



**HERACLES**  
**GROUP OF COMPANIES**

A member of  **LAFARGE**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2014  
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. Panagiotis (Takis) Athanasopoulos, Chairman of the Board of Directors
2. Pierre Deleplanque, Managing Director and
3. Andreas Andreopoulos, Member of the Board of Directors, having been specifically assigned for this purpose by the Board of Directors,

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

- a. The annual Financial Statements of the year 2014, which were prepared in accordance with the applicable Financial Reporting Standards, fairly present the assets and liabilities, equity and results of HERACLES G.C.C. (the Company) and the companies included in the consolidation, and
- b. The annual Report of the Board of Directors fairly presents the financial results, evolution and position of the Company, as well as the companies included in the consolidation, including the description of the related main risks and uncertainties.

**THE CHAIRMAN OF  
THE BOARD OF  
DIRECTORS**

**THE MANAGING  
DIRECTOR**

**THE MEMBER OF THE  
BOARD OF  
DIRECTORS**

**PANAGIOTIS (TAKIS)  
ATHANASOPOULOS**

**PIERRE  
DELEPLANQUE**

**ANDREAS  
ANDREOPOULOS**

**I.D. No. AB 779530**

**PASSPORT No.  
13DA09097**

**I.D. No. AA 095700**

# 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 2014.

## A. Overview of major events for the year 2014

### 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:

a) The Company's turnover decreased by 0,9% in 2014, amounting to €208.764 thousand compared to €210.618 thousand in 2013, while the Group's turnover increased by 0,5% in 2014, amounting to €236.485 thousand compared to €235.194 thousand in 2013.

The improvement in the Greek market, compared to the extremely low level of sales of 2013, was offset by reduction of export sales, resulting in the slight decrease in the company's turnover in 2014, compared to 2013.

b) The Company's results before taxes, interest, depreciation and amortisation (EBITDA) in 2014 amounted to loss €6.231 thousand compared to loss €120.002 thousand in 2013, while for the Group amounted to loss €13.737 thousand in 2014 compared to loss €131.140 thousand in 2013.

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 a domestic market that is recovering from low base.

c) The Company's net results after taxes in 2014 amounted to loss €26.372 thousand compared to loss €118.620 thousand in 2013, while the Group's net results after taxes amounted to loss €40.713 thousand compared to loss €136.278 thousand in 2013.

The variation in Company's net results after taxes is mainly attributed to the impact that the reorganization of the Company's production structure, amounting to €20.925 thousand, had on deferred tax in 2013.

The Company's investments in tangible and intangible assets for 2014 amounted to a total of €4.034 thousand compared to €6.608 thousand in 2013. As far as the Group is concerned, investments amounted to €4.890 thousand compared to €7.659 thousand in 2013.

### 2. Domestic cement, aggregates and concrete market

In 2014, the domestic cement market presented signs of improvement compared to the previous year. Cement sales in Greece were positively affected by the increased construction activity in public and co-financed infrastructure, presenting an increase in cement volumes by 5%, compared to 2013. The private construction activity, however, remained at low levels, mainly due to the low disposable income, the high taxation and the large number of unsold properties.

The aggregates and concrete businesses experienced double-digit growth, amounting to 25%, compared to last year, reflecting the dynamic entry of the Group into several large infrastructure projects of the country, especially in transports.

### **3. Other major events**

#### **3.1. Innovations**

The Company launched the enhanced reactivity cement series “Heracles™ Enhanced and “Basis™ Enhanced” in the Greek domestic market. These products are based on the innovative technology of separate grinding, which the Company has implemented for the first time in Greece in the cement production. The separate grinding enhances the efficiency of clinker, the basic element to produce cement. As a result, the aforementioned enhanced cement series, compared with the cements of conventional technology, offers to the customers and end-users upgraded properties that bring value to their applications: more strength, better workability. They are ideal for the Greek weather conditions and coastal areas, giving greater durability to any kind of construction.

The presentation event for the launch of the new products took place in June 2014 at the Volos plant, production facility for the aforementioned products of enhanced cement, with employees of the Company, customers and partners as well as representatives of local authorities and bodies being present.

The application of the innovative technology intends to offer added value and sustainable competitive advantage to the Company’s customers and end-users, consisting of the basis for the differentiation of cement products and the Company’s contribution to the evolution of the constructions sector and to building better cities.

Additionally, in the last quarter of 2014, the concrete business initiated a new market approach, the “mobile” ready-mix plants. Due to the increased infrastructure business in Greece, but in areas outside its commercial spectrum, the Group has decided to build mobile plants strategically placed in the areas of the two big infrastructure projects: Panagopoula and Kalidromo railway tunnels. This is a new approach of doing business, by meeting customers’ expectations through flexibility and speed to the market.

#### **3.2. Health & Safety**

In 2014, one fatal accident occurred to an employee of the Company at Volos plant and 4 lost time work-related accidents occurred, 1 to an employee of LAVA, a Group’s subsidiary and 3 to contractors’ workers.

In the context of preventing accidents, the actions of the Company in 2014 focused on the following:

- Necessary upgrade was implemented in all Group sites, relative to the electrical workings, following the analysis of the fatal accident. Specifically, the risks and measures of energy isolation workings and electrical debugging were reviewed, the Group and contractors staff was re-trained, individual protective measures were revised and upgraded, signage was improved and all electrical rooms were re-maintained, reviewed and thermo graphically inspected.
- The Annual Health & Safety Improvement Plan of the Country, which aimed at the country priorities, was implemented.
- The program for transforming the organization, PROTEAS, regarding Health & Safety to all Group activities was implemented, in the same way as in 2013 in the cement plants. The program concerned the following priorities: Risk Assessment, Compliance with Health & Safety (H&S) Standards and Visible Leadership in H & S.
- The Housekeeping inspection program was completed for a fourth consecutive year, including 13 sites of AGET HERACLES and 25 sites of the Group’s subsidiary Lafarge Beton.

- The sites of the Group's subsidiary companies, namely Lafarge Beton and LAVA, located in the islands of Lesvos, Evia, Giali and Crete were inspected regarding the application of the Lafarge Health & Safety Management System, by a Lafarge Group team with the participation of the Company's executives. These inspections confirmed the progress and the proper targeting regarding the improvement required in Health & Safety.
- The theme defined for the Health & Safety Month for 2014 for all sites was about the critical behaviors in order to achieve the goal of ZERO accidents: Be committed, Listen and Share, Be Uncompromising. The aim was for each employee to consider its own contribution to these behaviors. All employees participated in groups and examples of photo-stories and videos illustrating these behaviors were submitted.
- The site of the Distribution Centre of Igoumenitsa achieved 5.000 days without an accident, while the site of Aggregates Quarry of Mesaio, the Aggregates & Concrete site of Aliveri and the Distribution Center of Thessaloniki achieved 3.000 days without an accident each one and were awarded with a relevant honorary commendation.

### **3.3. Environmental issues**

The estimation and the systematic reporting of environmental performance indicators, which constituted part of the Group's Sustainability ambitions 2014, were continued for a sixth year. These ambitions mainly relate to environmental inspections of facilities, quarries' restoration program, bio-diversity, climate change, CO<sub>2</sub> emissions and dust.

At Milaki plant, the use of RDF was continued, in the framework of utilizing alternative fuels, in order to minimize the CO<sub>2</sub> emissions and optimize the fuel mix, as well as to reinforce the competitiveness of the plant, while the use of sludge from Psytalia was also introduced.

Moreover, the Environmental Terms Approval Decision (AEPO) of the plant was amended by introducing more codes of alternative raw materials and fuels of the European Waste Catalogue (EWC), approval of RDF import from abroad and use of the port facilities of the plant for transfer/ shipment of limestone, coming from the Aliveri quarry of Lafarge Beton, a Group subsidiary. Furthermore, an environmental audit, which takes place every 4 years, was conducted according to the Environmental Management System of Lafarge.

At Volos plant, the annual audit of the Environmental Management System ISO 14001 was carried out. Besides, a system of continuous measurement and recording of air pollutants (HF, HCL, TOC) was installed, and an experimental use of alternative fuels in the framework of the altered AEPO of the plant of January 2014 was initiated.

An inspection of pre-verification of CO<sub>2</sub> emissions for 2014 was carried out for both plants.

The Program of Environmental Audits was continued in the facilities of Lafarge Beton, in the concrete units of Lefka, Heraklion, Leventochori, Polykastro and Lakkia, as well as in the quarries of Araxos and Mesaio. Moreover, a project for acquisition of an Environmental Management System ISO 14001 for the quarries of Lafarge Beton was initiated.

### **3.4 Corporate Social Responsibility**

In 2014 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. The Group presented in 2014 its new corporate vision "Building better cities" which encompasses the role that the Group aims at having in the management of urban development in a sustainable way and in infrastructures that transform the cities and improve the urban environment.

#### Occupational Health & Safety

Health and Safety is a core Group value and remains the main priority in its decision making. The Group's ambition is to eliminate accidents for employees and contractors across all its operations. As the Group wants to play a leading role regarding Health & Safety, not only in its sector but in the industry generally, it will continue and enforce its efforts towards the risk management, the elimination of reasons causing accidents and the establishment of a Health & Safety culture in the organization.

As every year, in 2014 the Health & Safety Month took place in all sites, with main subject the personal responsibility and discipline in the implementation of Health & Safety actions. The subject was fully connected to the Group's priorities in Health & Safety: risk assessment in all jobs, zero tolerance when the rules are violated and active presence in the field of employees and superiors, based on giving and openly accepting feedback and recommendations for improvement.

As far as the promotion of safety in the project of transportation of the Company is concerned, in 2014 risk assessments took place for all the routes of the silo vehicles of the Company and they were communicated to the silo drivers of all the units during the trainings.

The Company was awarded for its safe practices in the road transports during the annual Logistics & Transport Awards that took place on May 29<sup>th</sup> 2014, the first awards in Greece for the works and the initiatives in the Supply Chain and Transportations sectors. Specifically, for its practice for the improvement of the conditions and safety in the fly ash shipment in PPC power station of Kozani, the Company received the Gold Award on social responsibility.

Lafarge Beton, a Group's subsidiary, organized seminars of Defensive Driving for its partners' drivers of concrete conveying vehicles and the operators and drivers of concrete pumps, in the context of the application of the Health & Safety Advisory Document on Transportation (Logistics Advisory). 143 partners in total were trained.

In the framework of emergency preparedness, a safety drill was held at the Milaki plant in co-operation with the Fire Service. The drill tested the response of the fire safety team, the procedures and the equipment (ambulance, firefighting network etc.). Furthermore, the Milaki and Volos plants, as well as the facilities of LAVA, a Group's subsidiary, realized, in the framework of the International Ship and Port Facility Security Code (ISPS), security exercises for their port facilities. During these exercises several actions are coordinated by all the parties involved for the security measures implementation, which are provided in the approved port facility security plans.

Moreover, Volos plant organized a training aiming to form a trained team able to provide first aid in case of emergency. The training was conducted in co-operation with the Hellenic Red Cross and the Samaritans Division, continuing in this way an initiative started in 2009. 29 employees were trained on First Aid at Volos plant, following the completion of the training session.

#### 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 its know-how, products, equipment, advice and expertise.

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 of the Company, giving the opportunity to the stakeholders to express their observations, so that the Company can proceed through dialogue with actions based on common interest and mutual understanding.

Moreover, the Company's sites provided opportunities for guided visits of schools to the Company's sites. Students of all grades visited Milaki and Volos plants and the Distribution Centers and were informed about cement, its production processes, the various types of concrete as well as for safety.

In March 2014, LAVA S.A., a Group's subsidiary, organized an educational awareness program on "Safe Navigation in the Internet" in collaboration with the Cybercrime Investigation. The program was addressed to students, parents and teachers of Milos and Nisyros, aimed at informing the students about the possible risks faced by new technologies and how they can safely navigate in the Internet. The program was also attended by representatives of the Local Authorities. A special form that contains basic tips for safe navigation in the Internet was edited for the program, in cooperation with the Cybercrime Investigation.

Additionally, LAVA S.A. cooperates with the Secondary Education Directorate of Kilkis for the implementation of a program with subject "Science and Knowledge in the service of Human". According to this, students and professors of the vocational high school of Axioupolis, Kilkis are expected to exploit the research work they have made in cooperation with LAVA for "Vegetable production in an urban environment", using the new substrate oikiaLAVA. In particular, they will transfer the knowledge and experience they gained to other schools of the Secondary Education Directorate of Kilkis. LAVA has equipped every school with the necessary products for the conduct of the work (oikiaLAVA bags, seedlings, etc.) and students will offer the products to the social grocery of their prefecture.

## Commitment in the protection of the environment

The action program of the Company for the sustainable development sets the direction and the rhythm of its actions for the minimization of its environmental footprint, maximizing at the same time the added-value for its social partners.

A sustainable practice of the Company, the use of alternative fuels, substituting fossil fuels, was awarded in December 2014 with the Gold Award in the category "Decrease of Emitted Greenhouse Gases" at the official award ceremony of the Environmental Awards 2015. In the Company's strategy for the climate change, the issue of substitution of fossil fuels by alternative fuels is of prime importance, as it reduces the emissions of CO<sub>2</sub> of the Company and enhances the competitiveness of its facilities. At the same time, it reduces the use of non-renewable resources and utilizes materials that would have been rejected under different circumstances.

In November 2014, the Greek, natural, pumice substrate for hydroponics agroLAVA of the Group's subsidiary LAVA, was awarded with the European Ecological Label "Ecolabel". The award was made by the relevant body of the Greek Ministry of Environment, Energy and Climate Change. The agroLAVA substrate is the first Greek product to receive the Ecolabel in the category of "Growing Media" and the recent distinction reflects its environment-friendly characteristics and the added value it offers to the modern cultivator.

## 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 the sustainability assessment of its suppliers into its sourcing process. 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 in relation to social, environmental and ethical practices.

In the context of promoting public dialogue on issues related to supply chain management, the Logistics & Terminals Management participated with subject "How transportation contributes to the continuous improvement" in an event at Aegli Zappiou on 9 May. The event was titled "Road freight transportation, the challenges of the present, opportunities for the future". During the presentation, the role of the supply chain of the Company and its objective to ensure the sustainability of its activity, its suppliers and its contractors were highlighted.

## **B. Prospects, major sources of risk and uncertainties for 2015**

According to the Monetary Policy Interim Report of the Bank of Greece 2014, the sharp decline of the investments in construction activity since 2008 has hit the corresponding financial activity and the investments in housing continue to decrease at a high pace, while this negative trend is estimated to be continued in 2015. The tax surcharge of the property, the constrains as regards the financing, the reduction in the investments of new houses, as well as the difficulties arising from the changing tax frame, have, among others, contributed in the difficulty of the real estate market recovery.

However, the aforementioned Report refers to a gradual de-escalation of tension in the residential building segment, while a possibility of enhancement of investments, especially in houses during the current year, after seven years of intense continuing decline and unprecedented downsizing of the construction infrastructure industry is also recognized by the Quarterly Report on Greek Economy of the Economic & Industrial Research Foundation (IOBE). Precondition though for a further stabilization and recovery of the market is the absence of intense political and economic turmoil and the implementation of interventions for the restriction of bureaucracy and complexity, as well as the formation of a stable urban-planning and tax institutional framework.

The explicit improvement of the index of production in construction for the 9-month period January – September 2014 indicates, according to the Bank of Greece Annual Report, that there is room for operations of the construction businesses in the domestic market, especially in the big infrastructure projects which are in progress (transport routes and public/ private partnership projects “SDIT”). The prospects, however, and the results of the businesses in the industry, although are better in relation to 2013, they remain negative, mainly due to the decline in the construction activity.

The following factors also support the positive prospect of investments for 2015: (a) the utilization of ESPA liquidity and the European Investment Bank financing, (b) the satisfactory progress of the infrastructure projects – especially with the restart of the four big highways- as well as the dynamics of SDIT, which apart from the immediate development impact in the construction investments, it is expected to mobilize wider investment resources, such as the materials industry and supportive services.

However, the developments during 2015 and discussions at national and international level on the review of the funding program’s terms of Greece perpetuate the instability of the macroeconomic and financial environment in the country. The return to financial stability depends, at a great extent, on the actions and decisions of Greek and foreign institutions. The Group and the Company, taking into account that almost 50% of the Group’s sales are intended for markets outside Greece and that the Group has access to financing sources outside Greece, consider that any negative developments in the Greek economy are not expected to significantly affect their normal operations.

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 level of domestic market, which still remains low.

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 cash flows from financing activities are not materially affected by interest rates fluctuations. 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, 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) Contingent losses from pending litigations (notes 20 and 27 of the Financial Statements)
- (d) The assessment of the remaining useful life of the Group’s and the Company’s fixed assets.
- (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 2014, 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](http://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 system 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 under 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 of 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), as it was updated in 2013, 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 Department. 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 separate 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 01.01.2014 up to 09.05.2014, consists of the following members:

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

The Company's Audit Committee, from 09.05.2014 up to 31.12.2014, consists of the following members:

1. Jean Claude Block
2. Andreas G. Andreopoulos
3. Agisilaos Karabelas

### **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 Department.
- 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 Department.
- 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 Department.

### **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 of Association 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. 21 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 of Association 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 except 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 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 of Association. A summary of the minutes of the General Meetings of Shareholders is posted on the Company's website within fifteen (15) days from the General Meeting.

## **Attendance to the General Meetings of Shareholders**

The Company's General Meetings of Shareholders can be attended by any shareholder appearing under such capacity on the DSS files at the beginning of the fifth (5<sup>th</sup>) day prior to the date of the General Meeting of Shareholders, or, in respect of any Repeated General Meetings, on the fourth (4<sup>th</sup>) 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 their free discretion. As for 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 not vote similarly for all shareholders.

There is no possibility for shareholders to 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 Department of the Investor Relations Services (19,3 km Markopoulou Avenue, Paiania, tel.: 210-2898533) 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 is 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, it 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 is 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, when their content 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 legal formalities.

e) At the request of any shareholder filed with the Company at least five (5) 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 content. 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 is liable to provide the General Meeting with information on the progress of the corporate affairs and the Company's financial situation. 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 by the shareholders' 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<sup>(a)</sup>, 4 and 5 of L. 2190/1920 is provided in paper at the Company's premises (Department of the Company's Shareholders Services, (19,3 km Markopoulou Avenue, Paiania, tel.: 210-2898533), 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) are available to the shareholders in electronic form through the Company's website ([www.lafarge.gr](http://www.lafarge.gr)).

#### **6. Information about the Board of Directors**

The Board of Directors is elected by the General Meeting of Shareholders. The Board of Directors, based on the article 22 of the Articles of Association of the Company, has assigned the exercise of its rights in whole to the Managing Director Mr. Pierre Deleplanque who, based on the article 23 of the Articles of Association, has also first signature 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 those of the Company's and to prevent and disclose any conflicts of interest.

According to the Company's Articles of Association, 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 of Association, company management is exercised by the Board of Directors, which consists of five (5) to nine (9) members.

For the period 01.01.2014 to 09.05.2014 the 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 01.01.2014 to 09.05.2014 consisted of the following members:

	<b>Name and Surname</b>	<b>Position</b>	<b>Role</b>
1	Manolis Chris Kyprianides	Chairman of the Board	Non-executive member
2	Jean Claude Block	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

For the period 09.05.2014 to 31.12.2014 the Board of Directors consists of seven (7) members, of which one (1) executive Director, four (4) non-executive Directors and two (2) independent, non-executive, Directors.

The Company's Board of Directors for the period 09.05.2014 to 31.12.2014 consists of the following members:

	<b>Name and Surname</b>	<b>Position</b>	<b>Role</b>
1	Panagiotis (Takis) Athanasopoulos	Chairman of the Board	Non-executive member
2	Jean Claude Block	Vice-Chairman	Non-executive member
3	Pierre Deleplanque	Managing Director	Executive member
4	Jean – Charles Blatz	Member	Non-executive member
5	Neil Curtis	Member	Non-executive member
6	Andreas G. Andreopoulos	Member	Independent Non-executive member
7	Agisilaos Karabelas	Member	Independent Non-executive member

According to the Company's Articles of Association, the Board of Directors is 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 office of the member(s) replaced, subject to the specific provisions of the Company's Articles of Association. 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 is 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 of Association.

Within 2014, the Board of Directors held eleven (11) meetings in total.

The individual attendance of each Board Member at the meetings held in 2014 is presented in the following tables:

## **Meetings of the Board of Directors for the period 01.01.2014 to 09.05.2014**

<b>Name and Surname</b>	<b>Number of meetings</b>	<b>Meetings attended</b>	<b>Meetings attended through proxy</b>
Manolis Chris Kyprianides	7	7	0
Jean Claude Block	7	2	5
Pierre Deleplanque	7	7	0
Jean – Charles Blatz	7	2	5
Andreas G. Andreopoulos	7	7	0
Panos Kyriakopoulos	7	4	3

## Meetings of the Board of Directors for the period 09.05.2014 to 31.12.2014

Name and Surname	Number of meetings	Meetings attended	Meetings attended through proxy
Panagiotis (Takis) Athanasopoulos	4	4	0
Jean Claude Block	4	3	1
Pierre Deleplanque	4	4	0
Jean – Charles Blatz	4	2	2
Neil Curtis	4	3	1
Andreas G. Andreopoulos	4	4	0
Agisilaos Karabelas	4	4	0

### Quorum – Majority – Representation of the Directors - Minutes

The meetings of the Board of Directors are in quorum and validly held if attended in person or by proxy by 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 of Association, 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 objectives or in any operations similar to the Company's objectives, nor participate as general partners in any entities engaging in similar objectives. Failure to abide by this obligation shall entitle Company to claim damages; where the party in fault is a Director, they are 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 2014 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 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 €29.125 thousand, as well as receivable from LAFARGE BETON S.A. amounting to €5.929 thousand.

The nature of the related party transactions for 2014 remains unchanged compared to the latest annual report as at 31 December 2013.

The companies included in the consolidation do not hold shares of the parent company (treasury shares).

**GROUP**

Amounts in thousands of Euro

**31/12/2014**

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Fees and other expenses	Receivables	Payables
<b><u>LAFARGE GROUP COMPANIES</u></b>						
PERICLES S.A.	0	0	0	0	518	0
LAFARGE S.A.	13.076	731	7.646	0	239	3.650
CEMENTIA TRADING S.A.	68.478	653	0	0	3.180	0
LAFARGE ENERGY SOLUTIONS S.A.S.	5.437	18.151	0	0	8	3.308
OTHER LAFARGE GROUP COMPANIES	3.759	5.269	0	0	938	31.328
<b><u>MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.</u></b>	0	0	0	3.687	0	0
<b>Total</b>	<b>90.750</b>	<b>24.804</b>	<b>7.646</b>	<b>3.687</b>	<b>4.883</b>	<b>38.286</b>

**COMPANY**

Amounts in thousands of Euro

**31/12/2014**

Related Parties	Sales of goods and services	Purchases of goods and services	Royalties	Interest income	Fees and other expenses	Receivables	Payables
<b><u>HERACLES G.C.C. SUBSIDIARIES</u></b>							
HERACLES MARITIME CO.	33	12.942	0	0	0	0	3.375
LAFARGE BETON S.A.	16.234	620	0	0	0	5.929	0
EVIESK S.A.	2	0	0	952	0	29.125	6.525
LAVA S.A.	291	1.233	0	0	0	0	124
AEGEAN TERMINALS S.A.	0	0	0	2	0	33	0
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	2	0	0	1	0	59	0
A. XATZHKYPIAKOS N.E.	1	0	0	0	0	1	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	0	0	21
DYSTOS SOC. NAV.	1	0	0	0	0	4	0
<b><u>LAFARGE GROUP COMPANIES</u></b>							
LAFARGE S.A.	13.076	687	6.472	0	0	239	3.045
CEMENTIA TRADING S.A.	66.943	653	0	0	0	3.086	0
LAFARGE ENERGY SOLUTIONS S.A.S.	5.437	18.151	0	0	0	8	3.308
OTHER LAFARGE GROUP COMPANIES	2.295	5.200	0	0	0	862	31.272
<b><u>MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.</u></b>	0	0	0	0	2.496	0	0
<b>Total</b>	<b>104.316</b>	<b>39.486</b>	<b>6.472</b>	<b>955</b>	<b>2.496</b>	<b>39.346</b>	<b>47.670</b>

## **F. Explanatory report of HERACLES G.C.C. (According to paragraphs 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 30/3/2015 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 2014 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

	<u>31/12/2014</u>		
	<u>Number of shares</u>	<u>Nominal value per share</u>	<u>Share capital</u>
<b><u>GROUP COMPANIES</u></b>			
HERACLES MARITIME CO.	592.466	2,24	1.327.124
LAFARGE BETON S.A.	7.162.699	1,00	7.162.699
EVIESK S.A.	1.172.000	1,29	1.511.880
LAVA S.A.	109.065	32,50	3.544.613
AEGEAN TERMINALS S.A.	252.441	29,35	7.409.143
A. HATZIKYRIAKOS SOC. NAV.	31.950	17,61	562.640
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
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	3.500	60,00	210.000

## **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 Patra, 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, 28<sup>th</sup> km Varis- Koropiou ave.
2. Metamorphossi, Attica, 12 Amaliados str.
3. Agios I.Rentis, Attica, 19, 28<sup>th</sup> 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, 2<sup>nd</sup> 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. 9<sup>th</sup> km Heraklion – Chania
23. Kamares, Aigio

**Quarries**

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

**Aggregates trade**

33. Almiros, Volos

**Aggregates warehouses**

34. Lazareta, Siros

**Limestone (not active)**

35. Milaki, Evia

**Offices**

36. 19,3 Km Markopoulou Avenue, Paiania Attica
37. 3 Ag. Apostolon and Handakos – Chios

**Subsidiaries**

38. 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, 30/3/2015**

**By order of the Board of Directors**

**PIERRE DELEPLANQUE**

**Managing Director**

## **TRUE TRANSLATION**

### **Independent Auditors' Report**

**To the Shareholders of "HERACLES GENERAL CEMENT COMPANY"**

#### **Report on the Company 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, 2014, 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, and for such internal control as management determines is necessary to enable the preparation of company and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the accompanying company and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group of HERACLES GENERAL CEMENT COMPANY as of December 31, 2014, 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 30, 2015

The Statutory Auditors

Michalis E. Karavas  
Reg. No SOEL: 13371

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 2014**

The Group and Company Financial Statements on pages 30 to 97 were approved by the Board of Directors in its meeting on Monday 30 March 2015 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**

**PANAGIOTIS (TAKIS)  
ATHANASOPOULOS**

**PIERRE  
DELEPLANQUE**

**GREGORY  
LOVICH**

**PANTELIS  
TOURNIS**

**I.D. No. AB 779530**

**PASSPORT No.  
13DA09097**

**PASSPORT No.  
10AT92468**

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

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2014

Amounts in thousands of Euro	NOTE	GROUP		COMPANY	
		1/1- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
<b>Operating results</b>					
Turnover	5,6	236.485	235.194	208.764	210.618
Cost of sales	8	<u>(221.034)</u>	<u>(249.887)</u>	<u>(193.317)</u>	<u>(223.496)</u>
<b>Gross profit / (loss)</b>		<b>15.451</b>	<b>(14.693)</b>	<b>15.447</b>	<b>(12.878)</b>
Administrative & distribution expenses	8	(39.821)	(36.425)	(29.318)	(24.558)
Other operating income / (expenses)	7	(16.477)	(111.615)	(16.687)	(109.494)
Impairment of investments in subsidiaries	10	0	0	0	(1.726)
<b>Operating profit / (loss)</b>		<b>(40.847)</b>	<b>(162.733)</b>	<b>(30.558)</b>	<b>(148.656)</b>
Finance income / (expenses)	6,9	(5.012)	(3.685)	(1.016)	16
<b>Profit / (loss) for the year before tax</b>		<b>(45.859)</b>	<b>(166.418)</b>	<b>(31.574)</b>	<b>(148.640)</b>
Income tax	11	5.146	30.140	5.202	30.020
<b>Net profit / (loss) for the year after tax</b>	6	<b>(40.713)</b>	<b>(136.278)</b>	<b>(26.372)</b>	<b>(118.620)</b>
<b>Allocated to:</b>					
Non controlling interest		(18)	(11)	0	0
Company's Shareholders		<u>(40.695)</u>	<u>(136.267)</u>	<u>(26.372)</u>	<u>(118.620)</u>
		<b>(40.713)</b>	<b>(136.278)</b>	<b>(26.372)</b>	<b>(118.620)</b>
<b>Number of shares</b>		71.082.707	71.082.707	71.082.707	71.082.707
<b>Earnings / (losses) per share (in €)</b>	12	(0,57)	(1,92)	(0,37)	(1,67)

*Notes from page 35 through to page 97 form an integral part of the annual Group and Company Financial Statements.*

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2014**

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Net profit / (loss) for the year after tax</b>	<b>(40.713)</b>	<b>(136.278)</b>	<b>(26.372)</b>	<b>(118.620)</b>
<b><i>Amounts that will not be reclassified to the Income Statement in the future</i></b>				
Actuarial gain / (loss), net of deferred tax	(1.217)	2.931	(1.018)	2.778
Other equity movements	1.022	0	345	0
<b>Total amounts that will not be reclassified to the Income Statement in the future</b>	<b>(195)</b>	<b>2.931</b>	<b>(673)</b>	<b>2.778</b>
<b><i>Amounts that will be possibly reclassified to the Income Statement in the future</i></b>				
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	(217)	34	(217)	34
<b>Total amounts that will be possibly reclassified to the Income Statement in the future</b>	<b>(217)</b>	<b>34</b>	<b>(217)</b>	<b>34</b>
<b>Other comprehensive income for the year, after tax</b>	<b>(412)</b>	<b>2.965</b>	<b>(890)</b>	<b>2.812</b>
<b>Total comprehensive income for the year, after tax</b>	<b>(41.125)</b>	<b>(133.313)</b>	<b>(27.262)</b>	<b>(115.808)</b>

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*Notes from page 35 through to page 97 form an integral part of the annual Group and Company Financial Statements.*

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

Amounts in thousands of Euro	NOTE	GROUP		COMPANY	
		<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>Fixed assets or non-current assets</b>					
Goodwill	13	29.480	29.480	0	0
Intangible assets	13	2.014	2.267	346	349
Tangible assets	14	296.827	325.775	270.571	296.790
Investment property	15	1.491	1.561	0	0
Investments in subsidiaries and associates	16	0	0	69.015	45.768
Other investments	17	57	57	57	57
Other non-current receivables	26.2	4.780	6.829	33.000	34.053
Deferred tax assets	21	52.701	45.624	50.750	44.164
<b>Total fixed assets or non-current assets</b>		<b><u>387.350</u></b>	<b><u>411.593</u></b>	<b><u>423.739</u></b>	<b><u>421.181</u></b>
<b>Current assets</b>					
Inventories	18	42.636	48.810	38.857	45.335
Trade receivables	26.3	43.493	44.500	35.109	37.890
Other receivables	26.3	17.960	15.408	14.626	12.559
Derivative financial instruments	26.6	0	42	0	42
Cash and cash equivalents	26.4	45.209	27.792	35.328	22.786
Income tax receivables	11	858	1.191	616	477
<b>Total current assets</b>		<b><u>150.156</u></b>	<b><u>137.743</u></b>	<b><u>124.536</u></b>	<b><u>119.089</u></b>
<b>Total assets</b>		<b><u>537.506</u></b>	<b><u>549.336</u></b>	<b><u>548.275</u></b>	<b><u>540.270</u></b>
<b>Equity</b>					
Share capital	23	120.841	120.841	120.841	120.841
Share premium	24	1.279	1.279	1.279	1.279
Reserves	25	173.757	174.696	161.825	162.170
Derivatives valuation reserve	26.6	(183)	34	(183)	34
Retained earnings		(24.305)	16.668	56.719	83.764
<b>Total Shareholders' equity</b>		<b><u>271.389</u></b>	<b><u>313.518</u></b>	<b><u>340.481</u></b>	<b><u>368.088</u></b>
Non controlling interest		(77)	(142)	0	0
<b>Total equity</b>		<b><u>271.312</u></b>	<b><u>313.376</u></b>	<b><u>340.481</u></b>	<b><u>368.088</u></b>
<b>Non-current liabilities</b>					
Provision for staff termination indemnity	19	20.248	25.438	18.386	23.693
Other non-current provisions	20	20.063	20.982	40.584	40.472
Long-term debt	26.4	30.000	0	30.000	0
Finance lease liabilities	26.7	21	53	0	0
<b>Total non-current liabilities</b>		<b><u>70.332</u></b>	<b><u>46.473</u></b>	<b><u>88.970</u></b>	<b><u>64.165</u></b>
<b>Current liabilities</b>					
Provision for staff termination indemnity	19	5.060	7.150	4.956	7.079
Trade payables	26.5	78.623	78.003	66.099	66.772
Other payables	26.5	17.884	20.244	17.359	17.512
Income tax liabilities	11	1.138	275	950	0
Finance lease liabilities	26.7	34	118	0	24
Other current provisions	20	6.573	8.017	6.162	7.627
Derivative financial instruments	26.6	298	3	298	3
Short-term debt	26.4	86.252	75.677	23.000	9.000
<b>Total current liabilities</b>		<b><u>195.862</u></b>	<b><u>189.487</u></b>	<b><u>118.824</u></b>	<b><u>108.017</u></b>
<b>Total liabilities</b>		<b><u>266.194</u></b>	<b><u>235.960</u></b>	<b><u>207.794</u></b>	<b><u>172.182</u></b>
<b>Total liabilities and equity</b>		<b><u>537.506</u></b>	<b><u>549.336</u></b>	<b><u>548.275</u></b>	<b><u>540.270</u></b>

*Notes from page 35 through to page 97 form an integral part of the annual Group and Company Financial Statements.*

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
31 DECEMBER 2014**

Amounts in thousands of Euro

GROUP	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Non controlling interest	Total
<b>Balance at 1/1/2013</b>	<b>120.841</b>	<b>1.279</b>	<b>174.696</b>	<b>0</b>	<b>150.004</b>	<b>(131)</b>	<b>446.689</b>
Profit / (loss) for the year	0	0	0	0	(136.267)	(11)	(136.278)
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	0	0	34	0	0	34
Actuarial gain / (loss) and respective change in tax rate effect	0	0	0	0	2.931	0	2.931
<b>Balance at 31/12/2013</b>	<b>120.841</b>	<b>1.279</b>	<b>174.696</b>	<b>34</b>	<b>16.668</b>	<b>(142)</b>	<b>313.376</b>
<b>Balance at 1/1/2014</b>	<b>120.841</b>	<b>1.279</b>	<b>174.696</b>	<b>34</b>	<b>16.668</b>	<b>(142)</b>	<b>313.376</b>
Profit / (loss) for the year	0	0	0	0	(40.695)	(18)	(40.713)
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	0	0	(217)	0	0	(217)
Actuarial gain / (loss), net of deferred tax	0	0	0	0	(1.217)	0	(1.217)
Other equity movements	0	0	(939)	0	939	83	83
<b>Balance at 31/12/2014</b>	<b>120.841</b>	<b>1.279</b>	<b>173.757</b>	<b>(183)</b>	<b>(24.305)</b>	<b>(77)</b>	<b>271.312</b>

Amounts in thousands of Euro

COMPANY	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Total
<b>Balance at 1/1/2013</b>	<b>120.841</b>	<b>1.279</b>	<b>162.170</b>	<b>0</b>	<b>199.606</b>	<b>483.896</b>
Profit / (loss) for the year	0	0	0	0	(118.620)	(118.620)
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	0	0	34	0	34
Actuarial gain / (loss) and respective change in tax rate effect	0	0	0	0	2.778	2.778
<b>Balance at 31/12/2013</b>	<b>120.841</b>	<b>1.279</b>	<b>162.170</b>	<b>34</b>	<b>83.764</b>	<b>368.088</b>
<b>Balance at 1/1/2014</b>	<b>120.841</b>	<b>1.279</b>	<b>162.170</b>	<b>34</b>	<b>83.764</b>	<b>368.088</b>
Profit / (loss) for the year	0	0	0	0	(26.372)	(26.372)
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	0	0	(217)	0	(217)
Actuarial gain / (loss), net of deferred tax	0	0	0	0	(1.018)	(1.018)
Other equity movements	0	0	(345)	0	345	0
<b>Balance at 31/12/2014</b>	<b>120.841</b>	<b>1.279</b>	<b>161.825</b>	<b>(183)</b>	<b>56.719</b>	<b>340.481</b>

*Notes from page 35 through to page 97 form an integral part of the annual Group and Company Financial Statements.*

**STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED  
31 DECEMBER 2014**

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
<b>Operating activities</b>				
Profit / (loss) of the year before tax	(45.859)	(166.418)	(31.574)	(148.640)
Plus / less adjustments for:				
Depreciation	27.110	31.593	24.327	28.654
Impairment of tangible and intangible fixed assets	6.532	78.435	5.823	77.791
Provisions	(285)	8.516	646	13.351
Foreign exchange differences	19	51	21	27
Gain / (loss) from derivatives valuation	44	42	44	42
Income / (expenses), profit / (loss) from investing activities	(1.022)	93	(2.232)	(1.184)
Interest and related expenses	5.748	4.698	2.640	2.080
<b>Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:</b>				
Decrease / (increase) in inventories	1.866	1.002	2.087	(960)
Decrease / (increase) in receivables	(5.334)	263	(2.692)	(2.539)
(Decrease) / increase in liabilities (excl. bank loans)	(1.005)	790	(386)	(4.292)
Less :				
Interest and related expenses paid	(4.877)	(2.799)	(1.950)	(668)
Taxes paid	(873)	(1.047)	(139)	(1.057)
<b>Total inflow / (outflow) from operating activities (a)</b>	<b>(17.936)</b>	<b>(44.781)</b>	<b>(3.385)</b>	<b>(37.395)</b>
<b>Investing activities</b>				
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	0	0	(23.247)	(22)
Intercompany loans	0	0	(950)	(1.500)
Purchases of tangible and intangible fixed assets	(5.629)	(8.052)	(5.057)	(6.895)
Proceeds from disposals of tangible and intangible assets	490	719	276	492
Interest received	33	116	929	1.184
<b>Total inflow / (outflow) from investing activities (b)</b>	<b>(5.106)</b>	<b>(7.217)</b>	<b>(28.049)</b>	<b>(6.741)</b>
<b>Financing activities</b>				
Loan proceeds	79.000	18.535	53.500	9.000
Loan repayments	(38.425)	(13)	(9.500)	0
Payments of obligations under finance leases	(116)	(201)	(24)	(79)
Dividends paid	0	(129)	0	(129)
<b>Total inflow / (outflow) from financing activities (c)</b>	<b>40.459</b>	<b>18.192</b>	<b>43.976</b>	<b>8.792</b>
<b>Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)</b>	<b>17.417</b>	<b>(33.806)</b>	<b>12.542</b>	<b>(35.344)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>27.792</b>	<b>61.598</b>	<b>22.786</b>	<b>58.130</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>45.209</b>	<b>27.792</b>	<b>35.328</b>	<b>22.786</b>

*Notes from page 35 through to page 97 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 2014) 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

#### IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets"

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. This standard has been adopted by the Group.

The following standards and amendments are effective 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 32 (Amendment) "Financial Instruments: Presentation"

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

The International Accounting Standards Board ("IASB") has published five new standards on consolidation and joint arrangements: IFRS 10, IFRS 11, IFRS 12, IAS 27 (amendment) and IAS 28 (amendment). The main provisions are as follows:

#### IFRS 10 "Consolidated Financial Statements"

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

#### IFRS 11 "Joint Arrangements"

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

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

### IFRS 12 “Disclosure of interests in Other Entities”

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

### IAS 27 (Amendment) “Separate Financial Statements”

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

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

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

### IFRS 10, IFRS 11 and IFRS 12 (Amendment) “Consolidated Financial Statements, joint arrangements and disclosure of interests in other entities: Transition guidance”

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”

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 39 (Amendment) “Financial Instruments: Recognition and Measurement”

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, 2014. Their possible application, however, in the future is not anticipated to have a significant impact on the Group’s results.

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

### **IFRS 9 “Financial Instruments” and subsequent amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date and Transition Disclosures” and IFRS 9 “Hedge Accounting” and amendments to IFRS 9, IFRS 7 and IAS 39**

IFRS 9 replaces part of IAS 39 which deals with the classification and measurement of financial assets and financial liabilities. The IASB has also 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.

### **IFRIC 21 “Levies”** (effective for annual periods beginning on or after 17 June 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)

This narrow scope amendment applies to contributions from employees or third parties to defined benefit plans and simplifies 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)

#### **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)**

### **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.

## **Project of Annual Improvements to IFRSs 2012 - 2014 (effective for annual periods beginning on or after 1 January 2016)**

### **IFRS 5 “Non-current assets held for sale and discontinued operations”**

The amendment clarifies that, when an asset (or disposal group) is reclassified from ‘held for sale’ to ‘held for distribution’, or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

### **IFRS 7 “Financial instruments: Disclosures”**

The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, ‘Disclosure – Offsetting financial assets and financial liabilities’ is not specifically required for all interim periods, unless required by IAS 34.

### **IAS 19 “Employee benefits”**

The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

### **IAS 34 “Interim financial reporting”**

The amendment clarifies what is meant by the reference in the standard to ‘information disclosed elsewhere in the interim financial report’.

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

**IAS 27 (Amendment) “Separate Financial Statements”** (effective for annual periods beginning on or after 1 January 2016)

This amendment allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate Financial Statements and clarifies the definition of separate Financial Statements.

**IFRS 10 and IAS 28 (Amendments) “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”** (effective for annual periods beginning on or after 1 January 2016)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

**IFRS 11 (Amendment) “Joint Arrangements”** (effective for annual periods beginning on or after 1 January 2016)

This amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a ‘business’.

**IAS 16 and IAS 38 (Amendments) “Clarification of Acceptable Methods of Depreciation and Amortisation”** (effective for annual periods beginning on or after 1 January 2016)

This amendment clarifies that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and it also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

**IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2017)

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

**IAS 1 (Amendments) “Disclosure initiative”** (effective for annual periods beginning on or after 1 January 2016)

These amendments clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of Financial Statements and the disclosure of accounting policies.

**IFRS 10, IFRS 12 and IAS 28 (Amendments) “Investment entities: Applying the consolidation exception”** (effective for annual periods beginning on or after 1 January 2016)

These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries.

### 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 2013, which are available on the Company's website [www.lafarge.gr](http://www.lafarge.gr).

The primary accounting principles adopted are set out below:

#### Basis of consolidation

The consolidated Financial Statements incorporate the Financial Statements of the Company as well as the Financial Statements of the entities controlled by the Company (its subsidiaries) as at 31 December of each year. Control is achieved 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.

### 3. ACCOUNTING PRINCIPLES - continued

#### Acquisitions of Subsidiaries - continued

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.

#### 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.

### 3. ACCOUNTING PRINCIPLES – continued

#### Investments in associates - continued

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.

#### 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.

### 3. ACCOUNTING PRINCIPLES - continued

#### **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.

#### ***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.

### 3. ACCOUNTING PRINCIPLES - continued

#### Income Tax - continued

##### *Deferred tax- continued*

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.

#### Leases

##### *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.

##### *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.

### 3. ACCOUNTING PRINCIPLES – continued

#### Foreign currency transactions - continued

Profits and losses resulting from liquidation or settlements of monetary assets, or from the valuation at current exchange rates as at reporting date, shall be included in the year's net profit or loss. Exchange differences concerning valuation of non-monetary assets and liabilities at exchange rates as at reporting date, at fair value, shall be 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.

#### 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.

### 3. ACCOUNTING PRINCIPLES – continued

#### 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.

#### 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.

### 3. ACCOUNTING PRINCIPLES - continued

#### 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.

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.

### 3. ACCOUNTING PRINCIPLES - continued

#### 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.

#### 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.

### 3. ACCOUNTING PRINCIPLES - continued

#### **Warranties**

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

#### **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.

#### ***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.

### 3. ACCOUNTING PRINCIPLES - continued

#### Financial instruments - continued

##### *Impairment of financial assets - continued*

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.

##### *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.

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) Contingent losses from pending litigations (notes 20 and 27 of the Financial Statements)
- (d) The assessment of the remaining useful life of the Group's and the Company's fixed assets.
- (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	
	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013
Income from sale of finished and semi-finished products	226.223	223.390	200.621	202.392
Income from sale of merchandise	5.338	5.574	5.342	5.574
Income from services	4.924	6.230	2.801	2.652
	<b>236.485</b>	<b>235.194</b>	<b>208.764</b>	<b>210.618</b>

## 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.

The Group's operating segments derive their revenues almost exclusively from the following products:

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

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, based on Management Reporting, is presented below:

	1/1-31/12/2014				
	Cement Division	Concrete Division	Aggregates Division	Eliminations	Total Group
Turnover	212.271	30.141	9.538	(13.607)	238.343
Gross operating income / (loss) before depreciation	18.149	(3.326)	(273)	0	14.550
Operating income / (loss)	(29.977)	(5.881)	(1.868)	0	(37.726)

  

	1/1-31/12/2013				
	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)

## 6. OPERATING SEGMENTS – continued

Amounts in thousands of Euro

<b>Total Assets as per Management Reporting</b>	<b>Cement Division</b>	<b>Concrete Division</b>	<b>Aggregates Division</b>	<b>Eliminations</b>	<b>Total Group</b>
<b>31/12/2014</b>	587.774	81.306	43.284	(178.773)	<b>533.591</b>
<b>31/12/2013</b>	585.417	64.833	42.215	(140.339)	<b>552.126</b>

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>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>
<b>Turnover per Management Reporting</b>	<b>238.343</b>	<b>235.623</b>
Timing difference on expenses / (revenue) recognition	0	(40)
Discount and transportation cost reclassification between Turnover and Cost of Sales	(1.858)	(389)
<b>Turnover per Published Statement of Profit or Loss</b>	<b>236.485</b>	<b>235.194</b>

Amounts in thousands of Euro

	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>
<b>Management Reporting</b>		
Gross operating income/ (loss) before depreciation	14.550	(6.486)
Depreciation	(26.030)	(30.409)
Non-recurring income / (expenses)	(26.246)	(116.598)
<b>Operating Income / (loss) per Management Reporting</b>	<b>(37.726)</b>	<b>(153.493)</b>
<b>Reconciliation to Published Statement of Profit or Loss</b>		
Timing difference on expenses / (revenue) recognition	0	(40)
Reversal of journal entry concerning deemed cost of fixed assets	0	(3.760)
Timing difference on provisions and liabilities recognition	(2.450)	(3.498)
Allocation between finance and administrative expenses	(242)	(696)
Difference in fixed assets depreciation	(628)	(809)
Allocation between finance and other income / (expenses)	1.029	0
Other timing differences	(830)	(437)
<b>Operating Income / (loss)</b>	<b>(40.847)</b>	<b>(162.733)</b>
Financial income / (expenses)	(5.012)	(3.685)
<b>Profit / (loss) before tax</b>	<b>(45.859)</b>	<b>(166.418)</b>
Income tax	5.146	30.140
<b>Net profit / (loss) for the year after tax</b>	<b>(40.713)</b>	<b>(136.278)</b>

## 6. OPERATING SEGMENTS – continued

Amounts in thousands of Euro

	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>
<b>Total Financial Income / (Expenses) per Management Reporting</b>	<b>(6.193)</b>	<b>(4.258)</b>
Allocation between finance and other income / (expenses)	1.029	0
Allocation between finance and administrative expenses	242	696
Other	<u>(90)</u>	<u>(123)</u>
<b>Total Financial Income / (Expenses) per Published Statement of Profit or Loss</b>	<b><u>(5.012)</u></b>	<b><u>(3.685)</u></b>

Amounts in thousands of Euro

	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>Total Assets per Management Reporting</b>	<b>533.591</b>	<b>552.126</b>
Difference in deemed cost of fixed assets	9.628	9.837
Timing difference on inventories recognition	720	0
Total assets of non consolidated entity	(3.705)	(3.673)
Timing difference on provision recognition	0	(2.355)
Deferred tax difference	(3.110)	(6.064)
Other	<u>382</u>	<u>(535)</u>
<b>Total Assets per Published Statement of Financial Position</b>	<b><u>537.506</u></b>	<b><u>549.336</u></b>

The Group and Company operate in the following countries:

Amounts in thousands of Euro

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>
Greece	149.462	135.334	128.482	117.967
Switzerland	68.609	77.533	66.943	75.424
Other countries	18.414	22.327	13.339	17.227
	<b><u>236.485</u></b>	<b><u>235.194</u></b>	<b><u>208.764</u></b>	<b><u>210.618</u></b>

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

## 7. OTHER OPERATING INCOME / (EXPENSES)

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

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
Profit / (loss) from fixed asset disposals	(310)	(451)	4	(283)
(Impairment) / Reversal of impairment of fixed assets	(6.532)	(3.092)	(5.823)	(2.449)
(Provision) / Reversal of provision for obsolescence of spare parts	(828)	0	(828)	0
(Provision) / Reversal of provision for share in losses of subsidiaries	0	0	(1.315)	(1.486)
Restructuring expenses	(6.364)	(104.277)	(6.364)	(104.277)
Other income / (expenses)	(2.443)	(3.795)	(2.361)	(999)
	<b><u>(16.477)</u></b>	<b><u>(111.615)</u></b>	<b><u>(16.687)</u></b>	<b><u>(109.494)</u></b>

The impairment of fixed assets mainly relates to the production line 4 in the plant of Volos, amounting to €5.823 thousand.

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

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

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
(Impairment) / Reversal of impairment of fixed assets	0	(75.343)	0	(75.343)
(Provision) / Reversal of provision for obsolescence of spare parts, finished & semi-finished products, consumables	(3.462)	(6.888)	(3.462)	(6.888)
(Provision) / Reversal of provision for staff indemnities due to restructuring	(66)	(1.898)	(66)	(1.898)
Special termination benefits offered to employees due to restructuring	(430)	(17.438)	(430)	(17.438)
Other restructuring expenses	(2.406)	(2.710)	(2.406)	(2.710)
	<b><u>(6.364)</u></b>	<b><u>(104.277)</u></b>	<b><u>(6.364)</u></b>	<b><u>(104.277)</u></b>

## 8. 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	
	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>	<u>1/1-31/12/2014</u>	<u>1/1-31/12/2013</u>
Amortization of intangible assets	444	604	167	360
Depreciation of tangible assets	26.603	30.601	24.160	27.969
Depreciation of investment property	70	70	0	0
Amortization of grants	(7)	(7)	0	0
Total depreciation & amortization	<u>27.110</u>	<u>31.268</u>	<u>24.327</u>	<u>28.329</u>
Movement of finished and semi-finished products	3.583	5.800	3.857	3.858
Consumption of raw, auxiliary materials, consumables and spare parts	72.051	68.367	64.068	64.951
Cost of goods sold	<u>75.634</u>	<u>74.167</u>	<u>67.925</u>	<u>68.809</u>
Employer's contributions	8.581	11.038	7.182	9.406
Salaries and other personnel benefits	36.362	43.371	30.742	37.405
Provision for staff termination indemnity	1.052	1.251	936	1.092
Staff termination incentives	4.008	8.430	3.538	7.492
Total personnel expenses	<u>50.003</u>	<u>64.090</u>	<u>42.398</u>	<u>55.395</u>
Energy cost	18.723	23.634	17.146	22.348
Royalities	7.646	6.375	6.472	5.402
Other expenses	81.739	86.778	64.367	67.771
<b>Total</b>	<b><u>260.855</u></b>	<b><u>286.312</u></b>	<b><u>222.635</u></b>	<b><u>248.054</u></b>

In 2014, a provision for staff termination indemnity of the Halkis plant amounting to €66 thousand is recorded in "Other Operating Expenses".

Correspondingly, in the comparative data of year 2013, depreciation related to the production line 2 in Volos plant amounting to €325 thousand, a provision for staff termination indemnity of the Halkis plant amounting to €540 thousand and staff termination incentives of the Halkis plant amounting to €1.898 thousand are recorded in "Other Operating Expenses".

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

The number of Group and Company personnel as at 31 December 2014 is analysed as follows:

	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Number of employees	839	977	670	795

## 9. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013
<b>Income</b>				
Interest received and related income	1.332	359	2.228	1.458
Foreign exchange income	54	770	0	692
	<u>1.386</u>	<u>1.129</u>	<u>2.228</u>	<u>2.150</u>
<b>Expenses</b>				
Interest and related expenses	5.748	4.698	2.640	2.080
Loss from derivatives	12	54	12	54
Foreign exchange losses	638	62	592	0
	<u>6.398</u>	<u>4.814</u>	<u>3.244</u>	<u>2.134</u>
<b>Total</b>	<u><b>(5.012)</b></u>	<u><b>(3.685)</b></u>	<u><b>(1.016)</b></u>	<u><b>16</b></u>

An amount of €709 thousand for the Group and of €651 thousand for the Company respectively is included in interest and related expenses, for 2014, which relate to the interest of present value of defined benefit obligations. The corresponding amounts for 2013 were €1.159 thousand and €1.093 thousand for the Group and the Company respectively.

## 10. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

No impairment loss related to investment in any of its consolidated subsidiaries was recognized by the Company in the Financial Statements of the current year.

In the Financial Statements as of 31 December 2013, the Company had recognized an impairment loss amounting to €1.726 thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A.

## 11. INCOME TAX

Amounts in thousands of Euro

	GROUP		COMPANY	
	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013
Income tax	323	383	0	0
Deferred taxation (Note 21)	(6.580)	(31.447)	(6.152)	(30.842)
Tax audit differences	0	30	0	0
Other taxes	1.111	894	950	822
<b>Total</b>	<u><b>(5.146)</b></u>	<u><b>(30.140)</b></u>	<u><b>(5.202)</b></u>	<u><b>(30.020)</b></u>

The variation in deferred taxation is mainly due to the impact that the reorganization of the Company's production structure, amounting to €20.925 thousand, had on deferred tax in 2013. Moreover, the deferred tax asset was increased during the year 2014, compared to that of year 2013, mainly due to recognition of deferred tax asset on losses for the year and on the additional provision for obsolete inventories for year 2014.

## 11. INCOME TAX – continued

Income tax arises from the following agreement of the accounting losses:

Amounts in thousands of Euro	GROUP				COMPANY			
	1/1-31/12/2014		1/1-31/12/2013		1/1-31/12/2014		1/1-31/12/2013	
		%		%		%		%
Profit / (loss) before tax	(45.859)	26%	(166.418)	26%	(31.574)	26%	(148.640)	26%
Income tax at the current tax rate 26% (2013: 26%)	(11.923)	26%	(43.269)	26%	(8.209)	26%	(38.647)	26%
Expenses not deductible in determining taxable profit - permanent differences	2.335	-5%	5.440	-3%	1.568	-5%	4.259	-3%
Difference in the current year's deferred taxation due to changes in tax rate	0	0%	(2.285)	1%	0	0%	(2.377)	2%
Effect of different tax rates of subsidiaries operating under a different tax status	(66)	0%	(22)	0%	0	0%	0	0%
Tax losses not carried forward	0	0%	1	0%	0	0%	0	0%
Tax audit differences	0	0%	30	0%	0	0%	0	0%
Other permanent differences	171	0%	5.177	-3%	147	0%	5.087	-3%
Participation to impairment of investments and share in losses of subsidiaries	0	0%	0	0%	342	-1%	835	-1%
Non-recognised deferred tax asset due to non-recoverability / (reversal)	3.226	-7%	3.894	-2%	0	0%	0	0%
Other taxes	1.111	-2%	894	-1%	950	-3%	822	-1%
	<b>(5.146)</b>	<b>11%</b>	<b>(30.140)</b>	<b>18%</b>	<b>(5.202)</b>	<b>16%</b>	<b>(30.020)</b>	<b>20%</b>

Income tax receivables and payables are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Receivables</b>				
Income tax receivable	858	1.191	616	477
<b>Total tax receivables</b>	<b>858</b>	<b>1.191</b>	<b>616</b>	<b>477</b>
<b>Payables</b>				
Income tax payable	(1.138)	(275)	(950)	0
<b>Total tax payables</b>	<b>(1.138)</b>	<b>(275)</b>	<b>(950)</b>	<b>0</b>
<b>Total</b>	<b>(280)</b>	<b>916</b>	<b>(334)</b>	<b>477</b>

## 12. 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- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
Net profit / (loss) for the year after tax	(40.713)	(136.278)	(26.372)	(118.620)
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
<b>Earnings / (losses) per share in Euro</b>	<b>(0,57)</b>	<b>(1,92)</b>	<b>(0,37)</b>	<b>(1,67)</b>

## 13. 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 2014 and 31 December 2013 respectively:

Amounts in thousands of Euro	GROUP	COMPANY
<b>COST</b>		
<b>1 January 2013</b>	<b>16.932</b>	<b>12.256</b>
Additions	413	218
Transfers from projects in progress	220	0
<b>31 December 2013</b>	<b>17.565</b>	<b>12.474</b>
Additions	191	164
Disposals / Write-offs	(10)	0
<b>31 December 2014</b>	<b>17.746</b>	<b>12.638</b>
<b>ACCUMULATED AMORTIZATION - IMPAIRMENT</b>		
<b>1 January 2013</b>	<b>14.399</b>	<b>11.756</b>
Amortization charge	426	360
Amortization of goodwill allocation	178	0
Impairment of intangible assets	295	9
<b>31 December 2013</b>	<b>15.298</b>	<b>12.125</b>
Amortization charge	266	167
Amortization of goodwill allocation	178	0
Disposals / Write-offs	(10)	0
<b>31 December 2014</b>	<b>15.732</b>	<b>12.292</b>
<b>CARRYING AMOUNT</b>		
<b>31 December 2013</b>	<b>2.267</b>	<b>349</b>
<b>31 December 2014</b>	<b>2.014</b>	<b>346</b>

### 13. 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 (2013: €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, pre-tax discounted cash flows have been used, based on financial budgets approved by Management covering a ten-year period, as defined by the Lafarge Group policy, as well as a discount rate of 11% (2013: 11%). This period, according to the Lafarge Group's Management, 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% (2013: 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>2014</u>	<u>2013</u>
Concrete	1,8% - 37,7%	7,0% - 30,0%
Aggregates	7,0% - 20,0%	7,0% - 20,0%

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.

**13. INTANGIBLE ASSETS - continued****Impairment testing of Goodwill - continued****Sales prices:****Sales Prices Growth:**

	<u>2014</u>	<u>2013</u>
Concrete	1,6% - 3,0%	1,2% - 6,2%
Aggregates	(0,1%) - 3,0%	(2,0%) - 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>2014</u>	<u>2013</u>
Concrete	(6,0%) - 14%	(5,3%) - 14,8%
Aggregates	1,0% - 30,0%	(9,0%) - 34,2%

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.

Management is evaluating the reasonableness of assumptions on which the current cash flow projections are based, taking into account external resources, such as the projections of sectoral studies and the required amendments for capturing the current financial situation, and is examining the causes of differences between past cash flow projections and the current ones.

Any deviations between the assumptions made by the Group's Management in previous years and the actual results that occurred subsequently are attributed to the unprecedented downturn of the construction sector, which nobody could foresee. In such an environment of continuing economic recession, as the one the country is experiencing during the five past years at least, where the "external evidence" was changing at a very high pace, the modification of the related Management assumptions was inevitable and was took place when it was considered necessary and reasonable.

However, the deviations of the assumptions made in previous years from the actual results were minor and, therefore, had no significant impact on the outcome of the impairment test of the Group's goodwill, given that the recoverable amount of the cash generating units was considerably higher than their book value and the goodwill that has been recognized in Company's books, and continues to be higher as at 31 December 2014.

The Group is not aware, at present, of any event or condition which would have a reasonably possible variation in any of the main assumptions on which the determination of the recoverable amount of the cash generating units was based. However, the Group carried out a sensitivity analysis at 31 December 2014, in the context of which 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.

## 14. TANGIBLE ASSETS

The following table shows the relevant Group tangible assets movements for the years ended 31 December 2014 and 31 December 2013 respectively:

Amounts in thousands of Euro

GROUP	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
<b>COST</b>						
<b>1 January 2013</b>	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)
Transfer to investment property	(633)	(1.223)	0	0	0	(1.856)
Transfers of assets under construction	0	673	4.293	225	(5.411)	(220)
<b>31 December 2013</b>	<b>75.635</b>	<b>267.722</b>	<b>482.576</b>	<b>26.479</b>	<b>11.544</b>	<b>863.956</b>
Additions	0	82	981	123	3.513	4.699
Disposals / Write-offs	0	(350)	(1.327)	(517)	0	(2.194)
Transfers of assets under construction	0	399	6.771	236	(7.406)	0
<b>31 December 2014</b>	<b>75.635</b>	<b>267.853</b>	<b>489.001</b>	<b>26.321</b>	<b>7.651</b>	<b>866.461</b>
<b>ACCUMULATED DEPRECIATION - AMORTIZATION</b>						
<b>1 January 2013</b>	5.012	144.406	260.980	19.315	208	429.921
Depreciation charge	114	11.976	17.590	1.152	0	30.832
Amortization 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)
Transfer to investment property	0	(295)	0	0	0	(295)
Subsidies of fixed assets	0	(5)	(2)	0	0	(7)
<b>31 December 2013</b>	<b>6.398</b>	<b>179.107</b>	<b>330.293</b>	<b>20.697</b>	<b>1.686</b>	<b>538.181</b>
Depreciation charge	230	10.746	14.442	1.021	0	26.439
Amortization of allocation of goodwill	164	0	0	0	0	164
Impairment of fixed assets	800	1.067	4.734	(69)	0	6.532
Disposals / Write-offs	0	(237)	(956)	(482)	0	(1.675)
Subsidies of fixed assets	0	(5)	(2)	0	0	(7)
<b>31 December 2014</b>	<b>7.592</b>	<b>190.678</b>	<b>348.511</b>	<b>21.167</b>	<b>1.686</b>	<b>569.634</b>
<b>NET BOOK VALUE</b>						
<b>31 December 2013</b>	<b>69.237</b>	<b>88.615</b>	<b>152.283</b>	<b>5.782</b>	<b>9.858</b>	<b>325.775</b>
<b>31 December 2014</b>	<b>68.043</b>	<b>77.175</b>	<b>140.490</b>	<b>5.154</b>	<b>5.965</b>	<b>296.827</b>

The above assets include the net book value of the buildings, machinery and stripping costs, amounting to €3.192 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 €6.532 thousand, mainly relates to the impairment of production line 4 in Volos plant, as mentioned in note 7 of the Financial Statements.

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

**14. TANGIBLE ASSETS – continued**

The following table shows the relevant Company tangible assets movements for the years ended 31 December 2014 and 31 December 2013 respectively:

Amounts in thousands of Euro

COMPANY	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
<b>COST</b>						
<b>1 January 2013</b>	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
<b>31 December 2013</b>	<b>57.067</b>	<b>257.533</b>	<b>455.330</b>	<b>17.064</b>	<b>10.813</b>	<b>797.807</b>
Additions	0	56	611	15	3.188	3.870
Disposals / Write-offs	0	0	(141)	(19)	0	(160)
Transfers of assets under construction	0	305	6.501	191	(6.997)	0
<b>31 December 2014</b>	<b>57.067</b>	<b>257.894</b>	<b>462.301</b>	<b>17.251</b>	<b>7.004</b>	<b>801.517</b>
<b>ACCUMULATED DEPRECIATION - IMPAIRMENT</b>						
<b>1 January 2013</b>	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)
<b>31 December 2013</b>	<b>1.670</b>	<b>172.786</b>	<b>311.697</b>	<b>13.254</b>	<b>1.610</b>	<b>501.017</b>
Depreciation charge	24	10.333	13.144	659	0	24.160
Impairment of fixed assets	0	1.067	4.756	0	0	5.823
Disposals / Write-offs	0	0	(35)	(19)	0	(54)
<b>31 December 2014</b>	<b>1.694</b>	<b>184.186</b>	<b>329.562</b>	<b>13.894</b>	<b>1.610</b>	<b>530.946</b>
<b>NET BOOK VALUE</b>						
<b>31 December 2013</b>	<b>55.397</b>	<b>84.747</b>	<b>143.633</b>	<b>3.810</b>	<b>9.203</b>	<b>296.790</b>
<b>31 December 2014</b>	<b>55.373</b>	<b>73.708</b>	<b>132.739</b>	<b>3.357</b>	<b>5.394</b>	<b>270.571</b>

## 15. INVESTMENT PROPERTY

Investment property is defined as property held to earn rentals or for capital appreciation or both. For the year ended 31 December 2014, an amount of €1.561 thousand concerning the net book value of tangible assets of the Group's subsidiary company, EVIESK S.A. was reclassified to Investment property. The movement of the Group's investment property for the year ended 31 December 2014 is presented in the following table:

Amounts in thousands of Euro

GROUP	Land	Buildings	Total
Transfer of cost from fixed assets	633	1.223	1.856
Transfer of accumulated depreciation from fixed assets	0	(295)	(295)
<b>Closing net book value as at 31 December 2013</b>	<b>633</b>	<b>928</b>	<b>1.561</b>
Depreciation charge	0	(70)	(70)
<b>Closing net book value as at 31 December 2014</b>	<b>633</b>	<b>858</b>	<b>1.491</b>

## 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	31/12/2014			31/12/2013			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	98,86%	1,14%	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
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	Greece, Paiania, Attica	51,00%		51,00%	100,00%		100,00%	Biomass exploitation and trade
G. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Under liquidation
A. HATZIKYRIAKOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Under liquidation
DYSTOS SOC. NAV.	Greece, Paiania, Attica		100,00%	100,00%		100,00%	100,00%	Dormant
MARATHOS QUARRIES S.A.	Greece, Heraclion, Crete		100,00%	100,00%		99,15%	99,15%	Under merger
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

For the subsidiaries G. HATZIKYRIAKOS SOC. NAV. and A. HATZIKYRIAKOS SOC. NAV., in which the Group's indirect participation is 100%, following the decisions of the Extraordinary General Meetings of the Shareholders as of 30 June 2014 and 30 September 2014 respectively, the companies' dissolution and winding-up has been decided. The respective Financial Statements have already been edited and published.

On September 30, 2014, the Group's subsidiary LAFARGE BETON S.A. acquired 0,85% of the share capital of another Group's subsidiary, MARATHOS QUARRIES S.A., at the price of €13 thousand and now holds 50,17% of this company. Consequently, the share of indirect participation of the Group in the company MARATHOS QUARRIES S.A. was also increased from 99,15% to 100%. Moreover, following the decision of its Board of Directors as of 30 September 2014, the company's merger with the Group's subsidiary LAFARGE BETON S.A., by acquisition of the first by the second, has been decided. The respective Financial Report of merger by acquisition has been edited and published.

**16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES – continued**

At the General Meeting of Shareholders of the subsidiary company of the Group, LAFARGE BETON S.A. on 18 December 2014, the increase of its share capital by €23.200 thousand was decided. Only the parent company and not the subsidiary companies of the Group LAVA S.A. and HERACLES MARITIME CO. participated in the share capital increase and consequently their participation rates in the company LAFARGE BETON S.A. changed. As a result, the direct participation of the parent company to LAFARGE BETON S.A. increased from 98,64% to 98,86% whereas the indirect participation of the parent company to LAFARGE BETON S.A. (through the subsidiary companies LAVA S.A. and HERACLES MARITIME CO.) decreased from 1,36% to 1,14%.

By private contract on July 25, 2014, the increase of the share capital of the Group's subsidiary E.D.A.K.E. S.A. by €150 thousand was decided through the issue of new shares. As a result of the above-mentioned increase, the Company participates in the share capital of E.D.A.K.E. S.A. with a percentage of 51%. In addition, on September 18, 2014 the change of the company name E.D.A.K.E. S.A. to BIOMASS S.A. was registered to the General Registry of Commerce. The company BIOMASS S.A. aims at the exploitation and trade of biomass, while it is still consolidated using the full consolidation method with minority interest being recognized in the profit or loss and equity of the Group.

Company consolidated using the equity method:

Name of Associate	Registered Office	31/12/2014			31/12/2013			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

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

Amounts in thousands of Euro

	COMPANY					
	31/12/2014			31/12/2013		
	Acquisition Cost	Impairment provision	Net value	Acquisition Cost	Impairment provision	Net value
LAFARGE BETON S.A.	127.173	(65.040)	62.133	103.973	(65.040)	38.933
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
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	99	0	99	52	0	52
<b>Total</b>	<b>141.925</b>	<b>(72.910)</b>	<b>69.015</b>	<b>118.678</b>	<b>(72.910)</b>	<b>45.768</b>

## 16. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES – continued

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

Amounts in thousands of Euro

	<u>31/12/2014</u>	<u>31/12/2013</u>
Total Assets	533	533
Total Liabilities	4.881	4.883
Total Equity	<u>(4.348)</u>	<u>(4.350)</u>
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	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Other investments	57	57	57	57
<b>Total</b>	<u><b>57</b></u>	<u><b>57</b></u>	<u><b>57</b></u>	<u><b>57</b></u>

## 18. INVENTORIES

Group and Company inventories are analysed as follows:

Amounts in thousands of Euro

	GROUP				COMPANY			
	<u>31/12/2014</u>		<u>31/12/2013</u>		<u>31/12/2014</u>		<u>31/12/2013</u>	
Merchandise		935		764		935		673
Finished and semi-finished products	16.768		18.220		14.494		16.137	
<b>Less:</b> Obsolescence provision	<u>(4.968)</u>	11.800	<u>(2.837)</u>	15.383	<u>(4.918)</u>	9.576	<u>(2.704)</u>	13.433
Raw & auxiliary materials	17.023		18.550		15.954		17.610	
<b>Less:</b> Obsolescence provision	<u>(1.302)</u>	15.721	<u>(54)</u>	18.496	<u>(1.291)</u>	14.663	<u>(43)</u>	17.567
Spare parts	27.696		26.796		27.176		26.268	
<b>Less:</b> Obsolescence provision	<u>(16.359)</u>	11.337	<u>(15.531)</u>	11.265	<u>(16.221)</u>	10.955	<u>(15.393)</u>	10.875
Consumables	2.979		3.038		2.864		2.923	
<b>Less:</b> Obsolescence provision	<u>(136)</u>	2.843	<u>(136)</u>	2.902	<u>(136)</u>	2.728	<u>(136)</u>	2.787
<b>Total</b>		<u><b>42.636</b></u>		<u><b>48.810</b></u>		<u><b>38.857</b></u>		<u><b>45.335</b></u>

## 18. INVENTORIES - continued

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

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Balance at the beginning of year	18.558	11.702	18.276	11.434
Additional provision in the year for finished and semi finished products obsolescence	2.214	1.302	2.214	1.264
Reversal of provision for finished and semi finished products	(83)	0	0	0
Additional provision in the year for raw materials obsolescence	1.248	0	1.248	0
Reversal of provision for slow moving raw materials obsolescence	0	(24)	0	0
Use of provision due to spare parts destruction	0	(46)	0	(46)
Additional provision in the year for spare parts obsolescence	828	5.488	828	5.488
Additional provision in the year for consumables	0	136	0	136
<b>Total</b>	<b>22.765</b>	<b>18.558</b>	<b>22.566</b>	<b>18.276</b>

## 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 2014 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 2014) arose during the year for each of the Group's companies.

The Group's and the Company's estimated actuarial loss as at 31 December 2014 amounted to €1.637 thousand and €1.375 thousand respectively, with recognised deferred tax of €420 thousand and €357 thousand respectively, which is attributed to experiential adjustments as well as change in actuarial assumptions in relation to the previous year.

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

### 19. PROVISION FOR STAFF RETIREMENT COMPENSATION- continued

The actuarial loss derives a) from loss of €2.629 thousand and €2.345 thousand for the Group and the Company respectively, due to change in actuarial assumptions in relation to the previous year, concerning mainly the change of the discount rate from 3,30% to 1,80% (loss €3.061 thousand for the Group and €2.730 for the Company respectively), and the change of the percentage of increase in the nominal salaries from 3,5% to 3,25% due to the variation in inflation from 2,0% to 1,75% (gain €441 thousand for the Group and €393 thousand for the Company respectively) and b) from gain from experiential adjustments totalling €992 thousand and €970 thousand for the Group and the Company respectively, which is attributed to the following factors:

- In 2014 the actual average change in basic salaries and allowances decreased by 0,8% 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 €950 thousand for the Group and €912 thousand for the Company. The Management estimates that in the long term the average increase will be at 3,25%.
- The remaining gain of €43 thousand and €57 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 2014 was €5.835 thousand and €5.191 thousand for the Group and the Company respectively. For the Group, €3.902 thousand is included in cost of sales and €1.158 thousand is included in administrative expenses, €66 thousand is included in other operating expenses and €709 thousand in financial expenses; while for the Company, €3.545 thousand is included in cost of sales and €929 thousand is included in administrative expenses, €66 thousand is included in other operating expenses and €651 thousand is included in financial expenses.

**19. PROVISION FOR STAFF RETIREMENT COMPENSATION – continued**

The staff retirement compensation provision is analysed as follows:

Amounts in thousands of Euro

	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Present value of obligation	25.308	32.588	23.342	30.772
<b>Net liability in Statement of Financial Position</b>	<b><u>25.308</u></b>	<b><u>32.588</u></b>	<b><u>23.342</u></b>	<b><u>30.772</u></b>
<b>Amounts recognised in the Statement of Profit or Loss</b>				
Service cost	1.052	1.791	936	1.632
Interest cost	709	1.159	651	1.093
<b>Regular Statement of Profit or Loss charge</b>	<b><u>1.761</u></b>	<b><u>2.950</u></b>	<b><u>1.587</u></b>	<b><u>2.725</u></b>
Termination loss / Restructuring expense	4.074	10.328	3.604	9.390
<b>Total Statement of Profit or Loss charge</b>	<b><u>5.835</u></b>	<b><u>13.278</u></b>	<b><u>5.191</u></b>	<b><u>12.115</u></b>
<b>Changes in present value of Defined benefit obligation</b>				
Defined benefit obligation at the beginning of the year	32.588	40.366	30.772	38.034
Service cost	1.052	1.791	936	1.632
Interest cost	709	1.159	651	1.093
Benefits paid directly by the Company	(14.752)	(18.935)	(13.996)	(17.465)
Extra payments or expenses / (income)	4.074	10.328	3.604	9.390
Actuarial loss / (gain)	1.637	(2.121)	1.375	(1.912)
<b>Defined benefit obligation at year end</b>	<b><u>25.308</u></b>	<b><u>32.588</u></b>	<b><u>23.342</u></b>	<b><u>30.772</u></b>
<b>Analysis of actuarial gain / (loss)</b>				
Gain / (loss) on plan liabilities due to change in assumptions	(2.629)	860	(2.345)	795
Gain / (loss) on plan liabilities due to experiential changes	992	1.261	970	1.117
<b>Actuarial gain / (loss)</b>	<b><u>(1.637)</u></b>	<b><u>2.121</u></b>	<b><u>(1.375)</u></b>	<b><u>1.912</u></b>
<b>Movement in net liability in Statement of Financial Position</b>				
Net liability in Statement of Financial Position at the beginning of the year	32.588	40.366	30.772	38.034
Benefits paid directly by the Company	(14.752)	(18.935)	(13.996)	(17.465)
Total expense recognised in the Statement of Profit or Loss	5.835	13.278	5.191	12.115
<b>Net liability in Statement of Financial Position before adjustment</b>	<b><u>23.671</u></b>	<b><u>34.709</u></b>	<b><u>21.967</u></b>	<b><u>32.684</u></b>
Amount recognised in the statement of recognised (income) / expense	1.637	(2.121)	1.375	(1.912)
<b>Net liability in Statement of Financial Position</b>	<b><u>25.308</u></b>	<b><u>32.588</u></b>	<b><u>23.342</u></b>	<b><u>30.772</u></b>
Net liability in current liabilities	5.060	7.150	4.956	7.079
Net liability in non-current liabilities	20.248	25.438	18.386	23.693
<b>Total</b>	<b><u>25.308</u></b>	<b><u>32.588</u></b>	<b><u>23.342</u></b>	<b><u>30.772</u></b>

## 19. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	GROUP		COMPANY		
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	
Discount rate	1,80%	3,30%	1,80%	3,30%	annual
Salaries increase	3,25%	3,50%	3,25%	3,50%	annual
Allowances increase	3,25%	3,50%	3,25%	3,50%	annual
Inflation rate	1,75%	2,00%	1,75%	2,00%	annual
Plan duration	9,07	6,85	8,76	6,52	

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:

- if the discount rate used was 0,50 units higher (2,30%) then the "Defined Benefit Obligation" for the Group, would be lower by 4,35% (€1.100 thousand) and for the Company by 4,20% (€980 thousand).
- if the discount rate used was 0,50 units lower (1,30%) then the "Defined Benefit Obligation" for the Group, would be higher by 4,71% (€1.142 thousand) and for the Company by 4,54% (€1.061 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				
	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Defined benefit obligation at year end	25.308	32.588	40.366	63.241	62.046
Actuarial gain / (loss)	(1.637)	2.121	2.231	(505)	4.255

  

	COMPANY				
	31/12/2014	31/12/2013	31/12/2012	31/12/2011	31/12/2010
Defined benefit obligation at year end	23.342	30.772	38.034	59.860	58.130
Actuarial gain / (loss)	(1.375)	1.912	2.352	(391)	3.988

**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							
<b>1 January 2013</b>	<b>2.654</b>	<b>2.302</b>	<b>1.043</b>	<b>438</b>	<b>10.353</b>	<b>3.441</b>	<b>20.231</b>
Additional provision for the year	1.477	152	0	0	0	9.361	10.990
Provision utilised	(65)	(296)	0	(49)	0	(1.243)	(1.653)
Unutilised provision	0	(629)	0	0	0	0	(629)
Transfer from current liabilities	0	0	0	0	0	60	60
<b>31 December 2013</b>	<b>4.066</b>	<b>1.529</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>11.619</b>	<b>28.999</b>
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
<b>31 December 2013</b>	<b>4.066</b>	<b>1.529</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>11.619</b>	<b>28.999</b>
Additional provision for the year	96	4.766	0	0	0	920	5.782
Provision utilised	(119)	(1.077)	0	0	0	(6.820)	(8.016)
Unutilised provision	0	(129)	0	0	0	0	(129)
<b>31 December 2014</b>	<b>4.043</b>	<b>5.089</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>5.719</b>	<b>26.636</b>
Included in current liabilities	277	3.666	0	300	0	2.330	6.573
Included in non-current liabilities	3.766	1.423	1.043	89	10.353	3.389	20.063
<b>31 December 2014</b>	<b>4.043</b>	<b>5.089</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>5.719</b>	<b>26.636</b>

**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								
<b>1 January 2013</b>	<b>1.462</b>	<b>2.287</b>	<b>21.262</b>	<b>1.043</b>	<b>438</b>	<b>10.353</b>	<b>1.787</b>	<b>38.632</b>
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
<b>31 December 2013</b>	<b>1.462</b>	<b>1.513</b>	<b>22.748</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>10.591</b>	<b>48.099</b>
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
<b>31 December 2013</b>	<b>1.462</b>	<b>1.513</b>	<b>22.748</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>10.591</b>	<b>48.099</b>
Additional provision for the year	0	4.496	1.315	0	0	0	920	6.731
Unutilised provision	0	(129)	0	0	0	0	0	(129)
Provision utilised	(77)	(1.061)	0	0	0	0	(6.817)	(7.955)
<b>31 December 2014</b>	<b>1.385</b>	<b>4.819</b>	<b>24.063</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>4.694</b>	<b>46.746</b>
Included in current liabilities	247	3.629	0	0	300	0	1.986	6.162
Included in non-current liabilities	1.138	1.190	24.063	1.043	89	10.353	2.708	40.584
<b>31 December 2014</b>	<b>1.385</b>	<b>4.819</b>	<b>24.063</b>	<b>1.043</b>	<b>389</b>	<b>10.353</b>	<b>4.694</b>	<b>46.746</b>

## 20. OTHER NON-CURRENT AND CURRENT PROVISIONS – continued

The provision for quarry restoration expenses is based on the international practice 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 €11.774 thousand and €9.257 thousand respectively, for which the estimated probable loss would be €5.089 thousand and €4.819 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 €4.694, an amount of €1.468 thousand is included, regarding special termination benefits offered to the employees of Halkis plant.

## 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:	1/1/2013	Equity	Statement of Profit or Loss	31/12/2013	Equity	Statement of Profit or Loss	31/12/2014
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(27.177)	0	12.529	(14.648)	0	4.280	(10.368)
Deferred tax asset on tax losses of the year	7.311	0	8.446	15.757	0	2.878	18.635
Provision for doubtful receivables	17.799	0	5.299	23.098	0	1.348	24.446
Provision for staff retirement compensation	8.023	810	(364)	8.469	420	(2.360)	6.529
Recognition of financial derivatives	(8)	(12)	12	(8)	77	3	72
Impairment of inventory	4.330	0	3.175	7.505	0	1.120	8.625
Other provisions	1.277	0	2.848	4.125	0	(801)	3.324
Other	1.871	(47)	(498)	1.326	0	112	1.438
<b>Total</b>	<b>13.426</b>	<b>751</b>	<b>31.447</b>	<b>45.624</b>	<b>497</b>	<b>6.580</b>	<b>52.701</b>

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

## 21. DEFERRED TAX ASSETS AND LIABILITIES - continued

Amounts in thousands of Euro

### COMPANY

Deferred taxation from:	1/1/2013	Equity	Statement of Profit or Loss	31/12/2013	Equity	Statement of Profit or Loss	31/12/2014
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(24.788)	0	12.916	(11.872)	0	4.033	(7.839)
Deferred tax asset on tax losses of the year	7.130	0	8.575	15.705	0	2.855	18.560
Provision for doubtful receivables	15.779	0	4.637	20.416	0	1.270	21.686
Provision for staff retirement compensation	7.610	865	(471)	8.004	357	(2.290)	6.071
Recognition of financial derivatives	(8)	(12)	12	(8)	77	3	72
Impairment of inventory	4.389	0	3.151	7.540	0	1.137	8.677
Other provisions	1.024	0	2.387	3.411	0	(870)	2.541
Other	1.333	0	(365)	968	0	14	982
<b>Total</b>	<b>12.469</b>	<b>853</b>	<b>30.842</b>	<b>44.164</b>	<b>434</b>	<b>6.152</b>	<b>50.750</b>

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

## 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 €420 thousand and €357 thousand concerning actuarial losses recognised during the year has been recorded directly in the equity of the Group and the Company respectively as at 31 December 2014. The respective amounts as at 31 December 2013, including the tax rate effect, concerned deferred tax asset of €810 thousand and €865 thousand for the Group and the Company respectively.

Moreover, a deferred tax asset of €77 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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Deferred tax assets	63.069	60.482	112.832	57.213
Deferred tax liabilities	(10.368)	(14.858)	(62.082)	(13.049)
<b>Total</b>	<b>52.701</b>	<b>45.624</b>	<b>50.750</b>	<b>44.164</b>

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	
	2014	2013	2014	2013
Tax losses from write-off of reserves	13.848	0	11.858	0
Other tax losses	10.496	7.774	0	0
Provision for doubtful debts	11.714	11.790	9.218	9.294
Provision for impairment of participations	0	0	18.955	18.955
Provisions for share in loss in subsidiary	0	0	6.528	6.186
Fixed assets adjustment	1.671	1.671	1.671	1.671
<b>Total</b>	<b>37.729</b>	<b>21.235</b>	<b>48.230</b>	<b>36.106</b>

## 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 2014.

## 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>31/12/2014</u>	<u>31/12/2013</u>
Number of issued common shares	71.082.707	71.082.707
Nominal share price (in Euro)	1,70	1,70
<b>Approved, issued and fully paid:</b>	<b>120.841</b>	<b>120.841</b>

## 24. SHARE PREMIUM

Amounts in thousands of Euro	<u>31/12/2014</u>	<u>31/12/2013</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**

	<u>1/1/2013</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2013</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2014</u>
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	(939)	129.787
	<b><u>174.696</u></b>	<b><u>0</u></b>	<b><u>174.696</u></b>	<b><u>(939)</u></b>	<b><u>173.757</u></b>

Amounts in thousands of Euro

**COMPANY**

	<u>1/1/2013</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2013</u>	<u>Additions/ (Disposals)</u>	<u>31/12/2014</u>
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	(345)	124.189
	<b><u>162.170</u></b>	<b><u>0</u></b>	<b><u>162.170</u></b>	<b><u>(345)</u></b>	<b><u>161.825</u></b>

***Statutory reserve***

According to the 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 2014.

***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>31/12/2013</u>	<u>Movement</u>	<u>31/12/2014</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	(974)	0
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	35	1.045
<b>Total</b>	<b><u>130.726</u></b>	<b><u>( 939)</u></b>	<b><u>129.787</u></b>

Amounts in thousands of Euro	COMPANY		
	<u>31/12/2013</u>	<u>Movement</u>	<u>31/12/2014</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	(345)	293
<b>Total</b>	<b><u>124.534</u></b>	<b><u>( 345)</u></b>	<b><u>124.189</u></b>

According to article 72 of law 4172/2013, as amended by article 26 of law 4223/2013 and lately by the article 1 of law 4254/2014 (FEK A 85/7.4.2014), 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 1<sup>st</sup> January 2014, or they should be offset against recorded tax losses until exhausted. These losses should have been generated the last five years.

For the Group Companies HERACLES G.C.C. and LAFARGE BETON S.A. that have tax losses, the relevant reserves, which had a debit balance, have increased the corresponding losses while for the Group company EVIESK S.A. which also has tax losses, the relevant reserves, which had a credit balance, have been offset against these losses. For the Group companies LAVA S.A. and HERACLES MARITIME CO. that have realized tax profits as at 31 December 2014, the reserves of debit and credit balances respectively have been offset against these profits.

Moreover, for the companies LAVA S.A. and HERACLES MARITIME CO. there is taxation on tax-free reserves of law 2238/1994, at a tax rate of 19%, as clarified by the Ministerial Decisions POL. 1007/2014 and POL. 1143/2014. Based on the resolutions of these subsidiaries' extraordinary General Meetings, the capitalization of the aforementioned reserves was decided.

## 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 Group's and the Company's Management, in the context of LAFARGE Group policy. The specific Function coordinates the Group's and the Company's access to domestic and international money markets, through the parent company LAFARGE.

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, intercompany loans, 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 cash & cash equivalents and approved banking facilities, so that the maturing financial liabilities are met, under ordinary or even under adverse conditions, without undertaking unacceptable losses or setting its reputation at risk.

However, the developments during 2015 and discussions at national and international level on the review of the funding program's terms of Greece perpetuate the instability of the macroeconomic and financial environment in the country. The return to financial stability depends, at a great extent, on the actions and decisions of Greek and foreign institutions. The Group and the Company, taking into account that almost 50% of the Group's sales are intended for markets outside Greece and that the Group has access to financing sources outside Greece, consider that any negative developments in the Greek economy are not expected to significantly affect their normal operations.

As at 31 December 2014, the Group's cash and cash equivalents amounted to €45.209 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, through coordinated efforts, has reduced 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

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Cash and cash equivalents	1.464	1.239	1.134	961
Receivables	5.300	10.953	5.153	10.911
Payables	(8.563)	(8.151)	(8.522)	(7.780)
Net receivables / (payables)	<u><b>(1.799)</b></u>	<u><b>4.041</b></u>	<u><b>(2.235)</b></u>	<u><b>4.092</b></u>
<b>Exchange rate</b>				
US Dollar	1,2141	1,3791	1,2141	1,3791

**FINANCIAL ASSETS AND LIABILITIES IN EURO**

Amounts in thousands of Euro

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Cash and cash equivalents	1.206	899	934	697
Receivables	4.366	7.942	4.245	7.912
Payables	(7.053)	(5.910)	(7.019)	(5.641)
Net receivables / (payables)	<u><b>(1.481)</b></u>	<u><b>2.931</b></u>	<u><b>(1.840)</b></u>	<u><b>2.968</b></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 2014 and its purchase to concern the year of 2015.

***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 and mid-term loan agreements so there are insignificant changes in interest rates. This policy, in connection with the relatively 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 2014, the Group and Company's short term loans amounted to €86.252 thousand and €23.000 thousand respectively, while the long term loans amounted to €30.000 thousand for the Group and the Company.

**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 2014, the Group did not use such derivative 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 2014, the Group did not use such derivative 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

<b>SENSITIVITY ANALYSIS 2014</b>						
<b>% variance</b>	<b>± 30%</b>	<b>± 25%</b>	<b>± 20%</b>	<b>± 15%</b>	<b>± 10%</b>	<b>± 5%</b>
Coal	± 763	± 636	± 509	± 381	± 254	± 127
Petcoke	± 4.782	± 3.985	± 3.188	± 2.391	± 1.594	± 797
Freight	± 950	± 792	± 634	± 475	± 317	± 158
Electric power	± 5.143	± 4.286	± 3.429	± 2.572	± 1.714	± 857
<b>Total</b>	<b>± 11.639</b>	<b>± 9.699</b>	<b>± 7.759</b>	<b>± 5.819</b>	<b>± 3.879</b>	<b>± 1.939</b>

**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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Present value of non-current notes receivable	5.018	6.164	5.018	6.164
Guarantee deposits (PPC, rents etc)	2.601	2.771	2.386	2.511
Other non-current receivables	12.789	11.405	12.719	11.334
Other non-current intercompany receivables	0	0	28.505	27.555
Provision for not received guarantees and doubtful non-current receivables	(15.628)	(13.511)	(15.628)	(13.511)
<b>Total</b>	<b>4.780</b>	<b>6.829</b>	<b>33.000</b>	<b>34.053</b>

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

The other non-current intercompany receivables of the Company mainly refer to the loan agreement between the Company and its subsidiary E.V.I.E.S.K. S.A. On 31 December 2014 the total amount of intercompany loan is €28.475 thousand (2013: €27.525 thousand). It should be also 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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Present value of non-current receivables from trading activity</b>	17.807	17.569	17.737	17.498
<b>Minus:</b>				
Bad Debt provisions	15.628	13.511	15.628	13.511
Mortgages	407	1.041	407	1.041
Assigned receivables	874	2.003	874	2.003
<b>Maximum exposure to credit risk</b>	<b>898</b>	<b>1.014</b>	<b>828</b>	<b>943</b>

**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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Trade receivables net of intercompany	155.693	154.056	117.694	119.896
Intercompany receivables	0	0	5.970	4.222
	<b>155.693</b>	<b>154.056</b>	<b>123.664</b>	<b>124.118</b>
Bad debt provision for trade receivables	(112.200)	(109.556)	(88.555)	(86.228)
	<b>43.493</b>	<b>44.500</b>	<b>35.109</b>	<b>37.890</b>
Other current intercompany receivables	0	0	1.724	1.022
Claim from Industrial Reconstruction Organization (IRO)	8.542	8.542	6.295	6.295
Current tax receivable	10.442	9.122	9.047	7.723
Other debtors net of intercompany	16.424	14.874	13.050	12.663
Prepaid expenses	1.336	1.224	1.044	947
Receivables from the Greek State	7.727	7.727	7.622	7.622
Bad debt provision for other receivables	(26.511)	(26.081)	(24.156)	(23.713)
	<b>17.960</b>	<b>15.408</b>	<b>14.626</b>	<b>12.559</b>
<b>Total trade and other receivables</b>	<b>61.453</b>	<b>59.908</b>	<b>49.735</b>	<b>50.449</b>

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

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Doubtful trade receivables</b>				
Opening balance	109.556	110.827	86.228	85.231
Additional provision for the year	5.365	2.852	5.037	2.852
Reclassification from / to long term provisions	0	0	0	0
Reversal of unused provision	(1.379)	(1.979)	(1.377)	(1.849)
Use of provision	(1.342)	(2.138)	(1.333)	0
Transfer to provision for doubtful other receivables	0	(6)	0	(6)
<b>Closing balance</b>	<b>112.200</b>	<b>109.556</b>	<b>88.555</b>	<b>86.228</b>
<b>Doubtful other receivables</b>				
Opening balance	26.081	25.143	23.713	23.023
Additional provision for the year	9	254	22	6
Reclassification from long term provisions	712	678	712	678
Reversal of unused provision	(139)	0	(139)	0
Use of provision	(152)	0	(152)	0
Transfer from provision for doubtful trade receivables	0	6	0	6
<b>Closing balance</b>	<b>26.511</b>	<b>26.081</b>	<b>24.156</b>	<b>23.713</b>
<b>Total bad debt provision</b>	<b>138.711</b>	<b>135.637</b>	<b>112.711</b>	<b>109.941</b>

The comparative data of prior year for trade and other current receivables, as well as for the bad debt provision for trade and other receivables, has been reclassified for presentation purposes.

As occurs from the Financial Statements, in 2014 the average credit period offered to Group customers for sales of goods was 60 days (63 days in 2013) and respectively for the Company was 54 days (60 days in 2013).

The Management considers that the accumulated provision as at 31 December 2014 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 its 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

	<b>GROUP</b>	
	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>Total receivables</b>	200.164	195.545
<b>Minus:</b>		
Bad Debt provisions	138.711	135.637
Third parties cheques	3.342	976
Bank Warranties	16.552	13.841
Mortgages	124	509
Prenotices for mortgage	1.759	5.601
Assigned receivables	1.200	0
Related party receivables	4.883	8.494
<b>Maximum exposure to credit risk</b>	<u><u>33.593</u></u>	<u><u>30.487</u></u>

Amounts in thousands of Euro

	<b>COMPANY</b>	
	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>Total receivables</b>	162.446	160.390
<b>Minus:</b>		
Bad Debt provisions	112.711	109.941
Third parties cheques	818	787
Bank Warranties	14.095	13.584
Mortgages	124	509
Prenotices for mortgage	1.254	4.756
Assigned receivables	1.200	0
Intercompany receivables	6.650	4.222
Related party receivables	4.195	7.655
<b>Maximum exposure to credit risk</b>	<u><u>21.399</u></u>	<u><u>18.936</u></u>

In addition, an insurance coverage exists for some receivables allocated to the Group's and the Company's customers, further mitigating 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 also the use of valuation assessments of external, independent, certified valuers.

The measurement is based on the following level hierarchy in which the data used is 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 significantly affect fair value.

Level 3: Unobservable inputs, supported by little or no transactions in active markets, that significantly affect 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.

The Group recognizes transfers between the different levels of hierarchy in the end of the period at which any change has occurred. During the year ended 31 December 2014 there were no related transfers from level 3 to other levels of hierarchy.

In the context of impairment testing, the Group conducted a measurement of the fair value of the financial assets (Cash & cash equivalents, Trade receivables, Other receivables, Derivative financial instruments), as well as of the financial liabilities (Derivative financial instruments, Loan liabilities, Trade payables).

The derivative financial instruments (Level 2) consist of foreign currency forward exchange contracts, in order for the Group to hedge against exchange rates fluctuation risks regarding specific existing commitments or anticipated transactions. The fair value was calculated using market prices that the Group would pay or receive to settle the related agreements.

In order to determine the fair value of long-term debt (Level 2) values that are determined by the market or by agents for specific or similar financial instruments are used.

As far as the short-term financial assets and liabilities (Level 3), the fair values are not significantly different from the carrying amounts, mainly due to their short-term nature.

The carrying amounts of the net trade receivables for which guarantees/ collaterals are available are as follows:

Amounts in thousands of Euro	GROUP	
	<u>31/12/2014</u>	<u>31/12/2013</u>
Financial assets measured at fair value (Level 3)	4.232	9.164

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

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

Management assesses that the fair values that have been measured for the aforementioned categories of financial assets and liabilities approximate their carrying amounts.

**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

	<b>GROUP</b>					
	<b>31/12/2014</b>			<b>31/12/2013</b>		
	<b>Total receivables</b>	<b>Bad debt provision</b>	<b>Net receivables</b>	<b>Total receivables</b>	<b>Bad debt provision</b>	<b>Net receivables</b>
<b>Not overdue</b>						
Other receivables	44.471	26.511	17.960	41.489	26.081	15.408
Trade receivables	41.948	0	41.948	35.453	0	35.453
<b>Overdue analysis</b>						
01--30	3.329	1.795	1.534	4.701	0	4.701
31--60	917	913	4	2.312	0	2.312
61--90	458	451	7	712	0	712
91--120	496	496	0	662	0	662
121--180	577	577	0	882	507	375
181--360	1.490	1.490	0	2.046	1.804	242
361+	106.478	106.478	0	107.288	107.245	43
<b>Total</b>	<b>200.164</b>	<b>138.711</b>	<b>61.453</b>	<b>195.545</b>	<b>135.637</b>	<b>59.908</b>

Amounts in thousands of Euro

	<b>COMPANY</b>					
	<b>31/12/2014</b>			<b>31/12/2013</b>		
	<b>Total receivables</b>	<b>Bad debt provision</b>	<b>Net receivables</b>	<b>Total receivables</b>	<b>Bad debt provision</b>	<b>Net receivables</b>
<b>Not overdue</b>						
Other receivables	37.058	23.112	13.946	35.250	22.691	12.559
Intercompany other receivables	1.724	1.044	680	1.022	1.022	0
Trade receivables	28.613	0	28.613	27.246	0	27.246
Intercompany trade receivables	5.970	0	5.970	4.222	0	4.222
<b>Overdue analysis</b>						
01--30	2.094	1.568	526	3.511	0	3.511
31--60	694	694	0	1.658	0	1.658
61--90	338	338	0	519	0	519
91--120	366	366	0	541	0	541
121--180	497	497	0	700	507	193
181--360	1.063	1.063	0	1.805	1.805	0
361+	84.029	84.029	0	83.916	83.916	0
<b>Total</b>	<b>162.446</b>	<b>112.711</b>	<b>49.735</b>	<b>160.390</b>	<b>109.941</b>	<b>50.449</b>

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

**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>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Cash on hand	13	16	9	9
Demand deposits	41.596	26.676	35.319	22.777
Time deposits	<u>3.600</u>	<u>1.100</u>	<u>0</u>	<u>0</u>
	<u><b>45.209</b></u>	<u><b>27.792</b></u>	<u><b>35.328</b></u>	<u><b>22.786</b></u>

Time deposits have an average duration of one month or less while the average interest rate in 2014 was 0,29% (2013: 0,06%).

***Loans***

In Long-term debt, an amount of €30.000 thousand is included, relating to a loan granted to the Company in June 2014 from the Lafarge Group entity SABELFI FRANCE, as depicted in the related parties transactions (Note 30).

The major part of loans that the Company has granted to the Group subsidiaries is included in "Other long term intercompany receivables" of the Company, analysed in note 26.2.

The short term bank loans and overdrafts of the Group have a weighted average interest rate of 3,83% during the year 2014 (2013: 3,80%). All bank loans are denominated in Euro.

As at 31 December 2014 the total short-term bank loans amounted to €86.252 thousand, of which €23.000 thousand concern the Company, €63.000 thousand concern subsidiary LAFARGE BETON S.A. and €252 thousand concern subsidiary LEADER BETON S.A.

As at 31 December 2013, the total short-term bank loans amounted 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.

**26.5 SUPPLIERS AND OTHER CREDITORS**

Suppliers and other creditors are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Suppliers excluding intercompany balances	78.623	78.003	62.586	62.592
HERACLES Group Companies	<u>0</u>	<u>0</u>	<u>3.513</u>	<u>4.180</u>
	<u><b>78.623</b></u>	<u><b>78.003</b></u>	<u><b>66.099</b></u>	<u><b>66.772</b></u>
Payables to personnel	3.671	2.468	3.264	2.108
Social security payables	2.413	3.094	2.039	2.602
Income tax payables	2.681	2.650	1.904	1.657
Other creditors excluding intercompany balances	9.119	12.032	3.620	4.613
Other creditors HERACLES Group Companies	<u>0</u>	<u>0</u>	<u>6.532</u>	<u>6.532</u>
	<u><b>17.884</b></u>	<u><b>20.244</b></u>	<u><b>17.359</b></u>	<u><b>17.512</b></u>
<b>Total suppliers and other creditors</b>	<u><b>96.507</b></u>	<u><b>98.247</b></u>	<u><b>83.458</b></u>	<u><b>84.284</b></u>

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

### 26.5 SUPPLIERS AND OTHER CREDITORS - continued

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2014, the average credit period for the Group's operating purchases was 106 days (88 days in 2013) and respectively for the Company was 101 days (94 days in 2013).

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.

### 26.6 DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in thousands of Euro	COMPANY			
	31/12/2014		31/12/2013	
	Assets	Liabilities	Assets	Liabilities
Foreign currency forward exchange contracts	0	(298)	42	(3)
<b>Total</b>	<b>0</b>	<b>(298)</b>	<b>42</b>	<b>(3)</b>
Split to:				
Short term	0	(298)	42	(3)
<b>Total</b>	<b>0</b>	<b>(298)</b>	<b>42</b>	<b>(3)</b>

#### **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 2014 the fair value of the foreign currency forward exchange contracts results in a liability of €298 thousand while for the year ended 31 December 2013, the fair value of the foreign currency forward exchange contracts resulted in an asset of €42 thousand and a liability of €3 thousand. For the year 2014 a loss of €51 thousand was recognised in the statement of profit or loss (2013: a loss of €6 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 2014 and 31 December 2013, there was no open position on commodity forward contracts.

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

### 26.6 DERIVATIVES FINANCIAL INSTRUMENTS - continued

#### *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	<u>31/12/2014</u>	<u>31/12/2013</u>
<b>Hedging reserve opening balance</b>	34	0
<b>Gain/(loss) recognised on cash flow hedges:</b>		
Foreign currency forward exchange contracts	(247)	46
Deferred tax	64	(12)
<b>Transferred to retained earnings:</b>		
Foreign currency forward exchange contracts	(46)	0
Deferred tax	12	0
<b>Hedging reserve closing balance</b>	<u><u>(183)</u></u>	<u><u>34</u></u>

### 26.7 OBLIGATIONS UNDER FINANCE LEASES

As at 31 December 2014, the Group has two finance lease agreements in force, concerning vehicles, the duration of which is sixty months and will expire in 2016 and 2017 respectively.

Amounts in thousands of Euro	Minimum payments		Present value of minimum payments	
	<u>31/12/2014</u>	<u>31/12/2013</u>	<u>31/12/2014</u>	<u>31/12/2013</u>
Amounts payable:				
Within one year	35	121	34	118
Within two to five years	22	58	21	53
	<u>57</u>	<u>179</u>	<u>55</u>	<u>171</u>
Less: Unearned interest expense	(2)	(8)		
Present value of finance lease liabilities	<u><u>55</u></u>	<u><u>171</u></u>	<u><u>55</u></u>	<u><u>171</u></u>
Less: Amounts payable within the year (disclosed in current liabilities)			(34)	(118)
<b>Non-current finance leases</b>			<u><u>21</u></u>	<u><u>53</u></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 2014, there were pending lawsuits against the Group, the outcome of which is uncertain, amounting to €106.972 thousand (31 December 2013: €127.687 thousand), out of which the pending lawsuits against the Company amount to €94.135 thousand (31 December 2012: €117.251 thousand). The maximum risk for the Group from the final decisions on the above cases is estimated at €32.413 thousand, out of which the maximum risk from the final decisions on the cases of the Company is estimated at €26.677 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.

In 1999, the European Commission (EC) ruled that part of a state aid granted in 1986 to the Company was illegal and ordered the Greek State to recover from the Company the amount of €7.300 thousand, plus interest. By virtue of a subsequent letter in 1999, the EC indicated an amount computed based on 18% compound interest. In 2000, the Company paid the overall amount (€74.000 thousand, including compound interest) and filed a complaint before the First Instance Administrative Court of Athens ("CFI").

In 2001, the CFI ruled that in the absence of compound interest in the EC ruling, the Greek authorities could not execute an amount with such compound interest, and restricted the amount to be recovered to €25.600 thousand (corresponding to an amount calculated with simple interest). In 2005, after the CFI judgment was confirmed on appeal, the Greek authorities repaid to the Company €44.000 thousand. The parties appealed further to the Supreme Administrative Court. Several years later, the Supreme Administrative Court, in 2012, referred the case back for a new appellate judgment to be issued on the merits regarding the amount of €44.000 thousand paid back to the Company. Further to a hearing which took place on February 13, 2014, the Company, at the end of April 2014, became aware that a new appellate judgment was issued, which quashed the CFI judgment of 2001 on the basis of which the Greek Authorities had repaid to the Company €44.000 thousand.

This new appellate judgment was served to the Company on 13.10.2014. It is noted that no related provision has been recorded until today in the books of the Company, due to the duly established view of the Company that the final outcome of such litigation will be positive further to a relevant legal opinion of the Company's legal advisors. On 4.11.2014 the Company filed a petition of annulment before the Supreme Administrative Court challenging vigorously the recent appellate judgment and reviews other actions to challenge the possible execution of this judgment.

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

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

<b>Company</b>	<b>Registered Office</b>	<b>Unaudited tax years</b>
HERACLES GCC	Greece, Paiania, Attica	2014
LAFARGE BETON S.A.	Greece, Paiania, Attica	2009-2010, 2014
EVIESK S.A.	Greece, Paiania, Attica	2014
HERACLES MARITIME CO.	Greece, Paiania, Attica	2010, 2014
LAVA S.A.	Greece, Paiania, Attica	2010, 2014
AEGEAN TERMINALS S.A.	Greece, Paiania, Attica	2010, 2014
INVESTMENT SILO PORT SAID COMPANY S.A. (absorbed by AEGEAN TERMINALS S.A.)	Greece, Paiania, Attica	2010
G. HATZIKYRIAKOS SOC. NAV. (under liquidation)	Greece, Paiania, Attica	1998-2014
A. HATZIKYRIAKOS SOC. NAV. (under liquidation)	Greece, Paiania, Attica	1998-2014
DYSTOS SOC. NAV. (dormant)	Greece, Paiania, Attica	1996-2014
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	2010-2014
FINDA TRANSPORTS S.A. (absorbed by INVESTMENT SILO PORT SAID SILO INVESTMENT COMPANY S.A.)	Greece, Paiania, Attica	1993-2009
MARATHOS QUARRIES S.A. (under merger)	Greece, Heraclion, Crete	2010, 2014
PORT SAID SILO INVESTMENT COMPANY S.A. (dormant)	Panama	*
LEADER BETON S.A.	Albania	*
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	Greece, Paiania, Attica	2014

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

The Group companies have not been audited for tax purposes for specific financial years (as it is analytically referred in the table above) and therefore, their tax obligations for these years will be finalised after the completion of the relevant regular tax audits by the competent tax authorities or / and after the finalisation of all pending court cases on existing previous years' differences with tax authorities. Thus, as a result of such tax audits, additional taxes and charges may arise, the amounts of which cannot be currently determined with accuracy. However, it is estimated not to have a significant effect in the financial position of the Group and the Company.

For the Group companies HERACLES G.C.C., LAFARGE BETON S.A., HERACLES MARITIME CO., EVIESK S.A., LAVA S.A., BIOMASS S.A. (ex EDAKE S.A.), MARATHOS QUARRIES S.A. and AEGEAN TERMINALS S.A. the financial years 2011, 2012 and 2013 have been audited by the Certified Public Accountant of each company, according to the article 82 of L. 2238/1994 and the relevant tax certificates for 2011, 2012, 2013 were unqualified. Financial years 2011 and 2012 are considered finalized and financial year 2013 will be considered finalized, after a period of 18 months passes, during which more tax audits may be carried out by tax authorities, according to article 6 of POL.1159/22.7.2011.

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 2014, however it is estimated that no significant liabilities will occur.

**27. CONTINGENT LIABILITIES AND COMMITMENTS - continued*****Granted guarantees***

The letters of guarantee that have been provided to secure liabilities of the Group and the Company and were in force as at 31 December 2014 and 31 December 2013 are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Granted guarantees	7.722	4.364	4.622	3.896
	<u>7.722</u>	<u>4.364</u>	<u>4.622</u>	<u>3.896</u>

***Commitments for purchases and capital expenditure***

Commitments for purchases and capital expenditure which were in force as at 31 December 2014 and 31 December 2013 respectively are analysed below:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Purchase contracts	9.239	11.398	36.183	48.930
Capital expenditure contracts	280	704	280	704
	<u>9.519</u>	<u>12.102</u>	<u>36.463</u>	<u>49.634</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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Within one year	10.054	10.898	151	10
Within two and up to five years	17.827	27.228	277	441
Over five years	198	226	198	226
	<u>28.079</u>	<u>38.352</u>	<u>626</u>	<u>677</u>

## 28. OPERATING LEASES

The Group / Company as Lessee:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Lease payments for land and quarries	2.059	2.084	587	663
Lease payments for buildings	586	836	263	385
Lease payments for central offices	618	702	618	702
Lease payments for residences	87	72	87	72
Lease payments for port facilities	26	26	26	26
Lease payments for ships	11.602	17.415	0	0
Lease payments for machinery & equipment	26	114	20	33
Lease payments for transportation means	887	957	574	626
Other	30	83	30	76
<b>Operating lease payments recognised as an expense in the statement of profit or loss</b>	<b>15.921</b>	<b>22.289</b>	<b>2.205</b>	<b>2.583</b>

## 29. AUDITORS' FEES

The total audit fees of the Certified Auditors, for the financial years 2014 and 2013, are analysed as follows:

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Audit Services	660	660	417	417
	<b>660</b>	<b>660</b>	<b>417</b>	<b>417</b>

## 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 the analysis below:

GROUP	31/12/2014			31/12/2013		
	Sales of goods and services	Purchases of goods and services	Royalties	Sales of goods and services	Purchases of goods and services	Royalties
Amounts in thousands of Euro						
<b>Related Parties</b>						
<b>LAFARGE GROUP COMPANIES</b>						
LAFARGE S.A.	13.076	731	7.646	5.208	568	6.375
CEMENTIA TRADING S.A.	68.478	653	0	75.727	549	0
LAFARGE ENERGY SOLUTIONS S.A.S.	5.437	18.151	0	0	1.352	0
OTHER LAFARGE GROUP COMPANIES	3.759	5.269	0	18.980	5.539	0
<b>Total</b>	<b>90.750</b>	<b>24.804</b>	<b>7.646</b>	<b>99.915</b>	<b>8.008</b>	<b>6.375</b>

**30. RELATED PARTIES TRANSACTIONS - continued**
**Transactions with related parties - continued**

GROUP	31/12/2014		31/12/2013	
	Receivables	Payables	Receivables	Payables
Amounts in thousands of Euro				
<b>Related Parties</b>				
<b><u>LAFARGE GROUP COMPANIES</u></b>				
PERICLES S.A.	518	0	430	0
LAFARGE S.A.	239	3.650	0	3.866
CEMENTIA TRADING S.A.	3.180	0	5.105	0
LAFARGE ENERGY SOLUTIONS S.A.S.	8	3.308	0	1.276
OTHER LAFARGE GROUP COMPANIES	938	31.328	2.959	434
<b>Total</b>	<b>4.883</b>	<b>38.286</b>	<b>8.494</b>	<b>5.576</b>

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:

COMPANY	31/12/2014				31/12/2013			
	Sales of goods and services	Purchases of goods and services	Royalties	Interest income	Sales of goods and services	Purchases of goods and services	Royalties	Interest income
Amounts in thousands of Euro								
<b>Related Parties</b>								
<b><u>HERACLES G.C.C. SUBSIDIARIES</u></b>								
HERACLES MARITIME CO.	33	12.942	0	0	24	18.154	0	0
LAFARGE BETON S.A.	16.234	620	0	0	11.085	479	0	0
EVIESK S.A.	2	0	0	952	2	0	0	1.171
LAVA S.A.	291	1.233	0	0	310	1.649	0	0
AEGEAN TERMINALS S.A.	0	0	0	2	0	0	0	1
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	2	0	0	1	2	0	0	0
A. XATZHKYPIAKOS N.E.	1	0	0	0	1	0	0	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	1	0	0	0
DYSTOS SOC. NAV.	1	0	0	0	1	0	0	0
<b><u>LAFARGE GROUP COMPANIES</u></b>								
LAFARGE S.A.	13.076	687	6.472	0	5.208	295	5.402	0
CEMENTIA TRADING S.A.	66.943	653	0	0	75.434	549	0	0
LAFARGE ENERGY SOLUTIONS S.A.S.	5.437	18.151	0	0	0	1.352	0	0
OTHER LAFARGE GROUP COMPANIES	2.295	5.200	0	0	16.539	5.448	0	0
<b>Total</b>	<b>104.316</b>	<b>39.486</b>	<b>6.472</b>	<b>955</b>	<b>108.607</b>	<b>27.926</b>	<b>5.402</b>	<b>1.172</b>

COMPANY	31/12/2014		31/12/2013	
	Receivables	Payables	Receivables	Payables
Amounts in thousands of Euro				
<b>Related Parties</b>				
<b><u>HERACLES G.C.C. SUBSIDIARIES</u></b>				
HERACLES MARITIME CO.	0	3.375	0	3.756
LAFARGE BETON S.A.	5.929	0	4.212	0
EVIESK S.A.	29.125	6.525	27.525	6.527
LAVA S.A.	0	124	0	408
AEGEAN TERMINALS S.A.	33	0	31	0
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	59	0	7	0
A. XATZHKYPIAKOS N.E.	1	0	3	0
G. HATZIKYRIAKOS SOC. NAV.	0	21	0	21
DYSTOS SOC. NAV.	4	0	3	0
<b><u>LAFARGE GROUP COMPANIES</u></b>				
LAFARGE S.A.	239	3.045	0	2.891
CEMENTIA TRADING S.A.	3.086	0	5.105	0
LAFARGE ENERGY SOLUTIONS S.A.S.	8	3.308	0	1.276
OTHER LAFARGE GROUP COMPANIES	862	31.272	2.550	377
<b>Total</b>	<b>39.346</b>	<b>47.670</b>	<b>39.436</b>	<b>15.256</b>

In Long-term debt, an amount of €30.000 thousand is included, relating to a loan the Company was granted in June 2014 from the Lafarge Group entity SABELFI FRANCE.

**30. RELATED PARTIES TRANSACTIONS - continued*****Transactions with related parties - continued******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- 31/12/2014	1/1- 31/12/2013	1/1- 31/12/2014	1/1- 31/12/2013
Fees and other benefits	3.406	3.467	2.286	2.543
Provision for retirement compensation and paid compensations	73	1.243	44	822
BoD members attendance fees	208	217	166	166
	<b>3.687</b>	<b>4.927</b>	<b>2.496</b>	<b>3.531</b>

No receivables / obligations from / to the Board of Directors members and the members of the Executive Committee of Heracles G.C.C. exist.

**31. RESTATEMENTS**

In the Statement of profit or loss, for the year 2013, an amount of bad debt provision of €927 thousand for the Group, and an amount of €809 thousand for the Company, was reclassified from "Administrative & Distribution Expenses" to "Other operating income / (expenses)", for presentation purposes.

In the Statement of Financial Position of the Group and the Company for the year ended 31 December 2013, an amount of €769 thousand, related to advances to suppliers, was reclassified from "Trade Receivables" to "Other Receivables", for presentation purposes.

Moreover, for the Group, an amount of €1.561 thousand concerning investment property of the Group's subsidiary EVIESK S.A., was reclassified from "Tangible assets" to "Investment property", 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 2014 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](http://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 2013 Annual Report.

<b>General Meeting Convocations and Decisions</b>		
09/05/2014	Resolutions of the Ordinary Shareholders General Meeting of Heracles G.C.C.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
09/04/2014	Invitation for the Ordinary Shareholders General Meeting of Heracles G.C.C. G.E.MH. no 224201000	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
<b>Press Releases</b>		
10/03/2015	New Cement Sales General Manager	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
03/03/2015	New Human Resources General Manager	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
19/12/2014	Gold environmental award to Heracles G.C.C. for sustainable practice	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
10/11/2014	Ecolabel for agroLAVA pumice substrate	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
22/09/2014	Heracles G.C.C.: Sustainability Report 2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
11/08/2014	Announcement for tax audit results	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
16/07/2014	Building Better Cities	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
08/07/2014	New Marketing General Manager	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
19/06/2014	Heracles <sup>TM</sup> Ενισχυμένο & Basis <sup>TM</sup> Ενισχυμένο	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
05/06/2014	Announcement of changes in senior management - New Logistics, Exports & IT General Manager	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
05/06/2014	Announcement of changes in senior management – New Vice President of Supply Chain for the Oil & Gas segment of Lafarge S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
03/06/2014	Heracles G.C.C.: Gold Award for the safe transportations	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
09/05/2014	Resolutions of the Board of Directors of Heracles G.C.C.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
05/05/2014	Information of pending litigation	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
09/04/2014	Heracles G.C.C.: Changes in the Board of Directors	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
<b>Financial Results</b>		
27/11/2014	Heracles Group announces nine months 2014 results	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
29/08/2014	Heracles Group announces 1 <sup>st</sup> semester 2014 results	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/05/2014	Heracles Group announces 1 <sup>st</sup> quarter 2014 results	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/03/2014	Heracles Group Announces 2013 Results	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/03/2014	Announcement of 2014 financial calendar	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
<b>Financial Statements</b>		
28/01/2015	Financial Report of merger by acquisition of Marathos Quarries S.A. 30/09/2014	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/11/2014	Interim Financial Statements of Heracles G.C.C. and Heracles Group of the nine month period ended 30/09/2014	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/11/2014	Financial Data and Information of Heracles C.C.C. and Heracles Group at 30/09/2014	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
30/10/2014	Financial Report for the start of liquidation of A. HATZIKYRIAKOS SOC. NAV.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
29/08/2014	Half Year Financial Report of Heracles G.C.C. and Heracles Group	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
29/08/2014	Financial Data and Information of Heracles G.C.C. and Heracles Group at 30/6/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
29/07/2014	Financial Report for the start of liquidation of G. HATZIKYRIAKOS SOC. NAV.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/05/2014	Interim Financial Statements of Heracles G.C.C. and Heracles Group of the 1st quarter	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/05/2014	Financial Data and Information of Heracles G.C.C. and Heracles Group of the 1st quarter	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of EVIESK S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>

07/05/2014	Financial Data and Information of EVIESK S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of LAVA S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Financial Data and Information of LAVA S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of Aegean Terminals S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Financial Data and Information of Aegean Terminals S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of Lafarge Beton S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Financial Data and Information of Lafarge Beton S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of Heracles Shipping S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Financial Data and Information of Heracles Shipping S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of EDAKE	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Financial Data and Information of EDAKE at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of A. HATZIKYRIAKOS SOC. NAV.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of G. HATZIKYRIAKOS SOC. NAV.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
07/05/2014	Annual Financial Report of DYSTOS SOC. NAV.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
14/04/2014	Financial Data and Information of Middle East at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
14/04/2014	Annual Financial Report of Marathos Quarries S.A.	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
14/04/2014	Financial Data and Information of Marathos Quarries S.A. at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/03/2014	Annual Financial Report of Heracles G.C.C. and Heracles Group at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>
27/03/2014	Financial Data and Information of Heracles G.C.C. and Heracles Group at 31/12/2013	<a href="http://www.lafarge.gr">www.lafarge.gr</a>

## FINANCIAL DATA AND INFORMATION FOR THE YEAR FROM 1 JANUARY 2014 TO 31 DECEMBER 2014

(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. Panagiotis (Takis) Athanasopoulos - Chairman, 2. Jean Claude Block - Vice Chairman, 3. Pierre Deleplanque - Managing Director, 4. Jean-Charles Blatz - Member, 5. Neil Curtis - Member, 6. Andreas G. Andreopoulos - Member, 7. Agisilaos Karabelas - Member
ANNUAL FINANCIAL STATEMENTS APPROVAL DATE BY THE BOARD OF DIRECTORS	: 30 March 2015
CERTIFIED AUDITORS	: MICHALIS E. KARAVAS (REG. No SOEL: 13371) - 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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>ASSETS</b>				
Tangible assets	296,827	325,775	270,571	296,790
Investment property	1,491	1,561	0	0
Intangible assets	31,494	31,747	346	349
Other non current receivables	57,538	52,510	152,822	124,042
Inventories	42,636	48,810	38,857	45,335
Trade and other receivables	61,453	59,908	49,735	50,449
Other current assets	858	1,233	616	519
Cash & cash equivalents	45,209	27,792	35,328	22,786
<b>TOTAL ASSETS</b>	<b>537,508</b>	<b>549,338</b>	<b>548,275</b>	<b>540,270</b>
<b>EQUITY AND LIABILITIES</b>				
Share capital	120,841	120,841	120,841	120,841
Other equity figures	150,548	192,677	219,640	247,247
<b>Total Shareholders' equity (a)</b>	<b>271,389</b>	<b>313,518</b>	<b>340,481</b>	<b>368,088</b>
Non-controlling interest (b)	(77)	(142)	0	0
<b>Total Equity (c) = (a) + (b)</b>	<b>271,312</b>	<b>313,376</b>	<b>340,481</b>	<b>368,088</b>
Long term bank loans	30,000	0	30,000	0
Provisions / Other non current liabilities	40,332	46,473	58,970	64,165
Short term bank loans	86,252	75,677	23,000	9,000
Other current liabilities	109,610	113,810	95,824	99,017
<b>Total Liabilities (d)</b>	<b>266,194</b>	<b>235,960</b>	<b>207,794</b>	<b>172,182</b>
<b>TOTAL EQUITY AND LIABILITIES (c) + (d)</b>	<b>537,508</b>	<b>549,338</b>	<b>548,275</b>	<b>540,270</b>

### STATEMENT OF CHANGES IN EQUITY

Amounts in thousands of Euro	GROUP		COMPANY	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
<b>Equity opening balance (1/1/2014 and 1/1/2013 respectively)</b>	<b>313,376</b>	<b>446,689</b>	<b>368,088</b>	<b>483,896</b>
Total comprehensive income after tax	(41,125)	(133,313)	(27,262)	(115,808)
Other equity movements	(939)	0	(345)	0
<b>Equity closing balance (31/12/2014 and 31/12/2013 respectively)</b>	<b>271,312</b>	<b>313,376</b>	<b>340,481</b>	<b>368,088</b>

### STATEMENT OF COMPREHENSIVE INCOME

Amounts in thousands of Euro	GROUP		COMPANY	
	1/1-31/12/2014	1/1-31/12/2013	1/1-31/12/2014	1/1-31/12/2013
<b>Turnover (Sales)</b>	<b>236,485</b>	<b>235,194</b>	<b>208,764</b>	<b>210,618</b>
Gross profit / (loss)	15,451	(14,693)	15,447	(12,878)
Earnings / (losses) before interest & tax	(40,847)	(162,733)	(30,558)	(148,656)
<b>Profit / (loss) for the year before tax</b>	<b>(45,859)</b>	<b>(166,418)</b>	<b>(31,574)</b>	<b>(148,640)</b>
<b>Net profit / (loss) for the year after tax (a)</b>	<b>(40,713)</b>	<b>(136,278)</b>	<b>(26,372)</b>	<b>(118,620)</b>
<b>Attributable to:</b>				
Company's shareholders	(40,695)	(136,267)	(26,372)	(118,620)
Non-controlling interest	(18)	(11)	0	0
<b>Other comprehensive income after tax (b)</b>	<b>(412)</b>	<b>2,965</b>	<b>(890)</b>	<b>2,812</b>
<b>Total comprehensive income after tax (a) + (b)</b>	<b>(41,125)</b>	<b>(133,313)</b>	<b>(27,262)</b>	<b>(115,808)</b>
<b>Allocated to:</b>				
Company's shareholders	(41,107)	(133,302)	(27,262)	(115,808)
Non-controlling interest	(18)	(11)	0	0
<b>Earnings / (losses) per share after tax (in €)</b>	<b>(0,5728)</b>	<b>(1,9172)</b>	<b>(0,3710)</b>	<b>(1,6688)</b>
Earnings / (losses) before interest, tax, depreciation and amortization	(13,737)	(131,140)	(6,231)	(120,002)

### ADDITIONAL DATA AND INFORMATION

- The basic accounting principles used, are consistent to those followed in the 31 December 2013 published annual financial statements of the Group and Company. There are reclassifications to the already published accounts of Group and Company Statement of Financial Position and Group and Company Income Statement, for presentation purposes, analysis of which is presented in note 31 of the annual financial statements.
- On September 30, 2014, the Group's subsidiary LAFARGE BETON S.A. acquired 0.85% of the share capital of another Group's subsidiary, MARATHOS QUARRIES S.A. and now holds 50.17% of this company. Correspondingly, the share of indirect participation of the Group in MARATHOS QUARRIES S.A. was increased from 59.15% to 100%. The above mentioned change does not affect more than 25% of the account of sales, profit / (loss) after tax and minority interests and shareholders' net equity of the Group while it is described in detail in note 16 of the annual financial statements.
- The LAFARGE Group with registered office in Paris, which holds, as at 31 December 2014, 88.99% of the 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.
- In relation 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 2014, there are pending lawsuits against the Group amounting to €106,972 thousand of which €94,135 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 €32,413 thousand of which €26,677 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. Analysis of the progress of the pending litigation between the Company and the Greek State regarding the state aid granted in 1966 is presented in note 27 of the annual financial statements. Furthermore, as at 31 December 2014, there are pending lawsuits against the Group amounting to €11,774 thousand of which €9,257 thousand relate to pending lawsuits against the Company that are being handled legally and their outcome will be probably negative. The maximum risk from the final decisions on the above cases is estimated at €5,089 thousand of which €4,819 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	5,089	4,819
Provision for staff retirement	25,308	23,342
Other provisions	21,547	41,927
<b>Total provisions</b>	<b>51,944</b>	<b>70,088</b>
- The number of employees for the Group and the Company as at 31 December 2014 is 839 (31/12/2013: 977) and 670 (31/12/2013: 795) 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	90,750	105,271
Expenses	32,450	45,958
Receivables	4,883	39,346
Payables	38,286	47,670
Salaries and expenses of general managers and BoD members	3,687	2,496
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	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Actuarial gain / (loss) recognised directly in equity, net of deferred tax	(1,217)	2,931	(1,018)	2,778
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	(217)	34	(217)	34
Other equity movements	1,022	0	345	0
<b>Other comprehensive income after tax</b>	<b>(412)</b>	<b>2,965</b>	<b>(890)</b>	<b>2,812</b>
- 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 2014 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 annual financial statements.
- Modifications of consolidation structure: Compared to the previous year (1 January - 31 December 2013), 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 annual 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 annual financial statements.
- Modification in the consolidation method of the companies compared to the previous year (1 January - 31 December 2013): Through the share capital increase of BIOMASS S.A., the Company participates in its share capital with a percentage of 51% (instead of 100% in 2013) and consequently, the afore-mentioned company is still consolidated using the full consolidation method but with minority interest being recognized in the profit or loss and equity of the Group.

Paiania, 30 March 2015

THE CHAIRMAN OF THE BOARD OF DIRECTORS  
PANAGIOTIS (TAKIS) ATHANASOPOULOS  
I.D. No. AB 779530

THE MANAGING DIRECTOR  
PIERRE DELEPLANQUE  
PASP. No. 13DA09097

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

THE FINANCIAL SERVICES MANAGER  
PANTELIS TOURNIS  
EGY LIC. No. 0078930  
A / CLASS