dividends	0	0	(9.314)	0	(58.215)	(67.529)
Transfer to reserves	0	0	15.332	0	(15.332)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	1.087	0	1.087
Balance at 30/06/2006	142.165	1.279	219.591	(395)	372.281	735.352

5. STATEMENT OF CHANGES IN EQUITY - continued

Amounts in € thousand

COMPANY	Share Capital	Share premium account	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 01/01/2007 as previously published	142.165	1.279	197.232	489	414.529	755.694
(a) Actuarial gains/(losses), net of deferred tax	0	0	0	0	(15.597)	(15.597)
(b) Voluntary staff retirement program, net of deferred tax	0	0	0	0	1.655	1.655
(c) Provision for losses of subsidiaries	0	0	0	0	(1.542)	(1.542)
Balance at 01/01/2007 as restated	142.165	1.279	197.232	489	399.045	740.210
Profit for the period	0	0	0	0	29.322	29.322
Dividends	0	0	(28.433)	0	(42.650)	(71.083)
Transfer to reserves	0	0	12.998	0	(12.998)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	985	0	985
Actuarial gain/(losses) of staff retirement compensation provision, net of deferred tax	0	0	0	0	3.678	3.678
Balance at 30/6/2007	142.165	1.279	181.797	1.474	376.397	703.112
Balance at 01/01/2006 as previously published	109.467	1.279	191.309	(1.482)	466.476	767.049
(a) Actuarial gains/(losses), net of deferred tax	0	0	0	0	(9.987)	(9.987)
(c) Provision for losses of subsidiaries	0	0	0	0	(1.230)	(1.230)
Balance at 01/01/2006 as restated	109.467	1.279	191.309	(1.482)	455.259	755.832
Capitalization under law 2065/1992	32.698	0	(95)	0	(32.603)	0
Published profit for the period	0	0	0	0	0	0
Profit for the period as restated	0	0	0	0	27.598	27.598
Dividends	0	0	(9.314)	0	(58.215)	(67.529)
Transfer to reserves	0	0	15.332	0	(15.332)	0
Profit/(loss) from derivative financial instruments recognised directly in equity	0	0	0	1.087	0	1.087
Balance at 30/06/2006	142.165	1.279	197.232	(395)	376.707	716.988

6. BUSINESS 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.

The 2006 comparative figures have been restated in order to reflect the implementation of the new accounting policy for the recognition of actuarial gain / losses.

Amounts in € thousand

	Group sales		Net profit/(loss) for the period	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Cement	302.083	298.626	27.363	27.702
Concrete	40.863	42.365	394	(1.394)
Aggregates	6.471	6.569	1.033	471
Intra-company eliminations	(18.361)	(18.090)	(637)	0
TOTAL	331.056	329.470	28.153	26.779

7. OTHER OPERATING INCOME / (EXPENSES)

In the period under review, other operating income includes net profit of €1,853 thousand from the disposal of shares in the associate Metropolitan Automobile Enterprises S.A. The transaction took place on 17/01/2007, for a consideration of €3,218 thousand, corresponding to the Company's participation percentage of 45.97%. The sold company's main activity is the commercial operation of car parking.

The amount of €579 thousand concerns real estate impairment which was charged to the cost of goods sold in the Group and Company 2006 income statement and was reclassified to operating income/ (expenses) for more appropriate comparative presentation of the income statement.

Other operating income as at 30/06/2007 includes a Company provision for losses of €3,327 thousand, which relates to the Company's participations in the accumulated losses of its subsidiaries.

Amounts in € thousand

	Group		Company	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Profit/(loss) from participation disposals	1.853	0	1.853	0
Profit/(loss) from fixed asset disposals	59	(165)	(7)	(183)
Impairment of fixed assets	(59)	(579)	(59)	(579)
Provision for participation losses	0	0	(3.327)	0
Other	387	0	0	0
	2.240	(744)	(1.540)	(762)

8. COST OF VOLUNTARY STAFF RETIREMENT PROGRAM

In view of improving the Group's competitiveness, in the year ended 2006 the Group initiated the implementation of the voluntary staff retirement program which is still in progress. The Company recognised a provision amounting to €13,038 thousand as at 31/12/2006 (as restated in the published quarterly financial reports in 2007, after the change in accounting policy for the recognition of actuarial gain/losses), out of which €2,968 thousand have been utilised as at 30/06/2007. Management decided on the expansion of the above mentioned staff retirement program and therefore the Company recognised additional provision amounting to €13,356 thousand as at 30/06/2007. The corresponding expense for the program will be realised during the fiscal years 2007 and 2008.

The entire cost for the implementation of the program will be borne by the Company. The intention of the program is the productivity improvement of loss making activities along with the reduction of operating costs.

9. LOSS FROM IMPAIRMENT OF INVESTMENT IN SUBSIDIARIES

The Company recognised an impairment loss on the goodwill which was recognised from the acquisition of the subsidiary AEGEAN TERMINALS amounting to €650 thousand, in the context of its revised strategy concerning the use of the subsidiary's distribution centre.

10. FINANCIAL RESULTS FOR THE PERIOD ENDED 30 JUNE 2007

In the first half of 2007, the Group's turnover amounted to €331,056 thousand, increased by 0,48%, compared to the respective period last year since decreased exported sale volumes were counterbalanced by increased sale prices.

Despite the seasonality that the Group sales demonstrate, turnover of the second quarter of 2007 amounted to €166,746 thousand, approximately at the same level as the first quarter of the current year and decreased by 11.44% compared with the corresponding period in 2006. The extremely favourable weather conditions of the first quarter in connection with the adverse weather conditions of the second quarter, due to the high temperatures prevailing locally in June, along with decreased exports during April and May due to the temporary suspension of operations in Halkis facilities, are the main causes of the decrease in sale volumes.

Net Group profit after tax for the same period amounted to €28,153 thousand, increased by 5.13% compared to the first six months of 2006. Mainly due to the decrease in sales volume and fixed costs, cost of goods sold was contained, despite the high fuel price increase. The decrease in cost of good sold was in turn counterbalanced by the cost of expansion of voluntary staff retirement program expense.

11. INCOME TAX

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

The period's current income tax has been calculated based on the applicable tax rate for 2007, namely 25% (2006: 29%).

12. EARNINGS PER SHARE

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

	GROUP		COMPANY	
	1/1- 30/6/2007	1/1- 30/6/2006	1/1- 30/6/2007	1/1-30/6/2006
Amounts in € thousand	28.153	26.779	29.322	27.598
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 €	0,40	0,38	0,41	0,39

13. DIVIDENDS

At the end of each year, the Board of Directors proposes the dividend, which is then subject to approval by the General Assembly of Shareholders.

The proposed dividend out of the profit of the previous year 1/1-31/12/2006 as well as from available extraordinary reserves amounts to €71,083 thousands (€1.00 per share), and was approved by the General Assembly of Shareholders on 15 June 2007.

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

14. INTANGIBLE & TANGIBLE ASSETS

Group capital expenditure for the period amounts to €7,928 thousand (Q1, 2006: €12,139 thousand), while Company capital expenditure amounts to €6,115 thousand (Q1, 2006: €10,383 thousand).

The fixed assets carrying amount the Group disposed of or wrote off in the period under review, rose to €302 thousand, with total revenues of €354 thousand.

The above assets include the carrying amount of the plot, quarry, machinery, as well as buildings/improvements of the subsidiary Lafarge Beton SA at the Araxos location in Achaia Prefecture, amounting to €3,877 thousand. According to Notary Public deed no. 10114/2003, transfer of ownership of the above plot to Lafarge Beton SA 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. Note 18 reports the facts about the operating license of the quarry.

15. PARTICIPATIONS IN ASSOCIATES AND SUBSIDIARIES

The following table is a list of the Group's companies included in the consolidated financial report, 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 and trade
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	96,79%	3,21%	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
AMBER S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Industrial automation and IT
EKET LTD.	Greece, Lycovrissi, Attica	90,00%	10,00%	100,00%	Cement production technology
AEGEAN TERMINALS S.A.	Greece, Chalandri, Attica	99,78%		99,78%	Distribution terminal
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	99,88%	0,12%	100,00%	Distribution terminal
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica		100,00%	100,00%	Marine company
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)
SYNERGATIKI BETON S.A.	Greece, Lamia		100,00%	100,00%	Concrete production & trade
KAMBIS QUARRIES S.A.	Greece, Arta		90,00%	90,00%	Extraction and processing of aggregates production
HALKIS CEMENT INTERNATIONAL S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Under liquidation
FINDA TRANSPORTS S.A.	Greece, Lycovrissi, Attica	100,00%		100,00%	Under liquidation
ALEXANDRIA SILO INVESTMENT COMPANY S.A.	Panama	100,00%		100,00%	Under liquidation
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
INTERNATIONAL FLAG	Egypt		95,50%	95,50%	(Dormant)

Companies consolidated using the equity method

Name of Associate	Registered Office	Direct participation	Indirect participation	Main scope of activity
HELACEM S.A.	Switzerland	50,00%		Under liquidation
MIHALIS KATSIMBRIS SA	Greece, Heraclion, Crete		26,50%	Building material and quarrying
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		40,00%	Quarrying operations

On 19/04/2007 the Group Lafarge acquired, through Lafarge Cementos S.A. 18,480,899 shares (25.99% of the share capital) from National Bank of Greece S.A. for a total amount of €321,568 thousand. Following the acquisition, the participation of Group Lafarge in the share capital of the Company has increased to 79.17%.

16. PROVISION FOR STAFF RETIREMENT COMPENSATION

The Group's and the Company's estimated actuarial gains as at 30/06/2007 amounted to €5,826 thousand and €4,904 thousand respectively, including deferred taxation of €1,330 thousands and €1,226 thousands respectively, due to a change of the interest rate used to estimate the discounted obligation for staff retirement compensation from 4.25% to 5.00% annually. The restatement of the 2006 comparative is considered impracticable.

The recognition of the above mentioned actuarial gain decrease the liability for staff retirement compensation and is recognised directly in the statement of recognised income – expense statement.

17. BANK LOANS

The Group has concluded bank loans and overdrafts with an average interest rate in 2007 of 4.95% (2006: 4.03%). All bank loans are denominated in Euro.

Total short-term lending amounts to €15,679 thousand of which, €12,254 thousand concerns a loan of EVIESK SA, €2,015 thousand concerns AMBER SA, €1,000 thousand concerns Lafarge Beton ABEE and €410 thousand concerns Kambis Quarries S.A.

18. CONTINGENT LIABILITIES

Liens and Encumbrances

A prenotation of mortgage has been registered since 25/02/2004, to the amount of €240 thousand in favour of Emporiki Bank, over two plots owned by Lafarge Beton ABEE, with total surface areas of 3,505 sq.m. and 3,932 sq.m. respectively. Said plots are situated within the Municipality of Preveza, within the town plan and outside the Preveza Industrial Area (VIPE).

Company disputes under litigation or arbitration

In May 2005, the Company collected the amount of €44,138 thousand from the Greek State relating to the case of the alleged excess state grant the Company had received in 1986. Following a decision of the competent Community body, the Greek State charged, and the Company paid approximately €74,500 thousand in 1999-2000, in relation to the above case. The Company took recourse to the competent courts and claimed the reimbursement of the above amount paid, and was partially redeemed at first and last instance. The recovery of the amount of €44,138 is based on a relevant favourable Court of Appeals decision, against which the Greek State had taken recourse at the State Council, and the Company is also claiming recovery of the remaining amount out of the €74,500 thousand it had originally paid. The Company's management and legal counsel consider that at least the above recovery of €44,138 that the Company has collected from the Greek State, is practically final, and that it is quite unlikely that the Greek State's recourse against the Court of Appeals' will be affirmed. Consequently, the Company has recognised the amount collected in year 2005 income statement.

On 30/06/2007, there were pending lawsuits against the Group amounting to €37,903 thousand (31/12/2006: €36,123 thousand), out of which the pending lawsuits against the Company amount to €35,224 thousand (31/12/2007: €33,035 thousand), which are being tried. The outcome of such trials is uncertain. According to estimates, the maximum risk from the final decisions on the above cases amounts to €22,360 thousand, out of which the maximum risk from the final decisions on the cases of the Company amounts to €20,752 thousand. No provision has been made in this financial report for said pending cases, as it is unlikely that such risk will eventually occur.

18. CONTINGENT LIABILITIES - Continued

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

- a. Loss of profit lawsuit due to cancellation of a contract of approx. €2,305 thousand, with estimated maximum risk of €1,613 thousand.
- b. Lawsuit for loss of vessel and loss of profit to the amount of €15,927 thousand, with estimated maximum risk of €7,964 thousand.
- c. Lawsuit for counterclaim from environmental cost of €3,737 thousand, with estimated maximum risk of €2,989 thousand.

In certain cases of the Company's and the Group's real property, there are pending cases of designation of such property as forest areas, coastal areas, archaeological sites, etc., and various claims from the Greek State and other third parties. The maximum risk from such claims is estimated to €1,676 thousand and €1,699 thousand respectively. No provision has been made in this financial report for said claims as it is unlikely that such risk will eventually occur.

Operating License for a Subsidiary's Quarry

By virtue of decision no ("DFV") 25/688/9.3.2005 of the Achaia Prefect, operation of the quarry of subsidiary Lafarge Beton SA in Mavra Vouna location, Araxos, Achaia prefecture, was forbidden as of 18/01/2006. The validity of the above decision was suspended until 31/12/2006 by virtue of decision no. 29-23/02/2006 of the Achaia prefect, pending the completion of the new Environmental Impact Assessment Report (EIAR) review, that have been submitted to the Ministry for the Environment, Physical Planning and Public Works (MEPPPW).

Consequently, the above aggregates quarry resumed operation until 10/01/2007, under the terms specified in the above prefectural decision dated 23/02/2006, namely observance of environmental conditions set forth in previous EIAR, and the performance of regular controls by the Environmental Control Centre and the Southern Greece Environment Inspectors.

Accordingly, by virtue of the common Ministry decision no 168022/2272/06.06.2007 of the MEPPPW, Ministry of Agricultural Development and Ministry of Culture, the EIAR submitted by Lafarge Beton was approved, while by virtue of decision no 2090/08.06.2007 the Achaia Prefect recalled its previous decision no ("DFV") 25/688/9.3.2005 that had temporarily suspended the operation of the quarry. Following the above mentioned decisions the quarry resumed operations.

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 previous 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.

18. CONTINGENT LIABILITIES - Continued**Unaudited Years - Continued**

Company	Registered Office	Unaudited years
HERACLES GCC	Greece, Lycovrissi, Attica	*2006
LAFARGE BETON S.A.	Greece, Metamorfossi, Attica	2001-2006
ATLAS S.A.	Greece, Kallithea, Thessaloniki	2004-2006
EVIESK S.A.	Greece, Lycovrissi, Attica	2005-2006
HERACLES MARITIME CO.	Greece, Lycovrissi, Attica	2002-2006
LAVA S.A.	Greece, Lycovrissi, Attica	2006
AMBER S.A.	Greece, Lycovrissi, Attica	2004-2006
EKET LTD.	Greece, Lycovrissi, Attica	2005-2006
AEGEAN TERMINALS S.A.	Greece, Chalandri, Attica	2003-2006
PORT SAID SILO INVESTMENT COMPANY S.A.	Greece, Lycovrissi, Attica	1995-2006
G. HATZIKYRIAKOS SOC. NAV.	Greece, Lycovrissi, Attica	1998-2006
A. HATZIKYRIAKOS SOC. NAV. (inactive)	Greece, Lycovrissi, Attica	1998-2006
DYSTOS SOC. NAV. (inactive)	Greece, Lycovrissi, Attica	1998-2006
NAFSIKA SOC. NAV. (inactive)	Greece, Lycovrissi, Attica	1998-2006
HERACLES GLORY SOC. NAV. (inactive)	Greece, Lycovrissi, Attica	1998-2006
SYNERGATIKI BETON S.A.	Greece, Lamia	2006
KAMPIS QUARRIES S.A.	Greece, Arta	2006
HALKIS CEMENT INTERNATIONAL S.A. (under liquidation)	Greece, Lycovrissi, Attica	1997-2006
FINDA TRANSPORTS S.A. (under liquidation)	Greece, Lycovrissi, Attica	1993-2006
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 S.A. (inactive)	Egypt	**

* The Company has undergone tax audits until year 2005, excluding franchise rights royalties by the Company to the parent company LAFARGE SA concerning year 2005, and the goodwill tax on the Company's real property that resulted following application of the provisions of para. 1, article 15, Law 3229/2004. The tax audit of HELLAMAT SA for years 2000 - 31/07/2002 has been completed, while on 31/7/2007 the tax audit of the associate MIDDLE EAST CEMENT HANDLING SOC. NAV. S.A. for years 2003-2005 has been delivered. Additionally, an audit mandate for the subsidiary LAVA S.A. has been completed for years 2001-2005.

As regards 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.

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

18. CONTINGENT LIABILITIES - Continued

Granted Guarantees

The following letters of guarantee have been provided to secure liabilities of the Group and the Company, and were in force on 30/06/2007 and on 31/12/2006:

Amounts in € thousand	GROUP		COMPANY	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Granted guarantees	4.785	10.531	3.704	3.553
Inter-company granted guarantees	0	0	0	6.000

Commitments for Purchases and Capital Expenditure

Purchase and capital expenses contracts, in force on 30/06/2007 and on 31/12/2006, are as follow:

Amounts in € thousand	GROUP		COMPANY	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Purchase contracts	99.577	93.259	96.432	91.809
Capital expenditure contracts	9.558	16.416	9.352	15.573

Commitments for Operating Leases

At the balance sheet date the Group and the Company have the following liabilities which derive from the operating lease agreements without the option or the intention of cancellation and are payable as follows:

Amounts in € thousand	GROUP		COMPANY	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Within one year	19.289	6.312	55	110
Between 2 to 5 years	9.684	7.215	1.911	2.228
Over 5 years	710	515	384	453
	<u>29.683</u>	<u>14.042</u>	<u>2.350</u>	<u>2.791</u>

19. EVENTS AFTER THE BALANCE SHEET DATE

On 2/07/2007, the subsidiary Lafarge Beton acquired 100% of the company SUPER BETON S.A. I. MARKOULAKI which operates in the production and trading of ready – mix concrete, for a consideration of €2,578 thousand. The net equity (loss) of the acquired company at the acquisition date amounts to a negative €3,167 thousand. The temporary estimated goodwill derived from the acquisition amounts to €5,745 thousand. The calculation of the fair value of identifiable assets, liabilities and contingent liabilities acquired following the acquisition of the above mentioned company, and therefore the final valuation of the respective goodwill, will be finalised within twelve months from the date of acquisition.

On 30 July 2007, a loan agreement between the Company and its subsidiary EVIESK became effective. The loan granted to EVIESK amounts to €12,500 thousand with an annual interest rate of 3.8%. The loan will be utilised for the repayment of all existing bank loans of EVIESK.

20. 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

GROUP	SALES		PURCHASES		RECEIVABLES		LIABILITIES	
	1/1-	1/1-	1/1-	1/1-				
	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Parent company Lafarge S.A.	462	336	147	541	0	0	4.124	2.086
Group Lafarge associates	29.543	46.772	524	1.122	4.604	7.566	89	2.157
Franchise rights to Lafarge S.A.	0	0	4.276	3.059	0	0	0	0
Total	30.005	47.108	4.947	4.722	4.604	7.566	4.213	4.243

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 along with other Group Lafarge companies, on the other, are disclosed below:

Amounts in € thousand

COMPANY	SALES		PURCHASES		RECEIVABLES		LIABILITIES	
	1/1-	1/1-	1/1-	1/1-				
	30/6/2007	30/6/2006	30/6/2007	30/6/2006	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Heracles Group Companies	17.764	17.120	26.155	30.449	23.933	21.277	8.692	11.300
Parent company Lafarge S.A.	462	335	146	541	0	0	4.115	2.000
Group Lafarge associates	27.934	45.925	484	1.096	3.604	6.750	16	1.983
Franchise rights to Lafarge S.A.	0	0	4.276	3.059	0	0	0	0
Total	46.160	63.380	31.061	35.145	27.537	28.027	12.823	15.283

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

The 2006 comparatives have been restated and include the residuals of the consolidated via net equity method associated companies, for better presentation purposes. The restated amount of €83 thousand concerns Heracles Group companies receivables.

20. RELATED PARTY 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, is analysed as follows:

Amounts in € thousand

	GROUP		COMPANY	
	1/1-30/6/2007	1/1-30/6/2006	1/1-30/6/2007	1/1-30/6/2006
Current benefits	2.034	1.587	1.238	1.064
Provision for retirement compensation and paid compensations	2.999	1.137	1.628	355
BoD members attendance fees	123	97	115	89
	5.156	2.821	2.981	1.508

	GROUP		COMPANY	
	30/6/2007	31/12/2006	30/6/2007	31/12/2006
Prepayments of expenses to management and Board members to be refunded	10	8	10	8
Liabilities to management executives and Board members	1	1	1	1
Net receivables from/(liabilities to) management executives and Board members	9	7	9	7

21. ACQUISITIONS OF SUBSIDIARIES

On 15 March 2007, by virtue of decision no. K2-3833 of the Ministry of Development, the legal merger process through absorption of BETON PREVEZIS SA and TH. ATHANASSIOU SA by Lafarge Beton SA was completed, following approval by the competent authorities.

From the initially estimated goodwill of €3,006 thousand that derived from the acquisition of TH. ATHANASSIOU SA on 31 March 2006 by Lafarge Beton SA, an amount of €269 thousand was allocated as an adjustment to the fair value of the quarry that the acquired and merged company is exploiting. Therefore, the final recognised goodwill from the above mentioned acquisition amounts to €2,737 thousand.

On 5 February 2007, the subsidiary Lafarge Beton SA acquired full control of SYNERGATIKI BETON SA which is operating in the production and trading of ready-mix concrete.

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

Amounts in € thousand

SYNERGATIKI BETON S.A.	Book value	Provisional fair value adjustments	Provisionally assessed fair value
Equity obtained:			
Intangible & tangible assets	22	0	22
Investments in associated companies	3	0	3
Other non-current receivables	1	0	1
Trade and other current receivables	21	0	21
Cash and cash equivalents	68	0	68
Trade and other creditors	(19)	0	(19)
	<u>96</u>	<u>0</u>	<u>96</u>
Goodwill			<u>288</u>
Total consideration, satisfied in cash			<u>384</u>
Net cash outflow from acquisition:			
Cash consideration paid			(384)
Cash and bank deposits of acquired subsidiary			<u>68</u>
			<u>(316)</u>

The profit of the acquired company in the post-acquisition period (06/02 – 30/6/2007) amounts to €25 thousand and the profit, which is included in the Group's consolidation, amounts to €14 thousand.

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 €30 thousand, and Group profit would have been increased by €18 thousand.

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 paid and, consequently, the final determination of goodwill will be finalised within twelve months of the acquisition.

The subsidiary Lafarge Beton S.A. is currently in the process of estimating the fair values of assets and liabilities acquired, in order to assess the final goodwill.

21. ACQUISITIONS OF SUBSIDIARIES - Continued

On 25 May 2007, the subsidiary Lafarge Beton SA acquired 90% of the share capital of KAMBIS QUARRIES SA, operating in the extraction and processing of aggregate production.

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

Amounts in € thousand

KAMBIS QUARRIES S.A.	Book value	Provisional fair value adjustments	Provisionally assessed fair value
Equity obtained:			
Intangible & tangible assets	112	0	112
Inventories	110	0	110
Trade and other current receivables	542	0	542
Cash and cash equivalents	4	0	4
Provisions for staff compensation	(18)	0	(18)
Trade and other creditors	(328)	0	(328)
Bank loan	(454)	0	(454)
	<u>(32)</u>	<u>0</u>	<u>(32)</u>
Goodwill			2.339
Total consideration, satisfied in cash			<u>2.307</u>
Net cash outflow from acquisition:			
Cash consideration paid			(2.307)
Cash and bank deposits of acquired subsidiary			4
			<u>(2.303)</u>

The profit of the acquired company in the post-acquisition period (26/05 – 30/06/2007) amounts to €101 thousand and the loss which is included in the Group's consolidation, amounts to €3 thousand.

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 €511 thousand, and Group profit would have been lower by €321 thousand.

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.

The subsidiary Lafarge Beton S.A. is currently in the process of estimating the fair values of assets and liabilities acquired, in order to assess the final goodwill.

Concerning the remaining non acquired 10% of the share capital of the above mentioned company, the corresponding minority interests in losses and net equity (loss) is insignificant and, therefore, are not calculated or separately presented in the consolidated financial report.

22. NUMBER OF EMPLOYEES

Group and Company employees are as follows:

	GROUP		COMPANY	
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
Number of employees	2.448	2.572	1.832	1.899

The number of employees for 2007 and 2006 is presented on the basis of the annual average employees.

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE

Group and Company Management decided to change the method of recognising actuarial gains and losses, applicable as of 1 January 2007.

Specifically, according to the accounting policy that Group and Company pursued until 31 December 2006, actuarial gains and losses which, at the end of the previous period exceeded 10% of the current value of the liability from defined benefits on that date were amortised in profit and loss over the employees' average remaining working life.

According to the new accounting policy, all actuarial gains and losses in the period are recognised outside profit or loss when they occur. Actuarial gains and losses recognised outside profit or loss appear in the statement of recognised income and expenses.

On 01/01/2006, recognition of the Group's accumulated actuarial losses after deferred taxation in equity (carried forward), amounted to €11,589 thousand, of which accumulated actuarial losses amounted to €15,452 thousand, and the respective deferred tax to €3,863 thousand.

On 01/01/2006, recognition of the Company's accumulated actuarial losses after deferred taxation in equity (carried forward), amounted to €9,987 thousand, of which accumulated actuarial losses amounted to €13,317 thousand, and the respective deferred tax to €3,330 thousand.

The above change has caused a restatement of the Company's provision for losses from participation on 01/01/2006 to the amount of €1,230 thousand.

Pursuant to the requirements of IAS 8 on disclosures for retrospective restatements of items of comparable financial statements due to changes in accounting principles, detailed tables are provided with all changes made to the items of already published Group and Company financial statements, with the respective explanations.

NOTES TO THE INTERIM CONDENSED FINANCIAL REPORT FOR THE PERIOD ENDED 30 JUNE 2007

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in Group and Company Income Statements as at 30 June 2006

Amounts in € thousand

GROUP INCOME 1/1-30/06/2007				
NOTE	Published items	Restated items	Items restatement note (c)	Restatement difference
Turnover (sales)	329.470	329.470	0	0
Cost of Goods Sold	(259.481)	(258.190)	579	712
Gross profit	69.989	71.280	579	712
Administrative & distribution expenses	(29.341)	(29.241)	0	100
Other operating income / (expenses)	(165)	(744)	(579)	0
Share of results of associates	18	18	0	0
Operating profit	40.501	41.313	0	812
Finance income / (expenses)	703	703	0	0
Profit for the period before taxes	41.204	42.016	0	812
Income tax	(15.034)	(15.237)	0	(203)
Net profit of the period after tax	26.170	26.779	0	609
Number of shares	71.082.707	71.082.707		
Earnings per share (in €)	0,37	0,38		

a. Reversal of actuarial losses depreciation.

b. Deferred tax from reversal of actuarial losses depreciation.

c. Restatement of real property impairment from cost of goods sold to other operating expenses.

Amounts in € thousand

COMPANY INCOME 1/1-30/06/2007				
NOTE	Published items	Restated items	Items restatement note (c)	Restatement difference
Turnover (sales)	294.382	294.382	0	0
Cost of Goods Sold	(230.424)	(229.279)	579	566
Gross profit	63.958	65.103	579	566
Administrative & distribution expenses	(24.275)	(24.175)	0	100
Other operating income / (expenses)	(183)	(762)	(579)	0
Operating profit	39.500	40.166	0	666
Finance income / (expenses)	1.466	1.466	0	0
Profit for the period before taxes	40.966	41.632	0	666
Income tax	(13.867)	(14.034)	0	(167)
Net profit of the period after tax	27.099	27.598	0	499
Number of shares	71.082.707	71.082.707		
Earnings per share (in €)	0,38	0,39		

a. Reversal of actuarial losses depreciation.

b. Deferred tax from reversal of actuarial losses depreciation.

c. Restatement of real property impairment from cost of goods sold to other operating expenses.

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in the Group's Balance Sheet as at 30 June 2006

Amounts in € thousand

Amounts in € thousand		GROUP BALANCE SHEET 30/06/2006			
	NOTE	Published items	Restated items	Items restatement note (c)	Restatement difference
Fixed assets					
Goodwill		6.945	6.945	0	0
Intangible assets		626	626	0	0
Tangible assets	c.	615.529	613.329	(2.200)	0
Investments in associates and subsidiaries		1.608	1.608	0	0
Other investments		58	58	0	0
Other non-current receivables		6.453	6.453	0	0
Deferred tax asset	a. & c.	6.341	8.161	(1.840)	3.660
Total fixed assets		637.560	637.180	(4.040)	3.660
Current assets					
Inventories		60.871	60.871	0	0
Trade and other current receivables		212.964	212.964	0	0
Cash and cash equivalents		133.983	133.983	0	0
Total current assets		407.818	407.818	0	0
Total assets		1.045.378	1.044.998	(4.040)	3.660
Non-current liabilities					
Provisions for staff retirement compensations	b.	82.837	97.477	0	14.640
Other non-current provisions	c.	7.887	5.687	(2.200)	0
Deferred tax liabilities	c.	1.840	0	(1.840)	0
Obligations under finance leases		347	347	0	0
Total non-current liabilities		92.911	103.511	(4.040)	14.640
Current liabilities					
Provisions for staff retirement compensations		5.429	5.429	0	0
Trade and other creditors		82.639	82.639	0	0
Income tax liabilities		29.592	29.592	0	0
Obligations under finance leases		255	255	0	0
Other current provisions		1.242	1.242	0	0
Derivative financial instruments		373	373	0	0
Dividend payable		67.529	67.529	0	0
Bank loans		19.076	19.076	0	0
Total current liabilities		206.135	206.135	0	0
Total liabilities		299.046	309.646	(4.040)	14.640
Equity					
Share capital		142.165	142.165	0	0
Share premium		1.279	1.279	0	0
Treasury shares		431	431	0	0
Reserves		219.591	219.591	0	0
Derivatives valuation reserve		(395)	(395)	0	0
Retained earnings	d.	383.261	372.281	0	(10.980)
Total equity		746.332	735.352	0	(10.980)
Total liabilities and equity		1.045.378	1.044.998	(4.040)	3.660

a. Deferred taxation on recognition of actuarial losses and reversal of actuarial losses depreciation.

b. Recognition of accumulated actuarial losses on 31/12/2005 and reversal of actuarial losses depreciation for 1/1 - 30/06/2006.

c. Restatement of real property impairment from non-current provisions, reducing tangible assets.

d. Impact on equity (carried forward) of a and b.

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in the Company's Balance Sheet as at 30 June 2006

Amounts in € thousand

COMPANY BALANCE SHEET 30/06/2006				
NOTE	Published items	Restated items	Items restatement note (e)	Restatement difference
Fixed assets				
	48	48	0	0
Intangible Assets				
Tangible assets	575.537	573.337	(2.200)	0
Investments in associates and subsidiaries	40.571	40.571	0	0
Other investments	55	55	0	0
Other non-current receivables	6.178	6.178	0	0
Deferred tax asset	2.254	5.417	0	3.163
Total fixed assets	624.643	625.606	(2.200)	3.163
Current assets				
Inventories	53.875	53.875	0	0
Trade and other current receivables	185.701	185.701	0	0
Cash and cash equivalents	111.974	111.974	0	0
Total current assets	351.550	351.550	0	0
Total assets	976.193	977.156	(2.200)	3.163
Non-current liabilities				
Provisions for staff retirement compensations	70.658	83.309	0	12.651
Other non-current provisions	9.068	8.098	(2.200)	1.230
Total non-current liabilities	79.726	91.407	(2.200)	13.881
Current liabilities				
Provisions for staff retirement compensations	5.005	5.005	0	0
Trade and other creditors	66.193	66.193	0	0
Income tax liabilities	28.660	28.660	0	0
Other current provisions	1.001	1.001	0	0
Derivative financial instruments	373	373	0	0
Dividend payable	67.529	67.529	0	0
Total current liabilities	168.761	168.761	0	0
Total liabilities	248.487	260.168	(2.200)	13.881
Equity				
Share capital	142.165	142.165	0	0
Share premium	1.279	1.279	0	0
Reserves	197.232	197.232	0	0
Derivatives valuation reserve	(395)	(395)	0	0
Retained earnings	387.425	376.707	0	(10.718)
Total equity	727.706	716.988	0	(10.718)
Total liabilities and equity	976.193	977.156	(2.200)	3.163

a. Deferred taxation on recognition of actuarial losses and reversal of actuarial losses depreciation.

b. Recognition of accumulated actuarial losses on 31/12/2005 and reversal of actuarial losses depreciation for 1/1 - 30/06/2006.

c. Restatement of provision for losses from participations.

d. Impact on equity (carried forward) of a, b and c.

e. Restatement of real property impairment from non-current provisions, reducing tangible assets.

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in the Group's Balance Sheet as at 31 December 2006

Amounts in € thousand

GROUP BALANCE SHEET 31/12/2006			
NOTE	Published items	Restated items	Restatement difference
Fixed assets			
	7.013	7.013	0
Goodwill	601	601	0
Intangible Assets	604.647	604.647	0
Tangible assets	409	409	0
Investments in associates and subsidiaries	59	59	0
Other investments	7.909	7.909	0
Other non-current receivables	5.247	11.068	5.822
Deferred tax asset	625.885	631.706	5.822
Total fixed assets			
Current assets			
	68.362	68.362	0
Inventories	172.216	172.216	0
Trade and other current receivables	883	883	0
Derivative financial instruments	1.150	1.150	0
Non-current asset available for sale	126.241	126.241	0
Cash and cash equivalents	368.852	368.852	0
Total current assets	994.737	1.000.558	5.822
Total assets			
Non-current liabilities			
	77.783	101.798	24.014
Provisions for staff retirement compensations	7.065	7.065	0
Other non-current provisions	252	252	0
Obligations under finance leases	85.101	109.115	24.014
Total non-current liabilities			
Current liabilities			
	9.978	9.978	0
Provisions for staff retirement compensations	85.179	85.179	0
Trade and other creditors	11.409	11.409	0
Income tax liabilities	249	249	0
Obligations under finance leases	16.272	14.435	(1.837)
Other current provisions	152	152	0
Derivative financial instruments	7.401	7.401	0
Bank loans	130.641	128.803	(1.837)
Total current liabilities			
Total liabilities	215.742	237.918	22.177
Equity			
	142.165	142.165	0
Share capital	1.279	1.279	0
Share premium	219.601	219.601	0
Reserves	489	489	0
Derivatives valuation reserve	415.461	399.106	(16.355)
Retained earnings	778.995	762.640	(16.355)
Total equity	994.737	1.000.558	5.822
Total liabilities and equity			

- a. Deferred taxation on actuarial losses recognition and the recoverable part of the difference of the voluntary exit program cost.
- b. Recognition of accumulated actuarial losses on 31/12/2006.
- c. Restatement of the voluntary exit program cost.
- d. Impact on equity (carried forward) of a, b and c.

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in the Company's Balance Sheet as at 31 December 2006

Amounts in € thousand

COMPANY BALANCE SHEET 31/12/2006				
NOTE	Published items	Restated items	Reclassification difference (f)	Restatement difference
Fixed assets				
	44	44	0	0
Intangible assets				
Tangible assets	566.980	566.980	0	0
Investments in associates and subsidiaries	37.868	37.868	0	0
Other investments	55	55	0	0
Other non-current receivables	17.554	17.554	0	0
Deferred tax asset	a. 2.162	7.180	0	5.018
Total fixed assets	624.663	629.681	0	5.018
Current assets				
	63.290	63.290	0	0
Inventories				
Trade and other current receivables	144.146	144.146	0	0
Derivative financial instruments	883	883	0	0
Non-current asset available for sale	1.277	1.277	0	0
Cash and cash equivalents	106.603	106.603	0	0
Total current assets	316.199	316.199	0	0
Total assets	940.862	945.880	0	5.018
Non-current liabilities				
	66.291	87.088	0	20.797
Provisions for staff retirement compensations				
Other non-current provisions	c. & f. 8.899	10.395	(46)	1.542
Total non-current liabilities	75.190	97.483	(46)	22.339
Current liabilities				
	9.319	9.319	0	0
Provisions for staff retirement compensations				
Trade and other creditors	73.947	73.947	0	0
Income tax liabilities	10.445	10.445	0	0
Other current provisions	d. & f. 16.115	14.324	46	(1.837)
Derivative financial instruments		152	0	0
Total current liabilities	109.978	108.187	46	(1.837)
Total liabilities	185.168	205.670	0	20.502
Equity				
	142.165	142.165	0	0
Share capital				
Share premium	1.279	1.279	0	0
Reserves	197.232	197.232	0	0
Derivatives valuation reserve	489	489	0	0
Retained earnings	e. 414.529	399.045	0	(15.484)
Total equity	755.694	740.210	0	(15.484)
Total liabilities and equity	940.862	945.880	0	5.018

- a. Deferred taxation on actuarial losses recognition and the recoverable part of the difference of the voluntary exit program cost.
- b. Recognition of accumulated actuarial losses on 31/12/2006.
- c. Restatement of provision for losses from participations.
- d. Restatement of the voluntary exit program cost.
- e. Impact on equity (carried forward) of a and b, c and d.
- f. Reclassification from long term to short term provisions for a more fair presentation

23. RESTATEMENTS IN RELATION TO PUBLISHED INTERIM AND ANNUAL FINANCIAL STATEMENTS DUE TO ACCOUNTING POLICY CHANGE - Continued

Restatement of items appearing in the Group's Cash Flows as at 30 June 2006

Amounts in € thousand

GROUP CASH FLOWS 30/06/2006			
NOTE	Published items	Restated items	Restatement difference
<u>Operating activities</u>			
Profit before tax	a. 41.204	42.016	812
Plus / less adjustments for:			
Depreciation	23.447	23.447	0
Provisions	a. 1.926	1.114	(812)
Foreign exchange differences	2	2	0
Loss from derivatives valuation	(273)	(273)	0
Results (income, expenses, profit and losses) from investment activities	(2.439)	(2.439)	0
Interest expenses and relevant expenses	1.066	1.066	0
Plus/less adjustments for changes in working capital accounts or relevant with operating activities:			
Decrease / (increase) in inventories	18.255	18.255	0
Decrease / (increase) in receivables	(46.914)	(46.914)	0
(Decrease) / increase in payables (excl. banks)	(3.775)	(3.775)	0
Less :			
Interest expenses and relevant expenses paid	(1.066)	(1.066)	0
Tax paid	(8.824)	(8.824)	0
Total inflow / (outflow) from operating activities (a)	22.609	22.609	0
<u>Investment activities</u>			
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(4.566)	(4.566)	0
Purchase of tangible and intangible fixed assets	(12.139)	(12.139)	0
Cash from disposal of tangible and intangible assets	6.217	6.217	0
Proceeds from the sale of investments	807	807	0
Interest received	1.374	1.374	0
Total inflow / (outflow) from investment activities (b)	(8.307)	(8.307)	0
<u>Financing activities</u>			
Loan proceeds	163	163	0
Loan repayments	(20.496)	(20.496)	0
Payment of obligations under finance leases	(99)	(99)	0
Total inflow / (outflow) from finance activities (c)	(20.432)	(20.432)	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
	(6.130)	(6.130)	0
Cash and cash equivalents at the beginning of the period			
	140.096	140.096	0
Effects from changes in exchange rates	17	17	0
Cash and cash equivalents at the end of the period	133.983	133.983	0

a. Reversal of actuarial losses depreciation in provisions for staff compensation.

The Group and Company interim condensed financial report on page 3 through to page 32 were approved by the Company's Board of Directors on 28 August 2007. The Board of Directors authorised the following directors to sign the interim condensed financial report on its behalf:

**THE CHAIRMAN OF
THE BOARD**

**MANOLIS CH.
KYPRIANIDIS**

**ID CARD No. AB
654198**

**THE MANAGING
DIRECTOR**

SAAD M. SEBBAR

**PASSPORT No.
04FE81791**

**THE CHIEF
FINANCIAL
OFFICER**

**HARALAMPOS V.
KOKOLOGIANIS**

**EC.CC.REG. No.
31731**

**FINANCIAL
SERVICES MANAGER**

**MIHALIS TH.
MIHELIS**

**EC.CC.REG. No.
29960**

Report on Review of Interim Financial Information

To the Shareholders of
“Heracles General Cement Company”

Introduction

We have reviewed the accompanying condensed interim stand alone balance sheet of Heracles General Cement Company (the “Company”) and the condensed consolidated balance sheet of the Company and its subsidiaries (the “Group”) as of 30 June, 2007 and the related condensed interim income statement, cash flows statement and statement of recognised income and expenses of the Company and the Group for the six-month period then ended, as well as the selected explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Financial Reporting Standards as adopted by the European Union and apply to interim financial reporting (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, to which the Greek Auditing Standards refer. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Greek Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our opinion we draw your attention to note 18 of the interim condensed financial information that provides detailed information with respect to the financial years for which the income tax returns filed and the tax practises followed on specific tax objectives by the Company and/or each of its consolidated subsidiaries have not been examined and agreed with the tax authorities on a finalized basis. Therefore, there is a possibility that additional taxes and penalties may be assessed upon the corresponding future tax inspections and final settlement. The final outcome from the above future tax examinations on a finalized basis cannot be presently determined and, therefore, no provision has been established in this respect in the accompanying interim financial information.

Athens, 29 August 2007

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