



HERACLES
GROUP OF COMPANIES

A member of **LAFARGE**

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013
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.

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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 Chris Kyprianides, Chairman of the Board of Directors
2. Jean Claude Block, Vice Chairman of the Board of Directors and
3. Pierre Deleplanque, Managing Director, 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 2013, 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 VICE CHAIRMAN
OF THE BOARD OF
DIRECTORS**

**THE MANAGING
DIRECTOR**

**MANOLIS CHR.
KYPRIANIDES**

**JEAN CLAUDE
BLOCK**

**PIERRE
DELEPLANQUE**

I.D. No. AZ 007012

**PASSPORT No.
12CT35105**

**PASSPORT No.
07CV39073**

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 December 2013.

A. Overview of major events for the year 2013

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.

Analytically, according to the Financial Statements:

- The Company's turnover increased by 4,4% in 2013, amounting to €210.618 thousand compared to €201.774 thousand in 2012, while the Group's turnover increased by 3,1% in 2013, amounting to €235.194 thousand compared to €228.161 thousand in 2012.
- The Company's results before taxes, interest, depreciation and amortisation (EBITDA) in 2013 amounted to loss €120.002 thousand compared to loss €52.277 thousand in 2012, while for the Group amounted to loss €131.140 thousand in 2013 compared to loss €46.784 thousand in 2012.
- The Company's net results after taxes in 2013 amounted to loss €118.620 thousand compared to loss €76.378 thousand in 2012, while the Group's net results after taxes amounted to loss €136.278 thousand compared to loss €76.602 thousand in 2012.

The increase in the company's turnover in 2013, compared to 2012, is attributed to the increase of exports and innovation initiatives, since in the domestic market the downturn of the construction sector continues for a fifth consecutive year.

The Company continues its efforts to reduce operating costs as well as optimize the production and supply chain processes. As a result of this effort, there was a significant reduction mostly in fixed cost, which partially offset the effects of the downturn in the domestic market.

The Company's investments in tangible and intangible assets for 2013 amounted to a total of €6.608 thousand compared to €4.621 thousand in 2012. As far as the Group is concerned, investments amounted to €7.659 thousand compared to €5.440 thousand in 2012.

2. Domestic cement, aggregates and concrete market

In 2013 the domestic cement market continued its recessive course, but at a slower pace, compared to previous years. Cement sales in Greece reached exceptionally low levels during the year. This is mainly attributed to the public expenditure for infrastructure being kept at poor levels, while the low disposable income, the high taxation and the large number of unsold properties led the private construction activity to a dead-end.

However, from the third quarter of 2013, signs of stabilization in domestic demand have been shown. The main drivers of this slight recovery, from low level reached in the first semester, remain the infrastructure projects through small-scale public rehabilitation and maintenance works.

The aggregates and concrete market in 2013 also followed the recessive trend. However, since the second half of 2013 the concrete volumes have been increased, reflecting the realization of the big infrastructure projects, while aggregates volumes are similarly higher.

3. Other major events

3.1. Reorganization of production structure

Following the decision of the Board of Directors of the 25th March 2013, which was approved by the Annual General Meeting of the 27th June of 2013, the Company announced on 26 March 2013 the reorganization of its cement production structure. In the frame of this reorganization, the permanent cease of Halkis plant operation was announced, among others.

The Company, as a result of the above decision on the permanent cease of Halkis plant operation, proceeded with the total impairment of fixed and current assets of the plant and relative provisions. The nonrecurring impact in the annual Financial Statements of the Company and the Group amounts to €83.352 thousand after deferred tax. This impact is analytically presented in notes 8 and 12 of the Financial Statements.

3.2. Health & Safety

In 2013, 5 lost time work-related injuries have occurred to Lafarge contractors, 4 in the Cement sector and 1 in the Aggregates & Concrete sector. Of these, 2 occurred inside the facilities, while the other 3 occurred outside the facilities.

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

- The procedure of conducting the Risk Assessment before every operation in the Volos and Milaki plants was upgraded both qualitatively and substantially. Moreover, the Health & Safety (H & S) Rules compliance was significantly improved through daily inspection, recording and motivation of the employees, the process of Locking/ Unlocking was also improved and the participation in the program of recording and reporting near-misses "Perno thesi" was extended.
- The main topic of the Safety Month 2013 for all the facilities was the significance of the H & S Rules Compliance and of the safe behavior, as it is derived by the analysis of the accidents occurred during 2012 - 2013. All employees participated in group activities during which they were trained in the use of simple tools for the risk assessment in daily tasks.
- Regarding occupational Health, the recording of the relevant risks for every job role and in every facility was completed, regular medical examinations' Protocols for every job role were produced and the carrying out of the respective examinations was initiated. At the same time, the employees trainings in the medical first aid provision were continued under the auspices of Red Cross and the relevant measurements and analyses of noise, breathable dust and crystalline silicon were carried out.
- Four H & S inspections took place in the Volos and Milaki plants, in the Aggregates & Concrete facilities of Northern Greece and in the activity of distribution terminals by a mixed group of the Lafarge Group and Lafarge Greece. The objective of the aforementioned inspections was the application of Lafarge's H & S Management System, by motivating staff and by making observations for improvement that were adopted and launched for implementation.
- The Housekeeping inspection plan was completed, with 53 inspections in 16 areas and sites of the Cement Activity and 14 sites of the Aggregates & Concrete activity. Through this plan, all the facilities were improved and the unsafe conditions were eliminated.
- 307 near-misses and 484 unsafe conditions, with the respective corrective actions, were reported.
- Two large employee mobilizations took place both before and after the end of summer leaves and in response to the accidents occurred, aiming at increasing alertness and commitment of the personnel, as well as achieving a team spirit on H & S issues.
- 26 good practices set by employees on Health & Safety were issued and they were circulated and discussed at all units.

3.3. Environment

The estimation and the systematic reporting of environmental performance indicators, which constituted part of the Group's Sustainability ambitions 2013, were continued for a fifth year. These ambitions mainly relate to environmental inspections of facilities, quarries' restoration program, bio-diversity, climate change, CO₂ emissions and dust emissions and they are reflected in the Sustainability Report 2012.

At Milaki plant the use of RDF was introduced, in the framework of utilizing alternative fuels, in order to minimize the CO₂ emissions and optimize the fuel mix, as well as to reinforce the competitiveness of the plant.

At Volos plant a recertification of the Environmental Management System ISO 14001 was implemented. The Certificate remains valid up to July 2016. Moreover, the public consultation on the renewal of the Environmental Terms of the plant was completed, with the favourable opinion of the Peripheral Council.

A program of Environmental Audits was initiated in the facilities of Lafarge Beton, a Group subsidiary, beginning with the concrete unit of Volos (Sesklo) and then the aggregates & concrete unit of Aliveri.

In addition, the program of Environmental Audits of Lava was completed, with the Pozzolane quarry in Milos.

Moreover, the Environmental Management Policies and the relevant Lafarge Group Standards were revised and re-published. The aforementioned standards should be incorporated in the current Environmental Management System of Lafarge's facilities in Greece. Additionally, a new Environmental Policy is implemented in Lafarge Group, as it was introduced by a corresponding message of the CEO of Lafarge group, Bruno Lafont.

The action plans for the CO₂ emissions' monitoring of Volos and Milaki plants for the period 2013 - 2020 were approved. The aforementioned action plans should be amended and upgraded on an annual basis until the end of June. At the same time, the crediting of the accounts in the European Greenhouse Gas Registry with the CO₂ emission rights for 2013 was finally carried out for the two plants. The crediting took place on the 19th December 2013, after a significant delay by the European Union.

Finally, the Company participated in the - carried at European level - public consultation for the revision of the "Carbon leakage" list through the Hellenic Cement Industry Association.

3.4 Corporate Social Responsibility

In 2013 the Group maintained its commitment to the continuous improvement of the organization and to sustainable development, acknowledging the benefits it yields for the business, the people, but also the local communities and the wider society, aiming to build a sustainable future for all.

Occupational Health & Safety

Health and Safety is a core company value. The Company's ambition is to eliminate injuries for employees and contractors across all its operations and become a leading company in health and safety for the industrial sector of the country.

A major part of the Company's effort was dedicated to the mobilization of people and the development of safety behaviors. Assisted by the roll-out of PROTEUS program, an internal performance acceleration program, Risk Assessment before any task, compliance to H&S rules, as well as visible safety leadership with no tolerance to unsafe actions were at the focus of internal mobilization. In addition, as every year between May and June, the employee awareness campaign of Health & Safety Month took place in all sites, highlighting safety priorities in everyday life, requiring from every employee, as well as contractors and partners.

Community engagement: the Company's socio-economic footprint

The Company has an active role in the socio-economic development of the communities nearby its sites, seeking to add value to local initiatives, making use of the know-how, products, equipment, advice and expertise.

Such initiatives include the supply of building materials for technical works in schools for the safety of students. Through Volos plant, materials were provided to the elementary school of Nea Ionia, Volos, to improve the conditions of safe access to school. Alfablok was also provided for the construction of four buildings in the Cultural Park Chryssalida in Keratea to host the only Open Museum of Greek Ethnography. All sites, as part of their commitment to contribute to local infrastructure have offered products, cement or concrete, to multiple local projects, undertaken by municipalities, hospitals or schools.

Increasing the level of dialogue and information to local communities on the Company's activities, the sites have also created opportunities for visits and discussions with community stakeholders. These include the formal consultation meetings which take place in the plants, giving the opportunity to their stakeholders to express their observations, so that the Company can proceed through dialogue with actions based on common interest and mutual understanding.

The Company's sites also provided opportunities for guided visits of schools. Students of all grades visited Milaki and Volos plants and were informed about cement and its production processes as well as the various types of concrete. In addition, students of Kos island visited the pumice quarry of LAVA, in the frame of an environmental program focusing on minerals. The visitors attended a presentation about Yali island, the pumice quarry and the Lafarge Group activities.

In April, LAVA S.A., a Group's subsidiary, organized an educational awareness program on protection from earthquakes for the students and professors of the secondary schools of Milos, open to the parents and representatives of the Local Authorities, and a respective one for the primary school and the Island Defense Command of Nissyros. The participants attended the Training Session of the Earthquake Planning & Protection Organization (E.P.P.O) "Earthquake - Let's get prepared" on protection measures and they participated in an emergency preparedness drill.

Partnerships with Universities and institutions, contests and exhibitions on sustainable development

Sustainable construction and cities are at the heart of Lafarge's innovation and development strategy. In 2013 was concluded the first edition of Heracles GREAT – Greek Architectural Talent initiative, with the exhibition GREAT 2013 – Their First Buildings at the Megaron, the Athens Concert Hall, an initiative that focuses on the Greek architectural talent and the innovation that springs from it.

The Company was one of the entities that provided support to the exhibition organized by the Municipality of Thessaloniki in collaboration with the Technical Chamber of Greece / Central Macedonia Department on the Creation & Recoverability of Public and Welfare Spaces & Promotion of Landmark Spaces in the Urban Area of the Municipality of Thessaloniki. The event opened a constructive dialogue on the many open issues for the limited public area of the city.

LAVA S.A. continued in 2013 its co-operation with the Laboratory of Floriculture & Landscape Architecture of the Agricultural University of Athens, on the use of pumice in the formulation of substrates for any type of Green Roofs. LAVA S.A. also collaborates with the Agricultural Faculty of the Aristotle University of Thessaloniki, aiming to develop the use of pumice as an essential ingredient in a ready-to-use substrate for the cultivation of vegetables.

On biodiversity, the Company partnership with Greek Universities and institutions continued. Access to evidence-based information about the biodiversity status of the sites is also improving the quality of the dialogue with the stakeholders. To this end, the first results of the University of Thessaly study on the bio-diversity map of Anavra and Agria quarries in Volos were published in 2013, as well as the action plan for their rehabilitation aiming at biodiversity enhancement.

In 2013 the partnership with the National Botanical Conservatory of Brest (CBNB) and the Botanical and Ecology Laboratory of the University of Patras was continued for the Araxos quarry. The program concerns the protection and the propagation of the rare Greek endemic plant "Centaurea niederi", subject to special protection under the EC Habitats Directive and the Bern Convention. In 2013 the observation of plants under the scientific support of the DBNB and the University of Patras was also continued.

For the specific program, the Company received a special Biodiversity award in the UEPG 2013 Sustainable Development Awards, as well as the Gold Environmental CSR award in the 2014 Environmental Awards in Greece.

Sustainable supply chain

The Company has a significant role in the local economy, particularly in the area nearby its operations, where it cooperates with many medium and small businesses. The Company's aim is to promote sustainability and generate economic benefit, integrating into its sourcing process the sustainability assessment of its suppliers. The selection of suppliers is based not only on criteria of cost, quality and time delivery but also on ethical and sustainability standards. The Purchasing Department demands that suppliers comply with the UN Global Compact principles and, in addition, it conducts assessment of the sustainability risk of the suppliers, evaluating them on potential risks linked to social, environmental and ethical practices.

For its sustainability procurement practices, the Company received the Silver award in the 2014 Environmental Awards in Greece.

The nature of the Company's activities is such that it has many local suppliers and contractors in its transportation and logistics operation. In fact, the Company works with hundreds of professional drivers contracted to transport its products and it takes a series of actions to improve safety in transportation while it provides training to contractor partners. The Company also implemented a series of actions to improve safety and manage work related risks for its contractors in transportation. These include an "emergency button" being installed in the vehicles, the installment of "E-pressure", which monitors and controls overpressure in cement silo deliveries and of the "E-track" web platform for monitoring deliveries.

B. Prospects, major sources of risk and uncertainties for 2014

The Bank of Greece Annual Report remains in a cautiously optimistic line, since the forecast that prevails is that 2014 will be the first year of positive trends for GDP, after a six-year period of recession, the main characteristic of which was the reduction in the housing investments. The aforementioned downturn has undoubtedly affected demand, fixed investments and employment in a series of sectors of economy which are related to building activity (such as the cement industry and the construction materials), however at the same time it released resources for investments in production domains related to internationally-traded exportable products and services.

Especially for the real estate market, the report attributes the substantial fall of the domestic demand and the subsequent excessive supply, which constituted the characteristics of the period 2010- 2013, mainly to the dramatic rise of unemployment and the reduction of the disposable income, to the increase of property taxation, and to the -until recently at least- significant instability of the tax framework, as well as to the lack of liquidity, taking into consideration the stricter terms of banking financing.

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.

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' market knowledge 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) Estimates of the recoverability of deferred tax assets (note 21 of the Financial Statements).
- (b) The recoverability of the value of the Company's investments in the share capital of subsidiaries and associates (note 16 of the Financial Statements).
- (c) The assessment of the remaining useful life of the Group's and the Company's fixed assets.
- (d) Contingent losses from pending litigations (notes 20 and 27 of the Financial Statements)
- (e) Doubtful debts from trade and other receivables (note 26.3 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 27 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 2013, 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. a 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 of the Company and its subsidiaries, 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 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, particularly as regards the provision of other services to the Company audited by such auditors or firm.

The Company's Audit Committee, from 01.01.2013 up to 30.10.2013, consisted of the following members:

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

By 30.10.2013 up to 31.12.2013, the Company's Audit Committee members changed to the following:

1. Jean Claude Block
2. Andreas G. Andreopoulos
3. Panos Kyriakopoulos

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. 64 of the Annual Financial Report, which refers to the detailed information of art. 4 para. 7 of L. 3556/2007.
- b. As regards the information required under art. 10 para. 1 (d) of Directive 2004/25/EC [*the holders of any securities with special control rights and a description of those rights;*]: There are no Company securities providing their holders with special control rights.
- c. As regards the information required under section (f) [*any restrictions on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the Company's cooperation, the financial rights attaching to securities are separated from the holding of securities;*] of para. 1 of art. 10 of Directive 2004/25/EC: There are no such restrictions on the voting rights.
- d. As regards the information required under art. 10 para. 1 (h) of Directive 2004/25/EC [*the rules governing the appointment and replacement of board members and the amendment of the articles of association*]: Board members are appointed by the General Meeting of Shareholders. The Directors' capacity as executive or non-executive Directors is defined by the Board of Directors. The independent Directors are appointed according to the law provisions. Any amendment to the Company's Articles is subject to authorization by the General Meeting of Shareholders pursuant to 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 (5th) day prior to the date of the General Meeting of Shareholders, or, in respect of any Repeated General Meetings, on the fourth (4th) 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.: 210-2898328) 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.: 210-2898328), 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 signatory A' rights. The primary obligation of the Directors is to constantly improve the Company's long-term financial value and promote 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 those of the Company's 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 the Company's management, administration and representation, to one or more persons, Directors or not. 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 ultimate executive corporate body, competent to decide on any matters relating to the Company's 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 five (5) to nine (9) members.

For the period 01.01.2013 to 31.12.2013 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 for the period 01.01.2013 to 31.12.2013 consisted of the following members:

	Name and Surname	Position	Role
1	Manolis Chris Kyprianides	Chairman of the Board	Non-executive member
2	Louis Chavane (from 01.01.2013 to 30.10.2013) Jean Claude Block (from 30.10.2013 to 31.12.2013)	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	Independent Non-executive member
6	Panos Kyriakopoulos	Member	Independent Non-executive member

According to the Company's Articles, the Board of Directors are elected by the General Meeting of Shareholders in accordance with the provisions of 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 three (3), may elect member(s) in replacement for the rest of the term of the member(s) replaced, 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. The remaining Directors may alternatively carry on the management and the representation of the Company without replacing the vacant members, provided their number exceeds one half (1/2) of the number of the members initially appointed and the legal provisions on corporate governance are observed. In any event, the remaining members regardless of their number shall be entitled to call the General Meeting with exclusive item on the agenda the election of a new Board of Directors.

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, the Vice-Chairman 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 2013, the Board of Directors held eight (8) meetings in total.

The individual attendance of each Board Member at the meetings held in 2013 is presented in the following tables:

Meetings of the Board of Directors for the period 01.01.2013 to 30.10.2013

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	6	6	0
Louis Chavane	6	6	0
Pierre Deleplanque	6	6	0
Jean – Charles Blatz	6	3	3
Andreas G. Andreopoulos	6	6	0
Panos Kyriakopoulos	6	6	0

Meetings of the Board of Directors for the period 30.10.2013 to 31.12.2013

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Manolis Chris Kyprianides	2	2	0
Jean Claude Block	1	1	0
Pierre Deleplanque	2	2	0
Jean – Charles Blatz	2	0	2
Andreas G. Andreopoulos	2	1	1
Panos Kyriakopoulos	2	1	1

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 at least 1/2 of Directors plus one member. 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, Directors or not. 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, without 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 2013 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 166.000 Euro.

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

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.

D. Significant events after the reporting date of Statement of Financial Position

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.

E. 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 €27.525 thousand, as well as receivable from LAFARGE BETON S.A. amounting to €4.212 thousand.

The nature of the related party transactions for 2013 remains unchanged compared to the latest annual report as at 31 December 2012.

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

GROUP		31/12/2013					
Amounts in thousands of Euro							
Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Fees and other expenses	Receivables	Payables	
<u>LAFARGE GROUP COMPANIES</u>							
PERICLES S.A.	0	0	0	0	430	0	
LAFARGE S.A.	5.208	568	6.375	0	0	3.866	
CEMENTIA TRADING S.A.	75.727	549	0	0	5.105	0	
OTHER LAFARGE GROUP COMPANIES	18.980	6.891	0	0	2.959	1.710	
<u>MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.</u>	0	0	0	4.927	0	0	
Total	99.915	8.008	6.375	4.927	8.494	5.576	

COMPANY		31/12/2013					
Amounts in thousands of Euro							
Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Interest income	Fees and other expenses	Receivables	Payables
<u>HERACLES G.C.C. SUBSIDIARIES</u>							
HERACLES MARITIME CO.	24	18.154	0	0	0	0	3.756
LAFARGE BETON S.A.	11.085	479	0	0	0	4.212	0
EVIESK S.A.	2	0	0	1.171	0	27.525	6.527
LAVA S.A.	310	1.649	0	0	0	0	408
AEGEAN TERMINALS S.A.	0	0	0	1	0	31	0
EDAKE S.A.	2	0	0	0	0	7	0
A. XATZHKYPIAKOS N.E.	1	0	0	0	0	3	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	0	0	21
ΔΥΣΤΟΣ N.E.	1	0	0	0	0	3	0
<u>LAFARGE GROUP COMPANIES</u>							
LAFARGE S.A.	5.208	295	5.402	0	0	0	2.891
CEMENTIA TRADING S.A.	75.434	549	0	0	0	5.105	0
OTHER LAFARGE GROUP COMPANIES	16.539	6.800	0	0	0	2.550	1.653
<u>MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.</u>	0	0	0	0	3.531	0	0
Total	108.607	27.926	5.402	1.172	3.531	39.436	15.256

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 27/3/2014 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 euro 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 December 2013 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

	31/12/2013		
	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
EVIK 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
E.D.A.K.E. S.A.	1.000	60,00	60.000

I. List of the Group's branches

HERACLES G.C.C.

Plants

1. VOLOS, Agria, Volos
2. MILAKI, Milaki, Aliveri, Evia

Branch

3. 15 K. Pateli str., Lycovrissi

Distribution Terminals

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

Warehouse

11. 49-51 Soph. Venizelou Str, Lycovrissi

Quarries

12. Platanos, Almiros-Magnissia

Various

13. Stilida, Fthiotida (camping)
14. 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. 9th km Heraklion – Chania

Quarries

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

Aggregates trade

32. Almiros, Volos

Aggregates warehouses

33. Lazareta, Siros

Limestone (not active)

34. Milaki, Evia

Offices

35. 19,3 Km Markopoulou Avenue, Paiania Attica
36. 3 Ag. Apostolon and Handakos – Chios

Subsidiaries

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

LAVA Quarrying and Mining S.A.**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, 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, 27/3/2014

By order of the Board of Directors

PIERRE DELEPLANQUE

Managing Director

Assurance & Advisory Services

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TRUE 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 and consolidated financial statements of the Company and the Group of HERACLES GENERAL CEMENT COMPANY, which comprise the company and consolidated statement of financial position as at December 31, 2013, 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.



Opinion

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group of HERACLES GENERAL CEMENT COMPANY as of December 31, 2013, 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 27, 2014

The Certified Public Accountants

Dimitris Koutsos – Koutsopoulos
Reg. No SOEL: 26751

Fotini D. Giannopoulou
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 2013**

The Group and Company Financial Statements on pages 28 to 95 were approved by the Board of Directors in its meeting on Thursday 27 March 2014 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**

**THE FINANCIAL
SERVICES MANAGER**

**MANOLIS CHRIS
KYPRIANIDES**

**PIERRE
DELEPLANQUE**

**GREGORY
LOVICH**

**PANTELIS
TOURNIS**

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

**PASSPORT No.
07CV39073**

**PASSPORT No.
10AT92468**

**ECG LIC. No. 0078930
A' CLASS**

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2013

Amounts in thousands of Euro	NOTE	GROUP		COMPANY	
		1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
Operating results					
Turnover	5,6	235.194	228.161	210.618	201.774
Cost of sales	9	(249.887)	(234.333)	(223.496)	(209.246)
Gross profit / (loss)		(14.693)	(6.172)	(12.878)	(7.472)
Administrative & distribution expenses	9	(35.498)	(38.253)	(23.749)	(25.209)
Other operating income / (expenses)	8	(112.542)	(42.714)	(110.303)	(33.705)
Impairment of investments in subsidiaries	11	0	0	(1.726)	(22.964)
Operating profit / (loss)		(162.733)	(87.139)	(148.656)	(89.350)
Finance income / (expenses)	6,10	(3.685)	(2.583)	16	639
Profit / (loss) for the year before tax		(166.418)	(89.722)	(148.640)	(88.711)
Income tax	12	30.140	13.120	30.020	12.333
Net profit / (loss) for the year after tax	6	(136.278)	(76.602)	(118.620)	(76.378)
Allocated to:					
Non controlling interest		(11)	(227)	0	0
Company's Shareholders		(136.267)	(76.375)	(118.620)	(76.378)
		(136.278)	(76.602)	(118.620)	(76.378)
Number of shares		71.082.707	71.082.707	71.082.707	71.082.707
Earnings / (losses) per share (in €)	13	(1,92)	(1,08)	(1,67)	(1,07)

The comparative figures of the year ended 31 December 2012 have been restated following the application of IAS 19 amended, as analysed in Note 31 of the Financial Statements.

Notes from page 33 through to page 95 form an integral part of the annual Group and Company Financial Statements.

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2013**

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Net profit / (loss) for the year after tax	(136.278)	(76.602)	(118.620)	(76.378)
<i>Amounts that will not be reclassified to the Income Statement in the future</i>				
Actuarial gain / (loss) recognised directly in equity and respective change in rate effect	2.931	1.784	2.778	1.882
Other equity movements	<u>0</u>	<u>(14)</u>	<u>0</u>	<u>0</u>
Total amounts that will not be reclassified to the Income Statement in the future	<u>2.931</u>	<u>1.770</u>	<u>2.778</u>	<u>1.882</u>
<i>Amounts that will be possibly reclassified to the Income Statement in the future</i>				
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	<u>34</u>	<u>0</u>	<u>34</u>	<u>0</u>
Total amounts that will be possibly reclassified to the Income Statement in the future	<u>34</u>	<u>0</u>	<u>34</u>	<u>0</u>
Other comprehensive income for the year, after tax	<u>2.965</u>	<u>1.770</u>	<u>2.812</u>	<u>1.882</u>
Total comprehensive income for the year, after tax	<u><u>(133.313)</u></u>	<u><u>(74.832)</u></u>	<u><u>(115.808)</u></u>	<u><u>(74.496)</u></u>

The comparative figures of the year ended 31 December 2012 have been restated following the application of IAS 19 amended, as analysed in Note 31 of the Financial Statements.

Notes from page 33 through to page 95 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Amounts in thousands of Euro	NOTE	GROUP		COMPANY	
		31/12/2013	31/12/2012	31/12/2013	31/12/2012
Fixed assets or non-current assets					
Goodwill		29.480	29.480	0	0
Intangible assets	14	2.267	2.533	349	500
Tangible assets	15	327.336	430.038	296.790	396.881
Investments in associates and subsidiaries	16	0	0	45.768	47.472
Other investments	17	57	56	57	56
Other non-current receivables	26.2	6.829	7.102	34.053	6.561
Deferred tax assets	21	45.624	13.426	44.164	12.469
Total fixed assets or non-current assets		411.593	482.635	421.181	463.939
Current assets					
Inventories	18	48.810	57.462	45.335	52.011
Trade receivables	26.3	45.269	49.271	38.659	41.701
Other receivables	26.3	14.639	9.764	11.790	33.158
Derivative financial instruments	26.6	42	38	42	38
Cash and cash equivalents	26.4	27.792	61.598	22.786	58.130
Income tax receivables	12	1.191	2.698	477	1.768
Total current assets		137.743	180.831	119.089	186.806
Total assets		549.336	663.466	540.270	650.745
Non-current liabilities					
Provision for staff termination indemnity	19	25.438	36.873	23.693	34.817
Other non-current provisions	20	20.982	19.027	40.472	37.809
Finance lease liabilities	26.7	53	152	0	9
Total non-current liabilities		46.473	56.052	64.165	72.635
Current liabilities					
Provision for staff termination indemnity	19	7.150	3.493	7.079	3.217
Trade payables	26.5	78.003	80.872	66.772	73.208
Other payables	26.5	20.244	17.584	17.512	16.743
Income tax liabilities	12	275	68	0	0
Finance lease liabilities	26.7	118	220	24	94
Other current provisions	20	8.017	1.204	7.627	823
Derivative financial instruments	26.6	3	0	3	0
Dividends payable		0	129	0	129
Bank loans	26.4	75.677	57.155	9.000	0
Total current liabilities		189.487	160.725	108.017	94.214
Total liabilities		235.960	216.777	172.182	166.849
Equity					
Share capital	23	120.841	120.841	120.841	120.841
Share premium	24	1.279	1.279	1.279	1.279
Reserves	25	174.696	174.696	162.170	162.170
Derivatives valuation reserve	26.6	34	0	34	0
Retained earnings		16.668	150.004	83.764	199.606
Total Shareholders' equity		313.518	446.820	368.088	483.896
Non controlling interest		(142)	(131)	0	0
Total equity		313.376	446.689	368.088	483.896
Total liabilities and equity		549.336	663.466	540.270	650.745

The comparative figures of the year ended 31 December 2012 have been restated following the application of IAS 19 amended, as analysed in Note 31 of the Financial Statements.

Notes from page 33 through to page 95 form an integral part of the annual Group and Company Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Amounts in thousands of Euro

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Non controlling interest	Total
Balance at 1/1/2013	120.841	1.279	174.696	0	150.004	(131)	446.689
Profit / (loss) for the year	0	0	0	0	(136.267)	(11)	(136.278)
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	34	0	0	34
Actuarial gain / (loss) recognised directly in equity and respective change in rate effect	0	0	0	0	2.931	0	2.931
Balance at 31/12/2013	120.841	1.279	174.696	34	16.668	(142)	313.376
Balance at 1/1/2012	190.502	1.279	174.696	0	224.609	96	591.182
Profit / (loss) for the year	0	0	0	0	(76.375)	(227)	(76.602)
Increase of share capital	(69.661)	0	0	0	0	0	(69.661)
Actuarial gain / (loss) recognised directly in equity	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	150.004	(131)	446.689

Amounts in thousands of Euro

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Total
Balance at 1/1/2013	120.841	1.279	162.170	0	199.606	483.896
Profit / (loss) for the year	0	0	0	0	(118.620)	(118.620)
Profit / (loss) from derivative financial instruments recognised directly in equity	0	0	0	34	0	34
Actuarial gain / (loss) recognised directly in equity and respective change in rate effect	0	0	0	0	2.778	2.778
Balance at 31/12/2013	120.841	1.279	162.170	34	83.764	368.088
Balance at 1/1/2012	190.502	1.279	162.170	0	274.102	628.053
Profit / (loss) for the year	0	0	0	0	(76.378)	(76.378)
Increase of share capital	(69.661)	0	0	0	0	(69.661)
Actuarial gain / (loss) recognised directly in equity	0	0	0	0	1.882	1.882
Balance at 31/12/2012	120.841	1.279	162.170	0	199.606	483.896

The comparative figures of the year ended 31 December 2012 have been restated following the application of IAS 19 amended, as analysed in Note 31 of the Financial Statements.

Notes from page 33 through to page 95 form an integral part of the annual Group and Company Financial Statements.

**STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED
31 DECEMBER 2013**

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
<u>Operating activities</u>				
Profit / (loss) of the year before tax	(166.418)	(89.722)	(148.640)	(88.711)
Plus / less adjustments for:				
Depreciation	31.593	40.355	28.654	37.073
Impairment of tangible and intangible fixed assets	78.435	469	77.791	230
Provisions	8.516	20.620	13.351	36.161
Foreign exchange differences	51	(237)	27	(217)
Gain /(loss) from derivatives valuation	42	20	42	20
Income / (expenses), profit / (loss) from investing activities	93	(2.608)	(1.184)	(3.781)
Interest and related expenses	4.698	3.109	2.080	1.080
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	1.002	(1.357)	(960)	(2.356)
Decrease / (increase) in receivables	263	15.859	(2.539)	7.639
(Decrease) / increase in liabilities (excl. bank loans)	790	7.069	(4.292)	11.524
Less :				
Interest and related expenses paid	(2.799)	(2.413)	(668)	(589)
Taxes paid	(1.047)	(630)	(1.057)	(274)
Total inflow / (outflow) from operating activities (a)	(44.781)	(9.466)	(37.395)	(2.201)
<u>Investing activities</u>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	0	(22)	0
Intercompany loans	0	0	(1.500)	(30)
Proceeds from repayments of intercompany loans	0	0	0	1.675
Purchases of tangible and intangible fixed assets	(8.052)	(5.942)	(6.895)	(5.374)
Proceeds from disposals of tangible and intangible assets	719	1.462	492	1.069
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	0	100	0	0
Interest received	116	221	1.184	1.306
Total inflow / (outflow) from investing activities (b)	(7.217)	(4.159)	(6.741)	(1.354)
<u>Financing activities</u>				
Proceeds / (payments) from share capital increase / (decrease)	0	(69.661)	0	(69.661)
Loan proceeds	18.535	3.969	9.000	0
Loan repayments	(13)	(4.849)	0	0
Payments of obligations under finance leases	(201)	(151)	(79)	(25)
Dividends paid	(129)	(9)	(129)	(9)
Total inflow / (outflow) from financing activities (c)	18.192	(70.701)	8.792	(69.695)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	(33.806)	(84.326)	(35.344)	(73.250)
Cash and cash equivalents at the beginning of the year	61.598	145.924	58.130	131.380
Cash and cash equivalents at the end of the year	27.792	61.598	22.786	58.130

The comparative figures of the year ended 31 December 2012 have been restated following the application of IAS 19 amended, as analysed in Note 31 of the Financial Statements.

Notes from page 33 through to page 95 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 December 2013) 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 annual Financial Statements (IFRS) are presented in thousands of Euro, which is the currency of the primary economic environment where the Group operates, unless otherwise stated.

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

The following standards have been adopted for the first time for the financial year beginning on 1 January 2013 and have a material impact on the Group:

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. The Group has applied the current standard, which requires the restatement of the previous financial statements. The impact of the aforementioned amendment is described in detail in Note 31.

A few more new standards and amendments are also effective for the first time for the current year, however their application does not have a significant impact on the Group's financial statements, thus they are not adopted.

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.

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

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.

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 recognized financial assets and recognized financial liabilities, on the entity’s financial position.

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.

Amendments to standards that form part of the IASB’s 2009 - 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.

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.

IAS 32 “Financial instruments: Presentation”

The amendment clarifies that income tax related to distributions is recognized in the income statement and income tax related to the costs of equity transactions is recognized 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”.

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

Standards and Interpretations effective for periods beginning on or after 1 January 2014

The Group has not early adopted the following standards and interpretations that have been issued but are not yet mandatorily effective for the financial year beginning at January 1, 2013. It is, though, not anticipated that this application will have a significant impact on the Group's financial statements.

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 of the aforementioned new standards are as follows:

IFRS 10 "Consolidated Financial Statements"

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

IFRS 11 "Joint Arrangements"

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

IFRS 12 "Disclosure of Interests in Other Entities"

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

IAS 27 (Amendment) "Separate Financial Statements"

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

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

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 2014)

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 is immediately preceding to the first annual period of IFRS 12 application. Comparative disclosures are not required for interests in unconsolidated structured entities.

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.

IAS 36 (Amendment) “Recoverable amount disclosures for non-financial assets” (effective for annual periods beginning on or after 1 January 2014)

This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognized or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognized or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

IAS 39 (Amendment) “Financial Instruments: Recognition and Measurement” (effective for annual periods beginning on or after 1 January 2014)

This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

Standards and Interpretations issued but not yet adopted by the European Union at the closing date

The Group has not adopted the following amendments to standards and interpretations, as they have not yet been endorsed by EU, as at December 31, 2013. Their possible application, however, in the future is not anticipated to have a significant impact on the Group’s results.

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.

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

IFRS 9 “Financial Instruments: Hedge accounting and amendments to IFRS 9, IFRS7 and IAS 39” (effective for annual periods beginning on or after 1 January 2015)

The IASB has published IFRS 9 Hedge Accounting, the third phase of its replacement of IAS 39 which establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The second amendment requires changes in the fair value of an entity’s debt attributable to changes in an entity’s own credit risk to be recognized in other comprehensive income and the third amendment is the removal of the mandatory effective date of IFRS 9.

IFRS 7 (Amendment) “Financial Instruments: Disclosures” (effective for annual periods beginning on or after 1 January 2015)

The amendment requires additional disclosures on transition from IAS 39 to IFRS 9.

IFRIC 21 “Levies” (effective for annual periods beginning on or after 1 January 2014)

This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

IAS 19R (Amendment) “Employee Benefits” (effective for annual periods beginning on or after 1 July 2014)

These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

Project of Annual Improvements to IFRSs 2010 - 2012 (effective for annual periods beginning on or after 1 July 2014)

The amendments set out below describe the key changes to seven IFRSs following the publication of the results of the IASB’s 2010-12 cycle of the annual improvements project.

IFRS 2 “Share-based payment”

The amendment clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.

IFRS 3 “Business combinations”

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 “Financial instruments: Presentation”. It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 8 “Operating segments”

The amendment requires disclosure of the judgments made by management in aggregating operating segments.

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

IFRS 13 “Fair value measurement”

The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 “Property, plant and equipment” and IAS 38 “Intangible assets”

Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

IAS 24 “Related party disclosures”

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Project of Annual Improvements to IFRSs 2011 - 2013 (effective for annual periods beginning on or after 1 July 2014)

The amendments set out below describe the key changes to four IFRSs following the publication of the results of the IASB’s 2011-13 cycle of the annual improvements project.

IFRS 3 “Business combinations”

This amendment clarifies that IFRS 3 does not apply to the accounting for the formation of any joint arrangement under IFRS 11 in the financial statements of the joint arrangement itself.

IFRS 13 “Fair value measurement”

The amendment clarifies that the portfolio exception in IFRS 13 applies to all contracts (including non-financial contracts) within the scope of IAS 39/IFRS 9.

IAS 40 “Investment property”

The standard is amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive.

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 2012, which are available on the Company’s website www.lafarge.gr.

The primary accounting principles adopted are set out below:

3. ACCOUNTING PRINCIPLES - continued

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 when 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 statement of profit or loss 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 intercompany transactions, balances and 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 of subsidiaries 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 legal or constructive obligation and is able to make an additional investment to cover the losses.

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, 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 assets, liabilities and contingent liabilities 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 statement of profit or loss.

Losses of subsidiaries exceeding the Company's investment therein are recognised in the statement of profit or loss 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 of disposal and their value in use.

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 value 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 purposes 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 entity, the defined 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 December 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.

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 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 total 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 at the year of acquisition.

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

Financial information by segment

A business segment is a component of an enterprise that provides 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 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 related note its three operating segments: cement, concrete and aggregates.

Management evaluates segment performance based on turnover, gross operating income / (loss) before depreciation, operating income / (loss), financial income and expenses and total assets. "Gross operating income/ (loss)" is defined by Management as the income of the Company and the Group before taxes, financial income/ (expenses), non-recurring income/ (expenses) and depreciation.

Revenue Recognition

Revenue is 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.

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 effective 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.

Income tax

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

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

3. ACCOUNTING PRINCIPLES - continued

Income Tax - continued

Current tax

The recognition of related expense is initially made based on the relevant amounts presented in the income tax return statement. The calculation of income tax expense is an accounting estimate and assumes the exercise of subjective judgment. Taxable profit differs from net profit as reported in the statement of profit or loss 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 income tax is calculated using current or substantively enacted tax rates 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 statement of financial position 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 deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill (or profit from beneficial purchase) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realised, based on tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognized in profit or loss, unless it relates to items recognized directly in equity, in which case the deferred tax is also posted in equity respectively.

Deferred tax liabilities and assets shall be offset when there is a legal enforceable right that allows the offsetting of current tax assets to current tax liabilities, 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.

3. ACCOUNTING PRINCIPLES – continued

Leases

A. Operating Leases

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

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

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

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

B. Finance leases

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, 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.

Foreign currency transactions

The Financial Statements of the Group are presented in the currency of the primary economic environment in which the Group 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. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies recorded at historical cost 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 and liabilities in a foreign currency carried at historical cost are translated and measured using the exchange rates at the date of the transaction.

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 included 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.

3. ACCOUNTING PRINCIPLES – continued

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 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.

Retirement benefit costs and termination benefits

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 at each reporting date.

Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest cost, which is recognized in profit or loss, is calculated by applying the discount rate at the beginning of the period to the net defined liability (asset), after taking into account any changes in the net liability (asset).

Defined benefit costs are categorised as follows:

- Service Cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income;
- Remeasurement.

The staff retirement benefit obligation recognised in the statement of Financial Position represents the actual deficit or surplus in the Group's defined benefit plans. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

Remeasurement, comprising of actuarial gains and losses, the effect of changes to the asset ceiling and the return on plan assets, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income will not be reclassified to profit or loss.

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 and conditions 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

Tangible assets

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

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

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

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

Investment property

As investment property is defined the property that is held to earn rentals or for capital appreciation or both and is not used by any subsidiary company of the Group. Property that is used for the operating activities of the Group, e.g. for production or for administrative purposes, is not considered investment but operating property.

Investment property is initially measured at its cost, which includes the acquisition cost and the related transaction costs.

After initial recognition, investment property is measured at its historical cost less any subsequent accumulated depreciation and any subsequent accumulated impairment losses.

Investment property is depreciated over its estimated useful life, using the straight-line method, which does not differ significantly from the useful life of related property included in the account "tangible assets". The estimated useful lives, the residual values and the depreciation method are reviewed by the Management of the Company at the end of each year.

Intangible assets

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

3. ACCOUNTING PRINCIPLES - continued

Intangible assets - continued

Intangible assets acquired in a business combination are identified and recognized 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.

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 have been demonstrated:

- 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 that are acquired separately.

Impairment of tangible and intangible assets excluding goodwill

At 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 amount of an individual asset, the Group and the Company estimate the recoverable amount 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 of disposal 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 recognised immediately as an expense in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 statement of profit or loss immediately.

3. ACCOUNTING PRINCIPLES - continued

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise of 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.

Emission rights

Emission rights are not recognised as an asset. Profit from surplus of emission rights is recognised only after a sale is realised and classified in cost of sales. If there is a shortage, a provision is recognised in the statement of profit or loss.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that the Group will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. 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 those affected by it. 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 on-going activities of the Group.

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 from the contract.

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.

Financial instruments

Financial instruments 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 FVTPL.

3. ACCOUNTING PRINCIPLES - continued

Financial instruments - continued

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 on hand, bank deposits and other short-term investments of high liquidity, readily convertible into an identifiable amount of cash with an insignificant value change risk.

Other financial liabilities

Other financial liabilities are split into current and non-current and are initially recognised at fair value. Non-current liabilities 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 instrument 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.

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.

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 on-going basis to ensure that they are relevant regarding the past experience and the current economic environment. 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.

Such estimates are prepared on the assumption of going concern, are established based on currently available information and are in keeping with the current economic crisis or political instability affecting some of the Group's markets. Estimates may be revised in case of changes in circumstances used for the estimate or new information. Actual amounts could differ from the estimates.

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

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 of disposal 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;
- 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) Estimates of the recoverability of deferred tax assets (note 21 of the Financial Statements).
- (b) The recoverability of the value of the Company's investments in the share capital of subsidiaries and associates (note 16 of the Financial Statements).
- (c) The assessment of the remaining useful life of the Group's and the Company's fixed assets.
- (d) Contingent losses from pending litigations (notes 20 and 27 of the Financial Statements)
- (e) Doubtful debts from trade and other receivables (note 26.3 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 27 of the Financial Statements).

5. TURNOVER

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

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Income from sale of finished and semi-finished products	223.390	216.326	202.392	193.442
Income from sale of merchandise	5.574	6.173	5.574	6.173
Income from services	6.230	5.662	2.652	2.159
	235.194	228.161	210.618	201.774

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.

Each operating segment derives its revenues from the following products:

- A wide range of cement and hydraulic binders adapted to the needs of the construction industry;
- Aggregates and concrete;
- Other products.

Management evaluates segment performance based on turnover, gross operating income / (loss) before depreciation, operating income / (loss), financial income and expenses and total assets.

"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:

31/12/2013					
Amounts in thousands of Euro					
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	215.612	22.432	6.695	(9.116)	235.623
Gross operating income / (loss) before depreciation	(662)	(3.958)	(1.866)	0	(6.486)
Operating income / (loss)	(139.773)	(6.581)	(7.139)	0	(153.493)

31/12/2012					
Amounts in thousands of Euro					
	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	21.290	(3.635)	(1.558)	0	16.097
Operating income / (loss)	(66.535)	(13.964)	(5.538)	0	(86.037)

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

6. OPERATING SEGMENTS – continued

Amounts in thousands of Euro

Total Assets as per Management Reporting	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
31/12/2013	585.417	64.833	42.215	(140.339)	552.126
31/12/2012	686.418	62.441	44.994	(135.967)	657.886

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 recognized amounts in the Statement of profit or loss 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 thousands of Euro

	<u>31/12/2013</u>	<u>31/12/2012</u>
Turnover per Management Reporting	235.623	229.228
Timing difference on expenses / (revenue) recognition	(40)	(530)
Discount reclassification between Turnover and Cost of Sales	(389)	(537)
Turnover per Published Statement of Profit or Loss	<u>235.194</u>	<u>228.161</u>

Amounts in thousands of Euro

	<u>31/12/2013</u>	<u>31/12/2012</u>
Management Reporting		
Gross operating income/ (loss) before depreciation	(6.486)	16.097
Depreciation	(30.409)	(38.936)
Non-recurring income / (expenses)	(116.598)	(63.198)
Operating Income / (loss) per Management Reporting	(153.493)	(86.037)
Reconciliation to Published Statement of Profit or Loss		
Timing difference on expenses / (revenue) recognition	(40)	(530)
Reversal of journal entry concerning deemed cost of fixed assets	(3.760)	0
Adjustment in stock valuation	0	(1.236)
Provisions and liabilities recognised in different periods	(3.498)	551
Cost allocation between administrative and finance expenses	(696)	1.808
Difference in fixed assets depreciation	(809)	(845)
Other timing differences	(437)	(850)
Operating Income / (loss)	(162.733)	(87.139)
Net financial income /(expenses)	(3.685)	(2.583)
Profit / (loss) before tax	(166.418)	(89.722)
Income tax	30.140	13.120
Net profit / (loss) for the year after tax	<u>(136.278)</u>	<u>(76.602)</u>

6. OPERATING SEGMENTS – continued

Amounts in thousands of Euro

	<u>31/12/2013</u>	<u>31/12/2012</u>
Total Financial Income / (Expenses) per Management Reporting	(4.258)	(4.719)
Cost allocation between administrative and finance expenses	696	(1.808)
Difference in exchange rate differences	0	(266)
Long-term receivables discounting effect recognised in different period	0	4.168
Other	(123)	42
Total Financial Income / (Expenses) per Published Statement of Profit or Loss	<u>(3.685)</u>	<u>(2.583)</u>

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

Amounts in thousands of Euro

	<u>31/12/2013</u>	<u>31/12/2012</u>
Total Assets per Management Reporting	552.126	657.886
Difference in deemed cost of fixed assets	9.837	14.224
Total assets of non consolidated entity	(3.673)	(3.839)
Recognition of provision in different periods	(2.355)	0
Long-term receivables discounting effect	0	79
Deferred tax difference	(6.064)	(4.096)
Other	(535)	(788)
Total Assets per Published Statement of Financial Position	<u>549.336</u>	<u>663.466</u>

The Group and Company operate in the following countries:

Amounts in thousands of Euro

	GROUP		COMPANY	
	<u>1/1-31/12/2013</u>	<u>1/1-31/12/2012</u>	<u>1/1-31/12/2013</u>	<u>1/1-31/12/2012</u>
Greece	135.334	150.738	117.967	131.352
Switzerland	77.533	70.510	75.424	68.378
Other countries	22.327	6.913	17.227	2.044
	<u>235.194</u>	<u>228.161</u>	<u>210.618</u>	<u>201.774</u>

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

7. REORGANIZATION OF HERACLES G.C.C. PRODUCTION STRUCTURE

Following the decision of the Board of Directors of the 25th March 2013, which was approved by the Annual General Meeting of the 27th June of 2013, the Company announced on 26 March 2013 the reorganization of its cement production structure. In the frame of this reorganization, the permanent cease of Halkis plant operation was announced, among others. On the same day, with an invitation to the Union of Halkis plant employees, the consultation process started according to the provisions on the Law 1387/1983 "Control of Collective Dismissals and other provisions", as in force.

The above-mentioned process was completed on the 26th April of 2013, with the issuance of the decision No 13449/246 of the Minister of Labour, Social Insurance & Welfare, with which, the planned collective redundancies as requested by the Company were rejected. Further to this, the Company proceeds since April 2013 with a reduction in the number of employees, according to the Law 3863/2010.

The Company, as a result of the above decision on the permanent cease of Halkis plant operation, proceeded with the total impairment of fixed and current assets of the plant and relative provisions. The nonrecurring impact in the annual Financial Statements of the Company and the Group amounts to €83.352 thousand after deferred tax. This impact is analytically presented in notes 8 and 12 of the Financial Statements.

8. OTHER OPERATING INCOME / (EXPENSES)

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

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
Profit / (loss) from fixed asset disposals	(451)	(171)	(283)	(68)
(Impairment) / Reversal of impairment of fixed assets	(3.092)	(469)	(2.449)	(230)
(Provision) / Reversal of provision for share in losses of subsidiaries	0	0	(1.486)	(1.524)
(Provision) / Reversal of provision for doubtful receivables	(927)	(41.397)	(809)	(31.193)
Other restructuring expenses	(104.277)	0	(104.277)	0
Other income / (expenses)	(3.795)	(677)	(999)	(690)
	<u>(112.542)</u>	<u>(42.714)</u>	<u>(110.303)</u>	<u>(33.705)</u>

The impairment of fixed assets mainly relates to the production line 2 in the plant of Volos, amounting to €1.889 thousand.

8. OTHER OPERATING INCOME / (EXPENSES) - continued

Other restructuring expenses of the Group and the Company include items related to the reorganization of the Company's cement production structure, based on the Board of Director's decision of the 25th March 2013, which was approved by the Annual General Meeting of the 27th June 2013, as they are analyzed below:

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
(Impairment) / Reversal of impairment of fixed assets	(75.343)	0	(75.343)	0
(Provision) / Reversal of provision for obsolescence of spare parts, finished & semi-finished products, consumables	(6.888)	0	(6.888)	0
(Provision) / Reversal of provision for staff indemnities due to restructuring	(1.898)	0	(1.898)	0
Special termination benefits offered to employees due to restructuring	(17.438)	0	(17.438)	0
Other restructuring expenses	(2.710)	0	(2.710)	0
	<u>(104.277)</u>	<u>0</u>	<u>(104.277)</u>	<u>0</u>

The special termination benefit cost offered to employees of the plant consists of an amount of €8.256 thousand, which relates to benefits offered, and of an amount of €9.182 thousand, which mainly relates to compensated salaries.

9. COST OF SALES – ADMINISTRATIVE & DISTRIBUTION EXPENSES

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

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Amortisation of intangible assets	604	887	360	599
Depreciation of tangible assets	30.671	39.475	27.969	36.474
Amortisation of grants	(7)	(7)	0	0
Total depreciation & amortisation	<u>31.268</u>	<u>40.355</u>	<u>28.329</u>	<u>37.073</u>
Movement of finished and semi-finished products	(5.800)	1.235	(3.858)	1.819
Consumption of raw, auxiliary materials, consumables and spare parts	68.367	61.701	64.951	57.007
Cost of goods sold	<u>62.567</u>	<u>62.936</u>	<u>61.093</u>	<u>58.826</u>
Employer's contribution	12.807	12.612	11.175	10.748
Salaries and other personnel benefits	49.610	58.431	43.644	50.805
Provision for staff termination indemnity	1.251	3.138	1.092	2.681
Staff termination incentives	8.430	9.983	7.492	9.995
Total personnel expenses	<u>72.098</u>	<u>84.164</u>	<u>63.403</u>	<u>74.229</u>
Other expenses	<u>119.452</u>	<u>85.131</u>	<u>94.420</u>	<u>64.327</u>
Total	<u>285.385</u>	<u>272.586</u>	<u>247.245</u>	<u>234.455</u>

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

The number of Group and Company personnel as at 31 December 2013 is analysed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Number of employees	977	1.223	795	978

10. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Income				
Interest received and related income	359	2.779	1.458	3.849
Foreign exchange income	770	414	692	338
	<u>1.129</u>	<u>3.193</u>	<u>2.150</u>	<u>4.187</u>
Expenses				
Interest and related expenses	4.698	5.694	2.080	3.528
Loss from derivatives	54	20	54	20
Foreign exchange losses	62	62	0	0
	<u>4.814</u>	<u>5.776</u>	<u>2.134</u>	<u>3.548</u>
Total	<u>(3.685)</u>	<u>(2.583)</u>	<u>16</u>	<u>639</u>

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

An amount of €1.159 thousand for the Group and of €1.093 thousand for the Company respectively is included in interest and related expenses, for 2013, which relate to the interest of present value of defined benefit obligations. The corresponding amounts for 2012 were €2.585 thousand and €2.448 thousand for the Group and the Company respectively.

11. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

The Company recognized in the Financial Statements as of 31 December 2013 an impairment loss amounting to €1.726 thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., which derived from the impairment test of investments in subsidiaries, assessed at each reporting period or whenever there is an indication of impairment. This impairment loss has arisen as a result of an assessment for the recoverable value of the investment as at 31 December 2013. 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 recognized in the Financial Statements as at 31 December 2012 an impairment loss amounting to €22.964 thousand concerning its investment in the above-mentioned consolidated subsidiary.

12. INCOME TAX

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Income tax	383	192	0	0
Deferred taxation (Note 21)	(31.447)	(11.928)	(30.842)	(10.887)
Tax audit differences	30	(2.387)	0	(2.355)
Other taxes	894	1.003	822	909
Total	<u>(30.140)</u>	<u>(13.120)</u>	<u>(30.020)</u>	<u>(12.333)</u>

The income tax benefit of the year mostly represents deferred tax revenue. The deferred tax asset was increased during the year 2013, compared to that of year 2012 mainly due to the change in the applicable income tax rate from 20% to 26% by €4.028 thousand for the Group, as well as because of the impairment of the Company's fixed assets due to restructuring by €16.194 thousand, of the closely related to them spare parts and finished and semi-finished products by €1.791 thousand, and of the other restructuring expenses of Halkis plant by €2.940 thousand. The total deferred tax asset that arises from the reorganization of the Company's production structure amounts to €20.925 thousand.

12. INCOME TAX – continued

Income tax is analysed as follows:

Amounts in thousands of Euro	GROUP				COMPANY			
	1/1-31/12/2013		1/1-31/12/2012		1/1-31/12/2013		1/1-31/12/2012	
		%		%		%		%
Profit / (loss) before tax	(166.418)	26%	(89.722)	20%	(148.640)	26%	(88.711)	20%
Income tax at the current tax rate 26% (2012: 20%)	(43.269)	26%	(17.944)	20%	(38.646)	26%	(17.743)	20%
Expenses not deductible in determining taxable profit - permanent differences	5.440	-3%	2.061	-2%	4.259	-3%	715	-1%
Difference in the current year's deferred taxation due to changes in tax rate	(2.285)	1%	0	0%	(2.377)	2%	0	0%
Reversal of deferred tax liability due to restatement of tax basis of fixed assets	0	0%	(513)	1%	0	0%	(340)	0%
Effect of different tax rates of subsidiaries operating under a different tax status	(22)	0%	45	0%	0	0%	0	0%
Tax losses not carried forward	1	0%	1	0%	0	0%	0	0%
Use of previous years' tax losses	0	0%	1.650	-2%	0	0%	1.650	-2%
Tax audit differences	30	0%	(2.387)	3%	0	0%	(2.355)	3%
Other permanent differences	5.177	-3%	776	-1%	5.087	-3%	778	-1%
Participation to impairment of investments and share in losses of subsidiaries	0	0%	0	0%	835	-1%	4.898	-6%
Non-recognised deferred tax asset due to non-recoverability / (reversal)	3.894	-2%	2.188	-2%	0	0%	(845)	1%
Other taxes	894	-1%	1.003	-1%	822	-1%	909	-1%
	(30.140)	18%	(13.120)	15%	(30.020)	20%	(12.333)	14%

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

Income tax receivables and payables are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Receivables				
Income tax receivable	1.191	2.698	477	1.768
Total tax receivables	1.191	2.698	477	1.768
Payables				
Income tax payable	(275)	(68)	0	0
Total tax payables	(275)	(68)	0	0
Total	916	2.630	477	1.768

13. EARNINGS / (LOSSES) PER SHARE

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

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
Net profit / (loss) for the year after tax	(136.278)	(76.602)	(118.620)	(76.378)
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	(1,92)	(1,08)	(1,67)	(1,07)

The comparative data of prior year has been adjusted for presentation purposes, as analyzed in note 31 of the Financial Statements.

14. INTANGIBLE ASSETS

Intangible assets concern software purchases and customer loyalty of the acquired subsidiaries. The following table shows the movement for the years ended 31 December 2013 and 31 December 2012 respectively:

Amounts in thousands of Euro	GROUP	COMPANY
COST		
1 January 2012	16.817	12.213
Additions	115	43
31 December 2012	16.932	12.256
Additions	413	218
Transfers from projects in progress	220	0
31 December 2013	17.565	12.474
ACCUMULATED AMORTIZATION		
1 January 2012	13.512	11.157
Amortization charge	708	599
Amortization of goodwill allocation	179	0
31 December 2012	14.399	11.756
Amortization charge	426	360
Amortization of goodwill allocation	178	0
Impairment of intangible assets	295	9
31 December 2013	15.298	12.125
CARRYING AMOUNT		
31 December 2012	2.533	500
31 December 2013	2.267	349

14. INTANGIBLE ASSETS - continued**Impairment testing of Goodwill**

Goodwill, which has arisen on subsidiary acquisition, amounts to €29.480 thousand for the aggregates and concrete production structure (2012: €29.480 thousand).

The Group proceeded with an impairment testing of the aforementioned goodwill, using the following key assumptions:

The recoverable amount of the cash generating units (CGUs) under examination is determined by the calculation of their value-in-use. For this calculation, expected pre-tax discounted cash flows have been used, based on financial budgets approved by management covering a ten-year period, as well as a discount rate of 11% (2012: 11%). This period reflects the characteristics of the Group's activities where operating assets have a long lifespan and where technologies evolve very slowly.

The discount rate represents the current assessments of the market, as regards the risks related to the specific CGU, taking into account the time value of money.

The calculation method used was the "Weighted Average Cost of Capital (WACC)". The weighted average cost of capital consists of the average rate of return that the shareholders (cost of equity) and the debtors (cost of debt) expect from the entity, in order to invest their capital to finance its operations, taking into account the specific circumstances under which the Group and its segments operate.

Beta factors have also been applied, reflecting the specific risks of the country, the cement sector and the general business environment, as well as the current developments and prospects. The beta factors are evaluated on an annual basis according to publicly available market data.

Following the ten-year period, the cash flows have been extrapolated using an assessment of a growth rate of 2% (2012: 2%). A steady perpetual growth of the expected free cash flow of the last year of the forecast time-period has been assumed.

The remaining key assumptions that were used for the calculation of the value-in-use of the cash generating units consist of the following:

Sales volumes:**Sales Volume Growth:**

	<u>2013</u>	<u>2012</u>
Concrete	7,0% - 30,0%	1,8% - 25,0%
Aggregates	7,0% - 20,0%	(1,5%) - 15,0%

The assessments of the Group's Management regarding the projected sales volumes have taken into consideration the market growth estimates in the country, the participation in the public infrastructure projects, as well as the productivity per activity area, based on the past experience.

Moreover, the cement/ concrete intensity in construction in accordance with the building codes, and the availability of the raw materials have also been considered in the framework of designing the long-term growth rate.

14.INTANGIBLE ASSETS - continued

Impairment testing of Goodwill - continued

Sales prices:

Sales Prices Growth:

	<u>2013</u>	<u>2012</u>
Concrete	1,2% - 6,2%	1,4% - 3,0%
Aggregates	(2,0%) - 3,0%	1,8% - 3,0%

The inflation, the growth rate of the domestic market as well as the increase of the production cost comprise of the fundamental elements that formed the base for the assumptions made.

Results before taxes, interest, depreciation and amortization (EBITDA)/ Sales:

EBITDA/ Sales Variance

	<u>2013</u>	<u>2012</u>
Concrete	(5,3%) - 14,8%	(10,2%) - 17,9%
Aggregates	(9,0%) - 34,2%	(10,0%) - 36,1%

The EBITDA/ Sales rate is composed by all items included in the Cost of Sales, among which the energy cost, as well as the items included in the Administrative expenses.

In the context of the sensitivity analysis that the Group performed at 31 December 2013, it assessed the sensitivity of the recoverable amounts to a reasonable variation of half point in the perpetual growth rate and the discount rate. The analysis does not indicate any conditions where the carrying value of the significant Cash Generating Units exceed their recoverable value, thus no impairment is required.

15. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years ended 31 December 2013 and 31 December 2012 respectively:

Amounts in thousands of Euro

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST						
1 January 2012	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
Additions	167	0	1.469	42	5.568	7.246
Disposals / Write-offs	0	(92)	(573)	(359)	(149)	(1.173)
Transfers of assets under construction	0	673	4.293	225	(5.411)	(220)
31 December 2013	76.268	268.945	482.576	26.479	11.544	865.812
ACCUMULATED DEPRECIATION						
1 January 2012	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
Depreciation charge	114	11.976	17.590	1.152	0	30.832
Amortisation of allocation of goodwill	164	0	0	0	0	164
Impairment of fixed assets	1.108	23.084	51.904	566	1.478	78.140
Disposals / Write-offs	0	(59)	(179)	(336)	0	(574)
Subsidies of fixed assets	0	(5)	(2)	0	0	(7)
31 December 2013	6.398	179.402	330.293	20.697	1.686	538.476
NET BOOK VALUE						
31 December 2012	71.089	123.958	216.407	7.256	11.328	430.038
31 December 2013	69.870	89.543	152.283	5.782	9.858	327.336

The above assets include the carrying value of the buildings, machinery and stripping costs, amounting to €3.405 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 December 2010 based on No 12365/09 KYA (FEK 159D/29-4-2009) and operated again on 28 November 2011 based on article 53, par. 2 of L. 4030/2011 (FEK/A/249/25-11-2011).

The impairment of tangible assets, of total amount €78.140 thousand, mainly relates to the cease of the operation of Halkis plant and the impairment of production line 2 in Volos plant, as mentioned in note 8 of the Financial Statements.

15. TANGIBLE ASSETS – continued

The following table shows the relevant Company tangible assets movements for the years ended 31 December 2013 and 31 December 2012 respectively:

Amounts in thousands of Euro

COMPANY	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST						
1 January 2012	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
Additions	167	0	1.437	21	4.765	6.390
Disposals / Write-offs	0	(92)	(464)	(4)	0	(560)
Transfers of assets under construction	0	405	3.696	219	(4.320)	0
31 December 2013	57.067	257.533	455.330	17.064	10.813	797.807
ACCUMULATED DEPRECIATION						
1 January 2012	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
Depreciation charge	28	11.472	16.090	704	0	28.294
Impairment of fixed assets	1.028	22.978	51.678	489	1.610	77.783
Disposals / Write-offs	0	(59)	(92)	(5)	0	(156)
31 December 2013	1.670	172.786	311.697	13.254	1.610	501.017
NET BOOK VALUE						
31 December 2012	56.286	118.825	206.640	4.762	10.368	396.881
31 December 2013	55.397	84.747	143.633	3.810	9.203	296.790

16. 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	31/12/2013			31/12/2012			Main business activity
		Direct participation	Indirect participation	Total	Direct participation	Indirect participation	Total	
HERACLES G.C.C.	Greece, Paiania, Attica			Parent			Parent	Cement production & trade
LAFARGE BETON S.A.	Greece, Paiania, Attica	98,64%	1,36%	100,00%	98,64%	1,36%	100,00%	Concrete and aggregates production & trade
EVIESK S.A.	Greece, Paiania, Attica	95,76%	4,24%	100,00%	95,76%	4,24%	100,00%	Dormant
HERACLES MARITIME CO.	Greece, Paiania, Attica	99,99%	0,01%	100,00%	99,99%	0,01%	100,00%	Sea transports and ship management
LAVA S.A.	Greece, Paiania, Attica	44,16%	55,84%	100,00%	44,16%	55,84%	100,00%	Building materials and aggregates production & trade
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	100,00%		100,00%	100,00%		100,00%	Dormant
E.D.A.K.E. S.A.	Greece, Avlida, Evia	100,00%		100,00%	50,00%		50,00%	Dormant
G. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Dormant
A. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Dormant
DYSTOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Dormant
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		99,15%	99,15%		99,15%	99,15%	Dormant
PORT SAID SILO INVESTMENT COMPANY S.A.	Panama		100,00%	100,00%		100,00%	100,00%	Dormant
LEADER BETON S.A.	Tirana, Albania		51,00%	51,00%		51,00%	51,00%	Dormant

Company consolidated using the equity method:

Name of Associate	Registered Office	31/12/2013			31/12/2012			Main business activity
		Direct participation	Indirect participation	Total	Direct participation	Indirect participation	Total	
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	Greece, Paiania, Attica	1,00%	49,00%	50,00%	1,00%	49,00%	50,00%	Dormant

On 22 October 2013, the Company acquired the rest 50% of the company E.D.A.K.E. S.A. by purchasing 500 shares from the company AN.K.EL. S.A. at the price of €22 thousand. As a result, E.D.A.K.E. S.A. is currently consolidated using the full consolidation method, instead of the proportional method that was previously used.

16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES – continued

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

Amounts in thousands of Euro

	COMPANY					
	31/12/2013			31/12/2012		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	103.973	(65.040)	38.933	103.973	(63.314)	40.659
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.	52	0	52	30	0	30
Total	118.678	(72.910)	45.768	118.656	(71.184)	47.472

The Company recognized for 2013 an impairment loss amounting to €1.726 thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., as also referred in the note 11 of the Financial Statements. The corresponding amount of impairment for 2012 amounted to €22.964 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 thousands of Euro

	31/12/2013	31/12/2012
Total Assets	533	569
Total Liabilities	4.883	4.230
Total Equity	(4.350)	(3.661)
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)

17. OTHER INVESTMENTS

The Group has a 0,05% 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 thousands of Euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Other interest	57	56	57	56
Total	57	56	57	56

18. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY					
	31/12/2013	31/12/2012	31/12/2013	31/12/2012				
Merchandise		764		792		673		655
Finished and semi-finished products	18.220		22.718		16.137		18.731	
Less: Obsolescence provision	(2.837)	15.383	(1.535)	21.183	(2.704)	13.433	(1.440)	17.291
Raw & auxiliary materials	18.550		15.957		17.610		15.044	
Less: Obsolescence provision	(54)	18.496	(78)	15.879	(43)	17.567	(43)	15.001
Spare parts	26.796		26.371		26.268		25.822	
Less: Obsolescence provision	(15.531)	11.265	(10.089)	16.282	(15.393)	10.875	(9.951)	15.871
Consumables	3.038		3.326		2.923		3.193	
Less: Obsolescence provision	(136)	2.902	0	3.326	(136)	2.787	0	3.193
Total		48.810		57.462		45.335		52.011

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

Amounts in thousands of Euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Balance at the beginning of year	11.702	12.657	11.434	12.296
Additional provision in the year for finished and semi finished products obsolescence	1.302	21	1.264	0
Reversal of provision for finished and semi finished products	0	(102)	0	0
Additional provision in the year for raw materials obsolescence	0	5	0	0
Reversal of provision for slow moving raw materials obsolescence	(24)	(17)	0	0
Use of provision due to spare parts destruction	(46)	(862)	(46)	(862)
Additional provision in the year for spare parts obsolescence	5.488	0	5.488	0
Additional provision in the year for consumables	136	0	136	0
Total	18.558	11.702	18.276	11.434

19. 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.

The most recent actuarial valuation of Group staff compensation due to retirement was conducted by independent actuaries, based on 31 December 2013 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 2013) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial gain as at 31 December 2013 amounted to €2.121 thousand and €1.912 thousand respectively, with recognised deferred tax of €551 thousand and €497 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 derives a) from gain of €860 thousand and €795 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 3,00% to 3,30% and b) from gain from experiential adjustments totalling €1.261 thousand and €1.117 thousand for the Group and the Company respectively, which is attributed to the following factors:

- In 2013 the actual average change in basic salaries and allowances decreased by 1% for the Group and by 1,1% for the Company, against a long-term actuarial assumption of increase of 3,5% for both cases: gain of €1.400 thousand for the Group and €1.289 thousand for the Company. The Management estimates that in the long term the average increase will be at 3,5%.
- The remaining loss of €139 thousand and €172 thousand for the Group and the Company respectively is attributed to population mobility during the year, such as actual departures, retirements, new hiring and mortality.

The total expense in the statement of profit or loss in 2013 was €13.278 thousand and €12.115 thousand for the Group and the Company respectively. For the Group, €6.555 thousand is included in cost of sales and €3.126 thousand is included in administrative expenses, €2.438 thousand is included in the other operating expenses and €1.159 thousand in financial expenses; while for the Company, €6.002 thousand is included in cost of sales and €2.582 thousand is included in administrative expenses, €2.438 thousand is included in the other operating expenses and €1.093 thousand is included in financial expenses.

19. PROVISION FOR STAFF RETIREMENT COMPENSATION – continued

The staff retirement compensation provision is analysed as follows:

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Amounts in thousands of Euro				
Present value of obligation	32.588	40.366	30.772	38.034
Unrecognised past service cost	0	0	0	0
Net liability in Statement of Financial Position	32.588	40.366	30.772	38.034
Amounts recognised in the Statement of Profit or Loss				
Service cost	1.791	2.936	1.632	2.681
Interest cost	1.159	2.585	1.093	2.448
Amortisation of past service cost	0	202	0	0
Regular Statement of Profit or Loss charge	2.950	5.723	2.725	5.129
Termination loss / Restructuring expense	10.328	9.983	9.390	9.995
Total Statement of Profit or Loss charge	13.278	15.706	12.115	15.124
Changes in present value of Defined benefit obligation				
Defined benefit obligation at the beginning of the year	40.366	63.241	38.034	59.860
Service cost	1.791	2.936	1.632	2.681
Interest cost	1.159	2.585	1.093	2.448
Benefits paid directly by the Company	(18.935)	(36.350)	(17.465)	(34.598)
Extra payments or expenses / (income)	10.328	9.983	9.390	9.995
Past service cost arising over last year	0	202	0	0
Actuarial loss / (gain)	(2.121)	(2.231)	(1.912)	(2.352)
Defined benefit obligation at year end	32.588	40.366	30.772	38.034
Analysis of actuarial gain / (loss)				
Gain / (loss) on plan liabilities due to change in assumptions	860	172	795	340
Gain / (loss) on plan liabilities due to experiential changes	1.261	2.059	1.117	2.012
Actuarial gain / (loss)	2.121	2.231	1.912	2.352
Movement in net liability in Statement of Financial Position				
Net liability in Statement of Financial Position at the beginning of the year	40.366	63.241	38.034	59.860
Benefits paid directly by the Company	(18.935)	(36.350)	(17.465)	(34.598)
Total expense recognised in the Statement of Profit or Loss	13.278	15.706	12.115	15.124
Net liability in Statement of Financial Position before adjustment	34.709	42.597	32.684	40.386
Amount recognised in the statement of recognised (income) / expense	(2.121)	(2.231)	(1.912)	(2.352)
Net liability in Statement of Financial Position	32.588	40.366	30.772	38.034
Net liability in current liabilities	7.150	3.493	7.079	3.217
Net liability in non-current liabilities	25.438	36.873	23.693	34.817
Total	32.588	40.366	30.772	38.034

The comparative figures of 2012 have been restated following the application of IAS 19 amended, as analyzed in Note 31 of the Financial Statements.

19. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	
Discount rate	3,30%	3,00%	3,30%	3,00%	annual
Salaries increase	3,50%	3,50%	3,50%	3,50%	annual
Allowances increase	3,50%	3,50%	3,50%	3,50%	annual
Inflation rate	2,00%	2,00%	2,00%	2,00%	annual
Plan duration	6,85	9,74	6,52	9,62	

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 provision for staff retirement compensation is sensitive to changes in the discount factor, namely:

- (a) if the discount rate used was 0,50 units higher (3,80%) then the “Defined Benefit Obligation” for the Group, would be lower by 3,14% (€1.021 thousand) and for the Company by 2,99% (€919 thousand).
- (b) if the discount rate used was 0,50 units lower (2,80%) then the “Defined Benefit Obligation” for the Group, would be higher by 3,38% (€1.101 thousand) and for the Company by 3,22% (€989 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 thousands of Euro

	GROUP				
	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Defined benefit obligation at year end	32.588	40.366	63.241	62.046	82.606
Actuarial gain / (loss)	2.121	2.231	(505)	4.255	(4.869)

	COMPANY				
	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
Defined benefit obligation at year end	30.772	38.034	59.860	58.130	77.346
Actuarial gain / (loss)	1.912	2.352	(391)	3.988	(4.489)

20. OTHER NON-CURRENT AND CURRENT PROVISIONS

GROUP

	Provision for quarry restoration expenses	Provision for pending litigations	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in thousands of Euro							
1 January 2012	3.051	2.490	1.043	455	10.353	7.465	24.857
Additional provision for the year	35	146	0	0	0	942	1.123
Provision utilised	(68)	(277)	0	(17)	0	(2.596)	(2.958)
Unutilised provision	0	(48)	0	0	0	(2.967)	(3.015)
Reclass of provisions	(364)	(9)	0	0	0	373	0
Transfer from current liabilities	0	0	0	0	0	224	224
31 December 2012	2.654	2.302	1.043	438	10.353	3.441	20.231
Included in current liabilities	277	16	0	300	0	611	1.204
Included in non-current liabilities	2.377	2.286	1.043	138	10.353	2.830	19.027
31 December 2012	2.654	2.302	1.043	438	10.353	3.441	20.231
Additional provision for the year	1.477	152	0	0	0	9.361	10.990
Provision utilised	(65)	(296)	0	(49)	0	(1.243)	(1.652)
Unutilised provision	0	(629)	0	0	0	0	(629)
Transfer from current liabilities	0	0	0	0	0	60	60
31 December 2013	4.066	1.529	1.043	389	10.353	11.619	28.999
Included in current liabilities	278	16	0	300	0	7.423	8.017
Included in non-current liabilities	3.788	1.513	1.043	89	10.353	4.196	20.982
31 December 2013	4.066	1.529	1.043	389	10.353	11.619	28.999

COMPANY

	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
Amounts in thousands of Euro								
1 January 2012	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
Additional provision for the year	0	151	1.486	0	0	0	8.776	10.413
Unutilised provision	0	(629)	0	0	0	0	0	(629)
Provision utilised	0	(296)	0	0	(49)	0	(32)	(377)
Transfer from accrual	0	0	0	0	0	0	60	60
31 December 2013	1.462	1.513	22.748	1.043	389	10.353	10.591	48.099
Included in current liabilities	247	0	0	0	300	0	7.080	7.627
Included in non-current liabilities	1.215	1.513	22.748	1.043	89	10.353	3.511	40.472
31 December 2013	1.462	1.513	22.748	1.043	389	10.353	10.591	48.099

20. OTHER NON-CURRENT AND CURRENT PROVISIONS – continued

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 pending litigations concerns actions filed against the Group and the Company, of a total amount of €3.208 thousand and €3.188 thousand respectively, for which the estimated probable loss would be €1.529 thousand and €1.513 respectively.

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 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 thousand by offsetting 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.

In other provisions of the Company of total amount €10.591, an amount of €8.256 thousand is included, regarding special termination benefits offered to the employees of Halkis plant, in the frame of the reorganization of the company's cement production structure, and especially the cease of Halkis plant operation, as it is presented in detail in note 7 of the Financial Statements.

21. 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 thousands of Euro

GROUP

Deferred taxation from:	1/1/2012	Equity	Statement of Profit or Loss	31/12/2012	Equity	Statement of Profit or Loss	31/12/2013
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(28.297)	0	1.120	(27.177)	0	12.529	(14.648)
Deferred tax asset on tax losses of the year	1.861	0	5.450	7.311	0	8.446	15.757
Provision for doubtful receivables	10.457	0	7.342	17.799	0	5.299	23.098
Provision for staff retirement compensation	13.082	(447)	(4.145)	8.490	810	(364)	8.936
Recognition of financial derivatives	(78)	0	4	(74)	(12)	0	(86)
Impairment of inventory	2.604	0	1.726	4.330	0	3.175	7.505
Amortisation of intangible assets due to goodwill allocation	(193)	0	69	(124)	0	0	(124)
Other	2.509	0	362	2.871	(47)	2.362	5.186
Total	1.945	(447)	11.928	13.426	751	31.447	45.624

21. DEFERRED TAX ASSETS AND LIABILITIES - continued

Amounts in thousands of Euro

COMPANY

Deferred taxation from:	1/1/2012	Equity	Statement of Profit or Loss	31/12/2012	Equity	Statement of Profit or Loss	31/12/2013
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(25.914)	0	1.126	(24.788)	0	12.916	(11.872)
Deferred tax asset on tax losses of the year	1.650	0	5.480	7.130	0	8.575	15.705
Provision for doubtful receivables	8.959	0	6.820	15.779	0	4.637	20.416
Provision for staff retirement compensation	11.973	(470)	(3.893)	7.610	865	(471)	8.004
Recognition of financial derivatives	(12)	0	4	(8)	(12)	12	(8)
Impairment of inventory	2.646	0	1.743	4.389	0	3.151	7.540
Other	2.750	0	(393)	2.357	0	2.022	4.379
Total	2.052	(470)	10.887	12.469	853	30.842	44.164

21. DEFERRED TAX ASSETS AND LIABILITIES - continued

In addition to the deferred tax that has been recognised in the statement of profit or loss, deferred tax asset of €810 thousand and €865 thousand concerning actuarial gain recognised during the year, as well as the effect of change in tax rate from 20% to 26% to the total recognised actuarial losses, has been recorded directly in the equity of the Group and the Company respectively as at 31 December 2013. The respective numbers as at 31 December 2012 concerned deferred tax liability of €447 thousand and €470 thousand for the Group and the Company respectively.

Moreover, a deferred tax liability of €12 thousand has been recorded directly to equity of the Group and the Company concerning the recognition of financial derivatives of the Company during the year.

Deferred tax assets and liabilities of the Group and the Company have been offset. The analysis of the deferred tax balances (following offset) for presentation purposes is given below:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Deferred tax assets	60.482	40.803	57.213	38.234
Deferred tax liabilities	(14.858)	(27.377)	(13.049)	(25.765)
Total	45.624	13.426	44.164	12.469

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

Amounts in thousands of Euro	Amounts of non recognised deferred tax assets			
	GROUP		COMPANY	
	2013	2012	2013	2012
Tax losses	7.774	7.616	0	0
Provision for doubtful debts	11.790	9.893	9.294	7.973
Provision for impairment of participations	0	0	18.955	14.236
Provisions for share in loss in subsidiary	0	0	6.186	4.461
Fixed assets adjustment	1.671	1.285	1.671	1.285
Total	21.235	18.794	36.106	27.955

On 31 December 2013, 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.

22. DIVIDENDS

According to the Greek corporate legislation in force, entities are obliged to allocate dividends corresponding to at least 35% of profit after tax, less legal reserve, at each year. 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 2013.

23. SHARE CAPITAL

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

Amounts in thousands of Euro	<u>31/12/2013</u>	<u>31/12/2012</u>
Number of issued common shares	71.082.707	71.082.707
Nominal share price (in Euro)	1,70	1,70
Approved, issued and fully paid:	120.841	120.841

24. SHARE PREMIUM

Amounts in thousands of Euro	<u>31/12/2013</u>	<u>31/12/2012</u>
Share premium	<u>1.279</u>	<u>1.279</u>

25. RESERVES

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

Amounts in thousands of Euro

GROUP

	1/1/2012	Additions/ (Disposals)	31/12/2012	Additions/ (Disposals)	31/12/2013
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 thousands of Euro

COMPANY

	1/1/2012	Additions/ (Disposals)	31/12/2012	Additions/ (Disposals)	31/12/2013
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 must transfer 5% of their profit after taxes to the statutory reserve each year, 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 2013.

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.

25. RESERVES - continued***Tax-free reserves***

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

Amounts in thousands of Euro	GROUP		
	<u>31/12/2012</u>	<u>Movement</u>	<u>31/12/2013</u>
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	<u>130.726</u>	<u>0</u>	<u>130.726</u>

Amounts in thousands of Euro	COMPANY		
	<u>31/12/2012</u>	<u>Movement</u>	<u>31/12/2013</u>
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	<u>124.534</u>	<u>0</u>	<u>124.534</u>

According to article 72 of law 4172/2013, as amended by article 26 of law 4223/2013, non-distributed or non-capitalized reserves, as booked till 31 December 2013, deriving from non-taxed profits of the law 2238/1994 should, either be distributed or capitalized at a tax rate of 19%, as since the 1st January 2014, or they should be offset against tax losses until exhausted. These losses should have been generated the last five years.

For those Group Companies that have realized tax profits as at 31 December 2013, the assessed amount in relation to the taxation of tax-free reserves of law 2238/1994, as clarified by the Ministerial Decision POL. 1007/2014, is not significant. The Group Companies having tax losses will offset them against the tax-free reserves.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

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

26.1. 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 the Group's and the Company's access 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 and derivatives.

Credit risk

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

- (a) Trade and other receivables. The relative maximum exposure of the Group and the Company to credit risk is analysed in note 26.3, 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 26.2 below.

Liquidity risk

Liquidity risk consists of the Group's inability to honour its financial obligations when they come due. In order to manage liquidity, the Group maintains the appropriate combination of sufficient cash & cash equivalents and approved banking facilities, so that the maturing financial liabilities are met, under ordinary or even under adverse conditions, without setting its reputation at risk.

As at 31 December 2013, the Group's cash and cash equivalents amounted to €27.792 thousand, while it also had the adequate approved but undrawn borrowing facilities, so that it could fund its current short-term liabilities. Moreover, the Group's Management has made coordinated efforts to reduce its trade receivables collection period and attempts to maintain the best possible inventory levels.

To avoid liquidity risks the Group estimates the projected cash flows for a one-year period when preparing the annual budget, as well as conducts a rolling estimation covering a period of three months, in order to ensure that it has adequate cash resources to meet its operating needs, including the fulfilment of its financial obligations.

This policy does not take into account the impact of extreme conditions which cannot be foreseen. It should be noted, however, that for the total debt obligations no guarantee has been provided to the banks, which implies the high credit rating of the Group.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.1. FINANCIAL RISK FACTORS - continued*****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

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	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Cash and cash equivalents	1.239	2.228	961	1.835
Receivables	10.953	8.059	10.911	8.013
Payables	(8.151)	(17.996)	(7.780)	(17.955)
Net receivables / (payables)	<u>4.041</u>	<u>(7.709)</u>	<u>4.092</u>	<u>(8.107)</u>
Exchange rate				
US Dollar	1,3791	1,3194	1,3791	1,3194

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in thousands of Euro

	GROUP		COMPANY	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Cash and cash equivalents	899	1.689	697	1.391
Receivables	7.942	6.108	7.912	6.073
Payables	(5.910)	(13.639)	(5.641)	(13.609)
Net receivables / (payables)	<u>2.931</u>	<u>(5.843)</u>	<u>2.968</u>	<u>(6.145)</u>

Regarding the hedging of exchange rate risk, the Company concludes forward contracts of US Dollar purchase. There is no contract concluded until 31 December 2013 and its purchase to concern the year of 2014.

Interest rate risk

The Group's Bank loans are related to floating rates, the fluctuations of which do not significantly affect its financial expenses and cash flows. A key 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 a follow up is carried out.

On 31 December 2013, the Group and Company's short term loans amounted to €75.677 thousand and €9.000 thousand respectively, while no long term loans exist.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.1. 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 derivative financial instruments and more specifically, forward contracts that refer to international fuel prices. For 2013, 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 derivative financial instruments and more specifically, forward contracts that refer to international freight prices (relative note 26.6 below). The hedging of the above risks is exercised in the context of LAFARGE Group policy. For 2013, 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. At Group level the fluctuations are not expected to differ significantly from those of the Company.

Amounts in thousand

SENSITIVITY ANALYSIS 2013						
% variance	± 30%	± 25%	± 20%	± 15%	± 10%	± 5%
Coal	± 893	± 744	± 595	± 446	± 298	± 149
Petcoke	± 5.631	± 4.693	± 3.754	± 2.816	± 1.877	± 939
Freight	± 898	± 749	± 599	± 449	± 300	± 150
Electric power	± 6.840	± 5.700	± 4.560	± 3.420	± 2.280	± 1.140
Total	± 14.262	± 11.885	± 9.508	± 7.131	± 4.754	± 2.377

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.2. OTHER NON-CURRENT RECEIVABLES**

Other non-current receivables are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Present value of non-current notes receivable	6.164	7.330	6.164	7.330
Guarantee deposits (PPC, rents etc)	2.771	2.871	2.511	2.510
Other non-current receivables	11.405	11.291	11.334	11.111
Other non-current intercompany receivables	0	0	27.555	0
Provision for doubtful non-current receivables	(13.711)	(15.152)	(13.711)	(15.152)
Reclassification from / to current provisions	200	762	200	762
Total	6.829	7.102	34.053	6.561

For 2013, the other non-current intercompany receivables of the Company refer to the loan agreement between the Company and its subsidiary E.V.I.E.S.K. S.A. On 31 December 2012 the total amount of the intercompany loan to EVIESK S.A. was €26.025 thousand. On 31 December 2013 the total amount of the intercompany loan is €27.525 thousand and has been reclassified to the non-current receivables of the Company since the repayment or the renewal of the loan is expected to take place in June of 2016. 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 thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Present value of non-current receivables from trading activity	17.569	18.621	17.498	18.441
Minus:				
Bad Debt provisions	13.511	14.390	13.511	14.390
Mortgages	1.041	989	1.041	989
Assigned receivables	2.003	1.803	2.003	1.803
Maximum exposure to credit risk	1.014	1.439	943	1.259

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.3. TRADE AND OTHER CURRENT RECEIVABLES**

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

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Trade receivables net of intercompany	154.825	160.098	120.665	123.773
Intercompany receivables	0	0	4.222	3.159
	154.825	160.098	124.887	126.932
Bad debt provision for trade receivables	(109.556)	(110.827)	(86.228)	(85.231)
	45.269	49.271	38.659	41.701
Other current intercompany receivables	0	0	1.022	27.071
Claim from Business Reconstruction Organization (BRO)	8.542	8.543	6.295	6.295
Current tax receivable	9.122	4.028	7.723	3.098
Other debtors net of intercompany	14.105	13.345	11.894	11.068
Prepaid expenses	1.224	1.274	947	1.027
Receivables from the Greek State	7.727	7.717	7.622	7.622
Bad debt provision for other receivables	(26.081)	(25.143)	(23.713)	(23.023)
	14.639	9.764	11.790	33.158
Total trade and other receivables	59.908	59.035	50.449	74.859

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

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Doubtful trade receivables				
Opening balance	110.827	79.204	85.231	60.472
Additional provision for the year	2.652	35.660	2.652	25.304
Reclassification from / to long term provisions	200	762	200	762
Reversal of unused provision	(1.979)	(1.486)	(1.849)	(1.307)
Use of provision	(2.138)	(3.313)	0	0
Transfer to provision for doubtful other receivables	(6)	0	(6)	0
Closing balance	109.556	110.827	86.228	85.231
Doubtful other receivables				
Opening balance	25.143	24.493	23.023	22.283
Additional provision for the year	254	123	6	95
Reclassification from long term provisions	678	645	678	645
Use of provision	0	(118)	0	0
Transfer from provision for doubtful trade receivables	6	0	6	0
Closing balance	26.081	25.143	23.713	23.023
Total bad debt provision	135.637	135.970	109.941	108.254

As occurs from the Financial Statements, in 2013 the average credit period offered to Group customers for sales of goods was 63 days (70 days in 2012) and respectively for the Company was 60 days (66 days in 2012).

The Management considers that the accumulated provision as at 31 December 2013 represents the best possible estimation and that the carrying amount of trade and other receivables approximates the fair value.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.3. 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. 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.

Group receipts consist of cash and post-dated cheques from clients or from clients of our clients, after evaluating the solvency of the issuer.

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, for significant clients, approves any cases of excesses over the fixed credit policy.

Securing of the largest possible 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' market knowledge and the current 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 – by law and procedures – claim means is not considered possible.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.3. 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 thousands of Euro

	GROUP	
	31/12/2013	31/12/2012
Total receivables	195.545	195.005
Minus:		
Bad Debt provisions	135.637	135.970
Third parties cheques	976	1.901
Bank Warranties	13.841	14.355
Mortgages	509	566
Prenotices for mortgage	5.601	5.559
Assigned receivables	0	700
Related party receivables	8.494	7.394
Maximum exposure to credit risk	30.487	28.560

Amounts in thousands of Euro

	COMPANY	
	31/12/2013	31/12/2012
Total receivables	160.390	183.113
Minus:		
Bad Debt provisions	109.941	108.254
Third parties cheques	787	1.436
Bank Warranties	13.584	14.247
Mortgages	509	566
Prenotices for mortgage	4.756	4.649
Assigned receivables	0	700
Intercompany receivables	4.222	29.214
Related party receivables	7.655	6.742
Maximum exposure to credit risk	18.936	17.305

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

26.FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.3. TRADE AND OTHER CURRENT RECEIVABLES - continued*****Credit Risk from trade and other current receivables - continued*****Fair value measurement and valuation process**

The Group has an established control framework with respect to measurement of fair values. This consists of the use of the directly observable market data, other than quoted prices, when they are available, or and the use of valuation assessments of external, independent, certified valuers.

The measurement is based on the following level hierarchy in which the data used are allocated.

Level 1: Quoted (non- adjusted) prices in active markets for identical financial assets and liabilities.

Level 2: Observable inputs, other than quoted prices, such as quoted prices for similar financial assets and liabilities, quoted prices in inactive markets, or other observable data that affect significantly fair value.

Level 3: Unobservable inputs, supported by little or no transactions in active markets, that affect significantly fair value. It includes financial assets and liabilities whose fair value is determined using valuation models, while significant management judgement or estimation is also required.

The Chief Financial Officer reports the valuation results, including significant fluctuations and their respective causes, as well as any other findings, to the Board of Directors of the Company every quarter, accompanied by a discussion of the major assumptions used in the valuation.

In the context of impairment testing, the Group has measured the fair value of certain financial assets (Trade receivables).

The carrying amounts of the net trade receivables are as follows:

Amounts in thousands of Euro	GROUP	
	<u>31/12/2013</u>	<u>31/12/2012</u>
Financial assets measured at fair value (Level 3)	6.119	5.395

Management considers that fair values determined for the aforementioned financial assets are not significantly different from the carrying amounts stated above.

The determination of the fair values was performed in prudence and reflects the underlying financial conditions, based on the controls and safeguard procedures employed.

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued
26.3. 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 thousands of Euro

	GROUP					
	31/12/2013			31/12/2012		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	40.720	26.081	14.639	34.907	25.143	9.764
Trade receivables	36.222	0	36.222	35.365	0	35.365
Overdue analysis						
01--30	4.701	0	4.701	5.207	0	5.207
31--60	2.312	0	2.312	2.921	0	2.921
61--90	712	0	712	2.151	0	2.151
91--120	662	0	662	1.776	0	1.776
121--180	882	507	375	2.022	1.095	927
181--360	2.046	1.804	242	3.291	2.367	924
361+	107.288	107.245	43	107.365	107.365	0
Total	195.545	135.637	59.908	195.005	135.970	59.035

Amounts in thousands of Euro

	COMPANY					
	31/12/2013			31/12/2012		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	34.481	22.691	11.790	29.110	22.008	7.102
Intercompany other receivables	1.022	1.022	0	27.071	1.015	26.056
Trade receivables	28.015	0	28.015	29.240	0	29.240
Intercompany trade receivables	4.222	0	4.222	3.159	0	3.159
Overdue analysis						
01--30	3.511	0	3.511	3.833	0	3.833
31--60	1.658	0	1.658	1.897	0	1.897
61--90	519	0	519	1.763	0	1.763
91--120	541	0	541	1.561	0	1.561
121--180	700	507	193	1.343	1.095	248
181--360	1.805	1.805	0	2.263	2.263	0
361+	83.916	83.916	0	81.873	81.873	0
Total	160.390	109.941	50.449	183.113	108.254	74.859

26. FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT - continued**26.4. CASH, CASH EQUIVALENTS AND BANK LOANS*****Cash and cash equivalents***

Cash and cash equivalents are analysed as follows:

Amounts in thousands of
Euro

	GROUP		COMPANY	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Cash on hand	16	28	9	24
Demand deposits	26.676	60.614	22.777	58.106
Time deposits	1.100	956	0	0
	<u>27.792</u>	<u>61.598</u>	<u>22.786</u>	<u>58.130</u>

Time deposits have an average duration of one month or less while the average interest rate in 2013 was 0,06% (2012: 0,21%).

Bank loans

The Group has concluded short-term bank loans and overdrafts with a weighted average interest rate of 3,80% for 2013 (2012: 2,83%). All bank loans are denominated in Euro. On 31 December 2013, the total short-term bank loans amount to €75.677 thousand, of which €9.000 thousand concern the Company, €66.450 thousand concern subsidiary LAFARGE BETON S.A. and €227 thousand concern subsidiary LEADER BETON S.A. The intercompany loans are included in "Other long term intercompany receivables" of the Company which are analysed in note 26.2.

On 31 December 2012, the total short-term bank loans of the Group amounted to €57.155 thousand, of which €56.950 thousand related to subsidiary LAFARGE BETON S.A. and €205 thousand related to subsidiary LEADER BETON S.A.

26.5. SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors are analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Suppliers excluding intercompany balances	78.003	80.872	62.592	70.138
HERACLES Group Companies	0	0	4.180	3.070
	<u>78.003</u>	<u>80.872</u>	<u>66.772</u>	<u>73.208</u>
Payables to personnel	2.468	2.202	2.108	1.755
Social security payables	3.094	2.991	2.602	2.418
Income tax payables	2.650	2.644	1.657	1.464
Other creditors excluding intercompany balances	12.032	9.747	4.613	4.574
Other creditors HERACLES Group Companies	0	0	6.532	6.532
	<u>20.244</u>	<u>17.584</u>	<u>17.512</u>	<u>16.743</u>
Total suppliers and other creditors	<u>98.247</u>	<u>98.456</u>	<u>84.284</u>	<u>89.951</u>

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2013, the average credit period for the Group's operating purchases was 88 days (105 days in 2012) and respectively for the Company was 94 days (105 days in 2012).

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.

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

26.6. DERIVATIVES FINANCIAL INSTRUMENTS

Amounts in thousands of Euro	COMPANY			
	31/12/2013		31/12/2012	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	42	(3)	38	0
Total	42	(3)	38	0
Split to:				
Short term	42	(3)	38	0
	42	(3)	38	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 2013 the fair value of the foreign currency forward exchange contracts results in an asset of €42 thousand and a liability of €3 thousand while for the year ended 31 December 2012, the fair value of the foreign currency forward exchange contracts resulted in an asset of €38 thousand. For the year 2013 a loss of €6 thousand was recognised in the statement of profit or loss (2012: a gain of €38 thousand was recognised).

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 2013 and 31 December 2012, 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 holds derivatives.

Amounts in thousands of Euro	31/12/2013	31/12/2012
Hedging reserve opening balance	0	0
Gain/(loss) recognised on cash flow hedges:		
Foreign currency forward exchange contracts	46	0
Deferred tax	(12)	0
Transferred to retained earnings:		
Foreign currency forward exchange contracts	0	0
Deferred tax	0	0
Hedging reserve closing balance	34	0

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

26.7. OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2013 the Group has finance leasing agreements in force, mostly concerning computer and telecommunications equipment, the duration of which is thirty six months and will expire in 2014.

Amounts in thousands of Euro	Minimum payments		Present value of minimum payments	
	<u>31/12/2013</u>	<u>31/12/2012</u>	<u>31/12/2013</u>	<u>31/12/2012</u>
Amounts payable:				
Within one year	121	224	118	220
Within two to five years	58	170	53	152
	<u>179</u>	<u>394</u>	<u>171</u>	<u>372</u>
Less: Unearned interest expense	<u>(8)</u>	<u>(22)</u>		
Present value of finance lease liabilities	<u>171</u>	<u>372</u>	<u>171</u>	<u>372</u>
Less: Amounts payable within the year (disclosed in current liabilities)			<u>(118)</u>	<u>(220)</u>
Non-current finance leases			<u>53</u>	<u>152</u>

All obligations under finance leases are denominated in Euro.

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

27. CONTINGENT LIABILITIES AND COMMITMENTS

Company disputes under litigation or arbitration

On 31 December 2013, there were pending lawsuits against the Group, the outcome of which is uncertain, amounting to €127.687 thousand (31 December 2012: €59.848 thousand), out of which the pending lawsuits against the Company amount to €117.251 thousand (31 December 2012: €44.560 thousand). The maximum risk for the Group from the final decisions on the above cases is estimated at €42.815 thousand, out of which the maximum risk from the final decisions on the cases of the Company is estimated at €38.299 thousand. No provision has been made in the Financial Statements for the pending cases, as, according to the assessments of the Company's Legal Department, 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 thousand and €1.724 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, according to the assessments of the Company's Legal Department, it is unlikely that such risk will eventually occur.

Unaudited tax years

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

<u>Company</u>	<u>Registered Office</u>	<u>Unaudited tax years</u>
HERACLES GCC	Greece, Paiania, Attica	2013
LAFARGE BETON S.A.	Greece, Paiania, Attica	2009-2010, 2013
EVIESK S.A.	Greece, Paiania, Attica	2010, 2013
HERACLES MARITIME CO.	Greece, Paiania, Attica	2010, 2013
LAVA S.A.	Greece, Paiania, Attica	2010, 2013
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	2010
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	1998-2013
A. HATZIKYRIAKOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1998-2013
DYSTOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1996-2013
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	2010-2013
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, 2013
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
LEADER BETON S.A.	Albania	*
E.D.A.K.E. S.A.	Greece, Avlida, Evia	2013

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

In September 2013, 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 2012 according to article 21 of L. 3943/2011. After the completion of the tax audit, the companies received a tax certificate.

According to article 6 of POL. 1236/ 18.10.2013, year 2011 will be considered final for tax audit purposes after 30/4/2014, as long as no tax violations have been identified by the Finance Ministry audits.

Year 2012 will be considered final for tax audit purposes after a period of 18 months since the submission date of the unqualified Tax Compliance Report to the GSIS database, and as long as no tax violations have been identified by the Finance Ministry audits.

27. CONTINGENT LIABILITIES AND COMMITMENTS - continued**Unaudited tax years - continued**

A supplementary audit for both years, 2011 and 2012, is possible only in the event of available evidence or indication of violations, as defined in paragraph 6 of article 5 of POL. 1236/ 18.10.2013, which were not detected through the conducted tax compliance audit.

It is noted that the tax audit for the Group companies conducted by the certified auditors, according to POL.1159/22.7.2011, is in process for the financial year 2013, however it is estimated that no significant liabilities will occur.

Moreover, a tax audit by the tax authorities is in progress for the Group Company EVIESK S.A. for the years 2010 and 2011.

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 December 2013 and 31 December 2012 are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Granted guarantees	4.364	4.540	3.896	3.594
	<u>4.364</u>	<u>4.540</u>	<u>3.896</u>	<u>3.594</u>

Commitments for purchases and capital expenditure

Commitments for purchases and capital expenditure which were in force as at 31 December 2013 and 31 December 2012 respectively are analysed below:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Purchase contracts	11.398	7.427	48.930	58.027
Capital expenditure contracts	704	301	704	0
	<u>12.102</u>	<u>7.728</u>	<u>49.634</u>	<u>58.027</u>

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 thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Within one year	10.898	15.200	10	6
Within two and up to five years	27.228	39.348	441	884
Over five years	226	3.183	226	564
	<u>38.352</u>	<u>57.731</u>	<u>677</u>	<u>1.454</u>

28. OPERATING LEASES

The Group / the Company as Lessee:

Amounts in thousands of Euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Lease payments for land and quarries	2.084	1.997	663	488
Lease payments for buildings	836	935	385	316
Lease payments for central offices	702	694	702	694
Lease payments for residences	72	234	72	234
Lease payments for port facilities	26	0	26	0
Lease payments for ships	17.415	15.470	0	0
Lease payments for machinery & equipment	114	126	33	13
Lease payments for means of transportation	957	1.172	626	709
Other	83	114	76	114
Operating lease payments recognised as an expense in the statement of profit or loss	22.289	20.742	2.583	2.568

29. AUDITORS' FEES

The total audit fees of the Certified Auditors, for the financial years 2013 and 2012, are analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Audit Services	660	668	417	417
	660	668	417	417

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 thousands of Euro

GROUP	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Parent company LAFARGE S.A.	5.208	28.167	568	1.393	0	0	264	627
LAFARGE Group associates	94.707	74.610	7.440	6.079	8.494	7.394	1.710	630
Royalties to LAFARGE S.A.	0	0	6.375	5.252	0	0	3.602	3.014
Total	99.915	102.777	14.383	12.724	8.494	7.394	5.576	4.271

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 thousands of Euro

COMPANY	INCOME		EXPENSES		RECEIVABLES		LIABILITIES	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
HERACLES G.C.C. Group								
Companies	12.598	12.739	20.282	18.354	31.781	29.213	10.712	9.604
Parent company								
LAFARGE S.A.	5.208	28.167	295	1.354	0	0	0	426
LAFARGE Group								
associates	91.973	71.858	7.349	5.831	7.655	6.742	1.653	554
Royalties to LAFARGE								
S.A.	0	0	5.402	4.407	0	0	2.891	2.163
Total	109.779	112.764	33.328	29.946	39.436	35.955	15.256	12.747

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

Transactions and balances of the Company with the Board of Directors members and with the members of the Executive Committee of Heracles G.C.C. are analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
Fees and other benefits	3.467	3.219	2.543	2.072
Provision for retirement compensation and paid compensations	1.243	146	822	76
BoD members attendance fees	217	274	166	181
	4.927	3.639	3.531	2.329

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2013	1/1- 31/12/2012	1/1- 31/12/2013	1/1- 31/12/2012
Prepayments of expenses to be refunded to Management and BoD members	0	0	0	0
Obligations to Management and BoD members	0	0	0	0
Net receivables / (obligations) to Management and BoD members	0	0	0	0

The increase in fees and other benefits of the Company is due to the change in the composition of the Executive Committee, as regards the number of its members and the period of their service.

31. RESTATEMENTS

The retrospective application of the revised IAS 19, concerning the recognition of unrecognized past service cost in the Statement of Comprehensive Income during the current year and the non-amortization of the amount in future statement of profit or loss, resulted in the restatement of comparative amounts, as follows:

In the Statement of profit or loss of 2012, the cost of sales and as a result the losses of the year, increased by €100 thousand for the Group while decreased by €7 thousand for the Company. The impact to the Statement of Comprehensive Income was the same, meaning that the total comprehensive income after tax decreased by €100 thousand and increased by €7 thousand for the Group and the Company accordingly. In the Statement of Changes in Equity, apart from the change in the losses of 2012, as mentioned above, the opening equity of the Group decreased by €75 thousand while the opening equity of the Company increased by €7 thousand. Consequently, the closing equity of 2012 decreased by €175 thousand for the Group while for the Company, it remained stable. Accordingly, in the Statement of Financial Position of the Group for 2012, the provision for staff termination indemnity increased by €175 thousand while the equity decreased by the same amount, as mentioned above.

In the Statement of profit or loss, for the year ended 31 December 2012, an amount of €2.448 thousand for the Company, that relates to the interest expense of the Present Value of the Defined Benefit Obligation, has been reclassified from "Cost of Sales" by €2.007 thousand and from "Administrative & Distribution Expenses" by €441 thousand to the account "Finance income/ (expense)" and for the Group an expense of amount €2.585 thousand has been reclassified from "Cost of Sales" by €2.120 thousand and from "Administrative & Distribution Expenses" by €465 thousand to the account "Finance income/ (expense)", for presentation purposes.

Moreover, in the Statement of profit or loss, for the year ended 31 December 2012, for the Group, an amount of depreciation of €989 thousand was reclassified from "Administrative & Distribution Expenses" to "Cost of Sales", for presentation purposes.

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

According to the Company Management's best knowledge, no subsequent events after 31 December 2013 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 auditor 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 2012 Annual Report.

General Meeting Convocations and Decisions		
27/06/2013	Resolutions of the Ordinary Shareholders General Assembly of Heracles G.C.C.	www.lafarge.gr
27/06/2013	Announcement of Heracles G.C.C. Codified Articles of Association draft of amendment	www.lafarge.gr
03/06/2013	Invitation for the Ordinary Shareholders General Assembly of Heracles G.C.C. G.E.MH. no 224201000	www.lafarge.gr
Press Releases		
27/01/2014	Announcement of changes in senior management	www.lafarge.gr
07/01/2014	Heracles G.C.C.: Environmental awards for its practices	www.lafarge.gr
04/12/2013	Heracles G.C.C.: Sustainability Report 2012	www.lafarge.gr
30/10/2013	Heracles G.C.C.: Changes in the Board of Directors	www.lafarge.gr
23/10/2013	New Industrial General Manager of the Cement Product Line	www.lafarge.gr
22/10/2013	Heracles G.C.C.: Letter to the Municipality of Kymi – Aliveri on the use of RDF	www.lafarge.gr
23/09/2013	Announcement of changes in senior management	www.lafarge.gr
31/07/2013	Announcement of changes in senior management	www.lafarge.gr
30/04/2013	GREAT 2013 – Their first buildings	www.lafarge.gr
28/03/2013	Reply to Capital Market Committee enquiries	www.lafarge.gr
26/03/2013	Reorganization of Heracles G.C.C. production structure	www.lafarge.gr
Financial Results		
25/11/2013	Heracles Group announces nine months 2013 results	www.lafarge.gr
30/08/2013	Heracles Group announces 1 st semester 2013 results	www.lafarge.gr
29/05/2013	Heracles Group announces 1 st quarter 2013 results	www.lafarge.gr
26/03/2013	Heracles Group Announces 2012 Results	www.lafarge.gr
26/03/2013	Announcement of 2013 financial calendar	
Financial Statements		
25/11/2013	Interim Financial Statements of Heracles G.C.C. and Heracles Group of the nine month period ended 30/09/2013	www.lafarge.gr
25/11/2013	Financial Data and Information of Heracles C.C.C. and Heracles Group at 30/09/2013	www.lafarge.gr
30/08/2013	Half Year Financial Report of Heracles G.C.C. and Heracles Group	www.lafarge.gr
30/08/2013	Financial Data and Information of Heracles G.C.C. and Heracles Group at 30/6/2013	www.lafarge.gr
29/05/2013	Interim Financial Statements of Heracles G.C.C. and Heracles Group of the 1 st quarter	www.lafarge.gr
29/05/2013	Financial Data and Information of Heracles G.C.C. and Heracles Group of the 1 st quarter	www.lafarge.gr
28/05/2013	Annual Financial Report of EVIESK S.A.	www.lafarge.gr
28/05/2013	Financial Data and Information of EVIESK S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of LAVA S.A.	www.lafarge.gr
28/05/2013	Financial Data and Information of LAVA S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of Aegean Terminals S.A.	www.lafarge.gr
28/05/2013	Financial Data and Information of Aegean Terminals S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of Marathos Quarries S.A.	www.lafarge.gr
28/05/2013	Financial Data and Information of Marathos Quarries S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of Lafarge Beton S.A.	www.lafarge.gr
28/05/2013	Financial Data and Information of Lafarge Beton S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of Heracles Shipping S.A.	www.lafarge.gr

28/05/2013	Financial Data and Information of Heracles Shipping S.A. at 31/12/2012	www.lafarge.gr
28/05/2013	Financial Data and Information of Middle East at 31/12/2012	www.lafarge.gr
28/05/2013	Annual Financial Report of A. HATZIKYRIAKOS SOC. NAV.	www.lafarge.gr
28/05/2013	Annual Financial Report of G. HATZIKYRIAKOS SOC. NAV.	www.lafarge.gr
28/05/2013	Annual Financial Report of DYSTOS SOC. NAV.	www.lafarge.gr
26/03/2013	Annual Financial Report of Heracles G.C.C. and Heracles Group at 31/12/2012	www.lafarge.gr
26/03/2013	Financial Data and Information of Heracles G.C.C. and Heracles Group at 31/12/2012	www.lafarge.gr

FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2013 TO 31 DECEMBER 2013

(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 PAANIA, 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. Jean Claude Block - 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	: 27 March 2014
CERTIFIED AUDITORS	: DIMITRIS KOUTSOS - KOUTSOPOULOS (REG. No SOEL: 26751) - 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 thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
ASSETS				
Tangible assets	327,336	430,038	296,790	396,881
Intangible assets	31,747	32,013	349	500
Other non current receivables	52,510	20,584	124,042	66,558
Inventories	48,810	57,462	45,335	52,011
Trade and other receivables	59,908	59,035	50,449	74,859
Other current assets	1,233	2,736	519	1,806
Cash & cash equivalents	27,792	61,598	22,766	58,130
TOTAL ASSETS	549,336	663,466	540,270	650,745
EQUITY AND LIABILITIES				
Share capital	120,841	120,841	120,841	120,841
Other equity figures	192,677	325,979	247,247	363,055
Total Shareholders' equity (a)	313,518	446,820	368,088	483,896
Non-controlling interest (b)	(142)	(131)	0	0
Total Equity (c) = (a) + (b)	313,376	446,689	368,088	483,896
Provisions / Other non current liabilities	46,473	56,052	64,165	72,635
Short term bank loans	75,677	57,155	9,000	0
Other current liabilities	113,810	103,570	99,017	94,214
Total Liabilities (d)	235,960	216,777	172,182	166,849
TOTAL EQUITY AND LIABILITIES (c) + (d)	549,336	663,466	540,270	650,745

STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Equity opening balance (1/1/2013 and 1/1/2012 respectively)	446,689	591,182	483,896	628,053
Increase / (decrease) of share capital	0	(69,661)	0	(69,661)
Total comprehensive income after tax	(133,313)	(74,832)	(115,808)	(74,496)
Equity closing balance (31/12/2013 and 31/12/2012 respectively)	313,376	446,689	368,088	483,896

STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Turnover (Sales)	235,194	228,161	210,618	201,774
Gross profit / (loss)	(14,693)	(6,172)	(12,878)	(7,472)
Earnings / (losses) before interest & tax	(162,733)	(87,139)	(148,656)	(89,350)
Profit / (loss) for the year before tax	(166,418)	(89,722)	(148,640)	(88,711)
Net profit / (loss) for the year after tax (a)	(136,278)	(76,602)	(118,620)	(76,378)
Attributable to:				
Company's shareholders	(136,267)	(76,375)	(118,620)	(76,378)
Non-controlling interest	(11)	(227)	0	0
Other comprehensive income after tax (b)	2,965	1,770	2,812	1,882
Total comprehensive income after tax (a) + (b)	(133,313)	(74,832)	(115,808)	(74,496)
Allocated to:				
Company's shareholders	(133,302)	(74,605)	(115,808)	(74,496)
Non-controlling interest	(11)	(227)	0	0
Earnings / (losses) per share after tax (in €)	(1.9172)	(1.0776)	(1.6688)	(1.0745)
Earnings / (losses) before interest, tax, depreciation and amortization	(131,140)	(46,784)	(120,002)	(52,277)

STATEMENT OF CASH FLOWS

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1-31/12/2013	1/1-31/12/2012	1/1-31/12/2013	1/1-31/12/2012
Operating activities				
Profit / (loss) of the year before tax	(166,418)	(89,722)	(148,640)	(88,711)
Plus / less adjustments for:				
Depreciation	31,593	40,355	28,654	37,073
Impairment of tangible and intangible fixed assets	78,435	469	77,791	230
Provisions	8,516	20,620	13,351	36,161
Foreign exchange differences	51	(237)	27	(217)
Gain / (loss) from derivatives valuation	42	20	42	20
Income / (expenses), profit / (losses) from investing activities	93	(2,608)	(1,184)	(3,781)
Interest and related expenses	4,698	3,109	2,080	1,080
Plus / less adjustments for changes in working capital accounts or relevant with operating activities:				
Decrease / (increase) in inventories	1,002	(1,357)	(960)	(2,356)
Decrease / (increase) in receivables	263	15,859	(2,539)	7,639
(Decrease) / increase in liabilities (excl. bank loans)	790	7,069	(4,292)	11,524
Less:				
Interest and related expenses paid	(2,799)	(2,413)	(668)	(589)
Taxes paid	(1,047)	(630)	(1,057)	(274)
Total inflow / (outflow) from operating activities (a)	(44,781)	(9,466)	(37,395)	(2,201)
Investing activities				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	0	(22)	0
Intercompany loans	0	0	(1,500)	(30)
Proceeds from repayments of intercompany loans	0	0	0	1,675
Purchases of tangible and intangible fixed assets	(8,052)	(5,942)	(6,895)	(5,374)
Proceeds from disposals of tangible and intangible assets	719	1,462	492	1,069
Proceeds (payments) from the sale (purchase) of investments (shares, securities)	0	100	0	0
Interest received	116	221	1,184	1,306
Total inflow / (outflow) from investing activities (b)	(7,217)	(4,159)	(6,741)	(1,354)
Financing activities				
Proceeds / (payments) from share capital increase / (decrease)	0	(69,661)	0	(69,661)
Loan proceeds	18,535	3,969	9,000	0
Loan repayments	(13)	(4,849)	0	0
Payments of obligations under finance leases	(201)	(151)	(79)	(25)
Dividends paid	(129)	(9)	(129)	(9)
Total inflow / (outflow) from financing activities (c)	18,192	(70,701)	8,792	(69,695)
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	(33,806)	(84,326)	(35,344)	(73,250)
Cash and cash equivalents at the beginning of the year	61,598	145,924	58,130	131,380
Cash and cash equivalents at the end of the year	27,792	61,598	22,786	58,130

ADDITIONAL DATA AND INFORMATION

- Due to the application of the revised IAS 19, the comparative figures of the Statement of Financial Position, the Statement of Profit or Loss, the Statement of Comprehensive Income and the Statement of Changes in Equity have been adjusted while there are reclassifications to the already published accounts in the Statement of Profit or Loss, for presentation purposes. Relevant analysis is presented in note 31 of the annual financial statements.
- The Company announced on 26 March 2013, following the decision of the Company's Board of Directors on 25 March 2013, which was approved by the Annual General Meeting of 27 June 2013, the reorganization of its cement production structure. The non-recurring impact in the annual financial statements of the Company and the Group, amounts to €83,352 thousand, after deferred tax, as it is analytically presented in notes 8 and 12 of the financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2013, 88.99% of the issued share capital of HERACLES G.C.C., prepares consolidated financial statements, including the financial statements of the Group, using the full consolidation method.
- The unaudited by tax authorities fiscal years of the Group companies are described in note 27 of the annual financial statements.
- Related to the litigation issues that have or may have a material effect in the Group's and Company'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 thousand and €1,724 thousand respectively. No provision has been made in the financial statements as, according to the assessments of the Company's Legal Department, it is unlikely that such risk will eventually occur.
As at 31 December 2013, there are pending lawsuits against the Group amounting to €127,687 thousand of which €117,251 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 €42,815 thousand of which €39,299 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, according to the assessments of the Company's Legal Department, it is unlikely that such risk will eventually occur.
Furthermore, as at 31 December 2013, there are pending lawsuits against the Group amounting to €3,208 thousand of which €3,188 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 €1,829 thousand of which €1,513 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 thousands of Euro	GROUP	COMPANY
Provisions for pending litigations	1,529	1,513
Provision for staff retirement	32,588	30,772
Other provisions	27,470	46,586
Total provisions	61,587	78,871
- The number of employees for the Group and the Company as at 31 December 2013 is 977 (31/12/2012: 1,223) and 795 (31/12/2012: 978) respectively.
- Transactions and balances between the Group and the Company and their related parties are disclosed below according to IAS 24:

Amounts in thousands of Euro	GROUP	COMPANY
Income	99,915	109,779
Expenses	14,383	33,328
Receivables	8,494	39,436
Payables	5,576	15,256
Salaries and expenses of general managers and BoD members	4,927	3,531
Receivables from general managers and BoD members	0	0
Payables to general managers and BoD members	0	0
- The amounts and nature of other comprehensive income after tax are as follows:

Amounts in thousands of Euro	GROUP	COMPANY
Actuarial gain / (loss) recognised directly in equity and respective change in rate effect	2,931	1,784
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	34	0
Other equity movements	(0)	(14)
Other comprehensive income after tax	2,965	1,770
- There are not any own shares held by the Group companies (treasury shares).
- Significant events after the reporting date of the financial statements: According to the Company's Management best knowledge, no subsequent events after 31 December 2013 exist that may have a significant impact on the Group's and the Company's financial position.
- 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 16 of the financial statements.
- Modifications of consolidation structure:
Compared to the previous year (1 January - 31 December 2012), there are no modifications in Group consolidation structure. There is a detailed description of the companies included in consolidated financial statements in note 16 of the financial statements.
- 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 17 of the financial statements.
- Modification in the consolidation method of the companies compared to the previous year (1 January - 31 December 2012):
On 22 October 2013 the Company acquired the rest 50% of the company E.D.A.K.E. S.A., which is currently consolidated using the full consolidation method, instead of the proportional method, as described in note 16 of the financial statements.

Paiania, 27 March 2014

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

THE MANAGING DIRECTOR
PIERRE DELEPLANQUE
 PASP. No. 07CV39073

THE CHIEF FINANCIAL OFFICER
GREGORY LOVICH
 PASP. No. 10AT92468

THE FINANCIAL SERVICES MANAGER
PAntelis TOURNIS
 ECG LIC. No. 0078930
 A' CLASS