



HERACLES
GROUP OF COMPANIES

A member of  **LAFARGE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011
OF THE COMPANY AND THE GROUP HERACLES G.C.C.
IN ACCORDANCE WITH L.3556/2007 AND THE
RELATED DECISIONS OF THE BOARD OF DIRECTORS
OF THE CAPITAL MARKET COMMITTEE**

HERACLES G.C.C.

Company' s Reg. No. : 13576/06/B/86/096
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DECLARATION OF MEMBERS OF THE BOARD OF DIRECTORS

(In accordance with article 4 par. 2 of Law 3556/2007)

The members of the Board of Directors of HERACLES G.C.C:

1. Manolis Chr. Kyprianides, Chairman of the Board of Directors
2. Pierre Deleplanque, Managing Director and
3. Jean-Charles Blatz, Member of the Board of Directors, having been specifically assigned for this purpose by the Board of Directors,

In accordance with the provisions of article 4 paragraph 2 of Law 3556/2007, we declare that, to the best of our knowledge:

a. The annual Financial Statements of the year 2011, which were prepared in accordance with the applicable Financial Reporting Standards, fairly present the assets and liabilities, equity and results of HERACLES G.C.C. (the Company) and the companies included in the consolidation and

b. The annual Report of the Board of Directors fairly presents the financial results, evolution and position of the Company as well as the companies included in the consolidation, including the description of the related main risks and uncertainties.

**THE CHAIRMAN OF
THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**THE MEMBER OF THE
BOARD OF
DIRECTORS**

**MANOLIS CHR.
KYPRIANIDES**

**PIERRE
DELEPLANQUE**

**JEAN-CHARLES
BLATZ**

I.D. No. AZ 007012

**PASSPORT No.
07CV39073**

**PASSPORT No.
02XD34455**

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

According to the article 136 of L.2190/1920, as such was defined by the article 13 of L.3229/2004 and the paragraphs 6, 7 and 8 of the article 4 of L.3556/2007 and the article 2 of Capital Market Committee decision 7/448/2007, attached herewith we submit to your General Assembly, Group and Company Financial Statements for the year ended 31.12.2011.

A. Overview of major events for the year 2011

1. Financial Results

Group and Company financial results are presented in detail in the Financial Statements and their explanatory notes which provide all the necessary data and information for their comprehension.

The recession in the domestic private construction activity, which took place in 2009 and 2010, also continued during 2011 and consequently, the cement sales volume was further reduced, as compared to the previous years.

Analytically, according to the Financial Statements:

- The Company's turnover decreased by 31,8% in 2011, amounting to 239.402 Euro thousand compared to 350.807 Euro thousand in 2010, whilst the Group's turnover decreased by 31% in 2011, amounting to 277.515 Euro thousand compared to 401.996 Euro thousand in 2010.
- The Company's results before taxes, interest, depreciation and amortisation (EBITDA) in 2011 amounted to loss 3.109 Euro thousand compared to profit 22.563 Euro thousand in 2010, whilst for the Group amounted to loss 5.426 Euro thousand in 2011 compared to profit 14.315 Euro thousand in 2010.
- The Company's net results after taxes in 2011 amounted to loss 46.286 Euro thousand compared to loss 26.439 Euro thousand in 2010, whilst the Group's net results after taxes amounted to loss 55.864 Euro thousand compared to loss 45.861 Euro thousand in 2010.

The main events that affected the course of sales in 2011 were, in the domestic market, the further slowdown of the private construction activity for a third consecutive year as well as the substantial suspension of the construction activity in public and co-financed infrastructure.

The Group's and the Company's results before taxes, interest, depreciation and amortisation (EBITDA) were significantly affected by the decline in sales and also by the impairment of production line of kiln D' in the Chalkis plant, amounting to 21.226 Euro thousand, due to the cease of its activity resulting from the continuous market decline and low prospect for recovery, as well as by the relative provision for spare parts, amounting to 4.558 Euro thousand, which were related to the particular production line.

The Company intensified its effort to reduce operating costs and optimise the production and supply chain processes. In 2011, the significant reduction of fixed cost was the most important achievement of the plan which partially offset the effects of the slowdown of the domestic and global market as well as the increase in solid fuels and raw materials prices.

The Company's investments in tangible and intangible assets for 2011 amounted to a total of 10.435 Euro thousand compared to 18.619 Euro thousand in 2010. As far as the Group is concerned, investments amounted to 12.636 Euro thousand compared to 21.060 Euro thousand in 2010. In 2011, as in 2010, the Group's and the Company's investing activities were primary aimed at the improvement of facilities concerning environmental care, health and safety, as well as the reduction of production cost.

2. Domestic cement, aggregates and concrete market

In 2011 the domestic cement market continued its intense recessive course, compared to 2010, following the overall trend of the building activities. The aggregates and concrete markets in 2011 also followed the same course.

The crisis in the greek real estate market is verified by the data derived from the Hellenic Statistical Authority (EL. STAT) and by the reports of the constructors' associations.

According to the latest data from the EL. STAT., during the period January – November 2011, the total construction activity decreased by 27% in the number of building licences issued, by 40,8% in area size and by 36,6% in volumes, compared to the corresponding period of 2010.

Furthermore, the decrease of exports of the Company in international markets was 26,7% in 2011 compared to 2010.

3. Other major events

3.1. Products innovation

At the beginning of 2011, the launching of a new bagged cement, named "HERACLES™", which is suitable for all building applications and also covers the contemporary constructors' needs for resistance and long lifespan, was initiated. With the addition of HERACLES™, the Company differentiated even more in relation to competition in providing a range of solutions in its bagged products. During 2011, the sales contribution of the particular product in the Company's total sales was significantly upward, fact that illustrates its wide acceptance by the market. In the summer of 2011, the Company proceeded to a new innovation, packaging the HERACLES™ product in a package of 5kg. With this package, the Company entered into a distribution channel which is directly addressed to the final consumer while the distribution of the product started already from a big fixed construction chain store.

The Company places on the market the following types of bagged cement: HERACLES™, Athlos™, Basis™, White™ and HERACLES™ 5kg.

3.2. Health & Safety

In 2011, special importance on Health & Safety issues was given for one more year. As in 2010, one lost time personnel accident took place. The severity index for the specific accident was low.

The effort for the prevention of dangerous incidents focusing on the reporting of near-misses accidents was increased by 57%, with 308 reports, compared to 196 in 2010. In 2011 program, the follow-up of corrective actions for the settlement of unsafe conditions was included, with implementation rate 88%.

The housekeeping program continued with 47 inspections in 19 facility areas and goal achievement by 78%.

During 2011, 23 good practices and ideas of Health & Safety were released in all facilities.

The application programs of Standards and Advisory Texts continued with emphasis on road transportation of people and materials and the correct isolation of all energy types during interferences with equipment. Programs for monitoring personnel's exposure to dust and noise with specific measurements were also applied.

In total, 2.483 employees of the HERACLES G.C.C. Group and 2.149 contractors employees attended in 2011 educational seminars aiming at their awareness of the basic rules of Health & Safety, the awareness of personnel in detecting critical behaviors for Safety, the Safety of Quarries which summarizes all the Standards and Health & Safety Rules which concern work in the quarry areas and the rescue and first-aid training provided by the Red Cross Rescuers.

3.3. Environmental issues

The systematic reporting of environmental performance indicators which are part of the Group's Sustainability ambitions 2012 was continued for a third year. These ambitions concern environmental inspections of facilities, quarries' restoration program, bio-diversity, climate change, CO2 emissions, dust emissions, etc. The sustainability report of Greece was ranked in top five of the LAFARGE Group.

At the Volos plant, the use of biomass as alternative fuel continued in 2011, with a replacement percentage of 3,4% compared to 2% in the previous year. The construction of the covered storage area of cement raw materials was completed and the related equipment was installed.

At the Milaki plant, the use of paper-sludge as alternative fuel started in July of 2010 and continued in 2011. The total replacement of conventional fuels by paper-sludge reaches 0,80%. The licensing process of the desalination unit of the plant was completed and the unit is now in full operation.

At the Chalkis plant, devices for constant monitoring of industrial use of water were placed and the water outflow system was completed. In February of 2011 the new environmental operating terms of the plant were issued. Furthermore, the projects of dismantling, cleaning and redesigning old installations of the plant are in process.

The process of environmental inspections at the Distribution Centers was completed. These inspections take place according to Lafarge Group protocol of inspections every four years.

Also the process of conducting relative environmental inspections at LAVA's quarries was launched, first at Altsi gypsum quarry.

3.4. Corporate social responsibility

The approach of the Company towards the corporate social responsibility is addressed through the incorporation of the management of relationships with our stakeholders in Sustainability Ambitions as well as through the active contribution to local development through programs and initiatives which express the Company's values and respond to the needs and expectations of our stakeholders.

In 2011, on a company level, the partnership with Benaki Museum for the promotion of the great collection of paintings of the Company was announced while, locally, programs concerning Health & Safety, environment and education as well as the development of local infrastructure took place.

In particular, in March of 2011, marking the anniversary of 2011, year celebrating 100 years since the Company's foundation and 10 years presence in LAFARGE Group, the partnership with Benaki Museum was officially announced, aiming at the promotion of the great collection of works of art which were especially painted for the annual calendars of the Company. This collection includes 1.475 works of Greek artists, which comprise an invaluable set of oil paintings, watercolor paintings, engravings and designs. These works were exclusively created to decorate the annual calendars issued by the Company for over half a century. In response to this partnership, an exhibition was made at the Benaki Museum, titled "Greek painters in the calendars of Heracles Cement Company 1956-2009", from 26 October to 9 January with great success.

In the context of one of the most important programs of corporate social responsibility of the Company locally, the program "P.R.A.K.S.I.", the cooperation with Evia's local communities was continued, for the upgrade of the local community amenities. Specifically, in the context of the program "On the road with safety in my city" which has been implemented by Heracles C.G.C. plant in Chalkis for the last three years, an innovative program of supporting the safe access to schools for hundreds of students in the city was conducted. With starting point the observations and suggestions by school traffic wardens of the wide area of Chalkis, concerning the road safety infrastructure in their school, the Company in cooperation with Chalkis Municipality recorded, planned and approved the necessary improvements for safe access to schools, of total budget 100.000 Euro. These include crossings, solar warning signals, walkways, railings, lightening etc. Until September of 2011, the pilot implementation of projects in three schools was completed. During 2011 relative interventions in ten more schools of all educational levels in the area took place.

The responsible management of quarries and the protection of biodiversity are basic commitment of the Company, in the context of its sustainable operation. Beyond the greek legislation requirements concerning site restoration, the Company makes more voluntary commitments for the control of all of its quarries and the development of comprehensive plans for restoration and protection of biodiversity. In this context, in March of 2011, the partnership of the Company with the University of Thessaly was established, for the planning of amplifying biodiversity in the quarries of Anavra and Agria in Volos. In particular, the scientific team of the Biodiversity and Ecosystem Management Laboratory, of the Agriculture, Crop Production and Agricultural Environment Department of the University, in partnership with the National Agricultural Research Foundation and the Athens Agricultural University, will evaluate the current flora and fauna in the two quarries and in an area of 500 meters around them, will appreciate the biodiversity condition in relation to other areas without mining activity and will suggest ways for increasing the number and abundance of species in the quarries area. They will also make suggestions for the protection of any rare or endangered flora and fauna species. The Company plans to utilize the knowledge that will obtain from the program of the University of Thessaly for the amplification of biodiversity and to extend it to its rest quarries, upgrading even more the standards it follows.

On the initiative of LAVA S.A., company of the Group, an educational information event on biodiversity was organized in April at the schools of Nisyros. Apart from the educational presentation for the greek biodiversity and the special features of ecosystems and biodiversity of Nisyros by the partner of Goulandris Natural History Museum, the students, accompanied by their educators, participated in an educational tour in the open air so as to observe the basic characteristics of the plants and the way botanist researchers work.

LAVA S.A. also organized in Milos, in October of 2011, an educational two-day event concerning road safety, titled "Thousand of paths but only one life!" in cooperation with Road Safety Institute "Panos Mylonas" and under the auspices of Milos Municipality. 128 children from Milos high school attended the event and its aim was to raise awareness of children on road safety.

In the context of their programs, the plants and distribution centres created opportunities for stakeholders visiting and touring in their facilities while during 2011 more than 20 schools visited our units and were guided by executives in our facilities.

Finally, Company's units, with sense of responsibility and solidarity towards the vulnerable social groups of their area, under the crisis the country is facing, allocated basic goods and essentials. The Volos plant collected food for the social grocery operating in the city while in the Easter of 2011, the Milaki plant offered packages with food and household products to the poor families of the Municipality Kimi - Aliveri, starting from Municipality of Tamineon in collaboration with the Municipality of Kimi - Aliveri. Using products from the plant station and with the participation of plant employees, packages were created for about 500 families, selected on the basis of statements of the Municipality.

3.5. Transfer of headquarters of the Company and the Group

Since 27/6/2011, the headquarters of the Company and of all the subsidiaries of the Group were transferred from Lycovrissi (49-51 Sophokli Venizelou Str.) to Paiania Attica (19,3 Km Markopoulou Avenue).

B. Prospects – major sources of risk and uncertainties for 2012

The prospects for 2012 are ominous for the housing and construction sector in general. The private construction activity will continue its recessive course. According to Alpha Bank last economic report, investments in residences recorded new significant decline of 23% in 2011 and it is expected to reduce further in 2012 by 15%.

In the same economic report it is noted that the recovery of the sector is not possible within an economic environment where extremely low level of consumer and business confidence prevails.

In addition, the part of the production activity that will not be absorbed in the domestic market will not be absorbed by the demand of foreign markets due to the adverse conditions that prevail in some of them and the fact that the domestic cement sector suffers from a lack of competitiveness in comparison to other export countries.

In such an adverse business environment, the Group initiative to control operating costs and improve performance in production and supply chain processes continues for a fifth year in a row in 2012.

The decline in the domestic housing market combined with the restraint in bank credits, the extra tax charges on real estate property and the lack of liquidity in the market due to general economic situation, create conditions of squeezed market credit terms in 2012 as well.

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

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

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

The Group and the Company recognise provisions for doubtful debts, on the basis of the maturity of customers' outstanding balances, as well as Management estimates for particular credit risk of specific clients, based on previous years doubtful debts experience and the current estimation of industry's market conditions. The strict control of given credit limits to customers, credit insurances and additional collaterals obtained from clients are top priorities for the Group and the Company.

Most of the Group's and the Company's transactions are carried out in Euro and the rest in US Dollars. Therefore, to some degree, the Group and the Company are exposed to the risk of exchange rate fluctuations. The risk is hedged with derivatives, especially exchange futures. Furthermore, the Company purchases solid fuels in US Dollars and exports its products in the same currency, so to some extent these transactions constitute a natural hedge.

The Group consumes significant quantities of fuels and electric power for the operation of its plants and the transportation of its products; therefore it is exposed to risk from increase of fuels prices. In addition, the Group receives services of significant value for the transportation of finished and semi-finished products, raw materials and fuels in order to cover sales and production needs; therefore it is exposed to freight increases risk. The Group uses derivative financial instruments in order to hedge the above-mentioned risks (futures and swaps).

As of the Financial Statements' preparation date, the main sources of uncertainty for the Group and the Company, which may have significant impact on the carrying amounts of assets and liabilities, concern:

- (a) Unaudited tax years of the Group's companies, to the extent that it is possible that future tax audits will result in additional taxes and charges being imposed (note 26 of the Financial Statements).
- (b) Estimates of the recoverability of deferred tax assets (note 20 of the Financial Statements).
- (c) Contingent losses from pending legal litigations (note 19 and 26 of the Financial Statements)
- (d) Doubtful debts from trade and other receivables (note 25.3 of the Financial Statements).
- (e) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 15 of the Financial Statements).

- (g) The fair value of the Group's and the Company's fixed assets in the context of the periodical re-assessment of their useful life.

C. Corporate Governance Statement

The Company is committed and applies high standards of corporate governance and applies the Code of Corporate Governance, as described below. The Statement constitutes the Company's corporate governance statement executed pursuant to art. 43(a) para. 3(d) of C.L.2190/1920, which is attached to the Annual Financial Report of the Company's Board of Directors in respect of fiscal year 2011, with the following contents:

1. Code of Corporate Governance

- a. By decision No. 3186/30.3.2011 of the Board of Directors, the Company has drawn up and approved the Code of Corporate Governance (the "Code"), which governs its operations and is posted on the Company's webpage: www.lafarge.gr. The Code is adopted by the Company in accordance with the provisions of article 43(a) para. 3(d)(aa) of C.L.2190/1920, as amended by the provisions of article 2 para. 2 of L. 3873/2010, and defines the principles, rules and practices which comprise the corporate governance mechanism applied by the Company.
- b. The Code is not merely intended to achieve the Company's typical compliance to the applicable provisions, but also takes into consideration the procedures and the corporate governance system within which the Company operates, in order to ensure its smooth operation and promote its corporate objects and long-term financial value and competitiveness both in the domestic and international markets.
- c. The Code has been drawn up based on the Company's choices and objectives, without being subject to any other standardized codes, taking into consideration the need for accurate recording of the Company's own corporate governance profile, for reasons of transparency, information of the investors and efficient operation. Therefore, the Company is not liable to publish any deviations from the standard corporate governance practices and terms established under such similar codes.
- d. Corporate governance comprises a series of regulations which are included in the Code in respect of the basic principles governing the Company's operations and the operation of the Board of Directors and the executive, non-executive and independent Directors, the powers of the Chairman of the BoD and the Managing Director, the Company's Audit Committee set out in art. 37 of L. 3693/2008, the Company's Internal Audit, Remuneration system and Internal Regulation of Operation, as well as the operations of the General Meetings of Shareholders, with a view to facilitate the shareholders in exercising their right to attend and vote at such Meetings, regardless of whether they reside in Greece or abroad, as well as their minority rights.
- e. The Code was drawn up in accordance with the applicable laws (particularly L.2190/1920 and L.3016/2002) and includes the corporate governance practices as same are defined in art. 43(a) para. 3(d)(bb) of C.L.2190/1920, as amended by the provisions of article 2 para. 2 of L.3873/2010, to which the Company is subject.
- f. The Code is executed by decision of the Company's Board of Directors. The same applies to any amendments to the Code. The Code, or in case of an amendment thereto, the new codified text of the Code is published through the Company's website (cf. para. 1 above). The Code, or in case of an amendment thereto, the new codified text of the Code is signed by the Company's legal representative and notified to the Capital Market Committee for their information. The Company's Articles of Association are also posted on the webpage.

2. Corporate Governance Practices

All corporate governance practices applied by the Company are included in the Code executed and published as per above.

3. Basic features of the Company's Internal Audit and Risk Management Mechanisms in respect of the Financial Statements preparation procedure

Internal Control System

- a. The Company, as listed, bears specific obligations under the applicable laws to provide financial information to the investors, including the obligation to prepare annual reports, semi-annual reports, quarterly Financial Statements and relevant announcements. Within this context, the Company applies an Internal Control System which consists in a group of recorded controls and procedures which cover the full range of its daily operation and activities.
- b. The Internal Control System is based on the framework set by the COSO (Committee of Sponsoring Organization of the Treadway Commission) and aims at giving reasonable assurance concerning the reliability of financial reporting, compliance with the laws and internal regulations, safeguarding the Company's assets and the efficiency and effectiveness of processes. One of the objectives of the internal control system is to prevent and implement mechanisms to monitor risks for errors, omissions or fraud. As every control system, the internal control system provides reasonable assurance and does not guarantee that all risks from errors, omissions or fraud are eliminated or fully controlled.
- c. The control environment of the Company is structured according to the Principles of Action, the Corporate Internal Regulation and the Code of Business Conduct, which are applied by all employees. The principles of action determine the commitments towards the customers, the employees, the shareholders, the stakeholders as well as the fundamental principles of Company management. The Corporate Internal Regulation determines the principles of organization, the authorities of the Board of Directors, the Audit Committee and the general directions, the management circle as well as the key principles for performance improvement. The Code of Business Conduct defines the rules of conduct and has been structured as follows: compliance with the laws and regulations, prevention of conflict of interests, care for the people and the environment, safeguarding the Company's Assets, reliability of financial reporting, importance of the internal control system and internal audit, implementation of rules, violations and sanctions.
- d. For the processes which have a direct impact on financial reporting, key internal control system standards are applied. These concern the following areas: Finance (closing process of financial statements, processing and completing the consolidated financial statements, management, monitoring and updating on legal and tax issues, segregation of duties and access to the Company's information systems etc.), Purchasing (from the creation of the business need to the recording and payment of invoices), Sales (from order taken to revenue recognition and collection), IT (management of data and external and internal accesses security etc), payroll and administration of various employee benefits, administration of tangible and intangible assets, inventory management (physical stock take, valuation etc) and finally financing activities.
- e. The bodies responsible for the audit of the Internal Control System's implementation are the Company's Internal Audit Department and the Audit Committee.
- f. The Internal Audit Department operates in accordance with the relevant provisions of L. 3016/2002, the relevant decisions of the Capital Market Committee and the provisions of the Company's Internal Regulation of Operation. It monitors compliance by the Company departments with Internal Control System, through application of the annual monitoring plan approved by the Audit Committee. Within this context, the Internal Audit Department examines and evaluates the appropriateness and efficiency of the Internal Control System based on the Company's operations and the risks involved, and the compliance with the safeguards provided by the Internal Control System in respect of the prevention and correction of any financial irregularities relating to the financial information provided by the Company.
- g. Constant review and testing of the internal control standards is performed on an annual basis by the internal control system Coordinators under the supervision and coordination of the Internal Audit Direction. This process includes description and evaluation of the internal control standard (procedures and policies in place, person in charge, frequency, supporting documents, redesign of process if needed etc.), testing of the internal control standard in order to evaluate its operating effectiveness while on an annual basis and based on the significance of the control and the assessment of risk, internal control standards are selected and incorporated in the Annual Audit Plan. This work is part of the continuous improvement of the internal control system. The development of specific corrective actions as a result of the aforementioned process as well as through other internal and external audits is also part of the continuous improvement of the control

system. The implementation of corrective actions is monitored by the competent member of the Company's Executive Committee. The Audit Committee is informed about the results of this process.

- h. The Company's Audit Committee was established and operates in accordance with the provisions of L. 3693/2008 and the specific provisions of the Code. It has established and applies internal monitoring procedures in respect of the financial information procedure, the efficient operation of the Internal Control System and Risk Management System, the efficient operation of the Internal Audit Department, the course of the essential audit of the Company's private and consolidated financial statements, the review and monitoring of matters pertaining to the level of objectivity and independence of the Company's auditors or auditing firm and the protection thereof, particularly as regards the provision of other services to the company audited by such auditors or firm.

The Company's Audit Committee consists of the following members:

1. Jean – Charles Blatz
2. Christos Sorotos
3. Agissilaos Karabelas

- i. In any case, the body responsible for monitoring and assessing the efficiency and adequacy of the Internal Control System is the Board of Directors, in accordance with the specific provisions of the law.

Risk Management Mechanism

The Company has created the proper structures and procedures in order to assess and manage risks concerning the preparation of Financial Statements. These processes include:

- An annual strategic review and analysis of business risks and opportunities with the participation of the members of the Executive Committee (General Directors), which is coordinated by the Financial Control Direction.
- Determination and assessment of internal and external business risks with the participation of the Executive and Operational Committee members of the Company, which is coordinated by the Internal Audit Direction.
- Assessment of the internal control standards which have an impact on the Financial Statements, aiming to incorporate them in the annual audit plan, which is performed by the Internal Audit Direction.

4. Reference to the information of Art. 10 para. 1 sections (c), (d), (g), (h) and (i) of Directive 2004/25/EC.

- a. The information required under art. 10 para. 1 (c) of Directive 2004/25/EC [*significant direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) within the meaning of article 85 of Directive 2001/34/EC*] is provided on p. 61 of the Annual Financial Report, which refers to the detailed information of art. 4 para. 7 of L. 3556/2007.
- b. As regards the information required under art. 10 para. 1 (d) of Directive 2004/25/EC [*the holders of any securities with special control rights and a description of those rights;*]: There are no Company securities providing their holders with special control rights.
- c. As regards the information required under section (f) [*any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;*] of para. 1 of art. 10 of Directive 2004/25/EC: There are no such restrictions on the voting rights.
- d. As regards the information required under art. 10 para. 1 (h) of Directive 2004/25/EC [*the rules governing the appointment and replacement of board members and the amendment of the articles of association*]: Board members are appointed by the General Meeting of Shareholders. The Directors' capacity as executive or non-executive Directors is defined by the Board of Directors. The independent Directors are appointed according to the law provisions. Any amendment to the Company's Articles is subject to authorization by the General Meeting of Shareholders pursuant to C.L.2190/1920.

- e. As regards the information required under art. 10 para. 1 (i) of Directive 2004/25/EC [*the powers of board members, and in particular the power to issue or buy back shares;*]: Such information is provided on p. 19 of the Annual Financial Report in accordance with art. 4 para. 7 of L. 3556/2007.

5. Information about the General Meetings of Shareholders and shareholder rights

The following information is provided in the Company's Articles and in the Code, based on the particular requirements of the Law.

Operations of the General Meetings of Shareholders

The General Meeting of Shareholders is the supreme corporate body, which is competent to decide on all corporate matters save for any matters falling within the powers of the Board of Directors. All shareholders are eligible to attend the General Meetings of Shareholders either in person or through duly authorized proxies, in accordance with the applicable procedure defined in the law. The Board of Directors shall ensure that the preparation and conduction of the General Meetings of Shareholders facilitate the efficient exercise of all shareholders rights and that the shareholders are adequately informed on all matters pertaining to their attendance at the shareholders' General Meeting, including the items on the agenda and any rights which can be exercised at the General Meetings.

More specifically, as regards the preparation of the General Meetings, in conjunction with the provisions of C.L.2190/1920, twenty (20) clear days prior to each General Meeting the Company shall post information about the date, time and place that the General Meeting is to be held, the basic attendance rules and practices, including the right to include additional items on the agenda and file questions, the time limits within which such rights may be exercised, the voting procedures, the terms governing shareholder representation through proxies and the printed forms used for voting through proxy, the proposed agenda, including any draft resolutions for discussion and adoption and any accompanying documentation and the total number of shares and voting rights at the date the General Meeting is held.

The Chairman of the Board of Directors, the Managing Director and the members of the Audit Committee shall attend the General Meetings in order to provide information and updating in respect of the matters brought for discussion and any questions or clarifications requested by the shareholders. The General Meetings are also attended by the Director of the Internal Audit Department.

The Chairman of the Board of Directors, or his substitute if he is impeded or absent, shall temporarily preside over the General Meetings and elect one or two secretaries among the present shareholders and/or third parties until the list of shareholders entitled to attend the General Meeting is ratified and the president of the General Meeting is elected. The General Meeting is presided by the President and one or two secretaries who also act as scrutineers. The President and Secretaries of the General Meeting are elected through secret vote, save as otherwise decided by the General Meeting or required under the Law. Once the list of shareholders entitled to vote is ratified, the General Meeting proceeds immediately to the election of the President and one or two secretaries, who also act as scrutineers. The resolutions of the General Meetings are adopted in accordance with the applicable laws and the provisions of the Company's Articles. A summary of the minutes of the General Meetings of Shareholders is posted on the Company's website within fifteen (15) days from the General Meeting.

Attendance to the General Meetings of Shareholders

The Company's General Meetings of Shareholders can be attended by any shareholders appearing under such capacity on the DSS at the commencement of the fifth (5th) day prior to the date of the General Meeting of Shareholders, or, in respect of any Repeated General Meetings, on the fourth (4th) prior to the date of the General Meeting. The exercise of the relevant rights is not conditional upon deposition of the relevant share certificates or any other similar procedure. Each shareholder may appoint a representative at his/her free discretion. As per the rest, the Company is governed by the provisions of C.L.2190/1920 (art. 28a) and the provisions of the Code.

Attendance and voting through representatives

Shareholders shall attend and vote at the General Meetings either in person or through representatives. Each shareholder may appoint up to three (3) representatives. Legal entities may appoint as representatives up to three (3) natural persons. Any shareholders who hold Company shares which appear in multiple securities accounts of DSS Operators can appoint a different representative in respect of the shares appearing under each account. Any representatives representing multiple shareholders may cast variable votes.

Shareholders may not attend or vote at the shareholders' General Meetings or appoint or revoke their representatives through electronic means or by letter, as this is not permitted under the Company's Articles of Association.

The relevant document for the appointment of a proxy will be made available to the shareholders in paper at the Direction of the Company's Shareholders Services (19,3 km Markopoulou Avenue, Paiania, tel: 210-2898232) or at the Company's website in electronic form.

Each representative shall prior to the commencement of the General Meeting session notify Company of any particular events which may be useful to the shareholders in assessing the risk of him serving interests other than those of the appointing shareholder as same are defined in the law and the Code.

Minority rights

In respect of any General Meeting of Shareholders, the shareholders have the following rights, as specifically defined in the law:

a) Shareholders representing at least one twentieth (1/20) of the paid up capital may request the addition of items in the agenda of the General Meeting, provided that such request is received by the Board of Directors fifteen (15) clear days prior to the General Meeting, and it is accompanied by justification or a draft resolution for authorization by the General Meeting. The Board of Directors are liable to include in the agenda such additional items provided that the relevant request is accompanied by a justification or a draft resolution for authorization by the General Meeting. The revised agenda is subject to the same publication formalities applicable to the previous agenda and published by the BoD thirteen (13) days prior to the date of the GM and at the same time made available to the shareholders through the Company's webpage, along with the justification or draft resolution submitted by the requesting shareholders.

b) Shareholders representing at least one twentieth (1/20) of the paid up capital may request, by application filed to the BoD seven (7) clear days prior to the GM, to be supplied with draft resolutions on the items on the agenda or revised agenda, under the publication formalities required under the law, six (6) days prior to the General Meeting.

c) The Board of Directors are not liable to add any items on the agenda or have such items published along with the relevant justification or draft resolutions filed by the requesting shareholders, where their contents is obviously infringing upon the law or the good morals.

d) At the request of shareholders representing one twentieth (1/20) of the paid up capital, the President of the General Meeting shall adjourn only once the adoption of resolutions by the Ordinary or Extraordinary General Meeting for all or part of the agenda, defining as the date that the session shall be resumed the one set out in the shareholders' request, which may not be more than thirty (30) days far from the date of adjournment. The adjourned General Meeting is a continuation of the previous one; therefore, the relevant invitation is not subject to the same publication formalities, whereas the Meeting may be attended also by any new shareholders, subject to the formalities laid down in the law.

e) At the request of any shareholder filed with the Company five (5) clear days prior to the General Meeting, the Board of Directors shall provide the General Meeting with the requested specific information on the Company's affairs, to the extent such information is useful in assessing accurately the items on the agenda. The Board of Directors may provide a single reply to any shareholder requests having the same contents. The Directors are under no obligation to provide information where the information requested is posted on the Company's webpage, especially in the form of questions and answers.

f) Moreover, at the request of shareholders representing one twentieth (1/20) of the paid up capital, the Board of Directors shall announce to the Ordinary General Meeting any amounts paid during the last two years to each Director or company manager and any provisions made to such persons from any cause or under any contract with the Company. In all cases set out above, the Board of Directors may refuse to provide the information for a material cause quoted in the minutes, in accordance with the specific provisions of the law.

g) At the request of shareholders representing one fifth (1/5) of the paid up capital filed with the company within the time limit set out in paragraph (e) above, the Board of Directors are liable to provide the General Meeting with information on the progress of the corporate affairs and the Company's financial standing. The Board of Directors may refuse to provide the information requested for a material cause quoted in the minutes, in accordance with the specific provisions of the law.

h) At the request of shareholders representing one twentieth (1/20) of the paid up capital, the adoption of resolutions by the General Meeting on any item on the agenda shall be carried out by roll call.

In all cases set out above, in exercising the relevant rights the requesting shareholders have to prove their shareholder capacity and the number of shares they hold. Such information is certified as of the date of the shareholder's registration in the HELLEX records.

Available documentation and information

The information laid down in Art. 27, paragraph 3 of C.L.2190/1920, including the Invitation to General Meeting, the procedure of voting through representatives, the documentation used for the appointment or revocation of representatives, the draft resolutions on the items on the agenda and more detailed information relating to the exercise of the minority rights set out in Article 39 paras. 2, 2^(a), 4 and 5 of C.L.2190/1920 is provided in paper at the Company's premises (Direction of the Company's Shareholders Services, (19,3 km Markopoulou Avenue, Paiania, tel: 210-2898232), where the shareholders can obtain copies thereof. Furthermore, all documentation set out above and the total number of the existing Company shares and voting rights (accumulatively and per share category) can be made available to the shareholders in electronic form through the Company's website (www.lafarge.gr).

6. Information about the Board of Directors

The Board of Directors is elected by the General Meeting of Shareholders. The Board of Directors, based on the article 22 of the Articles of Association of the Company, has assigned the exercise of its rights in whole to the Managing Director Mr. Pierre Deleplanque who, based on the article 23 of the Articles of Association, has also first signature right. The primary obligation of the Directors is to continually improve the Company's long-term financial value and protect its general interests. Furthermore, given that the Company is listed, the Board Members bear specific obligations and duties under the Law and the Code to pursue the long-term improvement of the financial value of the Company's shares, including the obligation not to engage in any interests incompatible with the Company's interests and to prevent and disclose any conflict of interests.

According to the Company's Articles, the Board of Directors may assign all or part of their powers and duties relating to Company management, administration and representation, to one or more persons, either Directors or otherwise. The title and powers of each of such persons shall be determined by the decision of the Board of Directors issued for their appointment.

The Managing Director is the supreme executive corporate body competent to decide on any matters relating to Company operations and exercises general supervision on the Company's operations.

Composition – Term of office of the Board of Directors

According to the Company's Articles, company management is exercised by the Board of Directors, which consists of eight (8) Directors, currently under the following structure: one (1) executive Director, five (5) non-executive Directors and two (2) non-executive independent Directors. The Company's Board of Directors currently consists of the following members:

	Name and Surname	Position	Role
1	Manolis Chris Kyprianides	Chairman of the Board	Non-executive member
2	Peter James Hoddinott	Vice-Chairman	Non-executive member
3	Pierre Deleplanque	Managing Director	Executive member
4	Jean – Jacques Gauthier	Member	Non-executive member
5	Perikles Nicolaou	Member	Non-executive member
6	Jean – Charles Blatz	Member	Non-executive member
7	Christos Sorotos	Member	Independent, non-executive member
8	Agissilaos Karabelas	Member	Independent, non-executive member

According to the Company's Articles, the Board of Directors are elected by the General Meeting of Shareholders in accordance with the provisions of C.L.2190/1920 for a term of three years. Any replacement of Directors made during the fiscal year is subject to ratification by the General Meeting. All Directors are freely re-elected and revoked.

The term of office of the current Board of Directors expires during the Ordinary General Meeting of Shareholders of the Company which will approve the acts of financial year 2011 and until the convocation of the new Board of Directors that will be elected by it.

Election / Replacement of Directors

The Directors are elected by the General Meeting of Shareholders through secret vote, in accordance with the provisions of C.L.2190/1920. The Directors may be shareholders or third parties and are freely re-elected and revoked.

In the event of resignation, death or forfeiture of any Director(s) for any reason, the remaining Directors, provided that they are at least five (5), shall elect a replacement for the remaining term, subject to the specific provisions of the Company's Articles. The resolution on such election is subject to the publication formalities of Art. 7(b) of C.L.2190/1920 as in force from time to time and announced by the Board of Directors to the following General Meeting.

Constitution of the Board of Directors into body

The Board of Directors shall elect among its members, by the absolute majority of the Directors present or represented the Chairman, the Vice-Chairman and the Managing Director. Such elections are always carried out at the first Meeting of the Board of Directors to be held following the General Meeting that resolved on the election of the Directors. The Chairman, Vice-Chairman of the BoD and the Managing Director are freely re-elected.

Convocation of the Board of Directors' meetings

The Board of Directors are called to a meeting by the Chairman (or the Vice-Chairman when he is replacing the Chairman) and shall hold their meetings at the Company's registered office or elsewhere in accordance with the Company's Articles.

Within 2011 the Board of Directors held eight (8) meetings in total.

Attendance of each Board Member at the 2011 meetings is indicated on the following table:

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	8	8	0
Peter James Hoddinott	8	6	2
Pierre Deleplanque	8	8	0
Jean - Jacques Gauthier	8	1	7
Perikles Nicolaou	8	7	1
Jean – Charles Blatz	8	2	6
Christos Sorotos	8	3	5
Agissilaos Karabelas	8	8	0

Quorum – Majority – Representation of the Directors - Minutes

The meetings of the Board of Directors are in quorum and validly held if attended in person or by proxy by half plus one Directors. In any case, the Directors attending in person must be at least three (3). In estimating such quorum, any fractional numbers shall not be taken into account.

When the Board of Directors holds a meeting by teleconference, all Board Members attending the teleconference are considered to be attending in person.

Save as otherwise provided for in the Law or in the Company's Articles, the Board of Directors' decisions shall be validly adopted by the absolute majority of the Directors attending in person or by representative.

A Director may be represented in the BoD meetings only by another Director duly authorized by power of attorney addressed to the Board.

Any minutes of the BoD executed and signed by all Directors or their representatives shall have the effect of a valid decision of the Board of Directors, even if no meeting has been previously held.

The discussions and the decisions of the Board of Directors shall be summarized in a special book of minutes, which can be also kept electronically. At the request of any Director, the Chairman of the Board of Directors shall enter in the Minutes a summary of such Director's opinion. The book of Minutes shall also contain a list of the Directors present or represented at the meeting. Any copies or extracts from such Minutes shall be issued by the Chairman of the BoD or his legal substitute, who will also certify the accuracy of their contents.

Powers - Duties of the Board of Directors

The Board of Directors acting collectively, based on the article 22 of the Articles of Association of the Company, has assigned the exercise of its rights on whole to the Managing Director Mr. Pierre Deleplanque who, based on the article 23 of the Articles of Association, has also first signature right. The Board of Directors has given, based on the article 23 of the Articles of Association of the Company, signature right to Company executives for specially defined by category subjects. Though the above authorizations the Board of Directors has appointed the responsible persons towards the laws and principles.

Delegation of powers of the Board of Directors to Directors or third parties

By decision adopted by the absolute majority of the Directors present and/or represented, the Board of Directors may assign all or part of their powers and duties relating to Company management, administration and representation, to one or more persons, either Directors or otherwise. The title and powers of each of such persons shall be determined by the decision of the Board of Directors issued for their appointment.

Obligations of the Directors

The members of the Board of Directors, the Managers and all high-ranking Company executives shall not, save with the prior consent of the General Meeting, engage either on their own or in collaboration with third parties, in any of the Company's objects or in any operations similar to the Company's objects, nor participate as general partners in any entities engaging in similar objects. Failure to abide by this obligation shall entitle Company to claim damages; where the party in fault is a Director, he/she is subject to forfeiture by decision of the Board of Directors. In this event the provisions of article 23 paras. 2 and 3 of C.L.2190/1920 shall also apply.

The Directors, depending on their capacity as executive or non-executive Directors, bear the obligations laid down in L. 3016/2002, as same are described in the Code.

The members of the Board may be remunerated by an amount defined by special resolution of the ordinary General Meeting of Shareholders.

For fiscal year 2011 the Ordinary General Meeting of Shareholders has pre-approved the presence expenses of the non-executive members of the Board of Directors for their participation in the meetings and committees of a total gross amount 195.000 Euro.

The Ordinary General Assembly has pre-approved also as annual maximum remuneration for the executive member of the Board Member who is fully occupied by the Company as Managing Director the gross amount of 450.000 Euro.

All pre-authorized amounts set out above are inclusive of any taxes, duties and third party contributions.

7. Information about other administrative, management or supervisory bodies and committees

The only Company's Board of Directors Committee currently standing is the Audit Committee, as same is regulated under the Code and paragraph "Internal Control System" hereof.

As per the rest, any powers and duties relating to Company operation shall be exercised by the competent corporate bodies as same are defined through the Company's internal procedures and Internal Regulation of Operation.

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

According to the Company's Management best knowledge, no subsequent events exist that may have a significant financial impact on the Group and the Company.

D. Related party transactions

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

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

The Company pays royalties to the parent company LAFARGE S.A. for the use of the LAFARGE trade name, trade mark and know-how in a wide area of activities including production process, initiation and application of innovations, supply chain etc. Moreover, included in transactions with the parent company LAFARGE S.A. are sales of emissions rights.

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

Intercompany receivables concern mainly an interest-bearing loan granted by the parent company HERACLES G.C.C. to the subsidiary EVIESK S.A. amounting to 27.700 Euro thousand as well as receivable from LAFARGE BETON S.A. amounting to 3.853 Euro thousand.

The nature of the related party transactions for 2011 remains unchanged compared to the latest annual report as at 31 December 2010.

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

GROUP

31/12/2011

Amounts in Euro thousand

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Fees and other expenses	Receivables	Payables
<u>LAFARGE GROUP COMPANIES</u>						
PERICLES S.A.	0	0	0	0	326	0
LAFARGE S.A.	54.896	508	5.193	0	0	1.396
CEMENTIA TRADING S.A.	38.361	93	0	0	3.645	0
OTHER LAFARGE GROUP COMPANIES	3.835	5.375	0	0	799	526
MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.	0	0	0	3.825	0	0
Total	97.092	5.976	5.193	3.825	4.770	1.922

COMPANY

31/12/2011

Amounts in Euro thousand

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Interest income	Fees and other expenses	Receivables	Payables
<u>HERACLES GCC SUBSIDIARIES</u>							
HERACLES MARITIME CO.	237	12.131	0	0	0	0	1.956
LAFARGE BETON S.A.	16.905	307	0	0	0	3.853	0
EVIESK S.A.	7	0	0	1.121	0	27.700	6.531
LAVA S.A.	346	1.777	0	0	0	0	320
A. XATZHKYPIAKOS N.E.	1	0	0	0	0	1	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	0	0	24
ΔΥΣΤΟΣ N.E.	1	0	0	0	0	1	0
<u>LAFARGE GROUP COMPANIES</u>							
LAFARGE S.A.	54.896	495	5.193	0	0	0	1.233
CEMENTIA TRADING S.A.	37.200	93	0	0	0	3.645	0
OTHER LAFARGE GROUP COMPANIES	3.621	5.193	0	0	0	538	451
MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.	0	0	0	0	2.244	0	0
Total	113.215	19.996	5.193	1.121	2.244	35.738	10.515

F. Explanatory report of HERACLES G.C.C. (According to paragraph 7 and 8 of article 4 of L. 3556/2007)

The present Explanatory Report of the Board of Directors of the company under the trade name "HERACLES General Cement Company" (the Company"), which is addressed to the Ordinary General Assembly of the Shareholders, includes information, known today 23/3/2012 to the Company, according to the provisions of article 11a of L. 3371/2005, as it is in force combined with article 33 of L. 3556/2007.

1. Structure of share capital

The share capital of the Company amounts to one hundred and ninety million five hundred and one thousand six hundred and fifty four euros and seventy six cents (190.501.654,76), divided into seventy one million eighty two thousand seven hundred and seven (71.082.707) shares, with a nominal value of two euros and sixty eight cents (2,68) each. All shares are traded on the Athens Stock Exchange. The shares of the Company are ordinary nominal shares with voting rights.

2. Restrictions on the transfer of shares

The transfer of the Company's shares is executed according to the provisions of the Law and there are no restrictions, known today to the Company, regarding their transfer.

3. Significant direct and indirect participations within the context of the provisions of P.D. 51/1992, as it was in force, and herein L. 3556/2007.

As at 31/12/2011 the french company LAFARGE S.A. holds indirectly shares that represent 88.99% of the share capital. No other individual or legal entity owns shares that represent more than 5% of the company's share capital.

4. Holders of any securities with special control rights

There are no company shares with special control rights.

5. Restrictions on voting rights

Restrictions on voting rights are not provided by the Company's Articles of Association.

6. Agreements between shareholders of the Company

The Company has no knowledge of the existence of agreements between its shareholders, which may result in restrictions on the transfer of securities or voting rights.

7. Rules governing the appointment and replacement of Board of Directors members and the amendment of the Articles of Association

The rules set by the Articles of Association for the appointment and replacement of the Board of Directors members and the amendment of the Articles of Association, do not deviate from the provisions of L.2190/1920.

8. The power of Board of Directors and its members to issue or buy back shares

According to the provisions of article 16 of L.2190/1920, as amended by L.3604/2007, the Company may buy back shares. There is no deviation from the provisions of Law in the Company's Articles of Association.

9. Significant agreement the effect or the content of which is influenced upon a change in the Company's control

There is no significant agreement to which the Company is a party and which is in force, that will be amended or terminated upon a change in the Company's control following a takeover bid and the effects thereof.

10. Company's agreements with the members of the Board of Directors or its employees

There are no agreements between the Company and its Board of Directors members or employees which provide for compensation in case they resign or are made redundant without valid reason or if their term of office or employment ceases because of a takeover bid.

G. Dividend policy

As far as the current year is concerned, the Company has losses and consequently no dividend will be distributed.

H. Share capital of the subsidiaries of the Group

	<u>31/12/2011</u>		
	<u>Number of shares</u>	<u>Nominal value per share</u>	<u>Share capital</u>
GROUP COMPANIES			
HERACLES MARITIME CO.	592.466	2,24	1.327.124
LAFARGE BETON S.A.	69.803.389	1,18	82.367.999
EVIESK S.A.	1.172.000	1,29	1.511.880
LAVA S.A.	109.065	32,50	3.544.613
AEGEAN TERMINALS S.A.	252.441	29,35	7.409.143
A. HATZIKYRIAKOS SOC. NAV.	8.100	17,61	142.641
G. HATZIKYRIAKOS SOC. NAV.	34.100	17,61	600.501
DYSTOS SOC. NAV.	30.100	17,61	530.061
PORT SAID SILO INVESTMENT COMPANY S.A.	42	82.246,46	3.454.351
MARATHOS QUARRIES S.A.	235.000	2,93	688.550
LEADER BETON S.A	2.000	8,08	16.158

I. List of the Group's branches

HERACLES G.C.C.

Plants

1. VOLOS, Agria, Volos
2. MILAKI, Milaki of Aliveri, Evia
3. HALKIS, Mikro Vathi of Avlida, Halkis

Branch

4. 15 K. Pateli str., Lycovrissi

Distribution Terminals

5. Drapetsona, 1 Kontopoulou str., Drapetsona, Piraeus
6. Thessaloniki, Dendropotamos' bridge (coast)
7. Rio of Patrae, 14 Eleftherias str., Akte on coast
8. Kavala, 7 Nileos str
9. Igoumenitsa, Ladohori, Thesprotia
10. Heraklion, Linoperamata of Rodia, Crete
11. Kalohori of Thessaloniki

Warehouse

12. 49-51 Soph. Venizelou Str

Quarries

13. Platanos of Almiros-Magnissia

Various

14. Chania, 20 Margouniou str.(office)
15. Stilida of Fthiotida (camping)
16. Rhodes, 103 Michail Volonaki str. (office)

LAFARGE BETON

Concrete units

1. Koropi of Attica, 28th km Varis- Koropiou ave.
2. Pallini of Attica, Anthoussas ave.
3. Metamorphossi of Attica, 12 Amaliados str.
4. Lossia of Attica, location Pirgas
5. Agios I.Rentis of Attica, 19, 28th October str.
6. Voulia of Siros
7. Marathi of Paros
8. Ageria of Paros
9. Larsos of Lesvos
10. Antimahia of Kos
11. Neohorouda, Thessaloniki
12. Strofi of Lakia, Thessaloniki
13. Sesklo of Magnissia
14. Lamia of Fthiotida, 2nd km of Lamia-Domokos road
15. Plataniias of Fthiotida
16. Tragana of Fthiotida
17. Malessina of Fthiotida
18. Orhomenos of Viotia
19. Tholos of Chios
20. Lefka of Ahaia

21. Aliveri of Evia
22. Drimos, Thessaloniki
23. Polikastro, Kilkis
24. Leventoxori, Kilkis
25. Rafina of Attiki
26. Diavata, Thessaloniki
27. 9th km Heraklion – Chania

Quarries

28. Araxos of Ahaia
29. Tragana of Fthiotida
30. Voulia of Siros
31. Aliveri of Evia
32. Kampi of Artas
33. Valanidoussa of Prevesa
34. Pitharia Pigis of Lesbos
35. Mikro Dasos of Polikastro
36. Mesaio of Thessaloniki

Aggregates trade

37. Almiros of Volos

Aggregates warehouses

38. Lazareta of Siros

Limestone (not active)

39. Milaki of Evia

Offices

40. 19,3 Km Markopoulou Avenue, Paiania Attica
41. El.Venizelos str – Volos
42. P.Vostani and Mitr.Iakovou, Mitilini
43. 3 Ag. Apostolon and Handakos – Chios

Subsidiaries

44. LEADER BETON SA – Bul. “Deshmoret e Kombit”, Twin Towers, Kulla 2, Kati 13/2

LAVA Quarrying and Mining S.A.

Quarries

1. Pumice stone: Yali of Nissiros, the Dodecanese
2. Gypsum: Altsi, Sitia, Crete
3. Pozzolane and Silicon : Adamantas, Milos

Warehouses

4. Drapetsona, 1 Kontopoulou str., Drapetsona, Piraeus

Dear Shareholders,

Based on the above mentioned and the Certified Auditors' Report, you have at your disposal all the necessary information in order to proceed with the approval of the Financial Statements and our lawful release of any liability, as stipulated in the Articles of Association.

Paiania, 23/3/2012

By order of the Board of Directors

PIERRE DELEPLANQUE

Managing Director

TRANSLATION

Independent Auditors' Report

To the Shareholders of
"HERACLES GENERAL CEMENT COMPANY"

Report on the Company Stand – Alone and Consolidated Financial Statements

We have audited the accompanying company financial statements of HERACLES GENERAL CEMENT COMPANY (the "Company") and the consolidated financial statements of the Company and its subsidiaries, which comprise the company and consolidated statement of financial position as at December 31, 2011, and the company and consolidated income statements and statements of comprehensive income, changes in equity and cash flows for the year then ended, as well as a summary of significant accounting principles and policies and other explanatory notes.

Management's Responsibility for the Company Stand-Alone and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these company and consolidated financial statements in accordance with International Financial Reporting Standards as these have been adopted by the European Union, as well as for these internal controls that management considers necessary for the preparation of company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these company and consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the company and consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company and consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company and consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the company and consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Company and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as these have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

- (a) The Directors' Report includes a Corporate Governance Statement which provides the information required according to the provisions of paragraph 3d of article 43a and paragraph 3st of article 107 of Codified Law 2190/1920.
- (b) We have agreed and confirmed the content and consistency of the Directors' Report to the accompanying company and consolidated financial statements according to the provisions of articles 43a, 108 and 37 of Codified Law 2190/1920.

Athens, March 26, 2012

The Certified Public Accountants

Epaminondas H. Giouroukos
Reg. No SOEL: 10351

Fotini D. Giannopoulou
Reg. No SOEL: 24031

Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
3a Fragoklissias & Granikou Str.,
151 25 Maroussi - Athens
Reg. No SOEL: E 120

**ANNUAL GROUP AND COMPANY FINANCIAL STATEMENTS
OF HERACLES G.C.C. IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS AT 31 DECEMBER 2011**

The Group and Company Financial Statements on pages 28 to 90 were approved by the Board of Directors in its meeting on Friday 23 March 2012 and are subject to the approval of the ordinary General Assembly of the Shareholders. As ordered by the Board of Directors, the Financial Statements are signed by the following persons:

**THE CHAIRMAN OF
THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**THE CHIEF
FINANCIAL OFFICER**

**MANOLIS CHRIS
KYPRIANIDES**

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

**PIERRE
DELEPLANQUE**

**PASSPORT No.
07CV39073**

**MICHALIS T.
MICHELIS**

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

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

Amounts in Euro thousand

	NOTE	GROUP		COMPANY	
		1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Operating results					
Turnover	5,6	277.515	401.996	239.402	350.807
Cost of sales		(244.943)	(355.324)	(212.872)	(315.917)
Gross profit / (loss)		32.572	46.672	26.530	34.890
Administrative & distribution expenses		(42.952)	(56.058)	(26.206)	(33.854)
Other operating income / (expenses)	7	(40.262)	(23.524)	(34.393)	(21.912)
Impairment of investments in subsidiaries	10	0	0	(10.762)	0
Operating profit / (loss)	8	(50.642)	(32.910)	(44.831)	(20.876)
Finance income / (expenses)	6,9	(5.124)	(5.091)	(2.144)	960
Profit / (loss) for the year before tax		(55.766)	(38.001)	(46.975)	(19.916)
Income tax	11	(98)	(7.860)	689	(6.523)
Net profit / (loss) for the year after tax	6	(55.864)	(45.861)	(46.286)	(26.439)
Allocated to:					
Non controlling interest		34	(47)	0	0
Company's Shareholders		(55.898)	(45.814)	(46.286)	(26.439)
		(55.864)	(45.861)	(46.286)	(26.439)
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings/ (losses) per share (in €)	12	(0,79)	(0,65)	(0,65)	(0,37)

Notes from page 33 through to page 90 form an integral part of the annual Group and Company Financial Statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2011**

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>31/12/2011</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
Net profit / (loss) for the year after tax	(55.864)	(45.861)	(46.286)	(26.439)
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	1.041	95	1.041	95
Actuarial gain / (loss) recognised directly in equity, net of deferred tax	(404)	3.264	(312)	3.054
Withheld tax on the capitalization of retained earnings	0	(538)	0	(538)
Other equity movements	<u>75</u>	<u>(421)</u>	<u>0</u>	<u>(158)</u>
Other comprehensive income for the year, net of tax	<u>712</u>	<u>2.400</u>	<u>729</u>	<u>2.453</u>
Total comprehensive income for the year, net of tax	<u>(55.152)</u>	<u>(43.461)</u>	<u>(45.557)</u>	<u>(23.986)</u>

Notes from page 33 through to page 90 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2011

Amounts in Euro thousand	NOTE	GROUP		COMPANY	
		31/12/2011	31/12/2010	31/12/2011	31/12/2010
Fixed assets					
Goodwill		29.480	29.480	0	0
Intangible assets	13	3.305	4.048	1.056	1.485
Tangible assets	14	456.076	511.198	420.226	473.514
Investments in associates and subsidiaries	15	0	0	70.436	81.168
Other investments	16	56	55	56	55
Other non-current receivables	25.2	15.605	15.325	42.772	39.799
Deferred tax asset	20	2.859	548	2.052	0
Total fixed assets		507.381	560.654	536.598	596.021
Current assets					
Inventories	17	57.078	56.364	50.721	50.236
Trade and other receivables	25.3	106.884	131.129	77.930	96.650
Derivative financial instruments	25.6	58	2.368	58	2.368
Fixed assets available for sale	14	9.044	9.044	9.044	9.044
Cash and cash equivalents	25.4	145.924	138.002	131.380	125.962
Income tax receivable	11	11.210	5.333	10.247	4.109
Total current assets		330.198	342.240	279.380	288.369
Total assets		837.579	902.894	815.978	884.390
Non-current liabilities					
Provision for staff termination indemnity	18	56.973	57.354	53.999	54.117
Other non-current provisions	19	18.886	20.558	36.254	36.082
Deferred tax liabilities	20	914	2.946	0	2.390
Finance lease liabilities	25.7	212	221	49	126
Total non-current liabilities		76.985	81.079	90.302	92.715
Current liabilities					
Provision for staff termination indemnity	18	6.193	4.658	5.854	3.979
Trade and other payables	25.5	98.689	122.118	86.026	108.622
Income tax liability	11	0	103	0	0
Finance lease liabilities	25.7	311	187	79	31
Other current provisions	19	5.971	871	5.517	547
Derivative financial instruments	25.6	0	3.722	0	3.722
Dividends payable		138	138	138	138
Bank loans	25.4	58.035	43.609	0	1.017
Total current liabilities		169.337	175.406	97.614	118.056
Total liabilities		246.322	256.485	187.916	210.771
Equity					
Share capital	22	190.502	190.502	190.502	190.502
Share premium	23	1.279	1.279	1.279	1.279
Reserves	24	174.696	174.696	162.170	162.170
Derivatives valuation reserve	25.6	0	(1.041)	0	(1.041)
Retained earnings		224.684	280.911	274.111	320.709
Total Shareholders' equity		591.161	646.347	628.062	673.619
Non controlling interest		96	62	0	0
Total equity		591.257	646.409	628.062	673.619
Total liabilities and equity		837.579	902.894	815.978	884.390

Notes from page 33 through to page 90 form an integral part of the annual Group and Company Financial Statements.

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
31 DECEMBER 2011**

Amounts in Euro thousand

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Non controlling interest	Total
Balance at 1/1/2011	190.502	1.279	174.696	(1.041)	280.911	62	646.409
Profit / (loss) for the year	0	0	0	0	(55.898)	34	(55.864)
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	1.041	0	0	1.041
Actuarial gain / (loss), net of deferred tax	0	0	0	0	(404)	0	(404)
Other equity movements	0	0	0	0	75	0	75
Balance at 31/12/2011	190.502	1.279	174.696	0	224.684	96	591.257
Balance at 1/1/2010	142.165	1.279	171.058	(1.136)	397.118	0	710.484
Profit / (loss) for the year	0	0	0	0	(45.814)	(47)	(45.861)
Dividends	0	0	0	0	(20.614)	0	(20.614)
Increase of share capital	48.337	0	0	0	(48.337)	0	0
Distribution of profits	0	0	3.830	0	(3.830)	0	0
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	95	0	0	95
Actuarial gain / (loss), net of deferred tax	0	0	0	0	3.264	0	3.264
Withheld tax on the capitalization of retained earnings	0	0	0	0	(538)	0	(538)
Other equity movements	0	0	(192)	0	(338)	109	(421)
Balance at 31/12/2010	190.502	1.279	174.696	(1.041)	280.911	62	646.409

Amounts in Euro thousand

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings	Total
Balance at 1/1/2011	190.502	1.279	162.170	(1.041)	320.709	673.619
Profit / (loss) for the year	0	0	0	0	(46.286)	(46.286)
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	1.041	0	1.041
Actuarial gain / (loss), net of deferred tax	0	0	0	0	(312)	(312)
Balance at 31/12/2011	190.502	1.279	162.170	0	274.111	628.062
Balance at 1/1/2010	142.165	1.279	158.340	(1.136)	417.571	718.219
Profit / (loss) for the year	0	0	0	0	(26.439)	(26.439)
Dividends	0	0	0	0	(20.614)	(20.614)
Increase of share capital	48.337	0	0	0	(48.337)	0
Distribution of profits	0	0	3.830	0	(3.830)	0
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	95	0	95
Actuarial gain / (loss), net of deferred tax	0	0	0	0	3.054	3.054
Withheld tax on the capitalization of retained earnings	0	0	0	0	(538)	(538)
Other equity movements	0	0	0	0	(158)	(158)
Balance at 31/12/2010	190.502	1.279	162.170	(1.041)	320.709	673.619

Notes from page 33 through to page 90 form an integral part of the annual Group and Company Financial Statements.

**STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED
31 DECEMBER 2011**

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1- 31/12/2011	1/1- 31/12/2010	1/1- 31/12/2011	1/1- 31/12/2010
<u>Operating activities</u>				
Profit / (loss) before tax	(55.766)	(38.001)	(46.975)	(19.916)
Plus / less adjustments for:				
Depreciation	45.216	47.225	41.722	43.439
Impairment of tangible and intangible fixed assets	21.748	0	21.748	0
Provisions	18.439	3.902	24.421	3.985
Foreign exchange differences	1.018	(159)	1.128	(307)
Gain /(loss) from derivatives valuation	(71)	111	(71)	111
Income / (expenses), profit / (losses) from investing activities	(568)	(2.902)	(1.544)	(4.197)
Interest and related expenses	7.035	7.614	4.633	3.630
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(6.154)	4.163	(5.931)	3.857
Decrease / (increase) in receivables	6.541	(15.312)	5.509	(12.355)
(Decrease) / increase in liabilities (excl. bank loans)	(16.470)	(4.255)	(16.322)	(2.282)
Less :				
Interest and related expenses paid	(2.999)	(6.495)	(565)	(2.902)
Taxes paid	(8.637)	(22.691)	(7.451)	(21.096)
Total inflow / (outflow) from operating activities (a)	9.332	(26.800)	20.302	(8.033)
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(1)	0	(31)	(4)
Purchases of tangible and intangible fixed assets	(17.917)	(15.563)	(16.490)	(13.395)
Proceeds from disposals of tangible and intangible assets	965	2.563	755	1.485
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	200	510	0	0
Interest received	1.110	1.869	1.941	2.373
Dividends received	0	0	0	1.434
Total inflow / (outflow) from investing activities (b)	(15.643)	(10.621)	(13.825)	(8.107)
<u>Financing activities</u>				
Loan proceeds	56.249	73.600	0	0
Loan repayments	(41.823)	(69.471)	(1.017)	(14.428)
Payments of obligations under finance leases	(193)	(212)	(42)	(34)
Dividends paid	0	(20.614)	0	(20.614)
Total inflow / (outflow) from finance activities (c)	14.233	(16.697)	(1.059)	(35.076)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	7.922	(54.118)	5.418	(51.216)
Cash and cash equivalents at the beginning of the year	138.002	192.120	125.962	177.178
Cash and cash equivalents at the end of the year	145.924	138.002	131.380	125.962

Notes from page 33 through to page 90 form an integral part of the annual Group and Company Financial Statements.

1. GENERAL INFORMATION

HERACLES GENERAL CEMENT COMPANY (the Company) has been incorporated in Greece under the Companies Act 2190/1920, with its registered office located in the Municipality of Paiania, Attica, 19,3 km Markopoulou Avenue and the majority shareholding (88,99% as at 31/12/2011) is held by the LAFARGE Group, France.

The HERACLES G.C.C. Group (the Group) operates mainly in the production and trading of cement, concrete and other construction materials. The Financial Statements are presented in Euro thousand, unless otherwise stated, which is the currency of the primary economic environment, in which the Group operates.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. The Group's evaluation of the effect of these new standards, amendments to standards and interpretations is as follows:

Standards and Interpretations effective for the current financial year

IAS 24 (Revised) "Related Party Disclosures"

This amendment attempts to reduce disclosures of transactions between government-related entities and clarify related-party definition. More specifically, it removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities, clarifies and simplifies the definition of a related party and requires the disclosure not only of the relationships, transactions and outstanding balances between related parties, but of commitments as well in both the consolidated and the individual Financial Statements. This revision does not affect the Group's Financial Statements.

IAS 32 (Amendment) "Financial Instruments: Presentation"

This amendment clarifies how certain rights issues should be classified. In particular, based on this amendment, rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. This amendment is not relevant to the Group.

IFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments"

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

IFRIC 14 (Amendment) "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

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

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

Amendments to standards that form part of the IASB's 2010 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2010 of the results of the IASB's annual improvements project. Unless otherwise stated the following amendments do not have a material impact on the Group's Financial Statements.

IFRS 3 "Business Combinations"

The amendments provide additional guidance with respect to: (i) contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 (2008); (ii) measuring non-controlling interests; and (iii) accounting for share-based payment transactions that are part of a business combination, including un-replaced and voluntarily replaced share-based payment awards.

IFRS 7 "Financial Instruments: Disclosures"

The amendments include multiple clarifications related to the disclosure of financial instruments.

IAS 1 "Presentation of Financial Statements"

The amendment clarifies that entities may present an analysis of the components of other comprehensive income either in the statement of changes in equity or within the notes.

IAS 27 "Consolidated and Separate Financial Statements"

The amendment clarifies that the consequential amendments to IAS 21, IAS 28 and IAS 31 resulting from the 2008 revisions to IAS 27 are to be applied prospectively.

IAS 34 "Interim Financial Reporting"

The amendment places greater emphasis on the disclosure principles that should be applied with respect to significant events and transactions, including changes to fair value measurements, and the need to update relevant information from the most recent annual report.

IFRIC 13 "Customer Loyalty Programmes"

The amendment clarifies the meaning of the term 'fair value' in the context of measuring award credits under customer loyalty programmes.

Standards and Interpretations effective from periods beginning on or after 1 January 2012

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2015)

IFRS 9 is the first Phase of the Board's project to replace IAS 39 and deals with the classification and measurement of financial assets and financial liabilities. The IASB intends to expand IFRS 9 in subsequent phases in order to add new requirements for impairment and hedge accounting. The Group is currently investigating the impact of IFRS 9 on its Financial Statements. The Group cannot currently early adopt IFRS 9 as it has not been endorsed by the EU. Only once approved will the Group decide if IFRS 9 will be adopted prior to 1 January 2015.

IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013)

IFRS 13 provides new guidance on fair value measurement and disclosure requirements. These requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. IFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. Disclosure requirements are enhanced and apply to all assets and liabilities measured at fair value, not just financial ones. This standard has not yet been endorsed by the EU.

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

IFRIC 20 “Stripping costs in the production phase of a surface mine” (effective for annual periods beginning on or after 1 January 2013)

This interpretation sets out the accounting for overburden waste removal (stripping) costs in the production phase of a mine. The interpretation may require mining entities to write off existing stripping assets to opening retained earnings if the assets cannot be attributed to an identifiable component of an ore body. IFRIC 20 applies only to stripping costs that are incurred in surface mining activity during the production phase of the mine, while it does not address underground mining activity or oil and natural gas activity. This interpretation has not yet been endorsed by the EU.

IFRS 7 (Amendment) “Financial Instruments: Disclosures” – transfers of financial assets (effective for annual periods beginning on or after 1 July 2011)

This amendment sets out disclosure requirements for transferred financial assets not derecognised in their entirety as well as on transferred financial assets derecognised in their entirety but in which the Group has continuing involvement. It also provides guidance on applying the disclosure requirements.

IAS 12 (Amendment) “Income Taxes” (effective for annual periods beginning on or after 1 January 2012)

The amendment to IAS 12 provides a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model in IAS 40 “Investment Property”. This amendment has not yet been endorsed by the EU.

IAS 1 (Amendment) “Presentation of Financial Statements” (effective for annual periods beginning on or after 1 July 2012)

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in the future. This amendment has not yet been endorsed by the EU.

IAS 19 (Amendment) “Employee Benefits” (effective for annual periods beginning on or after 1 January 2013)

This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach) and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between “short-term” and “other long-term” benefits. This amendment has not yet been endorsed by the EU.

IFRS 7 (Amendment) “Financial Instruments: Disclosures” (effective for annual periods beginning on or after 1 January 2013)

The IASB has published this amendment to include information that will enable users of an entity’s Financial Statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity’s recognised financial assets and recognised financial liabilities, on the entity’s financial position. This amendment has not yet been endorsed by the EU.

IAS 32 (Amendment) “Financial Instruments: Presentation” (effective for annual periods beginning on or after 1 January 2014)

This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. This amendment has not yet been endorsed by the EU.

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

Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2013)

The IASB has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). These standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted only if the entire “package” of five standards is adopted at the same time. These standards have not yet been endorsed by the EU. The main provisions are as follows:

IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces all of the guidance on control and consolidation in IAS 27 and SIC 12. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee). The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships.

IFRS 11 “Joint Arrangements”

IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control.

IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 requires entities to disclose information, including significant judgments and assumptions, which enable users of Financial Statements to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. An entity can provide any or all of the above disclosures without having to apply IFRS 12 in its entirety, or IFRS 10 or 11, or the amended IAS 27 or 28.

IAS 27 (Amendment) “Separate Financial Statements”

This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 “Consolidated and Separate Financial Statements”. The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate Financial Statements. At the same time, the Board relocated to IAS 27 requirements from IAS 28 “Investments in Associates” and IAS 31 “Interests in Joint Ventures” regarding separate Financial Statements.

IAS 28 (Amendment) “Investments in Associates and Joint Ventures”

IAS 28 “Investments in Associates and Joint Ventures” replaces IAS 28 “Investments in Associates”. The objective of this Standard is to prescribe the accounting method for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures, following the issue of IFRS 11.

3. ACCOUNTING PRINCIPLES

Statement of compliance

The Financial Statements have been prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as the relevant Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), which are relevant to the Group's activities and are effective on the date the Financial Statements were prepared, as adopted by the European Commission.

Basis of preparation

The Financial Statements have been prepared on the historical or deemed cost basis with the exception of derivatives financial instruments which are presented at their fair value.

The main accounting principles used have not changed in relation to the Group and Company annual Financial Statements of 31 December 2010, which are available on the Company's website www.lafarge.gr.

The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company as well as the Financial Statements of the entities controlled by the Company (its subsidiaries) as at 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity in order to obtain financial benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, the subsidiaries' Financial Statements have been restated in order for their accounting policies to comply with those of the Group.

For consolidation purposes, all material inter-company transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity in the Financial Statements. Non-controlling interests consist of the amount of those interests at the date of the initial business combination and the non-controlling share of changes in equity since the date of the combination. Losses applicable to the non-controlling party in excess of the non-controlling party's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the non-controlling has a binding obligation and is able to make an additional investment to cover the losses.

Acquisitions of Subsidiaries

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date and equity shares that have been issued by the Group's companies in exchange for the control of the acquiree, including indirect expenses attributable to the acquisition.

Assets, liabilities and contingent liabilities of the acquired company that comply with the recognition requirements of IFRS 3 are measured at their fair value at the acquisition date. The resulting goodwill is finalised within twelve months from the acquisition date, and is recognised as an asset and initially measured as the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. If after a reassessment process, the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

3. ACCOUNTING PRINCIPLES – continued

Acquisitions of Subsidiaries - continued

Losses of subsidiaries exceeding the Company's participation therein are recognised in the income statement of the Company's Financial Statements, as a provision for losses from participation in subsidiaries.

In the Company's Financial Statements, participations in subsidiaries and associates are carried at cost, less any later impairment provisions. Annually or whenever events or circumstances suggest that there may be an indication of impairment, the Company examines the carrying value of the above participations against their recoverable value which is the higher between their fair value less cost to sell and their value in use.

Investments in associates

An associate is an entity over which the Company (or the Company through the Group) is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results, the assets and liabilities of associates are incorporated in these Financial Statements using the equity method of accounting, except when the investment is classified as held for sale. Under the equity method, investments in associates are carried in the consolidated Statement of Financial Position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred legal or constructive obligations on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is finalised within twelve months from the date of acquisition and is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

In cases where a Group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Goodwill

Goodwill arising on an acquisition of a subsidiary or jointly controlled entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary, associate or jointly controlled entity recognised at the date of acquisition.

Goodwill is finalised within one year of the acquisition and initially recognised as an asset at cost. Subsequently is measured at cost reduced by any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units expected to benefit from the synergies of the business combination from which the goodwill arises. Cash generating units to which goodwill has been allocated are tested for impairment on an annual basis or more frequently, if there are indications that the controlled, each time, unit's value could be impaired. If the recoverable amount is lower than the unit's respective carrying amount, the resulting loss is allocated first to reduce the carrying amount of the specific unit, and then to the unit's remaining assets, pro rata, based on the carrying amount of each asset's participation in the specific unit. The loss resulting from goodwill impairment is recognised in profit and loss and is not reversed in the following periods.

3. ACCOUNTING PRINCIPLES – continued

Goodwill - continued

At the sale of a subsidiary, associate or jointly controlled undertaking, the attributable carrying amount of goodwill is taken into account in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of associates is described in paragraph "Investments in associates".

Goodwill arising on acquisitions before the date of transition to IFRSs, based on the Greek Accounting Standards, has been deducted directly from equity at the date of transition to IFRS, namely 31/12/2003. On the date of transition to the IFRS, it has been written off against retained earnings and will not be included in the calculation of any profit or loss that will result from any future sale.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount (before their classification) and their fair value less costs to sell.

Financial information by segment

A business segment is a component of an enterprise that provides a single product or service or a group of related products and services and that is subject to risks and returns that are different from those of other business segments.

Segments were determined based on operating sectors, since this is the way that the chief operating decision makers review the Group. Using the quantitative thresholds, the Group reports separately in the related note its three operating segments: cement, concrete and aggregates.

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

Revenue Recognition

Revenues are recognised at the fair value of the consideration received or receivable for the sale of goods and services provided in the normal course of business, net of discounts, returns, VAT and other sales related taxes.

The revenue from sales of goods is recognised when goods are delivered and ownership has been transferred. In particular, the following conditions must be met:

- The Group has transferred to the purchaser significant benefits and risks of owning the goods
- The Group no longer manages the goods sold insofar as ownership usually entails, nor does it exercise real control over goods sold
- The revenue amount can be reliably measured
- It is very likely that the financial benefits from the transaction will reach the Group
- The cost incurred or to be incurred in relation to the transaction can be reliably measured

Income from contracts concerning service provision is entered in the results upon completion of the service provision, or with reference to the service provision completion stage.

3. ACCOUNTING PRINCIPLES – continued

Revenue Recognition- continued

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash inflows through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment are established.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Project construction contracts

In case the result of a construction project can be reliably estimated, contractual income and costs are recognised in results depending on the project's percentage of completion on the reporting date. The project's percentage of completion is measured based on the proportion of contractual cost incurred by the reporting date, to the total contractual cost estimated, on the same date, to be required until project completion, except where this would not be representative of the completion percentage. Deviation from the original contract and various additional claims and incentive payments shall only be recognised if agreed upon with the client.

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

Transactions in foreign currency

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

Transactions in currencies other than Euro are recognised at the exchange rates prevailing on the dates of the transactions. On each reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at year-end exchange rates. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary assets measured at historical cost in foreign currency, shall not be translated at current exchange rates.

Profits and losses resulting from liquidation or settlements of monetary assets, or from the valuation at current exchange rates as at reporting date, shall be included in the year's net profit or loss. Exchange differences concerning valuation of non-monetary assets and liabilities at exchange rates as at reporting date, at fair value, shall be entered in the current year's results, except for exchange differences concerning non-monetary assets whose profit and losses are recognised directly in equity. For such non-monetary assets, exchange differences shall be recognised directly in equity.

On consolidation, the assets and liabilities of the Group's operations abroad are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses of the period in which the operation is disposed of.

3. ACCOUNTING PRINCIPLES – continued

Government grants / subsidies

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants relating to machinery and equipment are treated as deferred income, are abstracted from granted assets and released to profit and loss over the expected useful lives of the assets concerned. Government subsidies relating to staff training expenses shall be recognised to the results when collected.

Staff retirement compensation

Payments to national insurance funds are considered as defined contribution retirement schemes and are recognised as an expense when employees have rendered service entitling them to the contributions.

Staff termination indemnity provision is considered as defined benefit retirement scheme and the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out annually.

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

The staff retirement compensation obligation recognised in the statement of Financial Position represents the present value of the defined benefit obligation, as adjusted for unrecognised past service cost.

The Group recognises actuarial gains and losses of the period directly to equity. Actuarial gains and losses recognised directly to equity appear in the statement of comprehensive income.

Share based payments

On a regular basis, the parent company Lafarge S.A. offers share purchase plans to Group employees.

In accordance with the prescriptions of IFRS 2 – “Share Based Payments”, the Group records compensation expense for all share-based compensation granted to its employees.

When the parent company Lafarge S.A. performs capital increases reserved for Group employees, and when the conditions offered are significantly different from market conditions, the Group records a compensation cost.

This cost is measured at the grant date, defined as the date at which the Group and employees share a common understanding of the characteristics of the offer.

The measurement of the cost takes into account the bonuses paid under the plan, the potential discount granted on the share price and the effect of post-vesting transfer restrictions (deducted from the discount granted). The compensation cost calculated is expensed in the period of the operation (considered as compensation for past-services) if no vesting condition is attached to the shares.

Income tax

The Company is subject to income tax. The income tax expense presented in the income statement represents the sum of current tax, previous years' tax differences, special levy, property tax and deferred tax.

Current and deferred tax is recognised as an income or expense in the income statement, unless it relates to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or in determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination.

3. ACCOUNTING PRINCIPLES – continued

Current tax

The recognition of related expense is initially made based on the relevant amounts presented in the income tax return statement. The calculation of income tax expense is a reasonable estimate and assumes the exercise of subjective judgment. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other financial years and it further excludes items that are not taxable or deductible.

In addition, in the context of the Company's normal operations, there are many transactions the tax treatment and relative calculations of which include uncertainty and the tax calculation is temporary until tax obligations are finalized by tax authorities or any differences are finalized in the courts. The company recognizes provision for tax contingencies and relative surcharges that are possible to arise either from expert or regular tax audit based on estimates. In case the final amount of income tax is different from the amounts initially provided, these differences will affect the income and deferred taxes of the year in which the finalization of the income tax charge takes place, during the final settlement of the tax obligations of the Company.

The Group's liability for current tax is calculated using tax rates applicable, or substantively enacted, at the reporting date.

Deferred tax

Deferred tax is recognised on (temporary) differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax base used in the computation of taxable profit, and are accounted for using the balance sheet liability method, using the tax rates which are expected to apply when the receivable will be realized or the liability will be settled. Deferred tax liabilities are generally recognised for all taxable temporary differences while deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill (or profit from beneficial purchase) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

In case of subsidiary acquisition, deferred taxation shall be taken into account in determining goodwill or profit from beneficial purchase.

Deferred tax liabilities are recognised for all taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, except when the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

No liability from deferred taxation on tax-free or specially taxed reserves shall be recognised, to the extent that it can reasonably be expected that the management shall be in a position to control the time they will be allocated, whilst distribution and in general any taxation whatsoever in the immediate future is not anticipated.

The carrying amount of deferred tax assets is reviewed on each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, unless it relates to items charged or credited directly to equity, in which case the deferred tax is also posted to equity.

Deferred tax liabilities and receivables shall be set off when there is a legal right that allows the setting off of current tax receivables to current tax liabilities, and when they concern income tax imposed by the same taxation authority and the Group is willing to arrange current tax receivable and liabilities on a net basis.

3. ACCOUNTING PRINCIPLES – continued

Intangible assets

Intangible assets relate to software measured at acquisition cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to income statement on a straight-line basis over their estimated useful lives, which is estimated at three years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are identified and recognised separately from goodwill when they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date. Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses.

Exploration for and evaluation of mineral resources expenses

Pursuant to IFRS 6, as of 1 January 2006, exploration and evaluation of mineral resources expenses are recognised as fixed assets. Fixed assets from the exploration and evaluation of mineral resources are recognised in the Statement of Financial Position according to the cost method less any subsequent accumulated depreciation. The above assets shall be tested for impairment when events and circumstances may indicate that the carrying amount of the said asset may exceed its recoverable amount.

Tangible assets

Tangible assets used in the production or supply of goods or services, or for administrative purposes, were stated in the transition to IFRS Statement of Financial Position at their revaluated amounts, according to IFRS 1, being either the fair value at the date of revaluation, determined from market-based evidence by appraisal undertaken by professional valuers, or their respective carrying amount of acquisition appearing in the books thus far according to the Greek Accounting Standards, less any subsequent accumulated depreciation. Since then, tangible assets are recognised at their historic cost, less any subsequent accumulated depreciation and any subsequent accumulated impairment loss.

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

(useful lives in years)	<u>Group</u>	<u>Company</u>
Buildings	5 - 30	10 - 30
Machinery	5 - 30	15 - 30
Vehicles, Furnitures and Other Equipment	3 - 15	5 - 15

The useful lives of the assets of several subsidiaries are quite different than that of the Company, due to different operating activities, and consequently, different use of the assets. Assets held under finance leases are depreciated on a straight line basis over their expected useful lives. At the end of each year, Management reviews the estimated useful lives, residual values and depreciation methods. The impact of changes in estimations is recognised in the current and in future years. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

3. ACCOUNTING PRINCIPLES – continued

Internally generated intangible assets – Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised only if all of the following conditions are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale,
- the intention to complete the intangible asset and use or sell it,
- the ability to use or sell the intangible asset,
- the intangible asset will generate probable future economic benefits,
- the availability of appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets separately acquired.

Impairment of tangible and intangible assets excluding goodwill

On each reporting date, the Group and Company review the carrying amounts of tangible and intangible assets to determine whether there is any indication that such assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to assess the recoverable value of a specific asset, the Group and Company estimate the recoverable value of the cash-generating unit to which the asset belongs. Impairment tests are performed annually and whenever there is an indication that the above assets may be impaired.

Recoverable amount of an asset is the higher of fair value less costs to sell and respective value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is immediately recognised as an expense in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. ACCOUNTING PRINCIPLES – continued

Inventories

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

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are measured based on the best possible estimates that the Management will make regarding the consideration of the expected liability settlement due at the reporting date, and are discounted at their present value, provided that the relevant discount impact is significant.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be reliably measured.

A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to involved parties. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the Management's best estimate of the expenditure required in order the Group companies to settle the obligation.

Emission rights

Emission rights are not recognised as an asset. Profit from surplus of emission rights is recognised only after a sale is realised. If there is a shortage, a provision is recognised in the income statement.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for financial instruments other than those financial assets designated as at "fair value through profit or loss".

Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or defined payments that are not quoted in an active market are classified as "Loans and Receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents consist of cash held, bank deposits and other short-term investments of high liquidity, directly convertible into an identifiable sum of money with an insignificant value change risk.

Leases

A. Operating Leases

Rental payments under operating leases are recognised as an expense on a straight-line basis over the lease term.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Benefits that have been received or will be received as an incentive to enter into an operating lease are also recognised deductible of rental expenses, on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

B. Finance leases

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

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the respective IFRSs.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Other financial liabilities

Other financial liabilities are split into current and non-current and are initially recognised at fair value. Non-current trade payables are subsequently measured at amortised cost or in case of borrowing at the amount of the capital borrowed based on which interest is calculated. Current trade payables are not interest carrying and are measured at their nominal value which is also their fair value. The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered not collectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been if the impairment had not been recognised.

In respect of available for sale equity securities, any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and any associated liability for amounts it may have to pay in the future.

Derivative financial instruments and hedging accounting

The Group's activities are exposed primarily to foreign exchange rates and commodities risks, notably fuel and marine freight.

The Group uses derivative financial instruments (mostly forward contracts) to hedge these exposures to fluctuating exchange rates and future market values of commodities, concerning specific existing commitments or anticipated transactions (cash flow hedging). The use of financial derivatives is governed by the policies of LAFARGE Group and are harmonised with the LAFARGE Group risk management strategy.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured on their fair value on each reporting date. Changes (gain or loss) in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is recognised immediately in the income statement as "Financial income/(expenses)".

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Derivative financial instruments and hedging accounting - continued

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instruments is more than 12 months or it is not expected to be realised or settled within 12 months.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised in income statement when the forecast transaction is ultimately recognised in profit or loss or is no longer expected to occur.

4. MAJOR ACCOUNTING JUDGEMENTS & MAIN SOURCES OF UNCERTAINTY FOR ACCOUNTING ASSESSMENTS

In the application of the Group's accounting policies, as described in note 3, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not apparent from other information sources. The estimates and associated assumptions are based on historical experience, on estimates of specialised external consultants and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or also future periods.

The following are the critical judgements that Management has made in the process of applying the Group's accounting policies and that have the most significant effect in the Financial Statements of the Group and the Company:

Management examines at least annually whether there is a goodwill impairment indication, and if so, assesses the amount according to the Group's accounting policy on recognised goodwill. The recoverable amount of the cash generating unit under review is determined on the basis of the higher value between the fair value less cost to sell and the value in use. The assessment of these values is based on estimates and underlying assumptions.

Moreover, Management annually examines the following, on the basis of assumptions and estimates:

- useful lives and recoverable amounts of depreciable fixed assets and intangible assets
- recoverable amounts of real estate property
- recoverable amounts of participations in subsidiaries and associates, in the individual Financial Statements
- the amount of provisions for quarry restoration, staff retirement compensation, unaudited tax years, legal cases litigation and labour law compliance cases
- the recoverability of deferred tax asset

Income tax is determined on the basis of the best estimate of taxable profit for the year. If the tax that results from the tax audit is different than the estimated one, the difference will affect both the income tax itself and the deferred tax in the year the tax audit was conducted.

On the Financial Statements preparation date, the main sources of uncertainty for the Group and the Company, which may have significant impact on the carrying amounts of assets and liabilities, concern:

- (a) Unaudited tax years of the Group's companies, to the extent that it is possible that future tax audits will result in additional taxes and charges being imposed (note 26).
- (b) Estimates of the recoverability of deferred tax assets (note 20).
- (c) Contingent losses from pending legal litigations (note 19 and 26 of the Financial Statements)
- (d) Doubtful debts from trade and other receivables (note 25.3 of the Financial Statements).
- (e) The recoverability of the value of the Company's participations in the share capital of subsidiaries and associates (note 15).
- (f) The fair value of the Group's and the Company's fixed assets in the context of the periodical re-assessment of their useful economic life.

5. TURNOVER

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

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Income from sale of finished and semi-finished products	264.215	384.859	230.094	341.049
Income from sale of merchandise	7.438	9.055	7.439	7.450
Income from services	5.862	8.082	1.869	2.308
	277.515	401.996	239.402	350.807

For the Group, an amount of 581 Euro thousand concerning income from services has been reclassified from other operating income to turnover for year 2010 for presentation purposes.

6. OPERATING SEGMENTS

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

Management evaluates segment performance based on turnover, current operating income, operating income / (loss), financial income and expenses and total assets. "Current operating income" is defined by Management as the income of the Company and the Group before taxes, finance income / (expenses) and non-recurring income / (expenses). Segment information is presented below:

Amounts in Euro thousand	31/12/2011				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	241.868	41.024	11.407	(16.625)	277.674
Current Operating income	(7.970)	(10.726)	(3.340)	0	(22.036)
Operating income / (loss)	(38.622)	(16.248)	(6.626)	916	(60.580)

Amounts in Euro thousand	31/12/2010				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	354.297	54.241	16.801	(22.921)	402.418
Current Operating income	17.760	(5.863)	1.544	0	13.441
Operating income / (loss)	(24.505)	(10.171)	1.166	0	(33.510)

Amounts in Euro thousand

Total Assets as per Management Reporting	31/12/2011				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
31/12/2011	835.152	78.692	51.695	(133.541)	831.998
31/12/2010	887.739	88.294	54.798	(142.031)	888.800

6. OPERATING SEGMENTS – continued

Reconciling items between financial reporting used from Group's Management for decision making and Published Financial Statements of the Group, are presented in the following tables and are mainly due to:

a) Timing difference in the preparation of the reports. As a result, due to subsequent events the recognised amounts in the Income Statement as well as in the Statement of Financial Position of the Group are different.

b) Different deemed cost that was defined for the Group's fixed assets due to the timing difference in the first adoption of International Financial Reporting Standards between financial reporting used by the Management and to the published, according to International Financial Reporting Standards, Financial Statements.

Amounts in Euro thousand

	<u>31/12/2011</u>	<u>31/12/2010</u>
Turnover per Management Reporting	277.674	402.418
Discount reclassification between Turnover and Cost of sales	(159)	(422)
Turnover per Published Income Statement	<u>277.515</u>	<u>401.996</u>

Amounts in Euro thousand

	<u>31/12/2011</u>	<u>31/12/2010</u>
Management Reporting		
Current Operating Income / (loss)	(22.036)	13.441
Non-recurring income / (expenses)	(38.544)	(46.951)
Operating Income / (loss) per Management Reporting	<u>(60.580)</u>	<u>(33.510)</u>
Reconciliation to Published Income Statement		
Timing difference on revenue recognition	530	0
Difference in fixed assets depreciation resulting from allocation of goodwill	6.386	0
Provisions and liabilities recognised in different periods	2.462	1.910
Cost allocation between administrative and finance expenses	2.344	195
Difference in fixed assets depreciation	(1.107)	(1.342)
Different treatment in the incorporation of the result of absorbed companies	0	(341)
Other timing differences	(677)	178
Operating Income / (loss)	<u>(50.642)</u>	<u>(32.910)</u>
Net financial income /(expenses)	(5.124)	(5.091)
Profit / (loss) before tax	<u>(55.766)</u>	<u>(38.001)</u>
Income tax	(98)	(7.860)
Net profit / (loss) for the year after tax	<u>(55.864)</u>	<u>(45.861)</u>

6. OPERATING SEGMENTS – continued

Amounts in Euro thousand

	<u>31/12/2011</u>	<u>31/12/2010</u>
Total Finance Income / (Expenses) per Management Reporting	1.122	(5.370)
Cost allocation between administrative and finance expenses	(2.344)	(195)
Difference in exchange rate differences	195	110
Different treatment in the incorporation of the result of absorbed companies	0	280
Long-term receivables discounting effect	(4.089)	0
Other	(8)	84
Total Finance Income / (Expenses) per Published Income Statement	<u>(5.124)</u>	<u>(5.091)</u>

Amounts in Euro thousand

	<u>31/12/2011</u>	<u>31/12/2010</u>
Total Assets per Management Reporting	831.998	888.800
Difference in deemed cost of fixed assets	16.065	17.601
Adjustment in stock valuation	1.236	0
Timing difference on revenue recognition	530	0
Additional provision for doubtful debts	(307)	(2.286)
Total assets of non consolidated entity	(3.865)	(3.987)
Long-term receivables discounting effect	(4.089)	0
Deferred tax difference	(2.773)	943
Other	(1.216)	1.823
Total Assets per Published Statement of Financial Position	<u>837.579</u>	<u>902.894</u>

The Group and Company operate in the following countries:

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
Greece	231.645	342.023	198.447	296.675
Switzerland	41.040	54.263	39.879	54.063
Other countries	4.830	5.710	1.076	69
	<u>277.515</u>	<u>401.996</u>	<u>239.402</u>	<u>350.807</u>

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

The comparative data of the Group for 2010 have been adjusted for presentation purposes.

7. OTHER OPERATING INCOME / (EXPENSES)

Other operating income / (expenses) of the Group and the Company are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
Profit / (loss) from investment disposals	0	277	0	0
Profit / (loss) from fixed asset disposals	(707)	580	(577)	390
(Impairment) / Reversal of impairment of tangible fixed assets	(21.748)	170	(21.748)	0
(Provision) / Reversal of provision for obsolescence of spare parts	(4.558)	0	(4.558)	0
(Provision) / Reversal of provision for share in losses of subsidiaries	0	0	(1.494)	(1.001)
(Provision) / Reversal of provision for doubtful receivables	(13.332)	(24.778)	(6.016)	(21.318)
Other income / (expenses)	83	227	0	17
	<u>(40.262)</u>	<u>(23.524)</u>	<u>(34.393)</u>	<u>(21.912)</u>

Included in other operating expenses of the Group and the Company is the impairment of production line of kiln D' in the Chalkis plant and the impairment of production line 3 in the Volos plant, amounting to 21.226 and 522 Euro thousand respectively, due to the cease of their activity resulting from the continuous market decline and low prospect for recovery, as well as the relative provision for spare parts amounting to 4.558 Euro thousand which were related to the particular production line in the Chalkis plant.

The comparative data of the Group and the Company for 2010 have been adjusted for presentation purposes. For the Group, for year 2010, an amount of 581 Euro thousand concerning income from services has been reclassified from other operating income to turnover, while an amount of 32 Euro thousand has been reclassified from other operating income to cost of sales as revenue.

8. OPERATING PROFIT / (LOSS)

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

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Impairment of receivables	14.945	26.446	7.366	22.485
Reversal of receivables impairment	(1.613)	(1.668)	(1.350)	(1.167)
Impairment of fixed assets	21.748	0	21.748	0
Impairment of spare parts	4.558	0	4.558	0
Impairment of participation in subsidiaries	0	0	10.762	0
Total impairment	<u>39.638</u>	<u>24.778</u>	<u>43.084</u>	<u>21.318</u>
Amortisation of intangible assets	1.038	1.030	663	584
Depreciation of tangible assets	44.303	46.317	41.134	42.977
Amortisation of grants	(125)	(122)	(75)	(122)
Total depreciation & amortisation	<u>45.216</u>	<u>47.225</u>	<u>41.722</u>	<u>43.439</u>
Movement of finished and semi-finished products	944	2.105	346	2.589
Consumption of raw, auxiliary materials, consumables and spare parts	86.258	120.313	61.903	84.188
Cost of goods sold	<u>87.202</u>	<u>122.418</u>	<u>62.249</u>	<u>86.777</u>
Employer's contribution	14.789	17.868	12.532	14.829
Salaries and other personnel benefits	71.113	88.933	61.351	76.185
Provision for staff termination indemnity	5.827	8.026	5.375	7.380
Staff termination indemnity	3.835	40.065	2.549	38.646
Total personnel expenses	<u>95.564</u>	<u>154.892</u>	<u>81.807</u>	<u>137.040</u>

The comparative data of the Group and the Company for 2010 have been adjusted for presentation purposes.

The number of Group and Company personnel as at 31 December 2011 is analysed as follows:

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Number of personnel	1.475	1.580	1.190	1.234

9. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Income				
Interest received and related income	1.290	1.869	2.120	2.373
Income from dividends	0	0	0	1.434
Foreign exchange income	743	1.093	298	1.020
Income from derivatives	71	0	71	0
	<u>2.104</u>	<u>2.962</u>	<u>2.489</u>	<u>4.827</u>
Expenses				
Interest and related expenses	7.035	7.614	4.633	3.630
Loss from derivatives	0	111	0	111
Foreign exchange losses	193	328	0	126
	<u>7.228</u>	<u>8.053</u>	<u>4.633</u>	<u>3.867</u>
Total	<u>(5.124)</u>	<u>(5.091)</u>	<u>(2.144)</u>	<u>960</u>

In interest and related expenses, for 2011, an amount of 3.970 Euro thousand is included, concerning discounting of long-term receivables. The corresponding amount for 2010 was 1.436 Euro thousand.

10. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

The Company recognised in the Financial Statements as at 31/12/2011 an impairment loss amounting to 10.612 Euro thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., which derived from the test for impairment of investments in subsidiaries which is assessed at each reporting period end or whenever there is an indication of impairment. This impairment loss was a result of an assessment for the recoverable value of the investment as at 31/12/2011. The recoverable value of the investment was determined as the higher of the values derived by the two alternative methods (present value of future cash flows and fair value less cost to sell), as defined by IAS 36.

In addition, the Company recognised in the Financial Statements as at 31/12/2011 an impairment loss amounting to 150 Euro thousand concerning its investment in the consolidated subsidiary AEGEAN TERMINALS S.A.

11. INCOME TAX

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Income tax	505	(313)	564	(447)
Deferred taxation (Note 20)	(4.603)	(2.628)	(4.654)	(3.016)
Tax audit differences	3.316	3.974	2.636	3.287
Special levy (L.3845/2010)	0	5.909	0	5.854
Other taxes not included in operating costs	880	918	765	845
Total	<u>98</u>	<u>7.860</u>	<u>(689)</u>	<u>6.523</u>

The income tax benefit of the year mostly represents the total of tax audit differences and deferred tax revenue. The current income tax rate for 2011 is 20% (2010: 24%).

11. INCOME TAX - continued

Since the end of 2011, a regular tax audit is performed in the Company for the years 2009 and 2010 and consequently the tax obligations for these years are not finalized. As a result of the audit, more fines and taxes are likely to be imposed, the amounts of which cannot be precisely determined at present. However, it is not expected to significantly affect the financial position of the Company.

For year 2011, the Company will be audited for its tax obligations by the regular Certified Public Accountant according to article 21 of L.3943/2011. After the completion of the tax audit, the Company will receive a tax certificate with which the tax position of the Company is considered finalized, according to article 6 of POL.1159/22.7.2011, as long as a period of 18 months passes, during which the tax authorities can revert. Until the date of approval of the Financial Statements, the tax audit for 2011 had not been completed and consequently the tax obligations of the Company were not finalized. However, it is not expected to significantly affect the financial position of the Company.

Income tax is analysed as follows:

Amounts in Euro thousand	GROUP				COMPANY			
	1/1-31/12/2011		1/1-31/12/2010		1/1-31/12/2011		1/1-31/12/2010	
		%		%		%		%
Profit / (loss) before taxes	(55.766)	20%	(38.001)	24%	(46.975)	20%	(19.916)	24%
Income tax at the current tax rate 20% (2010: 24%)	(11.153)	20%	(9.120)	24%	(9.395)	20%	(4.780)	24%
Expenses not deductible in determining taxable profit and other differences	2.877	-5%	2.170	-6%	1.157	-2%	626	-3%
Effect of different tax rates of subsidiaries operating under a different tax status.	(7)	0%	60	0%	0	0%	0	0%
Tax losses not carried forward	2.346	-4%	3.458	-9%	0	0%	0	0%
Use of previous years' tax losses	0	0%	137	0%	0	0%	0	0%
Tax audit differences	3.316	-6%	3.974	-10%	2.636	-6%	3.287	-17%
Participation to impairment of investments, share in losses of subsidiaries and other permanent differences	1.762	-3%	517	-1%	4.148	-9%	691	-3%
Valuation allowance due to non-recoverability / (reversal)	77	0%	(163)	0%	0	0%	0	0%
Special levy (L.3845/2010)	0	0%	5.909	-16%	0	0%	5.854	-29%
Other taxes	880	-2%	918	-2%	765	-2%	845	-4%
	98	0%	7.860	-21%	(689)	1%	6.523	-33%

The comparative data of the Group and the Company for 2010 have been adjusted for presentation purposes.

Income tax receivables and payables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Receivables				
Income tax receivable	11.210	5.333	10.247	4.109
Total tax receivables	11.210	5.333	10.247	4.109
Payables				
Income tax payable	0	(103)	0	0
Total tax payables	0	(103)	0	0
Total	11.210	5.230	10.247	4.109

12. EARNINGS / (LOSSES) PER SHARE

The calculation of the basic earnings / (losses) per share is based on the following data:

Amounts in Euro thousand	GROUP		COMPANY	
	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
Net profit / (loss) for the year after tax	(55.864)	(45.861)	(46.286)	(26.439)
Weighted average number of common shares for the purpose of calculating basic earnings / (losses) per share	71.082.707	71.082.707	71.082.707	71.082.707
Earnings / (losses) per share in Euro	(0,79)	(0,65)	(0,65)	(0,37)

13. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiaries. The following table shows the movement for the years 1/1-31/12/2011 and 1/1-31/12/2010:

Amounts in Euro thousand	GROUP	COMPANY
COST		
1 January 2010	15.560	11.122
Additions	990	857
Disposals / Write-offs	<u>(28)</u>	<u>0</u>
31 December 2010	16.522	11.979
Additions	310	234
Disposals / Write-offs	<u>(15)</u>	<u>0</u>
31 December 2011	<u>16.817</u>	<u>12.213</u>
ACCUMULATED DEPRECIATION		
1 January 2010	11.472	9.910
Depreciation charge	954	584
Amortisation of allocation of goodwill	76	0
Disposals / Write-offs	<u>(28)</u>	<u>0</u>
31 December 2010	12.474	10.494
Depreciation charge	859	663
Amortisation of allocation of goodwill	<u>179</u>	<u>0</u>
31 December 2011	<u>13.512</u>	<u>11.157</u>
CARRYING AMOUNT		
31 December 2010	<u>4.048</u>	<u>1.485</u>
31 December 2011	<u>3.305</u>	<u>1.056</u>

The comparative data of the intangible assets of the Group and the Company for 2010 have been adjusted for presentation purposes.

14. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years 1/1-31/12/2011 and 1/1-31/12/2010:

Amounts in Euro thousand

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST						
1 January 2010	75.974	261.704	449.934	27.582	18.631	833.825
Additions	661	147	3.093	256	15.913	20.070
Disposals / Write-offs	(871)	(2.568)	(2.139)	(487)	0	(6.065)
Transfers of assets under construction	0	1.818	10.457	331	(12.641)	(35)
31 December 2010	75.764	261.101	461.345	27.682	21.903	847.795
Additions	8	43	720	529	11.026	12.326
Disposals / Write-offs	0	(537)	(1.537)	(1.650)	(62)	(3.786)
Transfers of assets under construction	0	665	5.757	490	(6.912)	0
Subsidies of fixed assets	0	(106)	(106)	(20)	0	(232)
31 December 2011	75.772	261.166	466.179	27.031	25.955	856.103
ACCUMULATED DEPRECIATION						
1 January 2010	3.566	97.711	167.110	17.595	0	285.982
Depreciation Charge	415	15.717	28.218	1.681	0	46.031
Amortisation of allocation of goodwill	164	0	0	0	0	164
Disposals / Write-offs	62	(2.167)	(1.318)	(1.201)	0	(4.624)
31 December 2010	4.207	111.261	194.010	18.075	0	327.553
Depreciation charge	311	15.266	26.971	1.516	0	44.064
Amortisation of allocation of goodwill	164	0	0	0	0	164
Impairment of fixed assets	0	3.597	18.151	0	0	21.748
Disposals / Write-offs	0	(444)	(706)	(1.346)	0	(2.496)
Transfers	0	13	(162)	149	0	0
Subsidies of fixed assets	0	(20)	(8)	(22)	0	(50)
31 December 2011	4.682	129.673	238.256	18.372	0	390.983
NET BOOK VALUE						
31 December 2010	71.557	149.840	267.335	9.607	21.903	520.242
31 December 2011	71.090	131.493	227.923	8.659	25.955	465.120
Presented in Balance Sheet 31/12/2010 as:						
Tangible assets	67.429	145.247	267.012	9.607	21.903	511.198
Fixed assets available for sale	4.128	4.593	323	0	0	9.044
	71.557	149.840	267.335	9.607	21.903	520.242
Presented in Balance Sheet 31/12/2011 as:						
Tangible assets	66.962	126.900	227.600	8.659	25.955	456.076
Fixed assets available for sale	4.128	4.593	323	0	0	9.044
	71.090	131.493	227.923	8.659	25.955	465.120

The impairment of fixed assets, of amount 21.748 Euro thousand, concerns the impairment of production line of kiln D' in the Chalkis plant and the impairment of production line 3 in the Volos plant, as also referred in the note 7 of the Financial Statements.

14. TANGIBLE ASSETS - continued

The above assets include the carrying amount of the inventories, buildings and machinery amounting to 3.631 Euro thousand, of the subsidiary LAFARGE BETON S.A. at the Araxos location in Achaia Prefecture. According to notary public deed No. 10114/2003, transfer of ownership of the above land to LAFARGE BETON S.A. is still outstanding; however the transfer of the demesne has been completed. The Management presumes ownership of property as well as full recoverability of the book value, although the above impediment has not yet been remedied.

The quarry of Araxos ceased its operation on 31/12/2010 based on No 12365/09 KYA (FEK 159D/29-4-2009) and operated again on 28/11/2011 based on article 53, par. 2 of L.4030/2011 (FEK/A/249/25-11-2011).

In December of 2010, the Management of the Company decided to sell the land of the Company located in Lycovrissi, including the building. The sale process is in progress.

The net book value of the premises that were classified as fixed assets held for sale as at 31/12/2011, was 9.044 Euro thousand.

There was no movement in the fixed assets held for sale, as analysed in the following table:

Amounts in Euro thousand

GROUP

	<u>Land</u>	<u>Buildings</u>	<u>Machinery</u>	<u>Total</u>
31 December 2010	4.128	4.593	323	9.044
31 December 2011	<u>4.128</u>	<u>4.593</u>	<u>323</u>	<u>9.044</u>

14. TANGIBLE ASSETS - continued

The following table shows the relevant Company tangible assets movements for the years 1/1-31/12/2011 and 1/1-31/12/2010:

Amounts in Euro thousand

COMPANY	Vehicles, Furniture and other equipment					Assets under construction	Total
	Land and quarries	Buildings	Machinery				
COST							
1 January 2010	55.914	248.635	424.588	17.759	16.857	763.753	
Additions	649	0	2.332	181	14.600	17.762	
Disposals / Write-offs	0	(69)	(337)	(645)	0	(1.051)	
Transfers of assets under construction	0	1.476	9.430	293	(11.199)	0	
31 December 2010	56.563	250.042	436.013	17.588	20.258	780.464	
Additions	8	0	100	30	10.063	10.201	
Disposals / Write-offs	0	(492)	(1.126)	(882)	0	(2.500)	
Transfers of assets under construction	0	506	5.003	155	(5.664)	0	
31 December 2011	56.571	250.056	439.990	16.891	24.657	788.165	
ACCUMULATED DEPRECIATION							
1 January 2010	540	91.141	153.308	10.799	0	255.788	
Depreciation Charge	32	15.158	26.634	1.031	0	42.855	
Disposals / Write-offs	0	(26)	(123)	(588)	0	(737)	
31 December 2010	572	106.273	179.819	11.242	0	297.906	
Depreciation charge	29	14.710	25.402	918	0	41.059	
Impairment of fixed assets	0	3.597	18.151	0	0	21.748	
Disposals / Write-offs	0	(401)	(586)	(831)	0	(1.818)	
31 December 2011	601	124.179	222.786	11.329	0	358.895	
NET BOOK VALUE							
31 December 2010	55.991	143.769	256.194	6.346	20.258	482.558	
31 December 2011	55.970	125.877	217.204	5.562	24.657	429.270	
Presented in Balance Sheet 31/12/2010 as:							
Tangible assets	51.863	139.176	255.871	6.346	20.258	473.514	
Fixed assets available for sale	4.128	4.593	323	0	0	9.044	
	55.991	143.769	256.194	6.346	20.258	482.558	
Presented in Balance Sheet 31/12/2011 as:							
Tangible assets	51.842	121.284	216.881	5.562	24.657	420.226	
Fixed assets available for sale	4.128	4.593	323	0	0	9.044	
	55.970	125.877	217.204	5.562	24.657	429.270	

15. PARTICIPATIONS IN SUBSIDIARIES AND ASSOCIATES

The following table is a list of the Group's companies included in the consolidated Financial Statements, with their respective registered offices, their Group's interest in these and their main scope of activity.

Companies consolidated by full consolidation:

<u>Name of Subsidiary</u>	<u>Registered office</u>	<u>Direct participation</u>	<u>Indirect participation</u>	<u>Total</u>	<u>Main scope of activity</u>
HERACLES G.C.C	Greece, Paiania, Attica			Parent	Cement manufacture & trade
LAFARGE BETON S.A.	Greece, Paiania, Attica	98,64%	1,36%	100,00%	Concrete and aggregates production & trade
EVIESK S.A.	Greece, Paiania, Attica	95,76%	4,24%	100,00%	Dormant
HERACLES MARITIME CO.	Greece, Paiania, Attica	99,99%	0,01%	100,00%	Sea transports and ship management
LAVA S.A.	Greece, Paiania, Attica	44,16%	55,84%	100,00%	Building materials and aggregates production & trade
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	100,00%		100,00%	Dormant
G. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%	Dormant
A. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%	Dormant
DYSTOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%	Dormant
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		99,15%	99,15%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Panama		100,00%	100,00%	Dormant
LEADER BETON S.A	Tirana, Albania		51,00%	51,00%	Trade of concrete

On 29/11/2011, by virtue of certificate of the Ministry of Development, Competitiveness and Shipping with protocol number 3151.1/1707/06, the liquidation of the company Nafsika Soc. Nav. was completed and the company was erased from the relevant Shipping Companies Register.

On 28/12/2011 by virtue of decision No K2 – 10148/28-12-2011 of the Ministry of Development, Competitiveness and Shipping and approval by the competent authorities, the merger of subsidiary companies LAFARGE BETON S.A. with SUPER BETON S.A. I MARKOULAKIS was completed, the second entity absorbed by the first, based on articles 69-78 of C.L.2190/1920 and L.1297/1972.

For the subsidiary company MARATHOS QUARRIES S.A. in which the Group's participation is 99,15%, non-controlling interest has not been recognised either in the year losses or in its negative net equity based on its insignificance.

Company consolidated using the proportional method:

<u>Name of Associate</u>	<u>Registered Office</u>	<u>Direct participation</u>	<u>Indirect participation</u>	<u>Total</u>	<u>Main scope of activity</u>
E.D.A.K.E. S.A.	Greece, Avlida, Evia	50,00%		50,00%	Building waste management

On 7/10/2011 the No 29285 / 21-9-2011 act of incorporation of the company E.D.A.K.E. S.A. (Alternative Management Aggregates Central Greece S.A.) was registered to the General Commercial Register. The Company participates in this start-up company with percentage 50% and since 31/12/2011 it is consolidated through the proportional method.

Company consolidated using the equity method:

<u>Name of Associate</u>	<u>Registered Office</u>	<u>Direct participation</u>	<u>Indirect participation</u>	<u>Total</u>	<u>Main scope of activity</u>
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	Greece, Paiania, Attica	1,00%	49,00%	50,00%	Dormant

15. PARTICIPATIONS IN SUBSIDIARIES AND ASSOCIATES - continued

Participations in subsidiaries and associates, appearing in the Company's individual Financial Statements, are as follows:

Amounts in Euro thousand

	COMPANY					
	31/12/2011			31/12/2010		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	103.973	(40.350)	63.623	103.973	(29.738)	74.235
EVIK S.A.	1.428	(1.428)	0	1.428	(1.428)	0
LAVA S.A.	1.240	0	1.240	1.240	0	1.240
HERACLES MARITIME CO.	5.543	0	5.543	5.543	0	5.543
AEGEAN TERMINALS S.A.	6.436	(6.436)	0	6.436	(6.286)	150
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	6	(6)	0	6	(6)	0
EDAKE S.A.	30	0	30	0	0	0
Total	118.656	(48.220)	70.436	118.626	(37.458)	81.168

The Company recognised for 2011 an impairment loss amounting to 10.612 Euro thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., as also referred in the note 10 of the Financial Statements.

Total assets and liabilities of companies consolidated using the equity method, are stated below:

Amounts in Euro thousand

	31/12/2011	31/12/2010
Total Assets	588	600
Total Liabilities	4.201	4.686
Total Equity	(3.613)	(4.086)
Impairment of investment in MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	(294)	(294)
Provision of MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	(1.043)	(1.043)

16. OTHER INTERESTS

The Group has a 0,52% shareholding in the company EKEPY S.A. registered in Halkida of Evia, a 2,95% shareholding in the company STEGI OF THE GREEK INDUSTRY registered in the Municipality of Athens and a 7,14% shareholding in the newly established company UNICEN registered in the Municipality of Chalandri. The above mentioned entities are not consolidated, because their shareholding and financial position are immaterial.

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Other interest	56	55	56	55
Total	56	55	56	55

17. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Merchandise	1.341	1.391	1.151	1.081
Finished and semi-finished goods	21.564	20.624	16.912	16.566
Less: Obsolescence provision	<u>(1.616)</u>	<u>(1.620)</u>	<u>(1.440)</u>	<u>(1.440)</u>
Raw & aux. materials	17.289	11.872	16.067	10.441
Less: Obsolescence provision	<u>(90)</u>	<u>(97)</u>	<u>(43)</u>	<u>(43)</u>
Spare parts	26.941	28.380	26.363	27.851
Less: Obsolescence provision	<u>(10.951)</u>	<u>(7.957)</u>	<u>(10.813)</u>	<u>(7.824)</u>
Consumables	2.600	3.771	2.524	3.604
Total	<u>57.078</u>	<u>56.364</u>	<u>50.721</u>	<u>50.236</u>

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

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Balance at the start of year	9.674	11.386	9.307	10.996
Additional provision in the year for finished and semi finished products obsolesce	0	180	0	0
Reversal of provision for finished and semi finished products	(4)	0	0	0
Additional provision in the year for slow moving raw materials	0	6	0	0
Reversal of provision for slow moving raw materials obsolesce	(7)	(297)	0	(86)
Use of provision due to spare parts destruction	(1.569)	(1.603)	(1.569)	(1.603)
Additional provision in the year for spare parts obsolesce	4.563	2	4.558	0
Total	<u>12.657</u>	<u>9.674</u>	<u>12.296</u>	<u>9.307</u>

The provision for spare parts, of amount 4.558 Euro thousand, relates to the impairment of production line of kiln D' in the Chalkis plant, as also referred in the note 7 of the Financial Statements.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION

The Group companies are compensating retiring staff with the equivalent of 100% of the compensation in case of dismissal as stated by the Labour Law. There are no other post-retirement benefits. In order to calculate the Group's above-mentioned obligations towards its staff, regarding future payment of staff retirement benefits depending on their previous service duration, independent actuaries perform an actuarial valuation. The staff retirement compensation is not a savings program; therefore it is not funded by special reserves. The non-financed obligation will lead to future Group and Company payments on the date each employee will retire.

The actuarial valuation measures such obligation which is then presented at the date of the Financial Statements, based on the anticipated accrued right to be paid for each employee. The amount of accrued right appears discounted at its current value in relation to the anticipated payment date.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The most recent actuarial valuation of Group staff compensation due to retirement was conducted by independent actuaries, based on 31 December 2011 data. The current value of the defined benefits obligation and relevant costs of current and offered services, were calculated using the projected unit credit method, as stipulated in IAS 19.

Actuarial gains / (losses) (differences between expected and actual defined benefit obligations at the end of 2011) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial loss as at 31/12/2011 amounted to 505 Euro thousand and 391 Euro thousand respectively, with recognised deferred tax of 101 Euro thousand and 79 Euro thousand respectively, which is attributed to experiential adjustments as well as change in actuarial assumptions in relation to the previous year.

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

The actuarial loss derive a) from loss of 2.113 Euro thousand and 1.945 Euro thousand for the Group and the Company respectively, due to change in actuarial assumptions in relation to the previous year concerning the change of the discount rate from 4,75% to 4,30% and b) from gain from experiential adjustments totalling 1.608 Euro thousand and 1.554 Euro thousand for the Group and the Company respectively, which is attributed to the following factors:

- In 2011 the actual average increase in basic salaries and allowances was 1,2% for both the Group and the Company, against a long-term actuarial assumption of 4% for both cases: gain of 1.800 Euro thousand for the Group and 1.735 Euro thousand for the Company. The Management estimates that in the long term the average increase will be at 4%.
- The change in expected retirement ages resulted in gain 150 Euro thousand for the Group and 157 Euro thousand for the Company.
- The remaining loss of 342 Euro thousand and 338 Euro thousand for the Group and the Company respectively, is attributed to population mobility during the year, such as departures, retirements, new hiring and mortality.

The total expense in the income statement in 2011 was 9.662 Euro thousand and 7.924 Euro thousand for the Group and the Company respectively. For the Group, 6.669 Euro thousand is included in cost of sales and 2.993 Euro thousand is included in administrative expenses while for the Company, 6.247 Euro thousand is included in cost of sales and 1.677 Euro thousand is included in administrative expenses.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Present value of obligation	63.241	62.046	59.860	58.130
Unrecognised past service cost	(75)	(34)	(7)	(34)
Net liability in Statement of Financial Position	63.166	62.012	59.853	58.096
Amounts recognised in the Income Statement				
Service cost	2.965	3.818	2.683	3.444
Interest cost	2.837	3.998	2.667	3.742
Amortisation of past service cost	25	210	25	194
Regular Income Statement charge	5.827	8.026	5.375	7.380
Termination loss	3.835	40.065	2.549	38.646
Total Income Statement charge	9.662	48.091	7.924	46.026
Changes in present value of Defined benefit obligation				
Defined benefit obligation at the beginning of the year	62.046	82.606	58.130	77.346
Service cost	2.965	3.818	2.683	3.444
Interest cost	2.837	3.998	2.667	3.742
Benefits paid directly by the Company	(9.013)	(64.348)	(6.558)	(61.207)
Extra payments or expenses / (income)	3.835	40.051	2.549	38.635
Past service cost arising over last year	66	176	0	158
Actuarial loss / (gain)	505	(4.255)	391	(3.988)
Defined benefit obligation at year end	63.241	62.046	59.860	58.130
Analysis of actuarial gain / (loss)				
Gain / (loss) on plan liabilities due to change in assumptions	(2.113)	1.682	(1.945)	1.563
Gain / (loss) on plan liabilities due to experiential changes	1.608	2.573	1.554	2.425
Actuarial gain / (loss)	(505)	4.255	(391)	3.988
Movement in net liability in Statement of Financial Position				
Net liability in Statement of financial position at the beginning of the year	62.012	82.525	58.096	77.263
Benefits paid directly	(9.013)	(64.349)	(6.558)	(61.205)
Total expense recognised in the income statement	9.662	48.091	7.924	46.026
Net liability in Statement of Financial Position before adjustment	62.661	66.267	59.462	62.084
Amount recognised in the statement of recognised (income) / expense	505	(4.255)	391	(3.988)
Net liability in Statement of Financial Position	63.166	62.012	59.853	58.096
Included in current liabilities	6.193	4.658	5.854	3.979
Included in non-current liabilities	56.973	57.354	53.999	54.117
Total	63.166	62.012	59.853	58.096

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2011	31/12/2010	31/12/2011	31/12/2010	
Discount rate	4,30%	4,75%	4,30%	4,75%	annual
Salaries increase	4,00%	4,00%	4,00%	4,00%	annual
Allowances increase	4,00%	4,00%	4,00%	4,00%	annual
Inflation rate	2,50%	2,50%	2,50%	2,50%	annual
Average future service	11,64	12,08	11,12	11,53	

Mortality assumption based on Swiss table EVK00

Disability assumption based on Swiss EVK00 disability table adjusted by 50%

The results of the actuarial valuation are discounted to present value with the use of a discount rate, thus the amount of staff retirement compensation is sensitive to changes in the discount factor, namely:

- (a) if the discount rate used was 0,25 units higher (4,55%) then the "Defined Benefit Obligation" for the Group, would be lower by 1,9% (1.202 Euro thousand) and for the Company by 1,8% (1.077 Euro thousand).
- (b) if the discount rate used was 0,25 units lower (4,05%) then the "Defined Benefit Obligation" for the Group, would be higher by 1,9% (1.202 Euro thousand) and for the Company by 1,9% (1.137 Euro thousand).

In the table below, there is an analysis of the Defined Benefit Obligation of the Group and the Company as well as of the actuarial result (gain / loss) for the last five years:

Amounts in Euro thousand

	GROUP				
	31/12/2011	31/12/2010	31/12/2009	31/12/2008	31/12/2007
Defined benefit obligation at year end	63.241	62.046	82.606	86.395	100.229
Actuarial loss / (gain)	505	(4.255)	4.869	(752)	409

	COMPANY				
	31/12/2011	31/12/2010	31/12/2009	31/12/2008	31/12/2007
Defined benefit obligation at year end	59.860	58.130	77.346	75.116	86.619
Actuarial loss / (gain)	391	(3.988)	4.489	(787)	657

19. OTHER NON-CURRENT AND CURRENT PROVISIONS
GROUP

	Provision for quarry restoration expenses	Provision for legal litigations	Provision for pending labour cases	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand								
1 January 2010	3.177	1.607	2.723	1.043	1.020	10.353	5.735	25.658
Additional provision for the year	229	481	0	0	0	0	2.098	2.808
Provision utilised	(280)	(441)	(2.721)	0	(219)	0	(3.376)	(7.037)
31 December 2010	3.126	1.647	2	1.043	801	10.353	4.457	21.429
Included in current liabilities	277	86	2	0	300	0	206	871
Included in non-current liabilities	2.849	1.561	0	1.043	501	10.353	4.251	20.558
31 December 2010	3.126	1.647	2	1.043	801	10.353	4.457	21.429
Additional provision for the year	29	1.140	0	0	0	0	2.783	3.952
Provision utilised	(104)	(166)	(2)	0	(346)	0	(669)	(1.287)
Unutilised provision	0	(131)	0	0	0	0	0	(131)
Transfer from accrual	0	0	0	0	0	0	894	894
31 December 2011	3.051	2.490	0	1.043	455	10.353	7.465	24.857
Included in current liabilities	277	109	0	0	300	0	5.285	5.971
Included in non-current liabilities	2.774	2.381	0	1.043	155	10.353	2.180	18.886
31 December 2011	3.051	2.490	0	1.043	455	10.353	7.465	24.857

COMPANY

	Provision for quarry restoration expenses	Provision for legal litigations	Provision for pending labour cases	Provision for subsidiary losses	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in Euro thousand									
1 January 2010	1.482	1.378	2.720	17.243	1.043	1.020	10.353	3.019	38.258
Additional provision for the year	6	451	0	1.001	0	0	0	1.962	3.420
Provision utilised	(18)	(268)	(2.720)	0	0	(219)	0	(1.824)	(5.049)
31 December 2010	1.470	1.561	0	18.244	1.043	801	10.353	3.157	36.629
Included in current liabilities	247	0	0	0	0	300	0	0	547
Included in non-current liabilities	1.223	1.561	0	18.244	1.043	501	10.353	3.157	36.082
31 December 2010	1.470	1.561	0	18.244	1.043	801	10.353	3.157	36.629
Additional provision for the year	0	1.107	0	1.494	0	0	0	2.636	5.237
Unutilised provision	0	(131)	0	0	0	0	0	0	(131)
Provision utilised	(5)	(166)	0	0	0	(346)	0	(341)	(858)
Transfer from accrual	0	0	0	0	0	0	0	894	894
31 December 2011	1.465	2.371	0	19.738	1.043	455	10.353	6.346	41.771
Included in current liabilities	247	0	0	0	0	300	0	4.970	5.517
Included in non-current liabilities	1.218	2.371	0	19.738	1.043	155	10.353	1.376	36.254
31 December 2011	1.465	2.371	0	19.738	1.043	455	10.353	6.346	41.771

19. OTHER NON-CURRENT AND CURRENT PROVISIONS - continued

The provision for pending legal litigation cases concerns actions filed against the Group and the Company, of a total amount of 5.937 Euro thousand and 5.442 Euro thousand respectively, for which the estimated probable loss would be 2.490 Euro thousand and 2.371 Euro respectively.

The provision for quarry restoration expenses is based on the international experience of LAFARGE group, the HERACLES G.C.C. Group being part thereof and covers the restoration expenses estimate until the date the provision is formed, plus a cost assessment for the disassembly and removal of any fixed assets in the area.

The provision for subsidiaries' losses concerns the recognition by the Company of subsidiaries' accumulated losses, over and above the provision for loss of capital. Furthermore, a provision for the undertaking of the liabilities of the associate company MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A. has been recognised.

The long term provision for disputed tax cases relates to the tax audit of the company Halkis Cement conducted in 2001 for the years 1994-1996.

The tax audit assessed an amount of 10.353 Euro thousand as additional taxes for Halkis Cement. Due to the Company merger with Halkis Cement in 2000, the Company assumed full liability for the tax assessed and recourses were filed before the Greek courts. The main argument was that Halkis Cement group had already settled this liability through its agreement with creditors including the Greek State, as stipulated in L.1892/1990 Article 44.

The judgement of the first instance court was in favour of the Greek State. However the Company won the case before the Court of Appeals (by virtue of decision in November of 2009). Based on this ruling, the Greek State returned to the Company the amount of 10.353 Euro thousand by off setting against its tax liabilities.

However, since the Greek State has appealed against the decision of the Court of Appeals, the Company's Management, based on the principle of prudence, decided to provide for the related amount in the Financial Statements.

20. DEFERRED TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets and liabilities recognised by the Group and Company as well as the movement of the relative accounts:

Amounts in Euro thousand

GROUP

Deferred taxation from:	1/1/2010	Equity	Income statement	31/12/2010	Equity	Income statement	31/12/2011
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(32.407)	0	(233)	(32.640)	(29)	4.372	(28.297)
Deferred tax asset on tax losses of year	0	0	4.404	4.404	0	(2.543)	1.861
Provision for doubtful receivables	6.731	0	2.891	9.622	0	835	10.457
Provision for staff retirement compensation	17.471	(991)	(3.659)	12.821	101	160	13.082
Recognition of financial derivatives	250	(53)	48	245	(291)	(32)	(78)
Impairment of inventory	2.236	0	(330)	1.906	0	698	2.604
Amortisation of intangible assets due to goodwill allocation	(641)	354	25	(262)	0	69	(193)
Other	2.375	(351)	(518)	1.506	(41)	1.044	2.509
Total	(3.985)	(1.041)	2.628	(2.398)	(260)	4.603	1.945

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

Amounts in Euro thousand

COMPANY

Deferred taxation from:	1/1/2010	Equity	Income statement	31/12/2010	Equity	Income statement	31/12/2011
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(30.189)	0	(388)	(30.577)	0	4.663	(25.914)
Deferred tax asset on tax losses of year	0	0	4.291	4.291	0	(2.641)	1.650
Provision for doubtful receivables	5.474	0	2.651	8.125	0	834	8.959
Provision for staff retirement compensation	15.941	(934)	(3.387)	11.620	79	274	11.973
Recognition of financial derivatives	316	(53)	48	311	(291)	(32)	(12)
Impairment of inventory	2.168	0	(220)	1.948	0	698	2.646
Other	1.870	0	22	1.892	0	858	2.750
Total	(4.419)	(987)	3.016	(2.390)	(212)	4.654	2.052

For year 2010, for the Group and the Company, an amount of 424 Euro thousand in the income statement has been reclassified from “Other” to “Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment” for presentation purposes.

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

In addition to the deferred tax that has been recognised in the income statement, deferred tax asset of 101 Euro thousand and 79 Euro thousand concerning actuarial loss recognised during the year has been recorded directly to the equity of the Group and the Company respectively as at 31 December 2011. The respective numbers as at 31 December 2010 were 991 Euro thousand and 934 Euro thousand for the Group and the Company respectively. Moreover, an amount of 291 Euro thousand has been recorded directly to equity of the Group and the Company and concerns the recognition of Company's derivatives during the year. Respectively, in 2010 deferred tax of 53 Euro thousand had been directly recorded to the equity of the Group and the Company.

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

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Deferred tax assets	30.513	30.685	28.648	28.368
Deferred tax liabilities	(28.568)	(33.083)	(26.596)	(30.758)
Total	1.945	(2.398)	2.052	(2.390)

The main non-recognised figures of deferred tax assets for the Group and the Company are analysed as follows:

Amounts in Euro thousand	Amounts of non recognised deferred tax assets			
	GROUP		COMPANY	
	2011	2010	2011	2010
Tax losses	10.218	8.178	0	0
Provision for doubtful debts	10.729	9.071	8.803	8.610
Provision for impairment of participations	0	0	9.644	7.492
Provisions for share in loss in subsidiary	0	0	4.156	3.857
Fixed assets adjustment	1.285	1.285	1.285	1.285
Total	22.232	18.534	23.888	21.244

On 31 December 2011, the Group and the Company have not recognised any deferred tax asset for the above items of the Statement of Financial Position because Management estimates that the recoverability of the tax in the future is possible or doubtful.

21. DIVIDENDS

According to Greek corporate legislation in force, each year entities are obliged to allocate dividends corresponding to at least 35% of profit after tax, less legal reserve. The Company may not allocate dividend if there is approval by 70% of shareholders.

At the end of each year, the Board of Directors proposes the dividends amount, which is then subject to approval from the General Meeting of Shareholders.

The company has losses and no dividends will be distributed for year 2011.

22. SHARE CAPITAL

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

Amounts in Euro thousand	<u>31/12/2011</u>	<u>31/12/2010</u>
Number of common shares	71.082.707	71.082.707
Nominal share price	2,68	2,68
Approved, issued and fully paid:	190.502	190.502

23. SHARE PREMIUM

Amounts in Euro thousand	<u>31/12/2011</u>	<u>31/12/2010</u>
Share premium	<u>1.279</u>	<u>1.279</u>

24. RESERVES

Movements in Group and Company reserves are presented in the tables below:

Amounts in Euro thousand

GROUP

	<u>1/1/2010</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2010</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2011</u>
Statutory Reserve	36.880	1.381	38.261	0	38.261
Special Reserves	1.156	0	1.156	0	1.156
Extraordinary Reserves	4.553	0	4.553	0	4.553
Tax-free Reserves	128.469	2.257	130.726	0	130.726
	<u>171.058</u>	<u>3.638</u>	<u>174.696</u>	<u>0</u>	<u>174.696</u>

Amounts in Euro thousand

COMPANY

	<u>1/1/2010</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2010</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2011</u>
Statutory Reserve	34.450	1.573	36.023	0	36.023
Special Reserves	851	0	851	0	851
Extraordinary Reserves	762	0	762	0	762
Tax-free Reserves	122.277	2.257	124.534	0	124.534
	<u>158.340</u>	<u>3.830</u>	<u>162.170</u>	<u>0</u>	<u>162.170</u>

Statutory reserve

According to Greek corporate legislation, every company each year must transfer 5% of their profit after taxes to the statutory reserve, until the reserve equals 1/3 of the share capital. This reserve is not distributed, but it can be used against future losses.

In 2010, after the approval of the General Assembly of the Shareholders of the Company, regarding the distribution of profit of the fiscal year 2009, an amount of 1.573 Euro thousand was transferred to statutory reserves of the Company while there was a decrease of 192 Euro thousand due to liquidation of subsidiary company INTERNATIONAL MEDITERRANEAN SHIPPING HOLDING S.A.

The Company has losses and no statutory reserve will be created for year 2011.

Special and Extraordinary reserves

These are various special reserves such as taxed accounting differences, differences from conversion of capital from Drachma to Euro and others with different conditions attached.

24. RESERVES - continued

Tax free reserves

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

Amounts in Euro thousand	GROUP		
	31/12/2010	Movement	31/12/2011
Tax incentive L. 2601/98	36.345	0	36.345
Tax incentive L. 1892/90	27.842	0	27.842
Tax incentive L. 1828/89	19.207	0	19.207
Tax incentive L. 1262/82	3.172	0	3.172
Article 9, L. 2190/20 Committee	1.614	0	1.614
Tax incentive L. 1078/71	1.613	0	1.613
L. 2238/94, article 34 para. 5	974	0	974
Tax incentive L. 289/76	928	0	928
Tax incentive L. 607/68	729	0	729
Tax incentive L. 4002/59	210	0	210
Tax incentive L. 147/67	178	0	178
Tax incentive L. 3299/2004	36.904	0	36.904
Other tax-free reserves	1.010	0	1.010
Total	130.726	0	130.726

Amounts in Euro thousand	COMPANY		
	31/12/2010	Movement	31/12/2011
Tax incentive L. 2601/98	36.345	0	36.345
Tax incentive L. 1892/90	26.498	0	26.498
Tax incentive L. 1828/89	17.664	0	17.664
Tax incentive L. 1262/82	2.436	0	2.436
Article 9, L. 2190/20 Committee	1.614	0	1.614
Tax incentive L. 1078/71	1.345	0	1.345
Tax incentive L. 607/68	729	0	729
Tax incentive L. 4002/59	210	0	210
Tax incentive L. 147/67	161	0	161
Tax incentive L. 3299/2004	36.894	0	36.894
Other tax-free reserves	638	0	638
Total	124.534	0	124.534

In 2010, after the approval of the General Assembly of the Shareholders of the Company, regarding the distribution of profit of the fiscal year 2009, an amount of 2.257 Euro thousand was transferred to tax free reserve of L. 3299/2004. The other Group subsidiaries did not create any tax free reserves in year 2010.

The Company has losses and no further tax free reserve will be created for year 2011.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

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

25.1. FINANCIAL RISK FACTORS

The Group is exposed to financial risks: credit risk and market risk such as exchange rate fluctuations, borrowing rates and purchase prices of fuels and freights. These risks are consistent in the Group's operations and no new risks have recently arisen. The Group's risk management program aims at minimising the possible negative impact that such risks may have on the Group's financial performance.

Risk management is the responsibility of the Financial Management and Credit Control Function, that operates based on procedures, guidelines and directives set out by the Company's and the Group's Management. The specific Function provides advice to the Group's subsidiaries and coordinates access to domestic and international money markets.

Among others, the above includes identification, assessment and hedging of the financial risks in which the Group is exposed. It is the Group's policy not to perform speculative transactions and in general transactions not related to its commercial, investment or borrowing activities.

The financial instruments that the Group mainly uses are bank deposits, overdraft bank accounts, receivables and liabilities, loans from third parties and to related parties, finance lease contracts, factoring agreements and derivatives.

Credit risk

The financial assets and liabilities of the Group that contain credit risk are mainly the following:

- (a) Trade and other receivables. The relative maximum exposure of the Group and the Company to credit risk is analysed in note 25.3, together with the risk management policies and methods used by Management.
- (b) Other non-current receivables. The maximum exposure to credit risk is analysed in note 25.2 below.

Liquidity risk

Liquidity risk is insignificant due to the high current assets of the Group companies in relation to the current short-term liabilities. Specifically the total of short-term liabilities of the Group on 31/12/2011 amounts to 169.337 Euro thousand, while cash and cash equivalent of the Group amounts to 145.924 Euro thousand and the current assets amounts to 330.198 Euro thousand.

Exchange rate risk

The majority of the Group's transactions is carried out in Euro and the rest mainly in US Dollars. Therefore, to some degree, the Group is exposed to the risk of exchange rate fluctuations. The risk is hedged with derivatives, especially exchange futures. The exposure of the Group to exchange rate risks is due to its transactions in foreign currency concerning imports or exports of goods and services. The financial assets and liabilities of the Group that contain exchange rate risk are the following:

- (a) Trade and other current receivables.
- (b) Cash and cash equivalents
- (c) Trade and other payables

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

25.1. FINANCIAL RISK FACTORS - continued

The effect of the exchange rate fluctuation is opposite to “Trade and other Payables” compared to the effect to the other two categories. In the tables below, the US Dollars balances are presented as well as their respective value in Euro.

FINANCIAL ASSETS AND LIABILITIES IN US DOLLARS

Amounts in US Dollar thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Cash and cash equivalents	4.272	4.300	4.104	3.940
Receivables	4.182	4.466	4.130	4.432
Payables	(16.100)	(11.524)	(16.060)	(11.471)
Net receivables / (payables)	<u>(7.646)</u>	<u>(2.758)</u>	<u>(7.826)</u>	<u>(3.099)</u>
Exchange rate				
US Dollar	1,2939	1,3362	1,2939	1,3362

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Cash and cash equivalents	3.301	3.218	3.172	2.949
Receivables	3.232	3.342	3.192	3.317
Payables	(12.442)	(8.624)	(12.412)	(8.585)
Net receivables / (payables)	<u>(5.909)</u>	<u>(2.064)</u>	<u>(6.048)</u>	<u>(2.319)</u>

Regarding the hedging of exchange rate risk, the Company concludes forward contracts of US Dollar purchase. There is no contract concluded until 31/12/2011 and its purchase to concern the year of 2012.

Interest rate risk

Bank loans of the Group are related to floating rates, the fluctuations of which, do not significantly affect the interest expenses and the cash flows. Group policy is to conclude short-term loan agreements so there is low risk of change in interest rate. This policy in connection with the low balance of Group bank loans, limits the exposure to interest rate risk. The exposure to interest rate risk is budgeted and then followed up.

On 31/12/2011 Group short term loans amounted to 58.035 Euro thousand, while no long term loans exist.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.1. FINANCIAL RISK FACTORS - continued*****Risk of fuel, freight and electric power prices increase***

The Group consumes amounts of fuel and electric power of significant value, for the operation of its plants and the distribution of its products; hence it is exposed to the risk of increased fuel prices. In order to hedge the risk of increased fuel prices, the Group uses derivatives financial instruments and more specifically, forward contracts that refer to international fuel prices. For 2011, the Group did not use such derivatives financial instruments.

The Group uses freight services of significant value, for the transportation of finished and semi-finished goods, raw materials and fuels in order to cover its sales and production needs; hence it is exposed to the risk of increased freight prices. In order to hedge the risk of increased freight prices, the Group uses derivatives financial instruments and more specifically, forward contracts that refer to international freight prices (relative note 25.6 below). The hedging of the above risks is exercised in the context of LAFARGE Group policy.

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

Amounts in Euro thousand

SENSITIVITY ANALYSIS 2011						
% variance	± 30%	± 25%	± 20%	± 15%	± 10%	± 5%
Coal	± 2.281	± 1.900	± 1.520	± 1.141	± 760	± 380
Petcoke	± 5.616	± 4.680	± 3.744	± 2.808	± 1.872	± 936
Freight	± 1.245	± 1.038	± 830	± 622	± 415	± 207
Electric power	± 6.659	± 5.590	± 4.521	± 3.451	± 2.382	± 1.313
Total	± 15.801	± 13.208	± 10.615	± 8.022	± 5.429	± 2.836

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

25.2. OTHER NON-CURRENT RECEIVABLES

Non-current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Present value of notes receivable	8.850	9.200	8.850	9.100
Guarantee deposits (PPC, rents etc)	2.776	2.546	2.504	2.278
Other non-current receivables	12.675	12.502	12.414	12.344
Other non-current intercompany receivables	0	0	27.700	25.000
Provision for non-current receivables	(8.307)	(3.400)	(8.307)	(3.400)
Reclassification from / to current provisions	(389)	(5.523)	(389)	(5.523)
Total	15.605	15.325	42.772	39.799

The other non-current intercompany receivables refer to the loan agreement between the Company and its subsidiary E.VI.E.S.K. S.A. On 31/12/2011 the amount of the intercompany loan to EVIESK S.A. is 27.700 Euro thousand and is repayable in June of 2013. It should also be noted that the intercompany loans are considered of low risk, as the repayment is controlled by the Group and their book value approximates their fair value.

The provisions according to Management's judgment adjust the balance of "Other non-current receivables" to their fair value.

Based on Group policy to ask for further collaterals for covering part of credit risk, the Company has guarantees, mortgages and liens for its clients' property, of total amount 13.364 Euro thousand, which further reduce the exposure to credit risk from long-term receivables.

The "Guarantee deposits (PPC, rents etc)" are considered of low credit risk by Management, so the maximum exposure to credit risk is immaterial.

25.3. TRADE AND OTHER CURRENT RECEIVABLES

Group and Company trade and other current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Trade receivables net of intercompany	176.866	192.428	128.430	142.789
Intercompany receivables	0	0	3.858	7.467
	176.866	192.428	132.288	150.256
Bad debt provision for trade receivables	(79.204)	(70.042)	(60.472)	(59.630)
	97.662	122.386	71.816	90.626
Other short term intercompany receivable	0	0	1.011	0
Claim from IRO	8.543	8.543	6.295	6.295
Short term tax receivable	1.751	1.576	1.167	933
Other debtors net of intercompany	13.875	9.534	10.922	6.712
Prepaid expenses	1.663	1.667	1.380	1.482
Receivables from the Greek State	7.883	7.525	7.622	7.486
Bad debt provision for other receivables	(24.493)	(20.102)	(22.283)	(16.884)
	9.222	8.743	6.114	6.024
Total trade and other receivables	106.884	131.129	77.930	96.650

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

25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued

An analysis of bad debt provision for trade and other receivables is presented in the following table:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Doubtful trade receivables				
Opening balance	70.042	51.427	59.630	43.835
Additional provision for the year	14.654	25.952	7.078	22.485
Reclassification to long term provisions	(389)	(5.523)	(389)	(5.523)
Reversal of unused provision	(1.613)	(1.668)	(1.350)	(1.167)
Use of provision	(4)	(146)	0	0
Transfer to provision for doubtful other receivables	(3.486)	0	(4.497)	0
Closing balance	79.204	70.042	60.472	59.630
Doubtful other receivables				
Opening balance	20.102	19.039	16.884	16.315
Additional provision for the year	291	494	288	0
Reclassification from long term provisions	614	586	614	586
Use of provision	0	(17)	0	(17)
Transfer from provision for doubtful trade receivables	3.486	0	4.497	0
Closing balance	24.493	20.102	22.283	16.884
Total bad debt provision	103.697	90.144	82.755	76.514

As occurs from the Financial Statements, in 2011 the average credit period offered to Group customers for sales of goods was 109 days (95 days in 2010) and respectively for the Company was 92 days (80 days in 2010).

The Management considers that the accumulated provision as at 31/12/2011 represents the best possible estimation and that the carrying amount of trade and other receivables approximates the fair value.

Credit Risk from trade and other current receivables

The Group has established credit control procedures, aimed at minimising doubtful debts. Receivables from clients come from a broad customer base and therefore, credit risk is spread over a large number of clients. Group receipts consist of cash and post dated cheques from clients or from clients of our clients, after evaluating the solvency of the issuer.

In cooperation with Sales Management and after evaluating the client's financial condition, Group's Financial and Credit Control Management sets and applies specific sales and collections terms as well as credit limits per customer.

Clients' financial position is monitored and evaluated on a constant basis by Group's Financial and Credit Control Management, through a system of daily and monthly reports, analysis and indices, per client and per group of clients. In addition, a full record of each client's past payments and collaboration is maintained, supported by data provided from financial information agencies. On a regular basis the Company's Credit Committee evaluates the results of credit and doubtful debts ratings and approves any cases of excesses over the fixed credit policy.

Securing of the largest percentage of receivables from clients is a firm Group policy. When necessary and feasible, collateral is requested to secure part of the credit risk.

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued*****Credit Risk from trade and other current receivables - continued***

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

The Group evaluates collectability of receivables based on historic data concerning transactions with the client, the Company's credit policy for the specific customer and credibility analysis obtained from financial information agencies.

Monitoring of doubtful debts is performed through monthly reports containing all Company's clients and through Legal Department's reports concerning disputed cases.

The final write-off of doubtful debts is performed based on proposals and approvals from the Group's Legal Department, following the existing tax regulations, after exhausting without result, all legal means and procedures for their reduction (collection, assignment of property etc) or alternatively, when the success of the expected – from law and procedures – claim means is not considered possible.

In the tables the maximum exposure of the Group and the Company to credit risk is presented:

Amounts in Euro thousand

	GROUP	
	<u>31/12/2011</u>	<u>31/12/2010</u>
Total receivables	210.581	221.273
Minus:		
Bad Debt provisions	103.697	90.144
Third parties cheques	17.065	16.537
Collaterals	0	107
Bank Warranties	20.483	12.116
Mortgages	4.351	9.656
Prenotices for mortgage	7.352	4.367
Related party receivables	4.770	4.757
Maximum exposure to credit risk	<u>52.863</u>	<u>83.589</u>

Amounts in Euro thousand

	COMPANY	
	<u>31/12/2011</u>	<u>31/12/2010</u>
Total receivables	160.685	173.164
Minus:		
Bad Debt provisions	82.755	76.514
Third parties cheques	5.463	10.080
Collaterals	0	107
Bank Warranties	19.036	10.180
Mortgages	4.251	9.656
Prenotices for mortgage	7.352	4.367
Intercompany receivables	3.858	7.467
Related party receivables	4.183	4.435
Maximum exposure to credit risk	<u>33.787</u>	<u>50.358</u>

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

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued
25.3. TRADE AND OTHER CURRENT RECEIVABLES - continued
Credit Risk from trade and other current receivables - continued

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

Amounts in Euro thousand

GROUP

	31/12/2011			31/12/2010		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	33.715	24.493	9.222	28.845	20.102	8.743
Trade receivables	51.886	0	51.886	74.598	0	74.598
Overdue analysis						
01--30	10.904	55	10.849	15.922	46	15.876
31--60	4.990	7	4.983	8.653	35	8.618
61--90	3.522	20	3.502	5.605	90	5.515
91--120	5.401	0	5.401	4.101	118	3.983
121--180	3.384	0	3.384	7.709	159	7.550
181--360	12.051	29	12.022	18.046	11.800	6.246
361+	84.728	79.093	5.635	57.794	57.794	0
Total	210.581	103.697	106.884	221.273	90.144	131.129

Amounts in Euro thousand

COMPANY

	31/12/2011			31/12/2010		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	27.386	21.272	6.114	22.908	16.884	6.024
Intercompany other receivables	1.011	1.011	0	0	0	0
Trade receivables	38.984	0	38.984	54.562	0	54.562
Intercompany trade receivables	3.858	0	3.858	7.467	1.069	6.398
Overdue analysis						
01--30	7.279	0	7.279	9.920	0	9.920
31--60	3.272	0	3.272	5.390	0	5.390
61--90	2.300	0	2.300	3.348	0	3.348
91--120	3.971	0	3.971	2.584	0	2.584
121--180	2.401	0	2.401	4.744	0	4.744
181--360	6.287	0	6.287	12.582	8.902	3.680
361+	63.936	60.472	3.464	49.659	49.659	0
Total	160.685	82.755	77.930	173.164	76.514	96.650

25. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**25.4. CASH, CASH EQUIVALENTS AND BANK LOANS*****Cash and cash equivalents***

Cash and cash equivalents are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Cash on hand	47	51	27	32
Cash at banks	140.687	114.242	131.353	106.930
Time deposits	5.190	23.709	0	19.000
	145.924	138.002	131.380	125.962

Time deposits have an average duration of one month or less while the average interest rate in 2011 was 2,79% (2010: 1,99%).

Bank loans

The Group has concluded short-term bank loans and overdrafts with a weighted average interest rate of 3,46% for 2011 (2010: 4,52%). All bank loans are denominated in Euro. On 31/12/2011, the total short-term loans amount to 58.035 Euro thousand, of which 55.749 Euro thousand relates to subsidiary LAFARGE BETON S.A., 2.090 Euro thousand relates to subsidiary EVIESK S.A. and 196 Euro thousand relates to subsidiary LEADER BETON S.A. The intercompany loans are included in "Other non-current intercompany receivables" of the Company which are analysed in note 25.2.

On 31/12/2010, the total short-term loans of the Group amounted to 43.609 Euro thousand, of which 38.699 Euro thousand related to subsidiary LAFARGE BETON S.A., 3.697 Euro thousand related to subsidiary EVIESK S.A., 1.017 Euro thousand related to the Company and 196 Euro thousand related to subsidiary LEADER BETON S.A.

25.5. SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Suppliers excluding intra-company balances	77.856	86.104	63.814	70.723
HERACLES Group Companies	0	0	2.300	3.764
	77.856	86.104	66.114	74.487
Payables to personnel	3.665	4.516	3.031	3.802
Social security payables	3.695	4.317	3.061	3.539
Income tax payables	3.405	10.309	2.066	8.672
Other creditors excluding intra-company balances	10.068	16.872	5.222	11.435
Other creditors HERACLES Group Companies	0	0	6.532	6.687
Total suppliers and other creditors	98.689	122.118	86.026	108.622

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2011, the average credit period for the Group's operating purchases was 94 days (73 days in 2010) and respectively for the Company was 92 days (71 days in 2010).

The normal course of business of the Group companies does not depend on the business of any supplier except for the Public Power Company (DEH), which is the only supplier of electricity power in Greece. Group and Company Management considers the carrying amount of trade payables approximates their fair value.

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

25.6. DERIVATIVES FINANCIAL INSTRUMENTS

Amounts in Euro thousand	COMPANY			
	31/12/2011		31/12/2010	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	58	0	12	(22)
Commodities forward contracts	0	0	2.356	(3.700)
Total	58	0	2.368	(3.722)
Split to:				
Short term	58	0	2.368	(3.722)
	58	0	2.368	(3.722)

Foreign currency forward exchange contracts

The Group uses foreign currency forward exchange contracts, in the context of LAFARGE Group policy, in order to hedge against exchange rates fluctuation risks regarding specific existing commitments or anticipated transactions.

On 31 December 2011 the fair value of the foreign currency forward exchange contracts results in an asset of 58 Euro thousand while for the year ended 31 December 2010, the fair value of the foreign currency forward exchange contracts resulted in an asset of 12 Euro thousand and a liability of 22 Euro thousand. For the fiscal year 2011 a gain of 58 Euro thousand was recognised in the income statement (2010: recognised a loss of 10 Euro thousand).

Commodities forward contracts

The Group, in the context of LAFARGE Group policy, uses commodity forward contracts, mostly fuel and marine freight to hedge against risks regarding specific existing commitments or anticipated transactions.

On 31 December 2011, there was no open position on commodity forward contracts. On 31 December 2010 the fair value of commodity forward contracts amounted to an asset of 2.356 Euro thousand and a liability of 3.700 Euro thousand. The above amounts are based on the market prices of the respective derivatives on the Statement of Financial Position dates.

For the year 2010 a loss of 11 Euro thousand was recognised in the Income Statement.

Derivatives valuation reserve

In the table below, the movement of the net of deferred tax hedging reserve of the Company is presented, since only the Company is holding derivatives.

Amounts in Euro thousand	31/12/2011	31/12/2010
Hedging reserve opening balance	(1.041)	(1.136)
Gain/(loss) recognised on cash flow hedges:		
Commodities forward contracts	0	(1.332)
Deferred tax related to gains/losses	0	316
Transferred to retained earnings:		
Commodities forward contracts	1.332	1.481
Deferred tax related to gains/losses	(291)	(370)
Hedging reserve closing balance	0	(1.041)

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

25.7. OBLIGATIONS UNDER FINANCE LEASES

As at 31/12/2011 the subsidiary LAFARGE BETON S.A. has five finance leasing agreements in force, concerning computer and telecommunications equipment.

The duration of two agreements is thirty six months while the duration of the other three agreements is twelve months. The two first agreements will expire in 2012 and the other three agreements in year 2014.

Amounts in Euro thousand	Minimum payments		Present value of minimum payments	
	<u>31/12/2011</u>	<u>31/12/2010</u>	<u>31/12/2011</u>	<u>31/12/2010</u>
Amounts payable:				
Within one year	331	189	317	187
Within two to five years	<u>227</u>	<u>231</u>	<u>206</u>	<u>221</u>
	558	420	523	408
Less: Unearned interest expense	<u>(35)</u>	<u>(12)</u>		
Present value of finance lease liabilities	<u>523</u>	<u>408</u>	523	408
Less: Amounts payable within the year (disclosed in current obligations)			<u>(311)</u>	<u>(187)</u>
Non-current finance leases			<u>212</u>	<u>221</u>

All obligations under finance leases are denominated in Euro.

Management estimates that the fair value of the obligations under finance leases of the Group approaches their accounting value.

26. CONTINGENT LIABILITIES AND COMMITMENTS

Company disputes under litigation or arbitration

On 31/12/2011, there were pending lawsuits against the Group, the outcome of which is uncertain, amounting to 58.206 Euro thousand (31/12/2010: 50.025 Euro thousand), out of which the pending lawsuits against the Company amount to 43.320 Euro thousand (31/12/2010: 36.397 Euro thousand). The maximum risk for the Group from the final decisions on the above cases is estimated at 22.523 Euro thousand, out of which the maximum risk from the final decisions on the cases of the Company is estimated at 17.099 Euro thousand. No provision has been made in the Financial Statements for said pending cases, as it is unlikely that such risk will eventually occur.

Various plots of land of the Group and the Company have been declared as forests, sea shores and archaeological sites and their ownership is disputed by the Greek State and various third parties. The maximum risk from such claims is estimated at 1.908 Euro thousand and 1.855 Euro thousand for the Group and the Company respectively. No provision has been made in the Financial Statements of the year for the said claims as it is unlikely that such risk will eventually occur.

Unaudited tax years

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

<u>Company</u>	<u>Registered Office</u>	<u>Unaudited tax years</u>
HERACLES GCC	Greece, Paiania, Attica	2009-2011
LAFARGE BETON S.A.	Greece, Paiania, Attica	2009-2011
EVIESK S.A.	Greece, Paiania, Attica	2010-2011
HERACLES MARITIME CO.	Greece, Paiania, Attica	2010-2011
LAVA S.A.	Greece, Paiania, Attica	2010-2011
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	2010-2011
INVESTMENT SILO PORT SAID COMPANY S.A. (absorbed by AEGEAN TERMINALS S.A.)	Greece, Paiania, Attica	2010
G. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1998-2011
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1998-2011
DYSTOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1996-2011
NAFSIKA SOC. NAV. (dormant)	Greece, Paiania, Attica	1998-2011
HERACLES GLORY SOC. NAV. (liquidated)	Greece, Paiania, Attica	1998-2009
SUPER BETON S.A. I MARKOULAKIS (absorbed by LAFARGE BETON S.A.)	Greece, Heraclion, Crete	2010-2011
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	Greece, Paiania, Attica	2010-2011
FINDA TRANSPORTS S.A. (absorbed by INVESTMENT SILO PORT SAID SILO INVESTMENT COMPANY S.A.)	Greece, Paiania, Attica	1993-2009
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete	2010-2011
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (liquidated)	Luxemburg	*

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

The tax audit of the company Heracles G.C.C. for the years 2009 and 2010 is in progress.

For year 2011, the tax audit of the Company is in process by the regular Certified Public Accountant according to article 21 of L.3943/2011. After the completion of the tax audit, the Company will receive a tax certificate with which the tax position of the Company is considered finalized, according to article 6 of POL.1159/22.7.2011, as long as a period of 18 months passes, during which the tax authorities can revert.

From these tax audits, additional tax obligation may arise, which is estimated not to have significant effect for the Group and the Company.

The company Heracles Maritime Co based on provisions of articles 1 to 13 of law 3888/2010 settled its outstanding tax obligations for years 2005-2009.

26. CONTINGENT LIABILITIES AND COMMITMENTS - continued

Granted guarantees

The letters of guarantee that have been provided to secure liabilities of the Group and the Company and were in force as at 31/12/2011 and 31/12/2010 are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Granted guarantees	5.339	4.686	3.799	3.233
Intercompany granted guarantees	0	0	1.923	1.923
	<u>5.339</u>	<u>4.686</u>	<u>5.722</u>	<u>5.156</u>

Commitments for purchases and capital expenditure

Commitments for purchases and capital expenditure which were in force as at 31/12/2011 and 31/12/2010 are analysed below:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Purchase contracts	24.016	22.753	80.413	31.548
Capital expenditure contracts	1.211	6.723	511	4.923
	<u>25.227</u>	<u>29.476</u>	<u>80.924</u>	<u>36.471</u>

Operating leases contracts

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

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Within one year	11.693	10.334	0	117
Within two and up to five years	43.496	8.411	583	1.759
Over five years	10.353	4.085	248	203
	<u>65.542</u>	<u>22.830</u>	<u>831</u>	<u>2.079</u>

The increase of the Group commitments for operating leases contracts in 2011 is mostly due to renewal of contracts of the subsidiary company HERACLES MARITIME CO. concerning leases of vessels.

The comparative data of commitments of operating lease contracts for the Group and the Company for 2010 have been adjusted for presentation purposes.

27. PLAN OF PURCHASE OF LAFARGE S.A. SHARES FROM HERACLES G.C.C. GROUP EMPLOYEES

Based on the plan "Lafarge in Action" (LEA), the right to purchase Lafarge S.A. shares was given to the HERACLES G.C.C. Group employees in 2011 for a maximum of 25% of their annual salary. The purchase price was 36,98 Euros, 20% less than the average of Lafarge's share price over the last 20 days preceding the date the offer was proposed. Additionally, on the first 15 shares a further discount of 40% was offered by the Company to the HERACLES G.C.C. Group employees who participated in the above-mentioned plan.

Under this plan, the HERACLES G.C.C. Group employees purchased a total of 14.713 shares contributing to a capital increase of 544 Euro thousand in Lafarge S.A. and the Company employees purchased 11.568 shares contributing to a capital increase of 428 Euro thousand.

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

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Related to the cash incentive				
	137	0	107	0
	<u>137</u>	<u>0</u>	<u>107</u>	<u>0</u>

28. OPERATING LEASES

The Group / the Company as Lessee:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Lease payments for land and quarries	2.057	2.400	581	542
Lease payments for buildings	984	988	332	255
Lease payments for central offices	337	0	337	0
Lease payments for residences	260	268	260	265
Lease payments for port facilities	61	56	61	56
Lease payments for ships	11.062	11.682	0	0
Lease payments for machinery & equipment	165	348	52	63
Lease payments for means of transportation	1.331	1.391	798	855
Other	79	58	74	58
Operating lease payments recognised as an expense in the income statement	<u>16.336</u>	<u>17.191</u>	<u>2.495</u>	<u>2.094</u>

29. AUDITORS' FEES

The total audit fees of the legally appointed auditors, for the financial year 2011, are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Audit Services	736	565	475	390
Other audit fees	0	10	0	5
	<u>736</u>	<u>575</u>	<u>475</u>	<u>395</u>

30. RELATED PARTY TRANSACTIONS

Transactions with related parties

For the Group, related parties are considered the parent company LAFARGE S.A. and all other LAFARGE Group companies. Transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this note:

Amounts in Euro thousand

GROUP	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1- 31/12/2011	1/1- 31/12/2010	1/1- 31/12/2011	1/1- 31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
HERACLES G.C.C Group								
associates	0	414	0	52	0	0	0	0
Parent company								
LAFARGE S.A.	54.896	43.874	508	962	0	0	302	344
LAFARGE Group								
associates	42.196	54.900	5.468	10.000	4.770	4.757	526	471
Royalties to LAFARGE								
S.A.	0	0	5.193	7.574	0	0	1.094	1.646
Total	97.092	99.188	11.169	18.588	4.770	4.757	1.922	2.461

Transactions of the Company with its subsidiaries, on the one hand, which are related parties, prior to being eliminated on consolidation and with the parent company LAFARGE S.A. along with other Group LAFARGE companies, on the other, are disclosed below:

Amounts in Euro thousand

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1- 31/12/2011	1/1- 31/12/2010	1/1- 31/12/2011	1/1- 31/12/2010	31/12/2011	31/12/2010	31/12/2011	31/12/2010
HERACLES G.C.C Group								
Companies	18.619	25.407	14.215	16.671	31.555	31.395	8.831	10.452
Parent company								
LAFARGE S.A.	54.896	43.875	495	833	0	0	139	193
LAFARGE Group								
associates	40.821	54.659	5.286	9.779	4.183	4.435	451	389
Royalties to LAFARGE								
S.A.	0	0	5.193	7.574	0	0	1.094	1.646
Total	114.336	123.941	25.189	34.857	35.738	35.830	10.515	12.680

The comparative data of the Group and Company liabilities with related parties have been reclassified for presentation purposes.

30. RELATED PARTIES TRANSACTIONS - continued

Benefits to BoD Members and Members of the Executive Committee of Heracles G.C.C.

The benefits of the Board of Directors members and the members of the Executive Committee of Heracles G.C.C., as well as attendance fees of Group and Company Board of Directors members, are analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
Current benefits	3.406	3.764	1.990	2.203
Provision for retirement compensation and paid compensations	126	165	59	90
BoD members attendance fees	293	301	195	195
	<u>3.825</u>	<u>4.230</u>	<u>2.244</u>	<u>2.488</u>

Amounts in Euro thousand

	GROUP		COMPANY	
	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>	<u>1/1-31/12/2011</u>	<u>1/1-31/12/2010</u>
Prepayments of expenses to be refunded to Management and BoD Members	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables/ (obligations) to Management and BoD Members	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The comparative data of the Group for 2010 have been adjusted for presentation purposes.

31. EVENTS AFTER THE REPORTING DATE OF THE FINANCIAL STATEMENTS

According to the Company's Management best knowledge, no subsequent events exist that may have a significant financial impact on the Group and the Company.

WEBSITE

The annual Financial Statements, the audit reports of the certified public accountant and the Board of Directors reports of the societe anonyme, as defined in part (b) of paragraph 1 of the article 134 of L.2190/1920, are published in the website at the following address: www.lafarge.gr.

INDEX OF CORPORATE ANNOUNCEMENTS

The table below includes the Corporate Announcements, continuing from the previous table as published in the Company's 2010 Annual Report.

General Meeting Convocations and Decisions		
27/05/2011	Resolutions of the 103rd Ordinary Shareholders General Meeting of Heracles G.C.C.	www.lafarge.gr
06/05/2011	Invitation for the Ordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
Press Releases		
15/02/2012	LAVA presents the unique natural greek hydroponics substrate agro LAVA	www.lafarge.gr
07/02/2012	Lafarge is sponsoring the exhibition "14F/21GR:Young architects in France and Greece"	www.lafarge.gr
22/11/2011	Sustainability Report 2010: Awarded the Level A-Check rating by GRI	www.lafarge.gr
25/10/2011	Awareness program on road safety	www.lafarge.gr
13/07/2011	Heracles cooperation with the University of Thessaly on a Biodiversity Enhancement Program	www.lafarge.gr
Financial Results		
25/11/2011	Heracles Group Announces 2011 Nine Months Results	www.lafarge.gr
30/08/2011	Heracles Group Announces 1 st Semester 2011 Results	www.lafarge.gr
26/05/2011	Heracles Group Announces 1 st Quarter 2011 Results	www.lafarge.gr
30/03/2011	Heracles Group Announces 2010 Results	www.lafarge.gr
Financial Statements		
25/11/2011	Interim Financial Report of Heracles General Cement Company and Heracles Group at 30/9/2011	www.lafarge.gr
25/11/2011	Financial Data and Information of Heracles General Cement Company and Heracles Group at 30/9/2011	www.lafarge.gr
30/08/2011	Half Year Financial Report of Heracles General Cement Company and Heracles Group	www.lafarge.gr
30/08/2011	Financial Data and Information of Heracles General Cement Company and Heracles Group at 30/6/2011	www.lafarge.gr
26/05/2011	Interim financial Statements of Heracles General Cement Company and Heracles Group at 31/3/2011	www.lafarge.gr
26/05/2011	Financial Data and Information of Heracles General Cement Company and Heracles Group at 31/3/2011	www.lafarge.gr
05/05/2011	Annual Financial Statements of EVIESK SA	www.lafarge.gr
05/05/2011	Financial Data and Information of EVIESK SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of LAVA SA	www.lafarge.gr
05/05/2011	Financial Data and Information of LAVA SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of Aegean Terminals SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Aegean Terminals SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of Marathos Quarries SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Marathos Quarries SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of Lafarge Beton SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Lafarge Beton SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of Super Beton SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Super Beton SA	www.lafarge.gr
05/05/2011	Annual Financial Statements of Heracles Shipping SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Heracles Shipping SA	www.lafarge.gr
05/05/2011	Financial Data and Information of Middle East	www.lafarge.gr

30/03/2011	Annual Financial Statements of Heracles General Cement Company and Heracles Group at 31/12/2010	www.lafarge.gr
30/03/2011	Financial Data and Information of Heracles General Cement Company and Heracles Group at 31/12/2010	www.lafarge.gr

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2011 TO 31 DECEMBER 2011

(published according to C.L.2190/20, article 135 for entities preparing Annual Financial Statements, consolidated or not consolidated according to IAS)

The financial data and information presented below, aim to provide for a general overview of the financial position and the results of the Group and the Company HERACLES G.C.C. S.A. Therefore we suggest to readers, before proceeding to any investment decision or other transaction with the Group and the Company, to refer to the web site of the Company where financial statements are published as well as the certified auditors' opinion, when it is necessary.

COMPANY'S INFORMATION

COMPANY'S NAME	: HERACLES GROUP OF COMPANIES	ANNUAL FINANCIAL STATEMENTS APPROVAL	
COMPANY'S REGISTERED ADDRESS	: 19.3 KLM MARKOPOULOU AV., 19002 PAIANIA, ATTICA	DATE BY THE BOARD OF DIRECTORS	: 23 March 2012
COMPANIES REG. NO.	: 13576/06/B/86/096	CERTIFIED AUDITORS	: EPAMINONDAS E. GIUROUKOS (REG. No: ICPA (GR) 10351) GIANOPOULOU D. FOTINI (REG. No: ICPA (GR) 24031)
QUALIFIED PREFECTURE	: MINISTRY OF DEVELOPMENT - DEPARTMENT OF SOCIETE ANONYME AND TRUST	AUDIT FIRM	: DELOITTE - HADJIPAVLOU, SOFIANOS & CAMBANIS S.A. - (REG. No: ICPA (GR): E 120)
BOARD OF DIRECTORS COMPOSITION	: 1. Manolis Ch. Kyrianiides - Chairman 2. Peter Hoddinott - Vice Chairman 3. Pierre Deleplanque - Managing Director 4. Jean-Charles Blatz - Member 5. Jean-Jacques Gauthier - Member 6. Pericles Nicolau - Member 7. Christos Sorotos - Member 8. Agisilaos Karamelas - Member	TYPE OF AUDIT OPINION	: UNQUALIFIED
		COMPANY'S WEBSITE	: www.lafarge.gr

STATEMENT OF FINANCIAL POSITION

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
ASSETS				
Tangible assets	456,076	511,198	420,226	473,514
Intangible assets	32,785	33,528	1,056	1,485
Other non current assets	18,520	15,928	115,316	121,022
Inventories	57,078	56,364	50,721	50,236
Trade receivables	106,884	131,129	77,930	96,650
Other current assets	11,268	7,701	10,305	6,477
Non current assets available for sale	9,044	9,044	9,044	9,044
Cash & cash equivalents	145,924	138,002	131,380	125,982
TOTAL ASSETS	837,579	902,894	815,978	884,390
LIABILITIES & EQUITY				
Share capital	190,502	190,502	190,502	190,502
Other equity figures	400,659	455,845	437,560	483,117
Total Shareholders' equity (a)	591,161	646,347	628,062	673,619
Non-controlling Interest (b)	96	62	0	0
Total Equity (c) = (a) + (b)	591,257	646,409	628,062	673,619
Provisions/ Other non current liabilities	76,985	81,079	90,302	92,715
Short term bank loans	58,035	43,609	0	1,017
Other current liabilities	111,302	131,797	97,614	117,039
Total Liabilities (d)	245,322	256,485	187,916	210,771
TOTAL EQUITY AND LIABILITIES (c) + (d)	837,579	902,894	815,978	884,390

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Equity opening balance				
(01/01/2011 and 01/01/2010 respectively)	646,409	710,484	673,619	718,219
Total comprehensive income after tax	(55,152)	(43,461)	(45,557)	(23,986)
Distributed Dividends	0	(20,614)	0	(20,614)
Equity closing balance				
(31/12/2011 and 31/12/2010 respectively)	591,257	646,409	628,062	673,619

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro thousand	GROUP		COMPANY	
	Continued operations		Continued operations	
	1/1-31/12/2011	1/1-31/12/2010	1/1-31/12/2011	1/1-31/12/2010
Turnover (Sales)	277,515	401,996	239,402	350,807
Gross Profit	32,572	46,672	26,530	34,890
Earnings / (losses) before interest & tax	(50,642)	(32,910)	(44,831)	(20,876)
Profit / (loss) for the year before tax	(55,766)	(38,001)	(46,975)	(19,916)
Net profit / (loss) for the year after tax (a)	(55,864)	(45,861)	(46,286)	(26,439)
Allocated to: Company's shareholders	(55,898)	(45,814)	(46,286)	(26,439)
Non-controlling interest	34	(47)	0	0
Other comprehensive income after tax (b)	712	2,400	729	2,453
Total comprehensive income after tax (a) + (b)	(55,152)	(43,461)	(45,557)	(23,986)
Allocated to: Company's shareholders	(55,186)	(43,414)	(45,557)	(23,986)
Non-controlling interest	34	(47)	0	0
Earnings / (losses) per share after tax (in €)	(0.7859)	(0.6452)	(0.6512)	(0.3719)
Earnings / (losses) before interest, tax, depreciation and amortization	(5,426)	14,315	(3,109)	22,563

ADDITIONAL DATA AND INFORMATION

- The basic accounting principles used, are consistent to those followed in the 31 December 2010 published annual financial statements of the Group and Company.
- On 28/12/2011 the merger of subsidiary companies LAFARGE BETON S.A. with SUPER BETON S.A. I MARKOULAKIS was completed, the second entity absorbed by the first while on 29/11/2011 the liquidation of the company NAFSIKA SOC. NAV. was completed. Since 7/10/2011, the Company participates in start-up company E.D.A.K.E. S.A. with participation percentage 50% and is consolidated through the proportional method. The above mentioned changes do not effect more than 25% the account of sales, profit / (loss) after tax and minority interests and shareholders' net equity of the Group and the Company while they are described in detail in note 15 of the financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2011, 88.99% of the issued share capital of HERACLES G.C.C., prepares consolidated financial statements including the financial statements of the Group, using the full consolidation method.
- The unaudited by tax authorities fiscal years of the Group companies are described in note 26 of the annual financial statements.
- Related to the legal litigation issues that have or may have a material effect in the Company's and Group's financial position or activity the following are noted: Various plots of land have been declared as forests, sea shores and archaeological sites and their ownership is disputed by the Greek State and various third parties. The maximum risk, from these disputes, for the Group and the Company is estimated at 1,908 Euro thousand and 1,885 Euro thousand respectively. No provision has been made in the financial statements, as it is unlikely that such risk will eventually occur. As at 31 December 2011, there are pending lawsuits against the Group amounting to 58,206 Euro thousand of which 43,320 Euro thousand relate to pending lawsuits against the Company that are being handled legally and their outcome is uncertain. The maximum risk from the final decisions on the above cases is estimated at 22,523 Euro thousand of which 17,089 Euro thousand relate to the maximum risk from the final decisions on the Company's cases. No relative provision has been made in the financial statements, as it is unlikely that such risk will eventually occur. Furthermore, as at 31 December 2011, there are pending lawsuits against the Group amounting to 5,937 Euro thousand of which 5,442 Euro thousand relate to pending lawsuits against the Company that are being handled legally and their outcome, as estimated by management, will be probably negative. The maximum risk from the final decisions on the above cases is estimated at 2,490 Euro thousand of which 2,371 Euro thousand relate to the maximum risk from the final decisions on the Company's cases. For these risks the Group has recognised "Provisions for legal litigation". The amounts of accumulated provisions for the Group and the Company are described in the table below:

Amounts in Euro thousand	GROUP	COMPANY
Provisions for legal litigation	2,490	2,371
Provision for staff retirement	63,166	59,853
Other provisions	22,367	39,400
Total provisions	88,023	101,624
- The number of employees for the Group and the Company as at 31 December 2011, is 1,475 (31/12/2010: 1,580) and 1,190 (31/12/2010: 1,234) respectively.
- Transactions and balances between the Group and the Company and their related parties are disclosed below according to IAS 24:

Amounts in Euro thousand	GROUP	COMPANY
Income	97,092	114,336
Expenses	11,169	25,189
Receivables	4,770	35,738
Payables	1,922	10,515
Salaries and expenses of general managers and BoD members	3,825	2,244
Receivables from general managers and BoD members	0	0
Payables to general managers and BoD members	0	0
- Amounts and nature of other comprehensive income after tax are as follows:

Amounts in Euro thousand	GROUP	COMPANY
Actuarial gains / (losses) net of deferred tax	(404)	3,264
Gain on valuation of derivatives net of deferred tax	1,041	95
Withheld tax on the capitalization of retained earnings	0	(538)
Other equity movements	75	(421)
Other comprehensive income after tax	712	2,400
- There are not any own shares held by the Group companies.
- Significant events after the reporting date of the financial statements: According to the Company's Management best knowledge, no subsequent events exist that may have a significant financial impact on the Group and the Company.
- The name, the registered address, the consolidation method and the direct and indirect percentage of participation of the parent company in the consolidated companies are described in the note 15 of the financial statements.
- Modifications of consolidation structure: Compared to the previous year (1 January - 31 December 2010) the subsidiary SUPER BETON S.A. I MARKOULAKIS is not included in consolidation due to its absorption by the subsidiary LAFARGE BETON S.A. Also the subsidiary NAFSIKA SOC. NAV. is not included in consolidation as it was liquidated. Since 7/10/2011, the Company participates in start-up company E.D.A.K.E. S.A. with participation percentage 50% and is consolidated through the proportional method. The above mentioned changes do not effect more than 25% the account of sales, profit / (loss) after tax and minority interests and shareholders' net equity of the Group.
- EKEPI S.A. STEGI OF THE GREEK INDUSTRY and UNICEN are not included in the consolidation, due to their immaterial impact as described in note 16 of the financial statements.
- There is not any change in the consolidation method of the companies compared to the previous year (1 January - 31 December 2010).

Paiania, 23 March 2012

THE CHAIRMAN OF THE BOARD OF DIRECTORS
MANOLIS CHRIS KYRIANIDES
I.D. AZ 007012

THE MANAGING DIRECTOR
PIERRE DELEPLANQUE
PASP. No. 07CV39073

THE CHIEF FINANCIAL OFFICER
MICHALIS T. MICHELIS
PERM. No. 29960