ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

OF THE GROUP AND THE COMPANY 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. : 224201000
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19002 Paiania - Attica

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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. Panos Kyriakopoulos, 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 2012, 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**	**PANOS KYRIAKOPOULOS**
I.D. No. AZ 007012	**PASSPORT No. 07CV39073**	**I.D. No. AK 121232**

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, the Group and Company Financial Statements for the year ended 31.12.2012.

A. Overview of major events for the year 2012

1. Financial Results

The 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 deep recession in the domestic private construction activity was continued and intensified during 2012 for a fourth consecutive year and consequently, the sales volume of cement, concrete and aggregates in the domestic market was further reduced, as compared to the previous years.

Analytically, according to the Financial Statements:

- The Company's turnover decreased by 15,7% in 2012, amounting to 201.774 Euro thousand compared to 239.402 Euro thousand in 2011, while the Group's turnover decreased by 17,8% in 2012, amounting to 228.161 Euro thousand compared to 277.515 Euro thousand in 2011.
- The Company's results before taxes, interest, depreciation and amortisation (EBITDA) in 2012 amounted to loss 54.732 Euro thousand compared to loss 3.109 Euro thousand in 2011, while for the Group amounted to loss 49.269 Euro thousand in 2012 compared to loss 5.426 Euro thousand in 2011.
- The Company's net results after taxes in 2012 amounted to loss 76.385 Euro thousand increased by 65,0% compared to loss 46.286 Euro thousand in 2011, while the Group's net results after taxes amounted to loss 76.502 Euro thousand increased by 36,9% compared to loss 55.864 Euro thousand in 2011.

The main events that affected the course of sales in 2012 were, in the domestic market, the further slowdown of the private construction activity for a fourth consecutive year as well as the substantial suspension of the construction activity in public and co-financed infrastructure.

The Company intensified its effort to reduce operating costs and optimize the production and supply chain processes. As a result of this effort, there was a significant reduction of fixed cost which partially offset the effects of the slowdown of the domestic market.

The Company's investments in tangible and intangible assets for 2012 amounted to a total of 4.621 Euro thousand compared to 10.435 Euro thousand in 2011. As far as the Group is concerned, investments amounted to 5.440 Euro thousand compared to 12.636 Euro thousand in 2011.

2. Domestic cement, aggregates and concrete market

In 2012 the domestic cement market continued its intense recessive course, compared to 2011, following the overall trend of the building and construction activity. The aggregates and concrete market in 2012 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).

According to the latest data of EL. STAT., during the period of the last twelve months i.e. January to December 2012, the total construction activity decreased by 36,7% in the number of building licences issued, by 30,4% in area size and by 28,9% in volumes, compared to the corresponding period of January - December 2011.

3. Other major events

3.1. Products innovation

At the beginning of 2012, the Heracles™ white in 5 kg packaging was added to the range of bagged cement products of the Company. By offering, thus, 2 small package products, Heracles™ white and Heracles™ grey and by cooperating with companies operating in the area of supplying retail outlets, the Company enters dynamically into a distribution channel which is directly addressed to the end-consumer, exploring the possibility of strengthening its position in the future with a complete range of solutions.

In October 2012, the Group officially launched Hydromedia™, adding to the range of value added concrete products a sustainable solution of groundwater management and removal, for every outdoor place. Hydromedia™ is a concrete of very high-technology permeability and it is suitable for a wide range of applications, such as yards, parking stations, pavements, squares, even as sub-base of courts, offering anti-flood protection, which combines aesthetic appeal and durability.

In December 2012, the Company added to its products a complete range of solutions which is directly addressed to the end-consumer. The new product line is called BIY® (i.e. "Build it yourself", consisting a trademark of the Company in Greece). The product line includes 11 products in total, which include mortars ready-for-use (repair plasters, adhesive tiles, brushable mortars, tile grouts), offering solution to basic home applications, such as joint-filling of tiles, repairs on damaged constructions or plasters, waterproofing beddings. The products are available on practical plastic 5kg container, in an attempt to be differentiated by the competitive products. With the product line BIY®, the Company strengthens its position in the distribution channel of the small stores and in the DIY department store chains and is addressed to the end-consumer in an innovative and modern approach.

3.2. Health & Safety

In 2012, 5 lost time work-related accidents have occurred to Group employees (3 in the Cement sector and 2 in the Aggregates & Concrete sector) and 1 accident to a contractor' s employee.

In the context of preventing accidents, the actions of the Company and the Group did focus on the following issues:

- Risk assessment using a five-step approach and avoiding critical behaviors; the above also consisted of the main topics of the Health & Safety Month 2012. All employees participated in a workshop, where they assessed the risks, the safety measures and the critical behaviors in daily activities.
- Housekeeping inspection plan was completed, with 59 inspections in 21 areas and sites of the Company and 13 sites of the Group subsidiary, Lafarge Beton. As a result, all the facilities were improved and the unsafe conditions were eliminated.
- 445 near-misses and 1.009 unsafe conditions, with the respective corrective actions were reported.
- Two large employee mobilizations took place after the end of summer leaves and in response to the accidents occurred in October, aiming at increasing alertness and commitment of the personnel, as well as achieving a team spirit on safety issues.
- Educational trainings of employees and staff on Safe and Defensive driving.
- The implementation of (a) the guideline on Health at work, revising at the same time the procedure of observation of the work health of personnel and (b) the advisory for safe transport of employees was completed.
- Programs related to the appliance of the Standards on Energy Isolation and on Risk Management are being finalized, setting as a goal their full appliance within 2013, while the program on the Safe Transport is in progress.
- 22 good practices set by employees on Health & Safety were issued and they were circulated and discussed at all units.

3.3. Environmental issues

The estimation and the systematic reporting of environmental performance indicators, which constituted part of the Group's Sustainability ambitions 2012, was continued for a fourth year. These ambitions relate to environmental inspections of facilities, quarries' restoration program, bio-diversity, climate change, CO_2 emissions, dust emissions, etc.

At Volos plant, the use of biomass as alternative fuel continued in 2012, with a replacement percentage of about 4%. Upon the relevant approval by the Ministry of Environment, Energy and Climate Change, the ability of using waste water of EPSA industry for the needs of the plant's production was integrated in the environmental terms of Volos plant.

At Milaki plant, the use of paper-sludge as alternative fuel in the clinker production continued in 2012. Due to low availability of the material, the total replacement of conventional fuels by paper-sludge reached 1,1%. Following a modification of the current Approval Decision of Environment Conditions (AEPO) of the plant, the licensing process of the use of new waste codes as raw materials in the production process was completed. The aforementioned waste codes have also been integrated in the production process of Halkis plant.

Finally, the Company completed the submission of all the documents to the responsible authority (GEDE – YPEKA) for the issuance of the new Greenhouse Gas Emissions Licenses for the period 2013 - 2020.

3.4. Corporate social responsibility

The actions of the Company, in the context of corporate social responsibility and the contribution to the communities where the Group operates set as a priority the dialogue with the stakeholders and the building of a more viable environment. Especially, in 2012, the following initiatives were carried out:

Corporate Actions
In March 2012, the "Innovation Days 2012" was organized at the Benaki Museum. The objective was to initiate a dialogue with the architecture community and construction sector members regarding the role of innovation in addressing construction challenges, creating a new development model and new perspectives for the construction sector in Greece. Particular emphasis was placed on the role of innovation in LAFARGE and the development of solutions - at the stage of buildings' design - responding to the challenges of modern construction.

In November 2012, the partnership between the Company and the Athens Concert Hall was announced, regarding the arrangement of GREAT - Greek Architectural Talent, a new institution aiming at promoting and highlighting Greek architectural creativity. The program focuses on the Greek architectural talent and the innovation that springs from it and attempts to enhance its appeal to the international architectural scene. As part of this partnership, architectural organizations will take place every two years, with the first one, GREAT 2013 - "Their First Buildings", concerning an architectural competition for undergraduate and postgraduate theses and their exposure to the Athens Concert Hall in 2013. The participants, in the context of this first initiative, are invited to submit their first comprehensive efforts for designing works capable of shaping the form of the cities and the environment of the future. An international jury will be responsible for selecting the best theses, which will be exhibited in the form of models, in the Athens Concert Hall, in May 2013.

In December, an exhibition "Greek landscapes by 12 painters: Maps and landscapes from the Heracles Cement Company collection" was inaugurated by the Company at the Benaki Museum, opening a new thematic cycle of exhibitions which purport to showcase certain undercurrent themes and to bring to light some lesser known aspects of the collection of works of art of the Company, which were especially painted for the annual calendars of the Company. This year's exhibit was built around maps of Greece created by 12 different painters, making up of an independent and original part of the collection, which is presented for the first time in public.

Moreover, the Company was Grand Sponsor of the exhibition "Young architects in France and Greece", which was inaugurated at the Benaki Museum in February 2012 and aimed at highlighting the younger architectural generation and its evolution over the last decade. This sponsorship reaffirms also in Greece LAFARGE's strong links to the world of architecture and its long-term strong commitment to the promotion of architecture innovation.

In addition, the Company financially supported the social work of "Ark of the World", a non-profit organization for special care and protection of mothers and children. Founded in 1998, the organization -along with a group of volunteers- takes care of about 400 children – infants to eighteen years old children- forming a community of humanity.

Stakeholders & Communities

Fostering dialogue with the stakeholders and the contribution to the communities, where the Group operates, remain vital to our role as corporate citizens. Local management teams remain the main pillar of the Group's participation, on a local level. In 2012, two meetings were held, which gave us the opportunity to discuss with our stakeholders, listen and learn from their observations, respond to their expectations and proceed with actions based on common interest and mutual understanding.

LAVA S.A. was sponsor of the 3rd Panhellenic Conference of Monuments Antiquity Restorations which took place at Benaki Museum. The Conference was a unique opportunity for LAVA products to be introduced to engineers, since 300 people from the research and the related technology field attended the conference.

LAVA S.A., in cooperation with the Road safety Institute "Panos Mylonas", organized in May at the Primary School of Nissyros the educational event "Thousands of paths but only one life!", which included theoretical and practical part and aimed at the awareness and the education of children on road safety issues. The students answered to a questionnaire on safe driving, while they participated – in groups- in interactive activities.

60 traffic wardens and 5 school directors from Volos had the opportunity to participate in a training course for safe road traffic around schools and the work of school traffic wardens. The workshop included basic tips for managing the traffic and the safe passage of students and it was implemented under the joint initiative of the Municipality of Volos and Volos Education Committee, with the participation of Volos Traffic Police and the support of Volos plant.

Two of the Company's environmental practices were awarded in the Environmental Awards 2013. Specifically, the initiative of Volos plant to use treated water from the beverage industry EPSA, in substitution of fresh-water, won the award in the category of Water Stewardship-Water Conservation. Volos plant also received the award in the category Waste Management-Symbiosis for the substitution of fossil fuels by biomass, reducing, thus, emissions of CO2.

A successful one-day meeting titled "Pumice Stone, the unique natural Greek hydroponics substrate" was carried out by LAVA S.A. in May, at the Briskios Library of Gargaliani in Messinia (Peloponesse). The aim of this one-day meeting was to initiate a dialogue with the farmers of Messinia and furthermore, to point out the role of innovative forms of cultivation and their perspective in Greece. Presentations on LAVA pumice stone as hydroponics substrate, the equipment for the control of the microclimate of the hydroponics greenhouses and the perspectives of the hydroponics cultivations in Messinia area were made.

LAVA S.A. participated in the event "Green City", which took place in May at the Zapio Hall yard in Athens, presenting all the applications of pumice to the public: a) as an ingredient of substrates for green roofs, b) as a means of soil improvement and c) as a means of soil cover in landscaping. The event aimed at encouraging the citizens of Athens to "green" their everyday life by all different means in their house, in their neighborhood, in their city.

Besides, in the framework of the events organized by the Municipality of Milos to celebrate the 40th Anniversary of World Environment Day on the 5th June 2012, LAVA S.A. offered small trees, which were grown in the nursery garden of the pozzolana quarry, in the Municipality of Milos Children Nursery, in the Kindergartens of Milos, in the "Three Caves" area and in Milos Adults Day Care Center, where the trees were planted in its courtyard by the members of the center.

With the participation of 35 children of Agria's second elementary school, a tree planting was held in May in Volos plant. The children had also the opportunity to attend a presentation of the plant's production process.

In the context of their programs, the Company's units created opportunities for stakeholders visiting and touring in their facilities during the first semester of 2012. Professors, doctoral candidates and post graduate students from the Agricultural University of Athens visited Yali quarry, in order to be informed about the pumice product. The specific group of scientists works on different experiments regarding the use of pumice in both agriculture and landscape architecture, in the context of research programs assigned by the subsidiary LAVA S.A. to the Agricultural University of Athens for the pumice sales development.

Internal Programs of Social Responsibility

A meeting regarding driving a car, motorbike and bicycle as well as pedestrian issues was held in April, at Milaki plant. The key pillars of the meeting were Comfort, Protection and Prevention and there was participation of employees' children, aged 16-25 years old. The material of the meeting was developed by the Training Department, aiming at raising awareness on road safety issues, initially for employees and then for their children. The program was titled "L for Life - Road Safety Community" and its content was adapted for young people and teenagers, aiming at the gradual participation of all employees' children.

A Road Safety Program for employees' children was held in October, at Volos plant. Children of ages 11 to 25 participated in the program. The objective of the program was to support the development of safe driving behavior, with prompt identification of risks and taking the appropriate measures to prevent accidents. Training is part of the Road Safety program that is held in our sites, by specially trained facilitators and with the assistance of interactive activities and audiovisual material.

In July, on the initiative of Milaki plant, a training of First Aid was organized at Milaki, in which 17 employees participated. The training included a theoretical and a practical part and was held by volunteers of the Red Cross.

The cooperation with the University of Thessaly, which focuses on two quarries in the vicinity of Volos plant and enhances the wider action plans on biodiversity, was continued in 2012. The scientific findings have been incorporated into the existing rehabilitation plan of an active quarry, Anavra, while the redevelopment of an inactive quarry, Agria, is re-planned. The benefits of our cooperation with the University will enable us to enhance the biodiversity in the area of Volos.

B. Prospects, major sources of risk and uncertainties for 2013

The downturn in the Greek real estate market is continued for one more year. As it is noted in the Alpha Bank's Economic Report, recession and tax burdens on real estate lead to excessive supply of houses for sale, while, on the demand side, no relative correspondence is met, therefore the decline in prices is accelerated. It is appreciated that, during the current year, the asking prices will decline in the residential properties by 15% - 20%, while in the properties for commercial use the decline will be even higher, reaching 30%. The price decline, however, according to the bank, is offset by the taxation policy applied on real estate. In specific, it is claimed that the taxation on property and the taxation on capital gains arising from the sale of residential property will not have the expected result, in terms of cash collection. This is not only due to the excessive tax levy on property possession but also due to discouragement of possible buyers, since the current low prices will be offset by the effect of the taxation on sale of property in the future.

Moreover, according to Alpha Bank's Economic Report, in the construction industry, the consumer confidence indicator continues following the historically low levels, despite the fact that it has been slightly improved reaching the 38,5 points in January 2013, compared to 35,6 points in December 2012. The evolution of the index mainly arises from the rise in business expectations in the construction of Public Works, due to the reduction in the balance of negative expectations for the employment, which offset the further decline of the planned actions. On the contrary, the business expectations in private construction were deteriorated, despite the significant improvement of the index of expectations in housing constructions.

The Bank of Greece Annual Report remains in the same line, based on data of the 3-month research held by the real estate agents and real estate consultants of Bank of Greece. According to the latter, the reduced demand in the Greek real estate market reflects the households' expectations for further easing of residential property prices and mainly their increased uncertainty about employment and future incomes. It is also associated with the general prospects addressing the fiscal and structural problems of the Greek economy. Furthermore, it is estimated that the more selective stance of banks in granting new loans, as well as the recent tax burdens on real estate property, have also contributed to the decline in demand.

It is pointed out, however, that the analysis of the recent data arising from the real estate agents' and real estate consultants' research, carried out in the end of the 3rd quarter 2012, depicts marginal stabilization of the market conditions, for both residential and commercial properties.

The prospect of growth in the real estate market depends – among others- on the improvement of the business and consumer expectations, on the improvement of the financing conditions by the banking system as well as on the enhancement of the prospect of growth in the Greek economy and thus the gradual elimination of uncertainty.

Especially for public works, according to the Bank of Greece Report, although the activity will be probably anemic for the first quarter of 2013, a start-over, even of limited scope, of the construction of the four major highways is expected by the 2nd quarter of 2013. Following the completion of the negotiations of the government with the construction companies in December 2012, what remains is the negotiation with the banks that are engaged with the financing and subsequently with the European Committee and finally, the approval of the new contracts by the Parliament. At the same time, tenders for other public works are in progress, among which the undertaking of the construction of co-financed works of various items (i.e. waste disposal management facilities), the renovation of airports and the expansion of metro stations in Athens and Thessaloniki.

In addition, a further improvement in cost competitiveness is expected, which in 2013, according to the Bank of Greece Report, will have covered the total losses of the period 2001-2009 as well as continuing growth of exports, especially towards countries outside EU.

The recapitalization and the boost to liquidity of the banks are expected to create conditions for amplifying the finance of the real economy and thus the construction activity.

All the above consist of important indications that the progress has started to be “shifted” to the real economy. Therefore, an expectation is noted that the recession will be gradually weakened, up to the end of 2013, and that the Greek economy will return to positive GDP rates during 2014.

Given the dramatic downturn of the domestic market, the Company and the Group, besides the continuing program of controlling cost and improving productivity growth, intensify their activity in the foreign markets, in order to partially offset the domestic market losses.

Despite that, the breakdown of the domestic market in substantially low levels, comparable to those in the decade of 60’s, sets as essential the structural problem of dealing with surplus production capacity of the Company, so that it becomes viable in the medium-term.

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 and its financial status, is in the position to achieve competitive interest rates and credit terms. Hence, the expenses 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, up to some extent, to the risk of exchange rate fluctuations. The risk is hedged with the use of derivatives, especially exchange futures. Furthermore, the Company purchases solid fuels in US Dollars and exports its products in the same currency, so these transactions constitute to some extent a natural hedge.

As of the Financial Report’s 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) The assessment of the remaining useful life of the Group’s and the Company’s fixed assets.

(b) The recoverability of the value of the Company’s investments in the share capital of subsidiaries and associates (note 15 of the Financial Statements).

(c) Doubtful debts from trade and other receivables (note 25.3 of the Financial Statements).

(d) Estimates of the recoverability of deferred tax assets (note 20 of the Financial Statements).

(e) Contingent losses from pending litigations (note 19 and 26 of the Financial Statements)

(f) 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).

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 article 43(a) para. 3(d) of L. 2190/1920, which is attached to the Annual Financial Report of the Company's Board of Directors in respect of fiscal year 2012, 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 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, promote its corporate objectives and enhance its 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 they are defined in article 43(a) para. 3(d)(bb) of 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 drawn up 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, drawn-up 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 financial report, six-month financial report, 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 (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 responsible bodies 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, up to 22.6.2012, consisted of the following members:

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

By 22.6.2012, the Company's Audit Committee members changed to the following:

1. Louis Chavane
2. Andreas G. Andreopoulos
3. Panos Kyriakopoulos

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;*]: The 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 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 L. 2190/1920, at least twenty (20) 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, unless 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 shareholder appearing under such capacity on the DSS files at the beginning of the fifth (5^{th}) day prior to the date of the General Meeting of Shareholders, or, in respect of any Repeated General Meetings, on the fourth (4^{th}) day prior to the date of the Repeated 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 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) individuals. 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, prior to the commencement of the General Meeting session, shall notify the 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 they 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 by 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 at least fifteen (15) 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 General Meeting and at the same time is 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 at least seven (7) days prior to the General Meeting, to be supplied with draft resolutions on the items on the agenda or revised agenda, under the publication formalities required by 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 postpone 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 postponement. The General Meeting held after postponement 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 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 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 constantly 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 six (6) to nine (9) members.

For the period 01.01.2012 to 22.06.2012 the effective Board of Directors consisted of eight (8) members, of which one (1) executive Director, five (5) non-executive Directors and two (2) independent, non-executive, Directors.

For the period 22.06.2012 to 31.12.2012 the effective Board of Directors consisted of six (6) members, of which one (1) executive Director, three (3) non-executive Directors and two (2) independent, non-executive 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	Louis Chavane	Vice-Chairman	Non-executive member
3	Pierre Deleplanque	Managing Director	Executive member
4	Jean – Charles Blatz	Member	Non-executive member
5	Andreas G. Andreopoulos	Member	Non-executive member
6	Panos Kyriakopoulos	Member	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 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 lasts three years and expires on 22.06.2015 and it can be automatically extended to the next Ordinary General Meeting of Shareholders of the Company of year 2015 which will approve the acts of financial year 2014.

Election / Replacement of Directors

The Directors are elected by the General Meeting of Shareholders through secret vote, in accordance with the provisions of 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 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 2012 the Board of Directors held thirteen (13) meetings in total.

Attendance of each Board Member at the 2012 meetings is presented in the following tables:

Meetings of the Board of Directors for the period 01.01.2012 to 22.06.2012

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	5	5	0
Peter James Hoddinott	5	1	4
Pierre Deleplanque	5	5	0
Jean - Jacques Gauthier	5	1	4
Perikles Nicolaou	5	5	0
Jean – Charles Blatz	5	1	4
Christos Sorotos	5	3	2
Agissilaos Karabelas	5	5	0

Meetings of the Board of Directors for the period 22.06.2012 to 31.12.2012

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	8	8	0
Pierre Deleplanque	8	8	0
Jean – Charles Blatz	8	3	5
Louis Chavane	8	1	7
Andreas G. Andreopoulos	8	8	0
Panos Kyriakopoulos	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.

Unless 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 senior-level 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 case the provisions of article 23 paras. 2 and 3 of 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 they 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 year 2012 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 180.500 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.

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 Statement of Financial Position

Heracles GCC, following a decision of the Company's Board of Directors on 25/03/2013, announces on 26/03/2013 the reorganization of its cement production structure. The aim of the reorganization is to address effectively the impact of the recession in the construction sector, to support the Company's viability and to ensure conditions for the business development of the Heracles Group, both in domestic and export markets.

The new structure comprises cement production by the Volos and Milaki plants, leveraging their competitive advantages, particularly their port facilities, to serve the domestic market and to enhance the Company's export presence in the wider Mediterranean region. The operation of Halkis plant is ceased permanently.

With the new operational structure the Company leverages the competencies of the Heracles two production facilities and supply chain, increases its productivity by 30%, ensures its viability and addresses the challenges of the future, strengthening and establishing its position as an export power for the Mediterranean region.

The production reorganization is estimated to have nonrecurring negative impact of €57 million on the 2013 financial results of the Heracles Company and the consolidated financial results of Heracles Group of Companies due to asset impairment, the cost of redundancy payments for staff, rehabilitation and restoration costs for the Halkis site. Regarding the coming years, it is estimated a positive impact of €18 million per year and increase of productivity.

Based on L. 4110/2013 “Settings on income taxation, regulation of issues concerning the Ministry of Finance and other provisions”, voted in January 2013, from year 2013 onwards, the income tax rate will be 26%. The Group estimated the effect of the change in tax rate for year 2012 and concluded that an additional deferred tax asset of 4.028 Euro thousand would occur.

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

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 Group 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 26.025 Euro thousand as well as receivable from LAFARGE BETON S.A. amounting to 3.154 Euro thousand.

The nature of the related party transactions for 2012 remains unchanged compared to the latest annual report as at 31 December 2011.

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

GROUP

Amounts in Euro thousand

	31/12/2012					
Related Parties	**Sales of goods and services**	**Purchases of goods and services**	**Royalties**	**Fees and other expenses**	**Receivables**	**Payables**
LAFARGE GROUP COMPANIES						
PERICLES S.A.	0	0	0	0	348	0
LAFARGE S.A.	28.167	1.393	5.252	0	0	3.641
CEMENTIA TRADING S.A.	70.510	1.286	0	0	6.057	0
OTHER LAFARGE GROUP COMPANIES	4.100	4.793	0	0	989	630
MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.	0	0	0	3.639	0	0
Total	**102.777**	**7.472**	**5.252**	**3.639**	**7.394**	**4.271**

COMPANY

Amounts in Euro thousand

	31/12/2012						
Related Parties	**Sales of goods and services**	**Purchases of goods and services**	**Royalties**	**Interest income**	**Fees and other expenses**	**Receivables**	**Payables**
HERACLES G.C.C. SUBSIDIARIES							
HERACLES MARITIME CO.	15	16.775	0	0	0	0	2.931
LAFARGE BETON S.A.	11.204	334	0	0	0	3.154	0
EVIESK S.A.	2	0	0	1.201	0	26.025	6.529
LAVA S.A.	312	1.245	0	0	0	0	122
AEGEAN TERMINALS S.A.	0	0	0	0	0	30	0
EDAKE S.A.	2	0	0	0	0	0	0
A. ΧΑΤΖΗΚΥΡΙΑΚΟΣ Ν.Ε.	1	0	0	0	0	2	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	0	0	22
ΔΥΣΤΟΣ Ν.Ε.	1	0	0	0	0	2	0
LAFARGE GROUP COMPANIES							
LAFARGE S.A.	28.167	1.354	4.407	0	0	0	2.589
CEMENTIA TRADING S.A.	68.378	1.278	0	0	0	6.057	0
OTHER LAFARGE GROUP COMPANIES	3.480	4.553	0	0	0	685	554
MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.	0	0	0	0	2.329	0	0
Total	**111.563**	**25.539**	**4.407**	**1.201**	**2.329**	**35.955**	**12.747**

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 26/3/2013 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 twenty million eight hundred and forty thousand six hundred and one euros and ninety cents (120.840.601,90€), divided into seventy one million eighty two thousand seven hundred and seven (71.082.707) shares, with a nominal value of one euro and seventy cents (1,70€) each. All shares are traded in 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 holdings within the context of the provisions of P.D. 51/1992, as it was in force, and herein L. 3556/2007.

As at 31/12/2012 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 the 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, 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

	31/12/2012		
	Number of shares	Nominal value per share	Share capital
GROUP COMPANIES			
HERACLES MARITIME CO.	592.466	2,24	1.327.124
LAFARGE BETON S.A.	6.002.699	1,00	6.002.699
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, Aliveri, Evia
3. HALKIS, Mikro Vathi, Avlida, Halkis

Branch

4. 15 K. Pateli str., Lycovrissi

Distribution Terminals

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

Warehouse

12. 49-51 Soph. Venizelou Str, Lycovrissi

Quarries

13. Platanos, Almiros-Magnissia

Various

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

LAFARGE BETON

Concrete units

1. Koropi, Attica, 28th km Varis- Koropiou ave.
2. Metamorphossi, Attica, 12 Amaliados str.
3. Agios I.Rentis, Attica, 19, 28th October str.
4. Voulia, Siros
5. Marathi, Paros
6. Ageria, Paros
7. Larsos, Lesvos
8. Antimahia, Kos
9. Neohorouda, Thessaloniki
10. Strofi, Lakia, Thessaloniki
11. Sesklo, Magnissia
12. Lamia, Fthiotida, 2nd km of Lamia-Domokos road
13. Platanias, Fthiotida
14. Tragana, Fthiotida
15. Tholos, Chios
16. Lefka, Achaia
17. Aliveri, Evia
18. Drimos, Thessaloniki
19. Polikastro, Kilkis
20. Leventoxori, Kilkis
21. Rafina, Attica
22. Diavata, Thessaloniki
23. 9th km Heraklion – Chania

Quarries

24. Araxos, Ahaia
25. Tragana, Fthiotida
26. Voulia, Siros
27. Aliveri, Evia
28. Kampi, Artas
29. Valanidousa, Prevesa
30. Pitharia Pigis, Lesvos
31. Mikro Dasos, Polikastro, Kilkis
32. Mesaio, Thessaloniki

Aggregates trade

33. Almiros, Volos

Aggregates warehouses

34. Lazareta, Siros

Limestone (not active)

35. Milaki, Evia

Offices

36. 19,3 Km Markopoulou Avenue, Paiania Attica
37. P.Vostani and Mitr.Iakovou, Mitilini
38. 3 Ag. Apostolon and Handakos – Chios

Subsidiaries

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

<u>LAVA Quarrying and Mining S.A.</u>

Quarries

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

Warehouses

4. Drapetsona, 1 Kontopoulou str., 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, 26/3/2013

By order of the Board of Directors

PIERRE DELEPLANQUE

Managing Director

Deloitte.

Hadjipavlou Sofianos & Cambanis S.A.

Assurance & Advisory Services

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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, 2012, 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, 2012, 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, 2013

The Certified Public Accountants

Epaminondas H. Giouroukos	Fotini D. Giannopoulou
Reg. No SOEL: 10351	Reg. No SOEL: 24031

Deloitte.
Hadjipavlou Sofianos & Cambanis S.A.
Assurance & Advisory Services
3a Fragoklissias & Granikou Str.
151 25 Marousi
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 2012

The Group and Company Financial Statements on pages 29 to 91 were approved by the Board of Directors in its meeting on Tuesday 26 March 2013 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	**PIERRE DELEPLANQUE**	**MICHALIS T. MICHELIS**
I.D. CARD No. AZ 007012	**PASSPORT No. 07CV39073**	**EC.CC.REG. No.29960 A' CLASS**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

Amounts in Euro thousand	NOTE	GROUP		COMPANY	
		1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Operating results					
Turnover	5,6	228.161	277.515	201.774	239.402
Cost of sales	8	(235.364)	(244.943)	(211.260)	(212.872)
Gross profit / (loss)		**(7.203)**	**32.572**	**(9.486)**	**26.530**
Administrative & distribution expenses	8	(39.707)	(42.952)	(25.650)	(26.206)
Other operating income / (expenses)	7	(42.714)	(40.262)	(33.705)	(34.393)
Impairment of investments in subsidiaries	10	0	0	(22.964)	(10.762)
Operating profit / (loss)		**(89.624)**	**(50.642)**	**(91.805)**	**(44.831)**
Finance income / (expenses)	6,9	2	(5.124)	3.087	(2.144)
Profit / (loss) for the year before tax		**(89.622)**	**(55.766)**	**(88.718)**	**(46.975)**
Income tax	11	13.120	(98)	12.333	689
Net profit / (loss) for the year after tax	6	**(76.502)**	**(55.864)**	**(76.385)**	**(46.286)**
Allocated to:					
Non controlling interest		**(227)**	**34**	**0**	**0**
Company's Shareholders		**(76.275)**	**(55.898)**	**(76.385)**	**(46.286)**
		(76.502)	**(55.864)**	**(76.385)**	**(46.286)**
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings / (losses) per share (in €)	12	(1,08)	(0,79)	(1,07)	(0,65)

Notes from page 34 through to page 91 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Net profit / (loss) for the year after tax	**(76.502)**	**(55.864)**	**(76.385)**	**(46.286)**
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	1.041	0	1.041
Actuarial gain / (loss) recognised directly in equity, net of deferred tax	1.784	(404)	1.882	(312)
Other equity movements	(14)	75	0	0
Other comprehensive income for the year, after tax	**1.770**	**712**	**1.882**	**729**
Total comprehensive income for the year, after tax	**(74.732)**	**(55.152)**	**(74.503)**	**(45.557)**

Notes from page 34 through to page 91 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

Amounts in Euro thousand	NOTE	GROUP		COMPANY	
		31/12/2012	31/12/2011	31/12/2012	31/12/2011
Fixed assets or non-current assets					
Goodwill		29.480	29.480	0	0
Intangible assets	13	2.533	3.305	500	1.056
Tangible assets	14	430.038	456.076	396.881	420.226
Investments in associates and subsidiaries	15	0	0	47.472	70.436
Other investments	16	56	56	56	56
Other non-current receivables	25.2	7.102	15.605	6.561	42.772
Deferred tax asset	20	13.426	2.859	12.469	2.052
Total fixed assets or non-current assets		**482.635**	**507.381**	**463.939**	**536.598**
Current assets					
Inventories	17	57.462	57.078	52.011	50.721
Trade receivables	25.3	49.271	97.102	41.701	71.816
Other receivables	25.3	9.764	9.628	33.158	6.114
Derivative financial instruments	25.6	38	58	38	58
Fixed assets available for sale	14	0	9.044	0	9.044
Cash and cash equivalents	25.4	61.598	145.924	58.130	131.380
Income tax receivable	11	2.698	10.866	1.768	10.247
Total current assets		**180.831**	**329.700**	**186.806**	**279.380**
Total assets		**663.466**	**837.081**	**650.745**	**815.978**
Non-current liabilities					
Provision for staff termination indemnity	18	36.698	56.973	34.817	53.999
Other non-current provisions	19	19.027	18.886	37.809	36.254
Deferred tax liabilities	20	0	914	0	0
Finance lease liabilities	25.7	152	212	9	49
Total non-current liabilities		**55.877**	**76.985**	**72.635**	**90.302**
Current liabilities					
Provision for staff termination indemnity	18	3.493	6.193	3.217	5.854
Trade payables	25.5	80.872	77.856	73.208	66.114
Other payables	25.5	17.584	20.335	16.743	19.914
Income tax liability	11	68	0	0	0
Finance lease liabilities	25.7	220	311	94	79
Other current provisions	19	1.204	5.971	823	5.517
Dividends payable		129	138	129	138
Bank loans	25.4	57.155	58.035	0	0
Total current liabilities		**160.725**	**168.839**	**94.214**	**97.616**
Total liabilities		**216.602**	**245.824**	**166.849**	**187.918**
Equity					
Share capital	22	120.841	190.502	120.841	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	0	0	0
Retained earnings		150.179	224.684	199.606	274.109
Total Shareholders' equity		**446.995**	**591.161**	**483.896**	**628.060**
Non controlling interest		(131)	96	0	0
Total equity		**446.864**	**591.257**	**483.896**	**628.060**
Total liabilities and equity		**663.466**	**837.081**	**650.745**	**815.978**

Notes from page 34 through to page 91 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

Amounts in Euro thousand

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Non controlling interest	Total
Balance at 1/1/2012	**190.502**	**1.279**	**174.696**	**0**	**224.684**	**96**	**591.257**
Profit / (loss) for the year	0	0	0	0	(76.275)	(227)	**(76.502)**
Share capital increase / (decrease)	(69.661)	0	0	0	0	0	**(69.661)**
Actuarial gain / (loss), net of deferred tax	0	0	0	0	1.784	0	**1.784**
Other equity movements	0	0	0	0	(14)	0	**(14)**
Balance at 31/12/2012	**120.841**	**1.279**	**174.696**	**0**	**150.179**	**(131)**	**446.864**
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**

Amounts in Euro thousand

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Total
Balance at 1/1/2012	**190.502**	**1.279**	**162.170**	**0**	**274.109**	**628.060**
Profit / (loss) for the year	0	0	0	0	(76.385)	**(76.385)**
Share capital increase / (decrease)	(69.661)	0	0	0	0	**(69.661)**
Actuarial gain / (loss), net of deferred tax	0	0	0	0	1.882	**1.882**
Balance at 31/12/2012	**120.841**	**1.279**	**162.170**	**0**	**199.606**	**483.896**
Balance at 1/1/2011	**190.502**	**1.279**	**162.170**	**(1.041)**	**320.707**	**673.617**
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**	**274.109**	**628.060**

Notes from page 34 through to page 91 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED 31 DECEMBER 2012

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Operating activities				
Profit / (loss) of the year before tax	(89.622)	(55.766)	(88.718)	(46.975)
Plus / less adjustments for:				
Depreciation	40.355	45.216	37.073	41.722
Impairment of tangible and intangible fixed assets	469	21.748	230	21.748
Provisions	20.520	18.439	36.168	24.421
Foreign exchange differences	(237)	1.018	(217)	1.128
Gain /(loss) from derivatives valuation	20	(71)	20	(71)
Income / (expenses), profit / (losses) from investing activities	(2.608)	(568)	(3.781)	(1.544)
Interest and related expenses	3.109	7.035	1.080	4.633
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(1.357)	(6.154)	(2.356)	(5.931)
Decrease / (increase) in receivables	15.859	6.541	7.639	5.509
(Decrease) / increase in liabilities (excl. bank loans)	7.069	(16.470)	11.524	(16.322)
Less :				
Interest and related expenses paid	(2.413)	(2.999)	(589)	(565)
Taxes paid	(630)	(8.637)	(274)	(7.451)
Total inflow / (outflow) from operating activities (a)	**(9.466)**	**9.332**	**(2.201)**	**20.302**
Investing activities				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	(1)	0	(31)
Intercompany loans	0	0	(30)	0
Proceeds from repayments of intercompany loans	0	0	1.675	0
Purchases of tangible and intangible fixed assets	(5.942)	(17.917)	(5.374)	(16.490)
Proceeds from disposals of tangible and intangible assets	1.462	965	1.069	755
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	100	200	0	0
Interest received	221	1.110	1.306	1.941
Total inflow / (outflow) from investing activities (b)	**(4.159)**	**(15.643)**	**(1.354)**	**(13.825)**
Financing activities				
Proceeds / (payments) from share capital increase / (decrease)	(69.661)	0	(69.661)	0
Loan proceeds	3.969	56.249	0	0
Loan repayments	(4.849)	(41.823)	0	(1.017)
Payments of obligations under finance leases	(151)	(193)	(25)	(42)
Dividends paid	(9)	0	(9)	0
Total inflow /(outflow) from financing activities (c)	**(70.701)**	**14.233**	**(69.695)**	**(1.059)**
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	**(84.326)**	**7.922**	**(73.250)**	**5.418**
Cash and cash equivalents at the beginning of the year	**145.924**	**138.002**	**131.380**	**125.962**
Cash and cash equivalents at the end of the year	**61.598**	**145.924**	**58.130**	**131.380**

Notes from page 34 through to page 91 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 31/12/2012) 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

IFRS 7 (Amendment) "Financial Instruments: Disclosures" – transfers of financial assets
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 reporting entity has continuing involvement. It also provides guidance on applying the disclosure requirements. This amendment does not affect the Group's financial statements.

Standards and Interpretations effective from periods beginning on or after 1 January 2013

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.

IAS 12 (Amendment) "Income Taxes" (Effective for annual periods beginning on or after 1 January 2013)
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 is not relevant to the Group.

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.

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.

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

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.

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.

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.

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.

Group of standards on consolidation and joint arrangements (effective for annual periods beginning on or after 1 January 2014)

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 2014. Earlier application is permitted only if the entire "package" of five standards is adopted at the same time. The Group is in the process of assessing the impact of the new standards on its consolidated financial statements. 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.

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

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 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.

IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance” (effective for annual periods beginning on or after 1 January 2013)
The amendment to the transition requirements in IFRSs 10, 11 and 12 clarifies the transition guidance in IFRS 10 and limits the requirements to provide comparative information for IFRS 12 disclosures only to the period that immediately precedes the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities. These amendments have not yet been endorsed by the EU.

IFRS 10, IFRS 12 and IAS 27 (Amendment) “Investment entities” (effective for annual periods beginning on or after 1 January 2014)
The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make. These amendments have not yet been endorsed by the EU.

Amendments to standards that form part of the IASB’s 2011 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB’s annual improvements project. These amendments are effective for annual periods beginning on or after 1 January 2013 and have not yet been endorsed by the EU.

IAS 1 “Presentation of financial statements”
The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either (a) as required by IAS 8 “Accounting policies, changes in accounting estimates and errors” or (b) voluntarily.

IAS 16 “Property, plant and equipment”
The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, i.e. when they are used for more than one period.

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

IAS 32 “Financial instruments: Presentation”
The amendment clarifies that income tax related to distributions is recognised in the income statement and income tax related to the costs of equity transactions is recognised in equity, in accordance with IAS 12.

IAS 34, ‘Interim financial reporting’
The amendment clarifies the disclosure requirements for segment assets and liabilities in interim financial statements, in line with the requirements of IFRS 8 “Operating segments”.

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 as of the Financial Report’s date, 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 2011, which are available on the Company’s website www.lafarge.gr.

The primary accounting principles 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 of 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 profit or loss 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 interests’ share of subsequent 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 interest has a binding obligation and is able to make an additional investment to cover the losses.

3. ACCOUNTING PRINCIPLES – continued

Acquisitions of Subsidiaries

The acquisition 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 offered, 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.

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

In the Company's Financial Statements, investments in subsidiaries and associates are carried at cost, less any later impairment provisions. On an annual basis or whenever events or circumstances suggest that there may be an indication of impairment, the Company examines the carrying value of the above investments 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 profit or loss, the assets and the 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 at cost in the consolidated Statement of Financial Position, 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.

3. ACCOUNTING PRINCIPLES – continued

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 it is measured at cost decreased by any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the Group's cash generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose. 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 respective under-control unit's value could be impaired. If the unit's recoverable amount is lower than its respective carrying amount, the resulting loss reduces first the carrying amount of the goodwill allocated to the specific unit and then to the unit's remaining assets, pro rata, based on the carrying amount of each asset's participation in the specific unit. The loss resulting from goodwill impairment is recognised in profit and loss and is not reversed in the following periods.

At the disposal 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 interests in 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.

3. ACCOUNTING PRINCIPLES – continued

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 risks and rewards of ownership
- 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 economic benefits associated with the transaction will flow to the Group
- The cost incurred or to be incurred in relation to the transaction can be reliably measured

Income arising from contracts concerning rendering of services is recognised in profit or loss upon completion of the rendering of services or with reference to the completion stage of the transaction.

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 in profit or loss 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 outcome of a construction project can be reliably estimated, contractual revenue and costs are recognised in profit or loss depending on the project's percentage of completion at 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 outcome of a construction project cannot be reliably estimated, contractual revenue must be recognised in profit or loss, to the extent that it is probable that contractual costs incurred will be recovered. Contractual costs shall be included in the profit or loss of the year in which they are incurred. When it is likely that the total contractual cost will exceed the total contractual revenue, the expected loss will immediately be charged to profit or loss.

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.

3. ACCOUNTING PRINCIPLES – continued

Transactions in foreign currency - continued

Profits and losses resulting from liquidation or settlements of monetary assets, or from the valuation at current exchange rates as at 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 profit or loss, 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 of the year, unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses of the period in which the operation is disposed of.

Government grants / subsidies

Government grants are not recognised until there is reasonable assurance that the Group will comply with attached conditions 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 or loss over the expected useful lives of the assets concerned. Government subsidies relating to staff training expenses shall be recognised to profit or loss 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 profit or loss, 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.

3. ACCOUNTING PRINCIPLES – continued

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.

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 special 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 current tax rates 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.

3. ACCOUNTING PRINCIPLES – continued

Deferred tax - continued

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 profit or loss, 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 assets shall be offset when there is a legal right that allows the offsetting of current tax assets 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 assets and liabilities on a net basis.

Intangible assets

Intangible assets relate to software measured at acquisition cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged to profit or loss on a straight-line basis over their estimated useful life, 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 estimates 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 assets may exceed their 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 valuators, 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 losses.

3. ACCOUNTING PRINCIPLES – continued

Tangible assets - continued

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)	Group	Company
Buildings	5 - 30	10 - 30
Machinery	5 - 30	15 - 30
Vechicles, 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.

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 expectation that 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.

3. ACCOUNTING PRINCIPLES – continued

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 the 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, such 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 in the income statement immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost 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.

3. ACCOUNTING PRINCIPLES – continued

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 for 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.

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, readily convertible into an identifiable amount of cash 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.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Leases – continued

B. Finance leases

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

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 affected. 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 objectively related 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 of the impairment reversal 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.

3. ACCOUNTING PRINCIPLES – continued

Financial instruments - continued

Derivative financial instruments and hedging accounting

The Group's activities are primarily exposed 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 is 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 to fair value at 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 profit or loss as "Financial income/(expenses)".

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 profit or loss 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 profit or loss 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 estimates are revised, if the revisions affect only the specific period, or also future periods.

The following are the accounting judgements that Management has made in the process of applying the Group's accounting policies and they 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 its fair value less cost to sell and its value in use. The assessment of these values is based on estimates and subjective assumptions.

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

- useful lives and recoverable amounts of depreciable tangible and intangible assets
- recoverable amounts of real estate property
- recoverable amounts of investments in subsidiaries and associates, in the individual Financial Statements

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

- the amount of provisions for quarry restoration, staff retirement compensation, unaudited tax years, pending litigations and labour law compliance cases
- the recoverability of deferred tax asset

Income tax is determined on the basis of the best possible 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.

As of the Financial Report's 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) The assessment of the remaining useful life of the Group's and the Company's fixed assets.

(b) The recoverability of the value of the Company's investments in the share capital of subsidiaries and associates (note 15 of the Financial Statements).

(c) Doubtful debts from trade and other receivables (note 25.3 of the Financial Statements).

(d) Estimates of the recoverability of deferred tax assets (note 20 of the Financial Statements).

(e) Contingent losses from pending litigations (notes 19 and 26 of the Financial Statements)

(f) 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).

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	
	1/1-31/12/2012	**1/1-31/12/2011**	**1/1-31/12/2012**	**1/1-31/12/2011**
Income from sale of finished and semi-finished products	216.326	264.215	193.442	230.094
Income from sale of merchandise	6.173	7.438	6.173	7.439
Income from services	5.662	5.862	2.159	1.869
	228.161	**277.515**	**201.774**	**239.402**

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, gross operating income / (loss) before depreciation, operating income / (loss), financial income and expenses and total assets.

In 2012, Management evaluated segment performance based on gross operating income / (loss) before depreciation instead of current operating income.

"Gross operating income / (loss) before depreciation" is defined by Management as the income of the Company and the Group before taxes, finance income / (expenses), non-recurring income / (expenses) and depreciation. Segment information is presented below:

31/12/2012

Amounts in Euro thousand

	Cement Division	**Concrete Division**	**Aggregates Division**	**Eliminations**	**Total Group**
Turnover	207.308	23.975	7.811	(9.866)	**229.228**
Gross operating income / (loss) before depreciation	18.709	(3.728)	(1.558)	0	**13.423**
Operating income / (loss)	(69.116)	(14.057)	(5.538)	0	**(88.711)**

31/12/2011

	Cement Division	**Concrete Division**	**Aggregates Division**	**Eliminations**	**Total Group**
Turnover	241.868	41.024	11.407	(16.625)	**277.674**
Gross operating income / (loss) before depreciation	33.448	(9.379)	(1.871)	0	**22.198**
Operating income / (loss)	(38.622)	(16.248)	(6.626)	916	**(60.580)**

The comparative data of prior year has been adjusted for presentation purposes.

6. OPERATING SEGMENTS – continued

Amounts in Euro thousand

Total Assets as per Management Reporting	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
31/12/2012	686.418	62.441	44.994	(135.967)	**657.886**
31/12/2011	835.152	78.692	51.695	(133.541)	**831.998**

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

	31/12/2012	31/12/2011
Turnover per Management Reporting	**229.228**	**277.674**
Timing difference on revenue recognition	(530)	0
Discount reclassification between Turnover and Cost of Sales	(537)	(159)
Turnover per Published Income Statement	**228.161**	**277.515**

Amounts in Euro thousand

	31/12/2012	31/12/2011
Management Reporting		
Gross operating income before depreciation	13.423	22.198
Depreciation	(38.936)	(44.234)
Non-recurring income / (expenses)	(63.198)	(38.544)
Operating Income / (loss) per Management Reporting	**(88.711)**	**(60.580)**
Reconciliation to Published Income Statement		
Timing difference on revenue recognition	(530)	530
Difference in fixed assets depreciation resulting from allocation of goodwill	0	6.386
Adjustment in stock valuation	(1.236)	1.404
Provisions and liabilities recognised in different periods	551	1.058
Cost allocation between administrative and finance expenses	1.808	2.344
Difference in fixed assets depreciation	(845)	(1.107)
Other timing differences	(661)	(677)
Operating Income / (loss)	**(89.624)**	**(50.642)**
Net financial income /(expenses)	2	(5.124)
Profit / (loss) before tax	**(89.622)**	**(55.766)**
Income tax	13.120	(98)
Net profit / (loss) for the year after tax	**(76.502)**	**(55.864)**

The comparative data of prior year has been adjusted for presentation purposes.

6. OPERATING SEGMENTS – continued

Amounts in Euro thousand

	31/12/2012	31/12/2011
Total Financial Income / (Expenses) per Management Reporting	**(2.134)**	**1.122**
Cost allocation between administrative and finance expenses	(1.808)	(2.344)
Difference in exchange rate differences	(266)	195
Long-term receivables discounting effect recognised in different period	4.168	(4.089)
Other	42	(8)
Total Financial Income / (Expenses) per Published Income Statement	**2**	**(5.124)**

Amounts in Euro thousand

	31/12/2012	31/12/2011
Total Assets per Management Reporting	**657.886**	**831.998**
Difference in deemed cost of fixed assets	14.224	16.065
Adjustment in stock valuation	0	1.236
Timing difference on revenue recognition	0	530
Additional provision for doubtful debts	0	(307)
Total assets of non consolidated entity	(3.839)	(3.865)
Long-term receivables discounting effect	79	(4.089)
Deferred tax difference	(4.096)	(2.773)
Other	(788)	(1.714)
Total Assets per Published Statement of Financial Position	**663.466**	**837.081**

There has been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

The Group and Company operate in the following countries:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2012	**1/1-31/12/2011**	**1/1-31/12/2012**	**1/1-31/12/2011**
Greece	150.738	231.645	131.352	198.447
Switzerland	70.510	41.040	68.378	39.879
Other countries	6.913	4.830	2.044	1.076
	228.161	**277.515**	**201.774**	**239.402**

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

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	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Profit / (loss) from fixed asset disposals	(171)	(707)	(68)	(577)
(Impairment) / Reversal of impairment of tangible fixed assets	(469)	(21.748)	(230)	(21.748)
(Provision) / Reversal of provision for obsolecence of spare parts	0	(4.558)	0	(4.558)
(Provision) / Reversal of provision for share in losses of subsidiaries	0	0	(1.524)	(1.494)
(Provision) / Reversal of provision for doubtful receivables	(41.397)	(13.332)	(31.193)	(6.016)
Other income / (expenses)	(677)	83	(690)	0
	(42.714)	**(40.262)**	**(33.705)**	**(34.393)**

8. COST OF SALES – ADMINISTRATIVE & DISTRIBUTION EXPENSES

Cost of sales as well as administrative & distribution expenses mostly include the following:

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Amortisation of intangible assets	887	1.038	599	663
Depreciation of tangible assets	39.475	44.303	36.474	41.134
Amortisation of grants	(7)	(125)	0	(75)
Total depreciation & amortisation	40.355	45.216	37.073	41.722
Movement of finished and semi-finished products	1.235	944	1.819	346
Consumption of raw, auxiliary materials, consumables and spare parts	73.129	86.258	57.007	61.903
Cost of goods sold	74.364	87.202	58.826	62.249
Employer's contribution	12.612	14.789	10.748	12.532
Salaries and other personnel benefits	58.431	71.113	50.805	61.351
Provision for staff termination indemnity	5.610	5.827	5.136	5.375
Staff termination incentives / change in insurance plan	9.996	3.835	9.995	2.549
Total personnel expenses	86.649	95.564	76.684	81.807
Other expenses	73.703	59.913	64.327	53.300
Total	**275.071**	**287.895**	**236.910**	**239.078**

The number of Group and Company personnel as at 31 December 2012 is analysed as follows:

	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Number of personnel	1.223	1.475	978	1.190

9. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Income				
Interest received and related income	2.779	1.290	3.849	2.120
Foreign exchange income	414	743	338	298
Income from derivatives	0	71	0	71
	3.193	2.104	4.187	2.489
Expenses				
Interest and related expenses	3.109	7.035	1.080	4.633
Loss from derivatives	20	0	20	0
Foreign exchange losses	62	193	0	0
	3.191	7.228	1.100	4.633
Total	**2**	**(5.124)**	**3.087**	**(2.144)**

An amount of 454 Euro thousand is included in interest and related expenses of the Group and the Company, for 2012, concerning discounting of long-term receivables. The corresponding amount for 2011 was 3.970 Euro thousand.

10. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

The Company recognised in the Financial Statements as at 31/12/2012 an impairment loss amounting to 22.964 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 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 31/12/2012. 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.

Correspondingly, the Company had recognised in the Financial Statements as at 31/12/2011 an impairment loss amounting to 10.612 Euro thousand concerning its investment in the above-mentioned consolidated subsidiary.

11. INCOME TAX

Amounts in Euro thousand

	GROUP		COMPANY	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Income tax	192	505	0	564
Deferred taxation (Note 20)	(11.928)	(4.603)	(10.887)	(4.654)
Tax audit differences	(2.387)	3.316	(2.355)	2.636
Other taxes	1.003	880	909	765
Total	**(13.120)**	**98**	**(12.333)**	**(689)**

The income tax benefit of the year mostly represents deferred tax revenue as well as reversal of provision for unaudited years due to the completion of the tax audits of the Company for years 2009-2011. The applicable income tax rate for years 2012 and 2011 is 20%.

11. INCOME TAX – continued

In July of 2012, the tax audit of the company HERACLES G.C.C. for the years 2009-2010 was completed. An amount of 2.606 Euro thousand was charged as additional tax obligation and surcharges. The reversal of tax provision for the above audited years, including 2011, that had been recognised by the Company, was 4.820 Euro thousand. These amounts have been recognised in the income statement.

Income tax is analysed as follows:

Amounts in Euro thousand	GROUP				COMPANY			
	1/1-31/12/2012		1/1-31/12/2011		1/1-31/12/2012		1/1-31/12/2011	
		%		%		%		%
Profit / (loss) before taxes	(89.622)	20%	(55.766)	20%	(88.718)	20%	(46.975)	20%
Income tax at the current tax rate 20%	(17.924)	20%	(11.153)	20%	(17.744)	20%	(9.395)	20%
Expenses not deductible in determining taxable profit - permanent differences	2.061	-2%	2.877	-5%	715	-1%	1.157	-2%
Reversal of deferred tax liability due to restatement of tax basis of fixed assets.	(513)	1%	0	0%	(340)	0%	0	0%
Effect of different tax rates of subsidiaries operating under a different tax status.	45	0%	(7)	0%	0	0%	0	0%
Tax losses not carried forward	1	0%	2.346	-4%	0	0%	0	0%
Use of previous years' tax losses	1.650	-2%	0	0%	1.650	-2%	0	0%
Tax audit differences	(2.387)	3%	3.316	-6%	(2.355)	3%	2.636	-6%
Other permanent differences	756	-1%	1.692	-3%	779	-1%	1.627	-3%
Participation to impairment of investments and share in losses of subsidiaries	0	0%	0	0%	4.898	-6%	2.451	-5%
Non-recognised deferred tax asset due to non-recoverability / (reversal)	2.188	-2%	147	0%	(845)	1%	70	0%
Other taxes	1.003	-1%	880	-2%	909	-1%	765	-2%
	(13.120)	15%	98	0%	(12.333)	14%	(689)	1%

The comparative data of the Group and the Company for 2011 have been adjusted for presentation purposes.

Income tax receivables and payables are analysed as follows:

	GROUP		COMPANY	
Amounts in Euro thousand	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Receivables				
Income tax receivable	2.698	10.866	1.768	10.247
Total tax receivables	**2.698**	**10.866**	**1.768**	**10.247**
Payables				
Income tax payable	(68)	0	0	0
Total tax payables	**(68)**	**0**	**0**	**0**
Total	**2.630**	**10.866**	**1.768**	**10.247**

There has been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

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	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Net profit / (loss) for the year after tax	(76.502)	(55.864)	(76.385)	(46.286)
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	**(1,08)**	**(0,79)**	**(1,07)**	**(0,65)**

13. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiaries. The following table shows the movement for the years 1/1-31/12/2012 and 1/1-31/12/2011:

Amounts in Euro thousand	GROUP	COMPANY
COST		
1 January 2011	**16.522**	**11.979**
Additions	310	234
Disposals / Write-offs	(15)	0
31 December 2011	**16.817**	**12.213**
Additions	115	43
31 December 2012	**16.932**	**12.256**
ACCUMULATED DEPRECIATION		
1 January 2011	**12.474**	**10.494**
Depreciation charge	859	663
Amortisation of allocation of goodwill	179	0
31 December 2011	**13.512**	**11.157**
Depreciation charge	708	599
Amortisation of allocation of goodwill	179	0
31 December 2012	**14.399**	**11.756**
CARRYING AMOUNT		
31 December 2011	**3.305**	**1.056**
31 December 2012	**2.533**	**500**

14. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years 1/1-31/12/2012 and 1/1-31/12/2011:

Amounts in Euro thousand

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST						
1 January 2011	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**
Additions	129	7	644	88	4.457	5.325
Disposals / Write-offs	0	(334)	(479)	(609)	(47)	(1.469)
Transfers of assets under construction	200	7.525	11.043	61	(18.829)	0
31 December 2012	**76.101**	**268.364**	**477.387**	**26.571**	**11.536**	**859.959**
ACCUMULATED DEPRECIATION						
1 January 2011	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**
Depreciation charge	166	15.024	22.720	1.401	0	39.311
Amortisation of allocation of goodwill	164	0	0	0	0	164
Impairment of fixed assets	0	15	243	3	208	469
Disposals / Write-offs	0	(301)	(237)	(461)	0	(999)
Subsidies of fixed assets	0	(5)	(2)	0	0	(7)
31 December 2012	**5.012**	**144.406**	**260.980**	**19.315**	**208**	**429.921**
NET BOOK VALUE						
31 December 2011	**71.090**	**131.493**	**227.923**	**8.659**	**25.955**	**465.120**
31 December 2012	**71.089**	**123.958**	**216.407**	**7.256**	**11.328**	**430.038**
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**
Presented in Balance Sheet 31/12/2012 as:						
Tangible assets	**71.089**	**123.958**	**216.407**	**7.256**	**11.328**	**430.038**
Fixed assets available for sale	**0**	**0**	**0**	**0**	**0**	**0**
	71.089	**123.958**	**216.407**	**7.256**	**11.328**	**430.038**

During the current year, Halkis plant was operating mainly as cement grinding station and as a distribution terminal.

The impairment of fixed assets for 2011, of amount 21.748 Euro thousand, concerns the impairment of production line of kiln D’ in the Halkis plant (amount 21.226 Euro thousand) and the impairment of production line 3 in the Volos plant (amount 522 Euro thousand).

14. TANGIBLE ASSETS - continued

The above assets include the carrying amount of the inventories, buildings and machinery amounting to 3.485 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 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. As at 31/3/2012, the fixed assets held for sale were reclassified to the tangible assets, as the relative contest did not have any result. The movement in the fixed assets held for sale is analysed in the following table:

Amounts in Euro thousand

GROUP

	Land	Buildings	Machinery	Total
31 December 2011	4.128	4.593	323	9.044
Transfers to fixed assets	(4.128)	(4.593)	(323)	(9.044)
31 December 2012	**0**	**0**	**0**	**0**

14. TANGIBLE ASSETS - continued

The following table shows the relevant Company tangible assets movements for the years 1/1-31/12/2012 and 1/1-31/12/2011:

Amounts in Euro thousand

COMPANY	**Land and quarries**	**Buildings**	**Machinery**	**Vehicles, Furniture and other equipment**	**Assets under construction**	**Total**
COST						
1 January 2011	**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**
Additions	129	0	552	27	3.870	4.578
Disposals / Write-offs	0	(286)	(361)	(119)	0	(766)
Transfers of assets under construction	200	7.450	10.480	29	(18.159)	0
31 December 2012	**56.900**	**257.220**	**450.661**	**16.828**	**10.368**	**791.977**
ACCUMULATED DEPRECIATION						
1 January 2011	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**
Depreciation charge	13	14.472	21.141	848	0	36.474
Impairment of fixed assets	0	0	230	0	0	230
Disposals / Write-offs	0	(256)	(136)	(111)	0	(503)
31 December 2012	**614**	**138.395**	**244.021**	**12.066**	**0**	**395.096**
NET BOOK VALUE						
31 December 2011	**55.970**	**125.877**	**217.204**	**5.562**	**24.657**	**429.270**
31 December 2012	**56.286**	**118.825**	**206.640**	**4.762**	**10.368**	**396.881**
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**
Presented in Balance Sheet 31/12/2012 as:						
Tangible assets	**56.286**	**118.825**	**206.640**	**4.762**	**10.368**	**396.881**
Fixed assets available for sale	**0**	**0**	**0**	**0**	**0**	**0**
	56.286	**118.825**	**206.640**	**4.762**	**10.368**	**396.881**

15. INVESTMENTS 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:

Name of Subsidiary	Registered office	Direct participation	Indirect participation	Total	Main scope of activity
HERACLES G.C.C.	Greece, Paiania, Attica			Parent	Cement production & 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%	Dormant

Company consolidated using the proportional method:

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

Company consolidated using the equity method:

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

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES - continued

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

Amounts in Euro thousand	COMPANY					
	31/12/2012			31/12/2011		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	103.973	(63.314)	40.659	103.973	(40.350)	63.623
EVIESK S.A.	1.428	(1.428)	0	1.428	(1.428)	0
LAVA S.A.	1.240	0	1.240	1.240	0	1.240
HERACLES MARITIME CO.	5.543	0	5.543	5.543	0	5.543
AEGEAN TERMINALS S.A.	6.436	(6.436)	0	6.436	(6.436)	0
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	6	(6)	0	6	(6)	0
EDAKE S.A.	30	0	30	30	0	30
Total	**118.656**	**(71.184)**	**47.472**	**118.656**	**(48.220)**	**70.436**

The Company recognised for 2012 an impairment loss amounting to 22.964 Euro thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., as also referred in the note 10 of the Financial Statements. The corresponding amount of impairment for 2011 amounted to 10.612 Euro thousand, also concerning the consolidated subsidiary LAFARGE BETON S.A.

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

Amounts in Euro thousand	31/12/2012	31/12/2011
Total Assets	569	588
Total Liabilities	4.230	4.201
Total Equity	(3.661)	(3.613)
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 INVESTMENTS

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 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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Other interest	56	56	56	56
Total	**56**	**56**	**56**	**56**

17. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in Euro thousand

	GROUP				COMPANY			
	31/12/2012		31/12/2011		31/12/2012		31/12/2011	
Merchandise		792		1.341		655		1.151
Finished and semi-finished goods	22.718		21.564		18.731		16.912	
Less: Obsolescence provision	(1.535)	21.183	(1.616)	19.948	(1.440)	17.291	(1.440)	15.472
Raw & auxiliary materials	15.957		17.289		15.044		16.067	
Less: Obsolescence provision	(78)	15.879	(90)	17.199	(43)	15.001	(43)	16.024
Spare parts	26.371		26.941		25.822		26.363	
Less: Obsolescence provision	(10.089)	16.282	(10.951)	15.990	(9.951)	15.871	(10.813)	15.550
Consumables		3.326		2.600		3.193		2.524
Total		**57.462**		**57.078**		**52.011**		**50.721**

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

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Balance at the beginning of year	12.657	9.674	12.296	9.307
Additional provision in the year for finished and semi finished products obsolescence	21	0	0	0
Reversal of provision for finished and semi finished products	(102)	(4)	0	0
Additional provision in the year for raw materials obsolescence	5	0	0	0
Reversal / use of provision for slow moving raw materials obsolescence	(17)	(7)	0	0
Use of provision due to spare parts destruction	(862)	(1.569)	(862)	(1.569)
Additional provision in the year for spare parts obsolescence	0	4.563	0	4.558
Total	**11.702**	**12.657**	**11.434**	**12.296**

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 2012 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 2012) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial gain as at 31/12/2012 amounted to 2.231 Euro thousand and 2.352 Euro thousand respectively, with recognised deferred tax of 447 Euro thousand and 470 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 gain decreased the liability for staff retirement compensation and was made directly in the statement of comprehensive income.

The actuarial gain derive a) from gain of 172 Euro thousand and 340 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 4,30% to 3,00% (loss 5.899 and 5.419 Euro thousand for the Group and the Company respectively), the change of inflation rate from 2,5% to 2% (gain 2.035 and 1.870 Euro thousand for the Group and the Company respectively) and the expansion of expected retirement age (gain 4.036 and 3.889 Euro thousand for the Group and the Company respectively) and b) from gain from experiential adjustments totalling 2.059 Euro thousand and 2.012 Euro thousand for the Group and the Company respectively, which is attributed to the following factors:

- In 2012 the actual average increase in basic salaries and allowances decreased by 1% for the Group and by 1,3% for the Company, against a long-term actuarial assumption of increase of 4% for both cases: gain of 2.400 Euro thousand for the Group and 2.289 Euro thousand for the Company. The Management estimates that in the long term the average increase will be at 3,5%.
- The remaining loss of 341 Euro thousand and 277 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 2012 was 15.606 Euro thousand and 15.131 Euro thousand for the Group and the Company respectively. For the Group, 12.691 Euro thousand is included in cost of sales and 2.915 Euro thousand is included in administrative expenses while for the Company, 12.947 Euro thousand is included in cost of sales and 2.184 Euro thousand is included in administrative expenses.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

	GROUP		COMPANY	
Amounts in Euro thousand	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Present value of obligation	40.366	63.241	38.034	59.860
Unrecognised past service cost	(175)	(75)	0	(7)
Net liability in Statement of Financial Position	**40.191**	**63.166**	**38.034**	**59.853**
Amounts recognised in the Income Statement				
Service cost	2.936	2.965	2.681	2.683
Interest cost	2.585	2.837	2.448	2.667
Amortisation of past service cost	89	25	7	25
Regular Income Statement charge	**5.610**	**5.827**	**5.136**	**5.375**
Termination loss / Curtailment	9.996	3.835	9.995	2.549
Total Income Statement charge	**15.606**	**9.662**	**15.131**	**7.924**
Changes in present value of Defined benefit obligation				
Defined benefit obligation at the beginning of the year	63.241	62.046	59.860	58.130
Service cost	2.936	2.965	2.681	2.683
Interest cost	2.585	2.837	2.448	2.667
Benefits paid directly by the Company	(36.350)	(9.013)	(34.598)	(6.558)
Extra payments or expenses / (income)	9.983	3.835	9.995	2.549
Past service cost arising over last year	202	66	0	0
Actuarial loss / (gain)	(2.231)	505	(2.352)	391
Defined benefit obligation at year end	**40.366**	**63.241**	**38.034**	**59.860**
Analysis of actuarial gain / (loss)				
Gain / (loss) on plan liabilities due to change in assumptions	172	(2.113)	340	(1.945)
Gain / (loss) on plan liabilities due to experiential changes	2.059	1.608	2.012	1.554
Actuarial gain / (loss)	**2.231**	**(505)**	**2.352**	**(391)**
Movement in net liability in Statement of Financial Position				
Net liability in Statement of Financial Position at the beginning of the year	63.166	62.012	59.853	58.096
Benefits paid directly by the Company	(36.350)	(9.013)	(34.598)	(6.558)
Total expense recognised in the income statement	15.606	9.662	15.131	7.924
Net liability in Statement of Financial Position before adjustment	**42.422**	**62.661**	**40.386**	**59.462**
Amount recognised in the statement of recognised (income) / expense	(2.231)	505	(2.352)	391
Net liability in Statement of Financial Position	**40.191**	**63.166**	**38.034**	**59.853**
Net liability in current liabilities	3.493	6.193	3.217	5.854
Net liability in non-current liabilities	36.698	56.973	34.817	53.999
Total	**40.191**	**63.166**	**38.034**	**59.853**

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	
Discount rate	3,00%	4,30%	3,00%	4,30%	annual
Salaries increase	3,50%	4,00%	3,50%	4,00%	annual
Allowances increase	3,50%	4,00%	3,50%	4,00%	annual
Inflation rate	2,00%	2,50%	2,00%	2,50%	annual
Average future service	13,86	11,64	13,47	11,12	

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 0,50 units higher (3,50%) then the “Defined Benefit Obligation” for the Group, would be lower by 4,6% (1.857 Euro thousand) and for the Company by 4,6% (1.750 Euro thousand).

(b) if the discount rate used was 0,50 units lower (2,50%) then the “Defined Benefit Obligation” for the Group, would be higher by 5,0% (2.018 Euro thousand) and for the Company by 4,9% (1.864 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				
	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Defined benefit obligation at year end	40.366	63.241	62.046	82.606	86.395
Actuarial gain / (loss)	2.231	(505)	4.255	(4.869)	752

	COMPANY				
	31/12/2012	31/12/2011	31/12/2010	31/12/2009	31/12/2008
Defined benefit obligation at year end	38.034	59.860	58.130	77.346	75.116
Actuarial gain / (loss)	2.352	(391)	3.988	(4.489)	787

19. OTHER NON-CURRENT AND CURRENT PROVISIONS

GROUP

Amounts in Euro thousand	Provision for quarry restoration expenses	Provision for pending litigations	Provision for pending labour cases	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
1 January 2011	**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**
Additional provision for the year	35	146	0	0	0	0	942	1.123
Provision utilised	(68)	(277)	0	0	(17)	0	(2.596)	(2.958)
Unutilised provision	0	(48)	0	0	0	0	(2.967)	(3.015)
Reclassification of provisions	(364)	(9)	0	0	0	0	373	0
Transfer from current liabilities	0	0	0	0	0	0	224	224
31 December 2012	**2.654**	**2.302**	**0**	**1.043**	**438**	**10.353**	**3.441**	**20.231**
Included in current liabilities	277	16	0	0	300	0	611	1.204
Included in non-current liabilities	2.377	2.286	0	1.043	138	10.353	2.830	19.027
31 December 2012	**2.654**	**2.302**	**0**	**1.043**	**438**	**10.353**	**3.441**	**20.231**

COMPANY

Amounts in Euro thousand	Provision for quarry restoration expenses	Provision for pending litigations	Provision for subsidiary losses	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
1 January 2011	**1.470**	**1.561**	**18.244**	**1.043**	**801**	**10.353**	**3.157**	**36.629**
Additional provision for the year	0	1.107	1.494	0	0	0	2.636	5.237
Unutilised provision	0	(131)	0	0	0	0	0	(131)
Provision utilised	(5)	(166)	0	0	(346)	0	(341)	(858)
Transfer from accrual	0	0	0	0	0	0	894	894
31 December 2011	**1.465**	**2.371**	**19.738**	**1.043**	**455**	**10.353**	**6.346**	**41.771**
Included in current liabilities	247	0	0	0	300	0	4.970	5.517
Included in non-current liabilities	1.218	2.371	19.738	1.043	155	10.353	1.376	36.254
31 December 2011	**1.465**	**2.371**	**19.738**	**1.043**	**455**	**10.353**	**6.346**	**41.771**
Additional provision for the year	0	145	1.524	0	0	0	890	2.559
Unutilised provision	0	(48)	0	0	0	0	(2.967)	(3.015)
Provision utilised	(3)	(181)	0	0	(17)	0	(2.482)	(2.683)
31 December 2012	**1.462**	**2.287**	**21.262**	**1.043**	**438**	**10.353**	**1.787**	**38.632**
Included in current liabilities	247	0	0	0	300	0	276	823
Included in non-current liabilities	1.215	2.287	21.262	1.043	138	10.353	1.511	37.809
31 December 2012	**1.462**	**2.287**	**21.262**	**1.043**	**438**	**10.353**	**1.787**	**38.632**

19. OTHER NON-CURRENT AND CURRENT PROVISIONS - continued

The provision for pending litigations concerns actions filed against the Group and the Company, of a total amount of 5.368 Euro thousand and 5.350 Euro thousand respectively, for which the estimated probable loss would be 2.302 Euro thousand and 2.287 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 made, 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:	1/1/2011	Equity	Income statement	31/12/2011	Equity	Income statement	31/12/2012
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(32.640)	(29)	4.372	(28.297)	0	1.120	(27.177)
Deferred tax asset on tax losses of year	4.404	0	(2.543)	1.861	0	5.450	7.311
Provision for doubtful receivables	9.622	0	835	10.457	0	7.342	17.799
Provision for staff retirement compensation	12.821	101	160	13.082	(447)	(4.145)	8.490
Recognition of financial derivatives	245	(291)	(32)	(78)	0	4	(74)
Impairment of inventory	1.906	0	698	2.604	0	1.726	4.330
Amortisation of intangible assets due to goodwill allocation	(262)	0	69	(193)	0	69	(124)
Other	1.506	(41)	1.044	2.509	0	362	2.871
Total	**(2.398)**	**(260)**	**4.603**	**1.945**	**(447)**	**11.928**	**13.426**

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

Amounts in Euro thousand

COMPANY

Deferred taxation from:	1/1/2011	Equity	Income statement	31/12/2011	Equity	Income statement	31/12/2012
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(30.577)	0	4.663	(25.914)	0	1.126	(24.788)
Deferred tax asset on tax losses of year	4.291	0	(2.641)	1.650	0	5.480	7.130
Provision for doubtful receivables	8.125	0	834	8.959	0	6.820	15.779
Provision for staff retirement compensation	11.620	79	274	11.973	(470)	(3.893)	7.610
Recognition of financial derivatives	311	(291)	(32)	(12)	0	4	(8)
Impairment of inventory	1.948	0	698	2.646	0	1.743	4.389
Other	1.892	0	858	2.750	0	(393)	2.357
Total	**(2.390)**	**(212)**	**4.654**	**2.052**	**(470)**	**10.887**	**12.469**

20. DEFERRED TAX ASSETS AND LIABILITIES - continued

In addition to the deferred tax that has been recognised in the income statement, deferred tax liability of 447 Euro thousand and 470 Euro thousand concerning actuarial gain recognised during the year has been recorded directly to the equity of the Group and the Company respectively as at 31 December 2012. The respective numbers as at 31 December 2011 concerned deferred tax asset of 101 Euro thousand and 79 Euro thousand for the Group and the Company respectively.

In 2011 an amount of 291 Euro thousand had been recorded directly to equity of the Group and the Company and concerned the recognition of Company's derivatives during the year.

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 presentation purposes:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Deferred tax assets	40.803	30.513	38.234	28.648
Deferred tax liabilities	(27.377)	(28.568)	(25.765)	(26.596)
Total	**13.426**	**1.945**	**12.469**	**2.052**

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	
	2012	**2011**	**2012**	**2011**
Tax losses	7.616	10.218	0	0
Provision for doubtful debts	9.893	10.729	7.973	8.803
Provision for impairment of participations	0	0	14.236	9.644
Provisions for share in loss in subsidiary	0	0	4.461	4.156
Fixed assets adjustment	1.285	1.285	1.285	1.285
Total	**18.794**	**22.232**	**27.955**	**23.888**

On 31 December 2012, 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 2012.

22. SHARE CAPITAL

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

On 3 August 2012, according to article 16 case b' of the Articles of Association and 21 par. 5 of Law 2190/1920, the Company's Board of Directors convened Extraordinary General Assembly of Shareholders on 27 August 2012, with subject the reduction of the share capital of the Company with the aim to rationalize its financial data. The above mentioned Extraordinary General Assembly approved the reduction, the amount of which amounted to 69.661.052,86 Euro and corresponds to the reduction of the nominal share price from 2,68€ to 1,70€. The capital return took place through payment of cash to shareholders on 29/11/2012.

Amounts in Euro thousand	31/12/2012	31/12/2011
Number of common shares	71.082.707	71.082.707
Nominal share price	1,70	2,68
Approved, issued and fully paid:	**120.841**	**190.502**

23. SHARE PREMIUM

Amounts in Euro thousand	31/12/2012	31/12/2011
Share premium	**1.279**	**1.279**

24. RESERVES

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

Amounts in Euro thousand — **GROUP**

	1/1/2011	Additions/ (Disposals)	31/12/2011	Additions/ (Disposals)	31/12/2012
Statutory Reserve	38.261	0	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	130.726	0	130.726	0	130.726
	174.696	**0**	**174.696**	**0**	**174.696**

Amounts in Euro thousand — **COMPANY**

	1/1/2011	Additions/ (Disposals)	31/12/2011	Additions/ (Disposals)	31/12/2012
Statutory Reserve	36.023	0	36.023	0	36.023
Special Reserves	851	0	851	0	851
Extraordinary Reserves	762	0	762	0	762
Tax-free Reserves	124.534	0	124.534	0	124.534
	162.170	**0**	**162.170**	**0**	**162.170**

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.

The Company has losses and no statutory reserve will be created for year 2012.

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

	31/12/2011	Movement	31/12/2012
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

	31/12/2011	Movement	31/12/2012
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**

The Company has losses and no further tax free reserve will be created for year 2012.

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 of the Group and the Company 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 coordinates access of the Group and the Company to domestic and international money markets.

Among others, the above include identification, assessment and hedging of the financial risks against 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, 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 controllable 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 31/12/2012 amounts to 160.725 Euro thousand, while cash and cash equivalent of the Group amounts to 61.598 Euro thousand and the current assets amounts to 180.831 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	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Cash and cash equivalents	2.228	4.272	1.835	4.104
Receivables	8.059	4.182	8.013	4.130
Payables	(17.996)	(16.100)	(17.955)	(16.060)
Net receivables / (payables)	**(7.709)**	**(7.646)**	**(8.107)**	**(7.826)**
Exchange rate				
US Dollar	1,3194	1,2939	1,3194	1,2939

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Cash and cash equivalents	1.689	3.301	1.391	3.172
Receivables	6.108	3.232	6.073	3.192
Payables	(13.639)	(12.442)	(13.609)	(12.412)
Net receivables / (payables)	**(5.842)**	**(5.909)**	**(6.145)**	**(6.048)**

Regarding the hedging of exchange rate risk, the Company concludes forward contracts of US Dollar purchase. There is no contact concluded until 31/12/2012 and its purchase to concern the year of 2013.

Interest rate risk

Bank loans of the Group are related to floating rates, the fluctuations of which, do not significantly affect its financial expenses and 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 31/12/2012 Group short term loans amounted to 57.155 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 2012, 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. For 2012, the Group did not use such derivatives financial instruments.

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 thousand

SENSITIVITY ANALYSIS 2012

% variance	**± 30%**	**± 25%**	**± 20%**	**± 15%**	**± 10%**	**± 5%**
Coal	± 1.170	± 975	± 780	± 585	± 390	± 195
Petcoke	± 5.588	± 4.657	± 3.726	± 2.794	± 1.863	± 931
Freight	± 1.119	± 933	± 746	± 560	± 373	± 187
Electric power	± 5.772	± 4.810	± 3.848	± 2.886	± 1.924	± 962
Total	**± 13.648**	**± 11.374**	**± 9.099**	**± 6.824**	**± 4.549**	**± 2.274**

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

25.2. OTHER NON-CURRENT RECEIVABLES

Other non-current receivables are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Present value of non-current notes receivable	7.330	8.850	7.330	8.850
Guarantee deposits (PPC, rents etc)	2.871	2.776	2.510	2.504
Other non-current receivables	11.291	12.675	11.111	12.414
Other non-current intercompany receivables	0	0	0	27.700
Provision for non-current receivables	(15.152)	(8.307)	(15.152)	(8.307)
Reclassification from / to current provisions	762	(389)	762	(389)
Total	**7.102**	**15.605**	**6.561**	**42.772**

For 2011, the other non-current intercompany receivables of the Company refer to the loan agreement between the Company and its subsidiary E.VI.E.S.K. S.A. On 31/12/2011 the total amount of the intercompany loan to EVIESK S.A. was 27.700 Euro thousand. On 31/12/2012 the total amount of the intercompany loan is 26.025 Euro thousand and has been reclassified to the current receivables of the Company since the repayment or the renewal of the loan is expected to take place 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.

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

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

In the table below, the maximum exposure of the Group and the Company to credit risk from non-current receivables from trading activity is presented:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Present value of non-current receivables from trading activity	18.621	21.525	18.441	21.264
Minus:				
Bad Debt provisions	14.390	8.696	14.390	8.696
Bank Warranties	0	112	0	112
Mortgages	989	4.343	989	4.343
Prenotices for mortgage	0	20	0	20
Assigned receivables	1.803	3.995	1.803	3.995
Maximum exposure to credit risk	**1.439**	**4.359**	**1.259**	**4.098**

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

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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Trade receivables net of intercompany	160.098	176.306	123.773	128.430
Intercompany receivables	0	0	3.159	3.858
	160.098	**176.306**	**126.932**	**132.288**
Bad debt provision for trade receivables	(110.827)	(79.204)	(85.231)	(60.472)
	49.271	**97.102**	**41.701**	**71.816**
Other current intercompany receivables	0	0	27.071	1.011
Claim from IRO	8.543	8.543	6.295	6.295
Current tax receivable	4.028	1.751	3.098	1.167
Other debtors net of intercompany	13.345	14.281	11.068	10.922
Prepaid expenses	1.274	1.663	1.027	1.380
Receivables from the Greek State	7.717	7.883	7.622	7.622
Bad debt provision for other receivables	(25.143)	(24.493)	(23.023)	(22.283)
	9.764	**9.628**	**33.158**	**6.114**
Total trade and other receivables	**59.035**	**106.730**	**74.859**	**77.930**

There has been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

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

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Doubtful trade receivables				
Opening balance	79.204	70.042	60.472	59.630
Additional provision for the year	35.660	14.654	25.304	7.078
Reclassification from / to long term provisions	762	(389)	762	(389)
Reversal of unused provision	(1.486)	(1.613)	(1.307)	(1.350)
Use of provision	(3.313)	(4)	0	0
Transfer to provision for doubtful other receivables	0	(3.486)	0	(4.497)
Closing balance	**110.827**	**79.204**	**85.231**	**60.472**
Doubtful other receivables				
Opening balance	24.493	20.102	22.283	16.884
Additional provision for the year	123	291	95	288
Reclassification from long term provisions	645	614	645	614
Use of provision	(118)	0	0	0
Transfer from provision for doubtful trade receivables	0	3.486	0	4.497
Closing balance	**25.143**	**24.493**	**23.023**	**22.283**
Total bad debt provision	**135.970**	**103.697**	**108.254**	**82.755**

As occurs from the Financial Statements, in 2012 the average credit period offered to Group customers for sales of goods was 70 days (109 days in 2011) and respectively for the Company was 66 days (92 days in 2011).

The Management considers that the accumulated provision as at 31/12/2012 represents the best possible estimation and that the carrying amount of trade and other receivables approximates the fair value.

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

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.

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.

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

Amounts in Euro thousand	GROUP	
	31/12/2012	**31/12/2011**
Total receivables	195.005	210.427
Minus:		
Bad Debt provisions	135.970	103.697
Third parties cheques	1.901	6.975
Bank Warranties	14.355	20.483
Mortgages	566	4.351
Prenotices for mortgage	5.559	7.352
Assigned receivables	700	0
Related party receivables	7.394	4.770
Maximum exposure to credit risk	**28.560**	**62.799**

Amounts in Euro thousand	COMPANY	
	31/12/2012	**31/12/2011**
Total receivables	183.113	160.685
Minus:		
Bad Debt provisions	108.254	82.755
Third parties cheques	1.436	5.463
Bank Warranties	14.247	19.036
Mortgages	566	4.251
Prenotices for mortgage	4.649	7.352
Assigned receivables	700	0
Intercompany receivables	29.214	3.858
Related party receivables	6.742	4.183
Maximum exposure to credit risk	**17.305**	**33.787**

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

The comparative data of the prior year have been adjusted for presentation purposes. There has also been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

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	31/12/2012			31/12/2011		
	Total receivables	**Bad debt provision**	**Net receivables**	**Total receivables**	**Bad debt provision**	**Net receivables**
Not overdue						
Other receivables	34.907	25.143	9.764	34.121	24.493	9.628
Trade receivables	35.365	0	35.365	51.326	0	51.326
Overdue analysis						
01--30	5.207	0	5.207	10.904	55	10.849
31--60	2.921	0	2.921	4.990	7	4.983
61--90	2.151	0	2.151	3.522	20	3.502
91--120	1.776	0	1.776	5.401	0	5.401
121--180	2.022	1.095	927	3.384	0	3.384
181--360	3.291	2.367	924	12.051	29	12.022
361+	107.365	107.365	0	84.728	79.093	5.635
Total	**195.005**	**135.970**	**59.035**	**210.427**	**103.697**	**106.730**

Amounts in Euro thousand

COMPANY	31/12/2012			31/12/2011		
	Total receivables	**Bad debt provision**	**Net receivables**	**Total receivables**	**Bad debt provision**	**Net receivables**
Not overdue						
Other receivables	29.110	22.008	7.102	27.386	21.272	6.114
Intercompany other receivables	27.071	1.015	26.056	1.011	1.011	0
Trade receivables	29.240	0	29.240	38.984	0	38.984
Intercompany trade receivables	3.159	0	3.159	3.858	0	3.858
Overdue analysis						
01--30	3.833	0	3.833	7.279	0	7.279
31--60	1.897	0	1.897	3.272	0	3.272
61--90	1.763	0	1.763	2.300	0	2.300
91--120	1.561	0	1.561	3.971	0	3.971
121--180	1.343	1.095	248	2.401	0	2.401
181--360	2.263	2.263	0	6.287	0	6.287
361+	81.873	81.873	0	63.936	60.472	3.464
Total	**183.113**	**108.254**	**74.859**	**160.685**	**82.755**	**77.930**

There has been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Cash on hand	28	47	24	27
Cash at banks	60.614	140.687	58.106	131.353
Time deposits	956	5.190	0	0
	61.598	**145.924**	**58.130**	**131.380**

Time deposits have an average duration of one month or less while the average interest rate in 2012 was 0,21% (2011: 2,79%).

Bank loans

The Group has concluded short-term bank loans and overdrafts with a weighted average interest rate of 2,83% for 2012 (2011: 3,46%). All bank loans are denominated in Euro. On 31/12/2012, the total short-term bank loans amount to 57.155 Euro thousand, of which 56.950 Euro thousand relates to subsidiary LAFARGE BETON S.A. and 205 Euro thousand relates to subsidiary LEADER BETON S.A. The intercompany loans are included in “Other short term intercompany receivables” of the Company which are analysed in note 25.3.

On 31/12/2011, the total short-term bank loans of the Group amounted to 58.035 Euro thousand, of which 55.749 Euro thousand related to subsidiary LAFARGE BETON S.A., 2.090 Euro thousand related to subsidiary EVIESK S.A. 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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Suppliers excluding intercompany balances	80.872	77.856	70.138	63.814
HERACLES Group Companies	0	0	3.070	2.300
	80.872	**77.856**	**73.208**	**66.114**
Payables to personnel	2.202	3.665	1.755	3.031
Social security payables	2.991	3.695	2.418	3.061
Income tax payables	2.644	3.405	1.464	2.066
Other creditors excluding intercompany balances	9.747	9.570	4.574	5.224
Other creditors HERACLES Group Companies	0	0	6.532	6.532
Total suppliers and other creditors	**98.456**	**98.191**	**89.951**	**86.028**

There has been a reclassification of prior year data, as analysed in note 31 of the Financial Statements.

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2012, the average credit period for the Group’s operating purchases was 105 days (94 days in 2011) and respectively for the Company was 105 days (92 days in 2011).

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			
	31/12/2012		31/12/2011	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	38	0	58	0
Total	**38**	**0**	**58**	**0**
Split to:				
Short term	38	0	58	0
	38	**0**	**58**	**0**

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 2012 the fair value of the foreign currency forward exchange contracts results in an asset of 38 Euro thousand while for the year ended 31 December 2011, the fair value of the foreign currency forward exchange contracts resulted in an asset of 58 Euro thousand. For the year 2012 a gain of 38 Euro thousand was recognised in the income statement (2011: recognised a gain of 58 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 2012 and 31 December 2011, there was no open position on commodity forward contracts.

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	31/12/2012	31/12/2011
Hedging reserve opening balance	0	(1.041)
Gain/(loss) recognised on cash flow hedges:		
Commodities forward contracts	0	0
Deferred tax related to gains/losses	0	0
Transferred to retained earnings:		
Commodities forward contracts	0	1.332
Deferred tax related to gains/losses	0	(291)
Hedging reserve closing balance	**0**	**0**

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

25.7. OBLIGATIONS UNDER FINANCE LEASES

As at 31/12/2012 the Group has finance leasing agreements in force, mostly concerning computer and telecommunications equipment. The duration of the agreements is thirty six months and will expire in 2014.

Amounts in Euro thousand	Minimum payments		Present value of minimum payments	
	31/12/2012	**31/12/2011**	**31/12/2012**	**31/12/2011**
Amounts payable:				
Within one year	224	331	220	317
Within two to five years	170	227	152	206
	394	558	372	523
Less: Unearned interest expense	(22)	(35)		
Present value of finance lease liabilities	372	523	372	523
Less: Amounts payable within the year (disclosed in current obligations)			(220)	(311)
Non-current finance leases			**152**	**212**

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 31/12/2012, there were pending lawsuits against the Group, the outcome of which is uncertain, amounting to 59.848 Euro thousand (31/12/2011: 58.206 Euro thousand), out of which the pending lawsuits against the Company amount to 44.560 Euro thousand (31/12/2011: 43.320 Euro thousand). The maximum risk for the Group from the final decisions on the above cases is estimated at 22.521 Euro thousand, out of which the maximum risk from the final decisions on the cases of the Company is estimated at 17.597 Euro thousand. No provision has been made in the Financial Statements for the 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 1.747 Euro thousand and 1.724 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:

Company	Registered Office	Unaudited tax years
HERACLES GCC	Greece, Paiania, Attica	2012
LAFARGE BETON S.A.	Greece, Paiania, Attica	2009-2010, 2012
EVIESK S.A.	Greece, Paiania, Attica	2010, 2012
HERACLES MARITIME CO.	Greece, Paiania, Attica	2010, 2012
LAVA S.A.	Greece, Paiania, Attica	2010, 2012
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	2010, 2012
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	1998-2012
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1998-2012
DYSTOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1996-2012
NAFSIKA SOC. NAV. (liquidated)	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
MIDDLE EAST CEMENT SHIPPING & HANDLING CO. S.A.	Greece, Paiania, Attica	2010-2012
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, 2012
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
INTERNATIONAL MEDITERRANEAN SHIPPING S.A. (liquidated)	Luxemburg	*
LEADER BETON S.A.	Albania	*

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

In July of 2012, the tax audit of the companies HERACLES G.C.C., LAFARGE BETON S.A., HERACLES MARITIME CO., EVIESK S.A., LAVA S.A., MARATHOS QUARRIES S.A. and AEGEAN TERMINALS S.A. was completed by the regular Certified Public Accountant for year 2011 according to article 21 of L. 3943/2011. After the completion of the tax audit, the companies received a tax certificate with which the tax position of the companies is considered finalized, according to article 6 of POL.1159/22.7.2011, as long as a period of 18 months passes.

It is noted that the tax audit for the Group companies by the certified auditors, according to POL.1159/22.7.2011, for the financial year 2012, is in process, however it is estimated that no significant liabilities will occur.

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 31/12/2012 and 31/12/2011 are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Granted guarantees	4.540	5.339	3.594	3.799
Intercompany granted guarantees	0	0	0	1.923
	4.540	5.339	3.594	5.722

Commitments for purchases and capital expenditure

Commitments for purchases and capital expenditure which were in force as at 31/12/2012 and 31/12/2011 are analysed below:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Purchase contracts	7.427	24.016	58.027	80.413
Capital expenditure contracts	301	1.211	0	511
	7.728	25.227	58.027	80.924

Operating leases contracts

On the reporting date of the Financial Statements, the Group and the 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	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Within one year	15.200	11.693	6	0
Within two and up to five years	39.348	43.496	884	583
Over five years	3.183	10.353	564	248
	57.731	65.542	1.454	831

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. The 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. For 2012, there was no distribution or purchase of shares.

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Related to the cash incentive				
	0	137	0	107
	0	137	0	107

28. OPERATING LEASES

The Group / the Company as Lessee:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Lease payments for land and quarries	1.997	2.057	488	581
Lease payments for buildings	935	984	316	332
Lease payments for central offices	694	337	694	337
Lease payments for residences	234	260	234	260
Lease payments for port facilities	0	61	0	61
Lease payments for ships	15.470	11.062	0	0
Lease payments for macinery & equipment	126	165	13	52
Lease payments for means of transportation	1.172	1.331	709	798
Other	114	79	114	74
Operating lease payments recognised as an expense in the income statement	**20.742**	**16.336**	**2.568**	**2.495**

29. AUDITORS' FEES

The total audit fees of the legally appointed audit company, for the financial years 2012 and 2011, are analysed as follows:

Amounts in Euro thousand	GROUP		COMPANY	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Audit Services	668	736	417	475
	668	**736**	**417**	**475**

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	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Parent company LAFARGE S.A.	28.167	54.896	1.393	508	0	0	627	302
LAFARGE Group associates	74.610	42.196	6.079	5.468	7.394	4.770	630	526
Royalties to LAFARGE S.A.	0	0	5.252	5.193	0	0	3.014	1.094
Total	**102.777**	**97.092**	**12.724**	**11.169**	**7.394**	**4.770**	**4.271**	**1.922**

30. RELATED PARTIES TRANSACTIONS - continued

Transactions with related parties - continued

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	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
HERACLES G.C.C Group Companies	12.739	18.619	18.354	14.215	29.213	31.555	9.604	8.831
Parent company LAFARGE S.A.	28.167	54.896	1.354	495	0	0	426	139
LAFARGE Group associates	71.858	40.821	5.831	5.286	6.742	4.183	554	451
Royalties to LAFARGE S.A.	0	0	4.407	5.193	0	0	2.163	1.094
Total	**112.764**	**114.336**	**29.946**	**25.189**	**35.955**	**35.738**	**12.747**	**10.515**

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	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
Current benefits	3.219	3.406	2.072	1.990
Provision for retirement compensation and paid compensations	146	126	76	59
BoD members attendance fees	274	293	181	195
	3.639	**3.825**	**2.329**	**2.244**

Amounts in Euro thousand	GROUP		COMPANY	
	1/1-31/12/2012	1/1-31/12/2011	1/1-31/12/2012	1/1-31/12/2011
	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables / (obligations) to Management and BoD Members	**0**	**0**	**0**	**0**

31. RECLASSIFICATIONS

In the Statement of Financial Position of the Group, for year 2011, an amount of 498 Euro thousand has been reclassified from “Other payables” subtractive to “Income tax receivable” as it concerned liabilities of LAFARGE BETON S.A. arising from its tax audit and the tax settlements of its subsidiaries. Moreover, for the Group, for year 2011, an amount of 154 Euro thousand has been reclassified from “Other receivables” to “Income tax receivable” for presentation purposes.

Moreover, “Trade receivables” and “Other receivables” as well as “Trade payables” and “Other payables” are presented in separate lines in the Statement of Financial Position of the Group and the Company and consequently their comparative data have been adjusted for presentation purposes.

32. EVENTS AFTER THE REPORTING DATE OF STATEMENT OF FINANCIAL POSITION

Heracles GCC, following a decision of the Company’s Board of Directors on 25/03/2013, announces on 26/03/2013 the reorganization of its cement production structure. The aim of the reorganization is to address effectively the impact of the recession in the construction sector, to support the Company’s viability and to ensure conditions for the business development of the Heracles Group, both in domestic and export markets.

The new structure comprises cement production by the Volos and Milaki plants, leveraging their competitive advantages, particularly their port facilities, to serve the domestic market and to enhance the Company's export presence in the wider Mediterranean region. The operation of Halkis plant is ceased permanently.

With the new operational structure the Company leverages the competencies of the Heracles two production facilities and supply chain, increases its productivity by 30%, ensures its viability and addresses the challenges of the future, strengthening and establishing its position as an export power for the Mediterranean region.

The production reorganization is estimated to have nonrecurring negative impact of €57 million on the 2013 financial results of the Heracles Company and the consolidated financial results of Heracles Group of Companies due to asset impairment, the cost of redundancy payments for staff, rehabilitation and restoration costs for the Halkis site. Regarding the coming years, it is estimated a positive impact of €18 million per year and increase of productivity.

Based on L. 4110/2013 “Settings on income taxation, regulation of issues concerning the Ministry of Finance and other provisions”, voted in January 2013, from year 2013 onwards, the income tax rate will be 26%. The Group estimated the effect of the change in tax rate for year 2012 and concluded that an additional deferred tax asset of 4.028 Euro thousand would occur.

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

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 2011 Annual Report.

General Meeting Convocations and Decisions		
01/10/2012	Announcement regarding the reduction of the share capital	www.lafarge.gr
27/08/2012	Resolutions of the Extraordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
24/08/2012	Announcement of Heracles G.C.C. Codified Articles of Association draft of amendment	www.lafarge.gr
03/08/2012	Invitation for the Extraordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
22/06/2012	Resolutions of the Ordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
31/05/2012	Invitation for the Ordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
Press Releases		
01/03/2013	New Aggregates & Concrete General Manager	www.lafarge.gr
13/02/2013	GREAT 2013 – Their first buildings: High participation of architecture students	www.lafarge.gr
21/12/2012	Environmental awards for the practices of Heracles G.C.C.	www.lafarge.gr
18/12/2012	Greek landscapes are painted by 12 artists	www.lafarge.gr
20/11/2012	GREAT - Greek Architectural Talent	www.lafarge.gr
01/11/2012	Improvements in Volos plant to increase its export activity	www.lafarge.gr
18/10/2012	Sustainability Report 2011 – Application Level A per GRI	www.lafarge.gr
31/08/2012	Changes in the organizational structure	www.lafarge.gr
03/08/2012	Results of regular tax audit	www.lafarge.gr
22/06/2012	Heracles G.C.C.: New Board of Directors	www.lafarge.gr
25/05/2012	Heracles G.C.C.: Appointment of new directors	www.lafarge.gr
06/04/2012	Innovation Days 2012	www.lafarge.gr
Financial Results		
26/11/2012	Heracles Group announces nine months 2012 results	www.lafarge.gr
24/08/2012	Heracles Group announces 1st semester 2012 results	www.lafarge.gr
07/08/2012	Updated financial calendar for 2012	www.lafarge.gr
25/05/2012	Heracles Group announces 1st quarter 2012 results	www.lafarge.gr
26/03/2012	Announcement of 2012 financial calendar	www.lafarge.gr
26/03/2012	Heracles Group Announces 2011 Results	www.lafarge.gr
Financial Statements		
26/11/2012	Interim Financial Statements of Heracles G.C.C. and Heracles Group at 30/9/2012	www.lafarge.gr
26/11/2012	Financial Data and Information of Heracles C.C.C. and Heracles Group at 30/9/2012	www.lafarge.gr
24/08/2012	Half Year Financial Report of Heracles G.C.C. and Heracles Group	www.lafarge.gr
24/08/2012	Financial Data and Information of Heracles G.C.C. and Heracles Group at 30/6/2012	www.lafarge.gr
25/05/2012	Interim Financial Statements of Heracles G.C.C. and Heracles Group at 31/3/2012	www.lafarge.gr
25/05/2012	Financial Data and Information of Heracles G.C.C. and Heracles Group at 31/3/2012	www.lafarge.gr
31/05/2012	Annual Financial Report of EVIESK S.A.	www.lafarge.gr
31/05/2012	Financial Data and Information of EVIESK S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of LAVA S.A.	www.lafarge.gr
31/05/2012	Financial Data and Information of LAVA S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of Aegean Terminals S.A.	www.lafarge.gr

31/05/2012	Financial Data and Information of Aegean Terminals S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of Marathos Quarries S.A.	www.lafarge.gr
31/05/2012	Financial Data and Information of Marathos Quarries S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of Lafarge Beton S.A.	www.lafarge.gr
31/05/2012	Financial Data and Information of Lafarge Beton S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of Heracles Shipping S.A.	www.lafarge.gr
31/05/2012	Financial Data and Information of Heracles Shipping S.A. at 31/12/2011	www.lafarge.gr
31/05/2012	Financial Data and Information of Middle East at 31/12/2011	www.lafarge.gr
31/05/2012	Annual Financial Report of A. HATZIKYRIAKOS SOC. NAV.	www.lafarge.gr
31/05/2012	Annual Financial Report of G. HATZIKYRIAKOS SOC. NAV.	www.lafarge.gr
31/05/2012	Annual Financial Report of DYSTOS SOC. NAV.	www.lafarge.gr
26/03/2012	Annual Financial Report of Heracles G.C.C. and Heracles Group at 31/12/2011	www.lafarge.gr
26/03/2012	Financial Data and Information of Heracles G.C.C. and Heracles Group at 31/12/2011	www.lafarge.gr

HERACLES GENERAL CEMENT COMPANY S.A.

HERACLES GROUP OF COMPANIES
A member of LAFARGE

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2012 TO 31 DECEMBER 2012

(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 Company' s website, 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
COMPANY'S REGISTERED ADDRESS	: 19.3 KLM MARKOPOULOU AV., 19002 PAIANIA, ATTICA
COMPANIES REG. NO.	: 224201000
QUALIFIED PREFECTURE	: MINISTRY OF DEVELOPMENT - DEPARTMENT OF SOCIETE ANONYME AND TRUST
BOARD OF DIRECTORS COMPOSITION	: 1. Manolis Ch. Kyprianides - Chairman, 2. Louis Chavane - Vice Chairman, 3. Pierre Deleplanque - Managing Director, 4. Jean-Charles Blatz - Member, 5. Andreas G. Andreopoulos - Member, 6. Panos Kyriakopoulos - Member
ANNUAL FINANCIAL STATEMENTS APPROVAL DATE BY THE BOARD OF DIRECTORS	: 26 March 2013
CERTIFIED AUDITORS	: EPAMINONDAS H. GIOUROUKOS (REG. No SOEL: 10351) - GIANNOPOULOU D. FOTINI (REG. No SOEL: 24031)
AUDIT FIRM	: DELOITTE - HADJIPAVLOU, SOFIANOS & CAMBANIS S.A.- (REG. No SOEL: E 120)
TYPE OF AUDIT OPINION	: UNQUALIFIED
COMPANY'S WEBSITE	: www.lafarge.gr

STATEMENT OF FINANCIAL POSITION

Amounts in Euro thousand	GROUP 31/12/2012	GROUP 31/12/2011	COMPANY 31/12/2012	COMPANY 31/12/2011
ASSETS				
Tangible assets	430,038	456,076	396,881	420,226
Intangible assets	32,013	32,785	500	1,056
Other non current receivables	20,584	18,520	66,558	115,316
Inventories	57,462	57,078	52,011	50,721
Trade and other receivables	59,035	106,730	74,859	77,930
Other current assets	2,736	10,924	1,806	10,305
Non current assets available for sale	0	9,044	0	9,044
Cash & cash equivalents	61,598	145,924	58,130	131,380
TOTAL ASSETS	**663,466**	**837,081**	**650,745**	**815,978**
EQUITY AND LIABILITIES				
Share capital	120,841	190,502	120,841	190,502
Other equity figures	326,154	400,659	363,055	437,558
Total Shareholders' equity (a)	**446,995**	**591,161**	**483,896**	**628,060**
Non-controlling interest (b)	**(131)**	**96**	**0**	**0**
Total Equity (c) = (a) + (b)	**446,864**	**591,257**	**483,896**	**628,060**
Provisions /Other non current liabilities	55,877	76,985	72,635	90,302
Short term bank loans	57,155	58,035	0	0
Other current liabiities	103,570	110,804	94,214	97,616
Total Liabilities (d)	**216,602**	**245,824**	**166,849**	**187,918**
TOTAL EQUITY AND LIABILITIES (c) + (d)	**663,466**	**837,081**	**650,745**	**815,978**

STATEMENT OF CHANGES IN EQUITY

Amounts in Euro thousand	GROUP 31/12/2012	GROUP 31/12/2011	COMPANY 31/12/2012	COMPANY 31/12/2011
Equity opening balance (1/1/2012 and 1/1/2011 respectively)	**591,257**	**646,409**	**628,060**	**673,617**
Increase/ (decrease) of share capital	(69,661)	0	(69,661)	0
Total comprehensive income after tax	(74,732)	(55,152)	(74,503)	(45,557)
Equity closing balance (31/12/2012 and 31/12/2011 respectively)	**446,864**	**591,257**	**483,896**	**628,060**

STATEMENT OF COMPREHENSIVE INCOME

Amounts in Euro thousand	GROUP Continuing operations 1/1-31/12/2012	GROUP Continuing operations 1/1-31/12/2011	COMPANY Continuing operations 1/1-31/12/2012	COMPANY Continuing operations 1/1-31/12/2011
Turnover (Sales)	228,161	277,515	201,774	239,402
Gross profit / (loss)	(7,203)	32,572	(9,486)	26,530
Earnings / (losses) before interest & tax	(89,624)	(50,642)	(91,805)	(44,831)
Profit / (loss) for the year before tax	(89,622)	(55,766)	(88,718)	(46,975)
Net profit / (loss) for the year after tax (a)	(76,502)	(55,864)	(76,385)	(46,286)
Attributable to:				
Company's shareholders	(76,275)	(55,898)	(76,385)	(46,286)
Non-controlling interest	(227)	34	0	0
Other comprehensive income after tax (b)	1,770	712	1,882	729
Total comprehensive income after tax (a) + (b)	(74,732)	(55,152)	(74,503)	(45,557)
Allocated to:				
Company's shareholders	(74,505)	(55,186)	(74,503)	(45,557)
Non-controlling interest	(227)	34	0	0
Earnings / (losses) per share after tax (in €)	(1.0762)	(0.7859)	(1.0746)	(0.6512)
Earnings / (losses) before interest, tax, depreciation and amortization	(49,269)	(5,426)	(54,732)	(3,109)

STATEMENT OF CASH FLOWS

Indirect method *Amounts in Euro thousand*	GROUP 1/1-31/12/2012	GROUP 1/1-31/12/2011	COMPANY 1/1-31/12/2012	COMPANY 1/1-31/12/2011
Operating activities				
Profit / (loss) of the year before tax	(89,622)	(55,766)	(88,718)	(46,975)
Plus / less adjustments for:				
Depreciation	40,355	45,216	37,073	41,722
Impairment of tangible and intangible fixed assets	469	21,748	230	21,748
Provisions	20,520	18,439	36,168	24,421
Foreign exchange differences	(237)	1,018	(217)	1,128
Gain /(loss) from derivatives valuation	20	(71)	20	(71)
Income / (expenses), profit / (losses) from investing activities	(2,608)	(568)	(3,781)	(1,544)
Interest and related expenses	3,109	7,035	1,080	4,633
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	(1,357)	(6,154)	(2,356)	(5,931)
Decrease / (increase) in receivables	15,859	6,541	7,639	5,509
(Decrease) / increase in liabilities (excl. bank loans)	7,069	(16,470)	11,524	(16,322)
Less :				
Interest and related expenses paid	(2,413)	(2,999)	(589)	(565)
Taxes paid	(630)	(8,637)	(274)	(7,451)
Total inflow / (outflow) from operating activities (a)	**(9,466)**	**9,332**	**(2,201)**	**20,302**
Investing activities				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	(1)	0	(31)
Intercompany loans	0	0	(30)	0
Proceeds from repayments of intercompany loans	0	0	1,675	0
Purchases of tangible and intangible fixed assets	(5,942)	(17,917)	(5,374)	(16,490)
Proceeds from disposals of tangible and intangible assets	1,462	965	1,069	755
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	100	200	0	0
Interest received	221	1,110	1,306	1,941
Total inflow / (outflow) from investing activities (b)	**(4,159)**	**(15,643)**	**(1,354)**	**(13,825)**
Financing activities				
Proceeds / (payments) from share capital increase / (decrease)	(69,661)	0	(69,661)	0
Loan proceeds	3,969	56,249	0	0
Loan repayments	(4,849)	(41,823)	0	(1,017)
Payments of obligations under finance leases	(151)	(193)	(25)	(42)
Dividends paid	(9)	0	(9)	0
Total inflow / (outflow) from financing activities (c)	**(70,701)**	**14,233**	**(69,695)**	**(1,059)**
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	**(84,326)**	**7,922**	**(73,250)**	**5,418**
Cash and cash equivalents at the beginning of the year	**145,924**	**138,002**	**131,380**	**125,962**
Cash and cash equivalents at the end of the year	**61,598**	**145,924**	**58,130**	**131,380**

ADDITIONAL DATA AND INFORMATION

1. The basic accounting principles used, are consistent to those followed in the 31 December 2011 published annual financial statements of the Group and the Company. There are reclassifications to the already published accounts of Group and Company Statement of Financial Position, for presentation purposes, analysis of which is presented in note 31 of the annual financial statements.

2. The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2012, 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.

3. The unaudited by tax authorities fiscal years of the Group companies are described in note 26 of the annual financial statements.

4. Related to the 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 1,747 Euro thousand and 1,724 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 2012, there are pending lawsuits against the Group amounting to 59,848 Euro thousand of which 44,560 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 22,521 Euro thousand of which 17,597 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 2012, there are pending lawsuits against the Group amounting to 5,368 Euro thousand of which 5,350 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 2,302 Euro thousand of which 2,287 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 pending litigations". 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 pending litigations	2,302	2,287
Provision for staff retirement	40,191	38,034
Other provisions	17,929	36,345
Total provisions	**60,422**	**76,666**

5. The number of employees for the Group and the Company as at 31 December 2012, is 1,223 (31/12/2011: 1,475) and 978 (31/12/2011: 1,190) respectively.

6. 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	102,777	112,764
Expenses	12,724	29,946
Receivables	7,394	35,955
Payables	4,271	12,747
Salaries and expenses of general managers and BoD members	3,639	2,329
Receivables from general managers and BoD members	0	0
Payables to general managers and BoD members	0	0

7. Amounts and nature of other comprehensive income after tax are as follows:

Amounts in Euro thousand	GROUP 31/12/2012	GROUP 31/12/2011	COMPANY 31/12/2012	COMPANY 31/12/2011
Actuarial gains / (losses) net of deferred tax	1,784	(404)	1,882	(312)
Gain on valuation of derivatives net of deferred tax	0	1,041	0	1,041
Other equity movements	(14)	75	0	0
Other comprehensive income after tax	**1,770**	**712**	**1,882**	**729**

8. There are not any own shares held by the Group companies (treasury shares).

9. Significant events after the reporting date of the financial statements: Heracles GCC, following a decision of the Company's Board of Directors on 25/03/2013, announces on 26/03/2013 the reorganization of its cement production structure, details for the reorganization are described in note 32 of the annual financial statements.
Based on L. 4110/2013 "Settings on income taxation, regulation of issues concerning the Ministry of Finance and other provisions", voted in January 2013, from year 2013 onwards, the income tax rate will be 26%. The Group estimated the effect of the change in tax rate for year 2012 and concluded that an additional deferred tax asset of 4,028 Euro thousand would occur. According to the Company's Management best knowledge, no other subsequent events exist that may have a significant impact on the Group's and the Company's financial position.

10. The trade name, the registered address, the consolidation method and the percentage of direct and indirect participation of the parent company in the consolidated companies are described in note 15 of the financial statements.

11. Modifications of consolidation structure:
Compared to the previous year (1 January - 31 December 2011), there are no modifications in Group consolidation structure.
There is a detailed description of the companies included in consolidated financial statements in note 15 of the financial statements.

12. EKEPY 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.

13. There is not any change in the consolidation method of the companies compared to the previous year (1 January - 31 December 2011).

Paiania, 26 March 2013

THE CHAIRMAN OF THE BOARD OF DIRECTORS	THE MANAGING DIRECTOR	THE CHIEF FINANCIAL OFFICER
MANOLIS CHRIS KYPRIANIDES	**PIERRE DELEPLANQUE**	**MICHALIS T. MICHELIS**
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