ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016
OF THE COMPANY HERACLES G.C.C.

HERACLES G.C.C.
Company' s Reg. No. : 224201000
19,3 km Markopoulou Avenue
19002 Paiania - Attica

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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, attached herewith we submit to your General Assembly, the Company's Financial Statements for the year ended 31 December 2016.

A. Overview of major events for the year 2016

1. Financial Results

The Company's 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 increased by 7,9% in 2016, amounting to €235.587 thousand compared to €218.330 thousand in 2015.

The increased volume of exports and the development of secondary sources of revenue led to increase in turnover in 2016 compared to 2015, offsetting the unstable economic environment, the prices reduction and the unfavorable euro dollar exchange rate.

b) The Company's results before taxes, interest, depreciation and amortisation (EBITDA) in 2016 amounted to profit €7.004 thousand compared to loss €14.622 thousand in 2015.

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.

c) The Company's net results after taxes in 2016 amounted to loss €19.103 thousand compared to loss €37.777 thousand in 2015.

The Company's investments in tangible and intangible assets for 2016 amounted to a total of €7.071 thousand compared to €5.445 thousand in 2015.

2. Domestic cement, aggregates and concrete market

Total sales of the Group increased by 7,9% in 2016. The increased sales volumes partly due to the development of the domestic market and partly due to market share recovery combined with increased export volumes and secondary activities compensated the prices reduction and the unfavourable euro dollar exchange rate.

3. Other major events

3.1 Innovations

3.1.1 Product innovation

The Company changed in summer 2016, the product with the higher sales in Greek market, HERACLES 32,5R (both bulk and bagged) from CEM IV/B (P-W) to CEM II.B-M (W-L) 32,5R.

The transition to the new type of product made smoothly at the specified time, with timely information and technical support of customers (providing instructions for adjusting compositions, certifications etc), change of packaging and communication materials.

Customers' acceptance on the new product was very positive.

With the above mentioned product change, the Company achieved to:

- Respond to customers' request for improved workability and reduced water demand
- Improve production cost
- Have greater performance stability (reduce fluctuations) due to lower percentage of fly ash
- Strengthen the sense of good co-operation with its customers in order to achieve mutually beneficial innovations

3.1.2 Innovation in Trade Marketing

The Company during 2016 continued and extended the program for trade marketing (started in 2015), designed based on customers' needs, in three basic areas:

- Education
- Enhancement of image
- Loyalty reward

For the implementation of the program 1.300 visits were realized within the year, communication materials were placed in 360 stores, more than 200 store responsibles were trained, while the loyalty reward action that was performed in 220 stores, gathered 11,900 end-user participations and was positively evaluated by 98,6% of the participating dealers.

3.2 Health & Safety

In 2016, one lost time work-related accidents occurred, to contractor's employee of the Company.

Preventive actions

In the context of upgrading Health & Safety standards and preventing accidents, the Company's actions in 2016 were as follows:

- Implementation of H&S Improvement Plan with 6 subjects: Behavior, Risk Assessment, Road Safety, Energy Isolation, Housekeeping and Upgrading of electrical equipment. In these subjects were implemented training programs, mobilization actions, on-site inspections, improvement of procedures, upgrading of equipment.
- A standard method was developed for the design of H&S Improvement Plan, which combines systematic data analysis and self-assessment, opinion survey with all the employees participation as well as weighting of priorities and resources. With this method the H&S improvement plan was a real tool that helped in the implementation of H&S actions in depth and to the continuation of prior year actions.
- More than 3.184 personal discussions for H&S (Perno Thesi) were conducted and recorded targeting in rewarding/encouraging safe behavior or correction of unsafe practices.
- 163 near misses and unsafe conditions were recorded and analyzed and actions were developed in order to avoid any recurrence.
- Team rewarding program: Rio cement distribution center achieved 7.000 days without accident. In a special day, honorary awards were given for this important collective success of the employees.

- Employees rewarding program: 3 employees from Volos and Milaki plant, were distinguished for their contribution in facilities H&S through personal discussions *“Perno Thesi”.* In addition employees designed and implemented good H&S practices that improve the working conditions, these practices are distinguished as useful not only for their own working area but also for other facilities of the country and the group.
- 35 H&S meetings were implemented among members of the management and first line employees aiming at the personal contact of both sides as well as management to have their first-hand information on H&S issues and employees to be able to transfer their ideas and suggestions on H&S issues. This initiative received significant response and participation from the employees and evaluated as useful and substantial.
- In the context of 2016 H&S month a special day was organized with subject the importance of each person’s personal behavior in H&S of other persons. The employees undertook personal commitments which shared with their colleagues, commitments for the next steps and the improvement that each one chose to implement.
- Training in 90 employees was provided in first aid provision. The training was conducted from Red Cross covering first aid issues (basic principles of first aid and rescue, dealing with car accident, basic life support, bleeding and injuries, musculoskeletal injuries, emergencies) at the level of a European First Aid Diploma with a 3 year term.

<u>Distinctions</u>

- The innovative planning method of H&S Improvement Plan that combines strategic planning, participation of employees and systematic analysis of needs and risks was recognized as a good practice for LafargeHolcim Group worldwide and was recommended for adoption by other countries of the group.
- HERACLES G.C.C distinguished in H&S, in a relevant nationwide contest where dozens of companies and organizations participated and received 2 awards for good practices that are implemented in Distribution Centers. The awards refer to Risk Assessment prior to starting work in remote workshops and ensuring communication in case of emergency for workers working alone.

3.3 Environmental issues

Milaki plant keeps using RDF, in the context of utilizing alternative fuels, in order to optimize the energy mix and reduce the CO_2 emissions, as well as to reinforce the competitiveness of the plant while the use of sludge from Psytalia as alternative fuel was continued. In parallel Milaki plant took the consent of the authority to receive RDF in the port. The use of RDF and biomass as alternative fuel continued during 2016 in Volos plant but in lower volumes vs 2015 due to limited availability in the Greek market and especially at a great distance from the big urban centers (Athens, Thessaloniki).

At Milaki plant, the annual audit of the Environmental Management System ISO 14001 was carried out while the Volos plant was recertified with the same distinction. For both plants, CO2 emissions were verified for 2015 and an inspection of pre-verification of CO_2 emissions for 2016 was also carried out.

In addition, a study was submitted to modify the Environmental Terms of the Volos plant, which includes the possibility of receiving RDF by ships at the port of the plant.

In both plants, all necessary actions (installation of new equipment, optimization of process efficiency) were carried out in order to ensure compliance with the limits of environmental legislation (JMD 36060/2013) that came into force on 26/3/2017.

The Company, confirming its commitment to work in terms of social and environmental responsibility, issued the Sustainability Report 2015 in accordance with the GRI G4 “Comprehensive” Guidelines.

3.4 Corporate Social Responsibility

In 2016, HERACLES G.C.C. continued to have a comprehensive approach in relation to sustainable development throughout its whole value chain. The Company seeks to generate value for all stakeholders and communicates regularly with them, contributing to the sustainability both of the local area in the regions where it operates and of the wider society.

Specifically, the following initiatives were implemented:

Contribution to local communities

The Company took initiatives to support local development in areas where it operates. Specifically contributed with HERACLES Group products, cement, aggregates and concrete to improve local infrastructure and for repairs to school buildings or other public spaces.

The Company being loyal to its commitment to contribute to the enhancement of social community, facilitated in the efforts of Greek State to confront with refugee crisis. Responding to the request of the Refugee Crisis Coordinating Management Center, offered building materials, contributing thus in the construction of refugee hospitality centers in Attika, Malakasa, Ioannina and Kilkis. In that way the Company effectively assisted in the difficult task of supporting and relieving refugees.

Demonstrating for one more time a high sentiment of solidarity and responsibility, the Company granted a plot of 4.359,36 square meters in the municipality of Halkis for the construction of a new building to house the 26th Primary school of Halkis. With this initiative realized its commitment to undertake actions that improve the daily lives of citizens and meet the real needs of young people.

As a responsible social citizen, the Company sponsored the reconstruction of the playground in Agria Volos and the restructuring of the place, contributing not only to the entertainment of playground visitors', young and older, but also to the improvement of residents' life quality. It is worth mentioning that for this project, strict specifications of European and international standards were met with the placement of certified games and the enclosure with safety rail by certified company.

Strengthen Customer Relationship

With the participation of more than 100 partners, the Company realized the first informative meeting «Relationship in Strong Basis: Informing-Evolving» in Volos plant. The participants were informed for Company's leadership and the plant's history. At the same time, qualified speakers presented the current trends and challenges of the market, as well as the new emerging opportunities. These meetings aiming at the continuous development of Company's relationship with its customer's through an open dialog and exchanging opinions, as well as to inform for new products and market trends.

Safeguarding Health & Safety

Safeguarding employees' and collaborators' H&S is Company's top priority and therefore promotes and strengthens its importance in society.

In this context, a group of postgraduate students from Polytechnic school of Thessaloniki University visited the Distribution Center in Thessaloniki in the framework of the course «Health & Safety in Technical Projects» which is included in the postgraduate program «Management of Technical Projects». The aim of the visit was to give students the opportunity to be in contact with professional places, as well as to obtain experience related to the strict adoption of Health & Safety principals at work.

In 2016 Health & Safety Awards 2016, the Company distinguished for its important process in H&S, and in particular in categories «Readiness in emergency situations» and «Health & Safety culture».

Internal Programs of Corporate Responsibility

HEALTH & SAFETY

The Company implemented the new pioneering Corporate Social Responsibility program «Good Driver», loyal to its commitments to set Health & Safety as its absolutely top priority and raise road safety awareness. The aim of the training program was to remind professional drivers of the good driving behavior rules, as well as to encourage and inspire them to respect driving standards holding them personally accountable for their safety. For the program «Good Driver», the Company obtained the gold award in “Ermis Awards”, the biggest and more recognized institution in the advertising and communication industry, organized annually by the Association of Advertising and Communication Companies in Greece.

More than 140 transportation contractors and drivers participated in Health & Safety meetings for road transport in Volos and Milaki plants and in all Distribution Centers of the Company. In these meetings video from car accidents were presented, while drivers participated in their route cause analysis, by identifying conditions and behaviors that may cause serious car accidents.

In the context of «Perno Thesi» program meetings were held in Head Offices as well as in Volos and Milaki plants, in order to encourage safe behaviors and awareness in risk conditions and reduce their tolerance. The program is an integral part of each senior position, as the presence of management in H&S issues helps practically to identify the reasons for unsafe behaviors and to motivate the employees to adopt safe behavior.

The Company organized First Aid seminars in selected facilities all over Greece, aiming at providing basic knowledge and skills to the employees so they can provide First Aid in case of emergency. It is worth mentioning that the social dimension of these seminars is very important, as these principals apply in all aspects of employees’ activities.

A three-day course with subject «Safe grinding of solid fuels» took place in Milaki plant. During the seminar, participants had the chance to be informed for the full range of solid fuels management both in theoretical and practical level with site visits and on-site inspection.

ENVIRONMENT & HOUSEKEEPING

On the occasion of the World Environment Day on 5 June, Company’s employees with their families participated in flower planting and seaside cleaning in local communities where the Company operates. Employees with their children combined their efforts in order to prove in practice that «I care – I share – I act» for both safety and working environment.

With main concern the continuous improvement of working environment the Company started a campaign for the smoking areas. Specifically, defined the areas where smoking is allowed with signs, placed in roofed outdoor areas ashtrays and took measures in order to prohibit smoking in all indoor areas of the facilities. In that way improved the housekeeping and intensified its efforts against smoking.

Selected working groups in Volos and Milaki plants performed housekeeping activities in order Company’s people to work in clean and tied areas with safety.

VOLUNTEERING

Many employees responded to the call of the Company and participated to the 7th Poseidonio Athens Half Marathon & Parallel Games held in the coastal area of Faliron Bay, on Sunday April 24th. Under the slogan "I run and I walk. I give value to my steps! Action for the Diabetes and Obesity. NOW!" participants, volunteers and organizations aimed at sensitize society to the prevention, diagnosis and treatment of diabetes and obesity. Furthermore, the Company sponsored the volunteer program of the Games by taking over the cost of the support material of volunteers and thus contributing to the proper organization of the Games.

B. Prospects, major sources of risk and uncertainties for 2017

According to the Bank of Greece Annual Report 2016, pressures on commercial values and rentals of residential and comercial property continued during 2016 but with less intensity compared to previous years. The unfavorable economic environment, the imposition of capital controls and the lack of liquidity, the high unemployment rate, the negative performance of businesses and households, the reduction of disposable income and the instability of the tax framework have contributed to the market stabilization and recovery difficulty.

In the same report it is estimated that the downward trend in the prices of both residential and commercial real estate will continue in 2017. The prospect of stabilization and recovery of the market depends, among others, on the strengthening of the Greek economy recovery prospects, combined with the expected successful implementation of privatization program and use of public property and the stabilization of the tax framework.

The Company has taken all the necessary safeguard actions to ensure the continued operations of its sites in Greece. The Company does not face any particular liquidity risk as they preserve directly available funds in banks abroad while there is direct access with especially favorable terms to international funding when necessary. In addition the Company makes continuous efforts to find new markets abroad and produce innovative products so as to partially offset the effects of liquidity problems and the estimated low level of demand for construction materials in the domestic market.

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

The Company is managing its assets in such a way, which adds value to the shareholders through the optimisation of the debt to equity ratio. The Company’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 Company’s Management is monitoring the Company’s funds on a continuing basis.

The Company, 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. Company Management, in order to confront liquidity risks, provides for the adequate cash deposits and the appropriate bank credit lines.

The Company recognises 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 Company.

Most of the Company’s transactions are carried out in Euro and the rest in US Dollars. Therefore, the Company is 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 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 20 of the Financial Statements).

(b) The assessment of the remaining useful life of the Company’s fixed assets.

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

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

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

(f) Unaudited tax years of the Company, to the extent that it is possible that future tax audits will result in additional taxes and charges being imposed (note 26 of the Financial Statements).

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

According to the Company Management's best knowledge, no subsequent events after 31 December 2016 exist that may have a significant impact on the Company's financial position.

D. Related party transactions

The most important related party transactions of the Company, according to IAS 24, along with the balances of its transactions accounts, are presented in the table below.

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

The Company pays royalties to the parent company for the use of its 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 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 receivable from LAFARGE BETON S.A. amounting to €4.217 thousand.

The nature of the related party transactions for 2016 remains unchanged compared to the latest annual report as at 31 December 2015.

The company's subsidiaries do not hold shares of the parent company (treasury shares).

Amounts in thousands of Euro

				31/12/2016			
Related Parties	**Sales of goods and services**	**Purchases of goods and services**	**Royalties**	**Interest income**	**Fees and other expenses**	**Receivables**	**Payables**
HERACLES G.C.C. SUBSIDIARIES							
HERACLES MARITIME CO.	44	16.422	0	0	0	0	5.808
LAFARGE BETON S.A.	13.197	624	0	0	0	4.217	0
LAVA S.A.	317	1.741	0	0	0	0	3.950
AEGEAN TERMINALS S.A.	0	0	0	2	0	36	0
BIOMASS S.A. (ex E.D.A.K.E. S.A.)	1	155	0	3	0	0	0
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	0	0	18
DYSTOS SOC. NAV.	1	0	0	0	0	6	0
LAFARGE HOLCIM GROUP COMPANIES							
LAFARGE S.A.	518	253	5.552	0	0	35	1.940
CEMENTIA TRADING S.A.	77.937	4.553	0	0	0	6.319	493
LAFARGE ENERGY SOLUTIONS S.A.S.	12.489	37.058	0	0	0	1.623	11.807
OTHER LAFARGE HOLCIM GROUP COMPANIES	3.596	3.442	0	0	0	914	55.502
MEMBERS of BoD and EXECUTIVE COMMITTEE OF HERACLES G.C.C.	0	0	0	0	2.456	0	0
Total	**108.101**	**64.248**	**5.552**	**5**	**2.456**	**13.150**	**79.518**

E. Dividend policy

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

F. List of the Group's branches

<u>HERACLES G.C.C.</u>

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)

Offices

15. 19,3 Km Markopoulou Avenue, Paiania Attica

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, 6/9/2017

By order of the Board of Directors

GEORGE MICHOS

Managing Director

Deloitte.

Deloitte Certified Public
Accountants S.A.
3a Fragoklissias &
Granikou str.
Maroussi Athens GR 151-25
Greece

Tel: +30 210 6781 100
Fax: +30 210 6776 221-2
www.deloitte.gr

TRUE TRANSLATION OF THE ORIGINAL IN THE GREEK LANGUAGE

INDEPENDENT AUDITOR'S REPORT

To the shareholders of "HERACLES GENERAL CEMENT COMPANY"

Report on the Financial Statements

We have audited the accompanying financial statements of "Heracles General Cement Company" which comprise of the statement of financial position as at 31 December 2016, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended as well as a summary of significant accounting policies and methods and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as these have been adopted by the European Union, as well as for the maintenance of internal controls that management considers necessary for the preparation of 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 financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing, which have been incorporated into Greek Law (FEK/B'/2848/23.10.2012). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making this risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the 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 financial statements present fairly, in all material respects, the financial position of "Heracles General Cement Company" as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as these have been adopted by the European Union.

Report on Other Legal and Regulatory Requirements

Taking into consideration that management has the responsibility for the preparation of the Directors' Report, according to the provisions of paragraph 5 article 2 (part B) of Law 4336/2015 we note the following:

1. In our opinion the Directors' Report has been prepared in accordance with the applicable legal requirements of article 43a of Codified Law 2190/1920 and its content is consistent to the attached financial statements for the year ended 31 December 2016.

2. Based on the knowledge we obtained during our audit, relating to the Company "Heracles General Cement Company" and its environment, we have not identified any material inaccuracies in the Directors' Report.

Athens, 6 September 2017
The Certified Public Accountants

Michalis E. Karavas
Reg. No (ICAA (GR)): 13371
Reg. No ELTE: 1342

Ioannis Stergiou
Reg. No (ICAA (GR)): 45061
Reg. No ELTE: 2676

Deloitte. Certified Public Accountants SA
3a Fragoklissias & Granikou Str. 151 25 Maroussi, Athens
Reg. No. SOEL: E 120

ANNUAL FINANCIAL STATEMENTS
OF HERACLES G.C.C. IN ACCORDANCE WITH
INTERNATIONAL FINANCIAL REPORTING STANDARDS
AS AT 31 DECEMBER 2016

The Company Financial Statements on pages 16 to 71 were approved by the Board of Directors in its meeting on Wednesday 6 September 2017 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	**GEORGE MICHOS**	**MARC DORFMEISTER**	**PANTELIS TOURNIS**
I.D. No. AB 779530	**PASSPORT No. AN0142145**	**PASSPORT No. 12CL84097**	**ECG LIC. No. 0078930 A' CLASS**

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in thousands of Euro	NOTE	1/1-31/12/2016	1/1-31/12/2015
Operating results			
Turnover	5	235.587	218.330
Cost of sales	7	(225.249)	(195.260)
Gross profit / (loss)		**10.338**	**23.070**
Administrative & distribution expenses	7	(19.927)	(23.338)
Other operating income / (expenses)	6	(5.138)	(5.181)
Impairment of investments in subsidiaries	9	0	(31.486)
Operating profit / (loss)		**(14.727)**	**(36.935)**
Finance income / (expenses)	8	(4.159)	(5.256)
Profit / (loss) for the year before tax		**(18.886)**	**(42.191)**
Income tax	10	(217)	4.414
Net profit / (loss) for the year after tax		**(19.103)**	**(37.777)**
Allocated to:			
Non controlling interest		**0**	**0**
Company's Shareholders		**(19.103)**	**(37.777)**
		(19.103)	**(37.777)**
Number of shares		71.082.707	71.082.707
Earnings / (losses) per share (in €)	11	(0,27)	(0,53)

The comparative figures of the year ended 31 December 2015 have been restated for comparative purposes, analysis of the restatement is presented in note 30.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Net profit / (loss) for the year after tax	**(19.103)**	**(37.777)**
Amounts that will not be reclassified to the Income Statement in the future		
Actuarial gain / (loss), net of deferred tax and respective change in rate effect	(769)	1.833
Total amounts that will not be reclassified to the Income Statement in the future	**(769)**	**1.833**
Amounts that will be possibly reclassified to the Income Statement in the future		
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	183
Total amounts that will be possibly reclassified to the Income Statement in the future	**0**	**183**
Other comprehensive income for the year, after tax	**(769)**	**2.016**
Total comprehensive income for the year, after tax	**(19.872)**	**(35.761)**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

Amounts in thousands of Euro	NOTE	31/12/2016	31/12/2015
Fixed assets or non-current assets			
Intangible assets	12	304	402
Tangible assets	13	236.367	252.011
Investment property	14	1.336	1.417
Investments in subsidiaries and associates	15	109.675	37.529
Other investments	16	57	57
Other non-current receivables	25.2	4.618	4.558
Deferred tax assets	20	56.274	55.518
Total fixed assets or non-current assets		**408.631**	**351.492**
Current assets			
Inventories	17	29.498	43.134
Trade receivables	25.3	39.071	33.709
Other receivables	25.3	27.666	21.488
Cash and cash equivalents	25.4	15.833	18.785
Income tax receivables	10	395	684
Total current assets		**112.463**	**117.800**
Total assets		**521.094**	**469.292**
Equity			
Share capital	22	120.841	120.841
Share premium	23	1.279	1.279
Reserves	24	164.110	164.110
Retained earnings		(2.450)	17.422
Total Shareholders' equity		**283.780**	**303.652**
Total equity		**283.780**	**303.652**
Non-current liabilities			
Provision for staff termination indemnity	18	15.115	17.130
Other non-current provisions	19	20.367	17.116
Long-term debt	25.4	53.000	18.000
Total non-current liabilities		**88.482**	**52.246**
Current liabilities			
Provision for staff termination indemnity	18	4.138	683
Trade payables	25.5	65.511	68.728
Other payables	25.5	20.718	18.881
Income tax liabilities	10	126	232
Other current provisions	19	6.295	5.075
Dividends payable		45	45
Short-term debt	25.4	52.000	19.750
Total current liabilities		**148.832**	**113.394**
Total liabilities		**237.314**	**165.640**
Total liabilities and equity		**521.094**	**469.292**

The comparative figures of the year ended 31 December 2015 have been restated for comparative purposes, analysis of the restatement is presented in note 30.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in thousands of Euro

	Share capital	Share premium	Reserves	Derivatives valuation reserve	Retained earnings / (losses)	Total
Merge of subsidiary 1/1/2015	**0**	**0**	**2.285**	**0**	**(3.353)**	**(1.068)**
Balance at 1/1/2015	**120.841**	**1.279**	**161.825**	**(183)**	**56.719**	**340.481**
Profit / (loss) for the year	0	0	0	0	(37.777)	**(37.777)**
Profit / (loss) from derivative financial instruments recognised directly in equity, net of deferred tax	0	0	0	183	0	**183**
Actuarial gain / (loss), net of deferred tax	0	0	0	0	1.833	**1.833**
Balance at 31/12/2015	**120.841**	**1.279**	**164.110**	**0**	**17.422**	**303.652**
Balance at 1/1/2016	**120.841**	**1.279**	**164.110**	**0**	**17.422**	**303.652**
Profit / (loss) for the year	0	0	0	0	(19.103)	**(19.103)**
Actuarial gain / (loss), net of deferred tax and respective change in rate effect	0	0	0	0	(769)	**(769)**
Balance at 31/12/2016	**120.841**	**1.279**	**164.110**	**0**	**(2.450)**	**283.780**

STATEMENT OF CASH FLOWS (INDIRECT METHOD) FOR THE YEAR ENDED 31 DECEMBER 2016

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Operating activities		
Profit / (loss) of the year before tax	(19.607)	(42.191)
Plus / less adjustments for:		
Depreciation	21.731	22.313
Impairment of tangible and intangible fixed assets	0	1.429
Provisions	(257)	26.871
Foreign exchange differences	241	(177)
Gain / (loss) from derivatives valuation	0	(51)
Income / (expenses), profit / (loss) from investing activities	(501)	(920)
Interest and related expenses	4.299	4.455
Plus/ less adjustments for changes in working capital accounts or relevant with operating activities:		
Decrease / (increase) in inventories	11.346	(3.501)
Decrease / (increase) in receivables	(4.095)	(6.091)
(Decrease) / increase in liabilities (excl. bank loans)	665	1.570
Less :		
Interest and related expenses paid	(4.026)	(4.136)
Taxes paid	(688)	(974)
Total inflow / (outflow) from operating activities (a)	**9.108**	**(1.403)**
Investing activities		
Acquisition of subsidiaries, affiliates, joint-ventures and other investments	(72.146)	0
Purchases of tangible and intangible fixed assets	(8.782)	(3.599)
Proceeds from disposals of tangible and intangible assets	1.614	193
Interest received	4	1.039
Total inflow / (outflow) from investing activities (b)	**(79.310)**	**(2.367)**
Financing activities		
Loan proceeds	79.950	20.000
Loan repayments	(12.700)	(33.250)
Total inflow / (outflow) from financing activities (c)	**67.250**	**(13.250)**
Net increase / (decrease) in cash and cash equivalents (a)+(b)+(c)	**(2.952)**	**(17.020)**
Cash and cash equivalents at the beginning of the year	**18.785**	**35.805**
Cash and cash equivalents at the end of the year	**15.833**	**18.785**

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 (100% as at 31 December 2016) is held by the LafargeHolcim Group, Switzerland.

The Board of Directors of the Capital Market Commission, by virtue of its resolution 751/24.2.2016, approved the application of Lafarge Cementos regarding the exercise of the squeeze-out right for the acquisition of the ordinary shares of HERACLES G.C.C. and determined 10 March 2016 as the last trading date of the shares of the Company. On 18 March 2016 the registration of Lafarge Cementos in the Dematerialized Securities System as the new holder of the 4.216.145 shares of the Company, to which pertained the above-mentioned squeeze out right, was completed and consequently, Lafarge Cementos holds 71.082.707 shares of the Company in total, which represent 100% of the total paid-up share capital and voting rights of the Company. On 4 November 2016 Lafarge Cementos transferred 100% of HERACLES G.C.C. shares in the LafargeHolcim Group Company "Holcim Auslandbeteiligungs GMBH (Germany).

The Company has no obligation of publishing consolidated financial statements considering that the Company and its subsidiaries are consolidated in the financial statements of LafargeHolcim Group and are published in the website at the following address www.lafargeholcim.com.

HERACLES G.C.C. (the Company) operates mainly in the production and trading of cement. The Financial Statements (IFRS) are presented in thousands of Euro, which is the currency of the primary economic environment where the Company operates, unless otherwise stated.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS

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

Standards and Interpretations effective for the current financial year

The following standards 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 19R (Amendment) "Employee Benefits"

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

IFRS 11 (Amendment) "Joint Arrangements"

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

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.

IAS 27 (Amendment) "Separate financial statements"

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.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS – Continued

IAS 1 (Amendments) "Disclosure initiative"

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.

Annual Improvements to IFRSs 2012

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

IFRS 2 "Share-based payment"

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

IFRS 3 "Business combinations"

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

IFRS 8 "Operating segments"

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

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.

Annual Improvements to IFRSs 2014

The amendments set out below describe the key changes to four IFRSs.

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.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS – Continued

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'.

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

The Company has not adopted the following amendments to standards and interpretations, as they have not yet been endorsed by EU, as at December 31, 2016.

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)

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.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently investigating the impact of IFRS 16 on its financial statements.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS – Continued

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017)

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.

IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017)

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.

IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts" (effective for annual periods beginning on or after 1 January 2018)

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39. The amendments have not yet been endorsed by the EU.

IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018)

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS – Continued

Annual Improvements to IFRSs 2014 (2014 – 2016 Cycle) (effective for annual periods beginning on or after 1 January 2017)

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 12 "Disclosures of Interests in Other Entities"

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information.

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

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 Company'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 Company annual Financial Statements of 31 December 2015, which are available on the Company's website www.lafarge.gr.

The primary accounting principles adopted are set out below:

Acquisitions of Subsidiaries

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Company. 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 Company'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 Company’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 Company's policy for goodwill arising on the acquisition of interests in associates is described in paragraph “Investments in associates”.

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

Investments in associates

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

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

Any excess of the cost of acquisition over the Group’s share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is finalised within twelve months from the date of acquisition and is recognised as goodwill. The goodwill

3. ACCOUNTING PRINCIPLES – continued

Investments in associates - continued

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.

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 Company has transferred to the purchaser significant risks and rewards of ownership
- The Company 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 Company
- The cost incurred or to be incurred in relation to the transaction can be reliably measured

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

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

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

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

Income tax

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

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

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.

3. ACCOUNTING PRINCIPLES - continued

Income tax – continued

Current tax - continued

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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

3. ACCOUNTING PRINCIPLES – continued

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 Company 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 Company are presented in the currency of the primary economic environment in which the Group operates (its functional currency) which is Euro.

Transactions in currencies other than Euro are recognised at the exchange rates prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies recorded at historical cost are translated at year-end exchange rates. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non- monetary assets and liabilities in a foreign currency carried at historical cost are translated and measured using the exchange rates at the date of the transaction.

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

On consolidation, the assets and liabilities of the Company’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 Company’s translation reserve. Such translation differences are recognised as income or as expenses of the period in which the operation is disposed of.

3. ACCOUNTING PRINCIPLES – continued

Government grants / subsidies

Government grants are not recognised until there is reasonable assurance that the Company 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;
- Re-measurement.

The staff retirement benefit obligation recognised in the statement of Financial Position represents the actual deficit or surplus in the Company'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.

Re-measurement, 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. Re-measurement recognized in other comprehensive income will not be reclassified to profit or loss.

Share based payments

On a regular basis, the parent company LafargeHolcim Ltd offers share purchase plans to Company employees.

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

When the parent company LafargeHolcim Ltd performs capital increases reserved for Company employees, and when the conditions offered are significantly different from market conditions, the Company records a compensation cost.

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

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

3. ACCOUNTING PRINCIPLES – continued

Tangible assets

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

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)	
Buildings	10 - 30
Machinery	15 - 30
Vechicles, Furnitures and Other Equipment	5 - 15

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

Investment property

As investment property is defined the property that is held to earn rentals or for capital appreciation or both and is not used by any subsidiary company of the Group. Property that is used for the operating activities of the Company, 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.

3. ACCOUNTING PRINCIPLES - continued

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 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 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 Company has a present legal or constructive obligation as a result of past events; it is probable that the Company 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 Company 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 Company.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company 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 Company 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 Company derecognises financial liabilities when, and only when, the Company'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 Company 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 Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company 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 Company's activities are primarily exposed to foreign exchange rates and commodities risks, notably fuel and marine freight.

The Company 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 LafargeHolcim Group and is harmonised with the LafargeHolcim 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 Company'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 Company'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 Company's accounting policies and they have the most significant effect in the Financial Statements of 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 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 20 of the Financial Statements).

(b) The assessment of the remaining useful life of the Company's fixed assets.

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

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

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

(f) Unaudited tax years of the Company, to the extent that it is possible that future tax audits will result in additional taxes and charges being imposed (note 26 of the Financial Statements).

5. TURNOVER

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

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Income from sale of finished and semi-finished products	227.129	210.371
Income from sale of merchandise	6.437	5.925
Income from services	2.021	2.034
	235.587	**218.330**

The Company operates in the following countries:

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Greece	137.050	123.098
Switzerland	77.937	72.208
Other countries	20.600	23.024
	235.587	**218.330**

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

6. OTHER OPERATING INCOME / (EXPENSES)

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

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Profit / (loss) from fixed asset disposals	373	(244)
(Impairment) / Reversal of impairment of fixed assets	0	(1.429)
Other restructuring expenses	(3.442)	(2.830)
Other income / (expenses)	(2.069)	(678)
	(5.138)	**(5.181)**

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 25th March 2013, which was approved by the Annual General Meeting of the 27th June 2013, as they are analyzed below:

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
(Provision) / Reversal of provision for obsolescence of spare parts, finished & semi-finished products, consumables	(703)	0
(Provision) / Reversal of provision for staff indemnities due to restructuring	0	183
Special termination benefits offered to employees due to restructuring	(1.227)	(942)
Other restructuring expenses	(1.512)	(2.071)
	(3.442)	**(2.830)**

7. COST OF SALES – ADMINISTRATIVE & DISTRIBUTION EXPENSES

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

Amounts in thousands of Euro	1/1-31/12/2016	1/1-31/12/2015
Amortization of intangible assets	98	110
Depreciation of tangible assets	21.552	22.128
Depreciation of investme nt property	81	75
Total depreciation & amortization	21.731	22.313
Movement of finished and semi-finished products	3.344	(1.400)
Consumption of raw, auxiliary materials, consumables and spare parts	77.237	70.008
Cost of goods sold	80.581	68.608
Employer's contributions	6.378	6.601
Salaries and other personnel benefits	28.125	28.845
Provision for staff termination indemnity	883	937
Staff termination incentives	6.487	3.223
Total personnel expenses	41.873	39.606
Energy cost	23.572	18.903
Royalites	5.552	6.048
Other expenses	71.867	63.120
Total	**245.176**	**218.598**

The number of Company personnel as at 31 December 2016 is analysed as follows:

	31/12/2016	31/12/2015
Number of employees	562	611

8. FINANCE INCOME / (EXPENSES)

Finance income / (expenses) is analysed as follows:

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Income		
Interest received and related income	128	109
Income from derivatives	0	18
	128	127
Expenses		
Interest and related expenses	4.299	3.400
Foreign exchange losses	(12)	1.983
	4.287	5.383
Total	**(4.159)**	**(5.256)**

An amount of €402 thousand is included in interest and related expenses, for 2016, which relates to the interest of present value of defined benefit obligations. The corresponding amount for 2015 was €380 thousand.

9. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES

In the current year, the Company did not recognize an impairment loss of its investment in any consolidated subsidiary.

The Company recognized in the Financial Statements as at 31/12/2015 an impairment loss amounting to €31.486 thousand concerning its investment in the consolidated subsidiary LAFARGE BETON S.A., which derived from the test for impairment of investments in subsidiaries which is assessed at each reporting period or whenever there is an indication of impairment. This impairment loss was a result of an assessment for the recoverable value of the investment as at 31/12/2015. The recoverable value of the investment was determined as the higher of the values derived by the two alternative methods (present value of future cash flows and fair value less cost to sell), as defined by IAS 36.

The Company proceeded with the test of impairment of investment in subsidiary LAFARGE BETON S.A. 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 LafargeHolcim Group policy, as well as a discount rate of 12,6% (2015: 12,6%). This period, according to the LafargeHolcim Group's Management, reflects the characteristics of the Company'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 Company operates.

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% (2015: 2%). A steady perpetual growth of the expected free cash flow of the last year of the forecast time-period has been assumed.

9. IMPAIRMENT LOSS OF INVESTMENT IN SUBSIDIARIES - continued

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:

	2016	2015
Concrete	(6,4)% - 20,0%	2,4% - 25,0%
Aggregates	(2,3)% - 15,0%	0% - 20,0%

The assessments of the Company'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.

Sales prices:

Sales Prices Growth:

	2016	2015
Concrete	0% - 2,0%	0,9% - 2,0%
Aggregates	(0,2)% - 2,0%	(0,1)% - 2,0%

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

	2016	2015
Concrete	(1,3%) - 6,0%	(11,0%) - 3,0%
Aggregates	9,0% - 20,0%	10,0% - 21,0%

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.

10. INCOME TAX

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Deferred taxation (Note 20)	(442)	(4.645)
Other taxes	659	231
Total	**217**	**(4.414)**

Under the law 4334/2015 "Urgent arrangements for the negotiation and conclusion of agreement with the European Support Mechanism" adopted in July 2015, the income tax rate for 2016 and 2015 is 29%.

The income tax of year 2016 mostly represents deferred tax revenue decreased by the charges of real estate tax. The deferred tax asset decreased during 2016, compared to 2015, mainly due to the decrease of tax losses.

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

Amounts in thousands of Euro

	1/1-31/12/2016		1/1-31/12/2015	
		%		%
Profit / (loss) before tax	(18.886)	29%	(42.191)	29%
Income tax at the current tax rate 29% (2015: 29%)	(5.477)	29%	(12.235)	29%
Expenses not deductible in determining taxable profit - permanent differences	1.885	-10%	2.512	-6%
Difference in the current year's deferred taxation due to changes in tax rate	0	0%	(5.192)	12%
Other permanent differences	2.844	-15%	716	-2%
Participation to impairment of investments and share in losses of subsidiaries	0	0%	9.131	-22%
Non-recognised deferred tax asset due to non-recoverability / (reversal)	306	-2%	423	-1%
Other taxes	659	-3%	231	-1%
	217	**-1%**	**(4.414)**	**10%**

Income tax receivables and payables are analysed as follows:

Amounts in thousands of Euro	31/12/2016	31/12/2015
Receivables		
Income tax receivable	395	684
Total tax receivables	**395**	**684**
Payables		
Income tax payable	(126)	(232)
Total tax payables	**(126)**	**(232)**
Total	**269**	**452**

11. EARNINGS / (LOSSES) PER SHARE

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

Amounts in thousands of Euro

	1/1-31/12/2016	1/1-31/12/2015
Net profit / (loss) for the year after tax	(19.103)	(37.777)
Weighted average number of common shares for the purpose of calculating basic earnings / (losses) per share	71.082.707	71.082.707
Earnings / (losses) per share in Euro	**(0,27)**	**(0,53)**

12.INTANGIBLE ASSETS

Intangible assets concern software purchases. The following table shows the movement for the years ended 31 December 2016 and 31 December 2015 respectively:

Amounts in thousands of Euro

COST	
1 January 2015	**12.638**
Additions	166
31 December 2015	**12.804**
31 December 2016	**12.804**
ACCUMULATED AMORTIZATION - IMPAIRMENT	
1 January 2015	**12.292**
Amortization charge	110
31 December 2015	**12.402**
Amortization charge	98
31 December 2016	**12.500**
CARRYING AMOUNT	
31 December 2015	**402**
31 December 2016	**304**

13. TANGIBLE ASSETS

The following table shows the relevant Company tangible assets movements for the years ended 31 December 2016 and 31 December 2015 respectively:

Amounts in thousands of Euro

	Land and quarries	Buildings	Machinery	Vehicles, Furniture and other equipment	Assets under construction	Total
COST						
1 January 2015	57.067	257.894	462.301	17.251	7.004	801.517
Additions	0	10	618	21	4.630	5.279
Disposals / Write-offs	0	0	(322)	(11)	0	(333)
Transfers of assets under construction	0	1.370	3.441	0	(4.811)	0
31 December 2015	**57.067**	**259.274**	**466.038**	**17.261**	**6.823**	**806.463**
Additions	0	0	260	14	6.797	7.071
Disposals / Write-offs	(75)	0	(200)	(4.425)	0	(4.700)
Transfers of assets under construction	278	296	6.698	0	(7.272)	0
31 December 2016	**57.270**	**259.570**	**472.796**	**12.850**	**6.348**	**808.834**
ACCUMULATED DEPRECIATION - IMPAIRMENT						
1 January 2015	1.694	184.186	329.562	13.894	1.610	530.946
Depreciation charge	28	9.928	11.603	569	0	22.128
Impairment of fixed assets	773	0	282	0	374	1.429
Disposals / Write-offs	0	0	(40)	(11)	0	(51)
31 December 2015	**2.495**	**194.114**	**341.407**	**14.452**	**1.984**	**554.452**
Depreciation charge	22	9.744	11.379	407	0	21.552
Disposals / Write-offs	0	0	(168)	(3.369)	0	(3.537)
31 December 2016	**2.517**	**203.858**	**352.618**	**11.490**	**1.984**	**572.467**
NET BOOK VALUE						
31 December 2015	**54.572**	**65.160**	**124.631**	**2.809**	**4.839**	**252.011**
31 December 2016	**54.753**	**55.712**	**120.178**	**1.360**	**4.364**	**236.367**

14. INVESTMENT PROPERTY

Investment property is defined as property held to earn rentals or for capital appreciation or both. Investment property of the Company concerns the tangible assets of the merged subsidiary EVIESK S.A. and its movement for period ended 31 December 2016 is presented in the following table:

Amounts in thousands of Euro

	Land	Buildings	Total
Closing net book value as at 31 December 2015	**633**	**784**	**1.417**
Depreciation charge	0	(81)	(81)
Closing net book value as at 31 December 2016	**633**	**703**	**1.336**

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

The participations of the Company are as follows:

		31/12/2016			31/12/2015			
Name of Subsidiary	**Registered office**	**Direct participation**	**Indirect participation**	**Total**	**Direct participation**	**Indirect participation**	**Total**	**Main business activity**
HERACLES G.C.C.	Greece, Paiania, Attica			Parent			Parent	Cement production & trade
LAFARGE BETON S.A.	Greece, Paiania, Attica	98,80%	1,20%	100,00%	98,22%	1,78%	100,00%	Concrete and aggregates production & trade
EVIESK S.A.	Greece, Paiania, Attica	0,00%	0,00%	0,00%	95,76%	4,24%	100,00%	Merged in December 2016
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.	Greece, Paiania, Attica	100,00%		100,00%	57,24%		57,24%	Under liquidation
G. 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
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
MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A.	Greece, Paiania, Attica	1,00%	49,00% (*)	1,00%	1,00%	49,00% (*)	1,00%	Dormant

(*): The indirect participation of the Company to Middle East is through Aegean Terminals S.A.

The Company's Board of Directors, by virtue of the 25/08/2016 resolution, decided the merger by absorption of subsidiary EVIESK S.A. based on articles 69-78 of L. 2190/1920 and the articles 1-5 of L. 2166/1993, with balance sheet transition date 31/08/2016. On 31/12/2016 the Company preceded to the merger of EVIESK S.A., based on POL 1183/7-12-2016, although the process of merger was not yet completed.

Based on POL 1183/7-12-2016 it is provided that in case of mergers by absorptions not already completed by the end of the fiscal year of the absorbing company, the absorbed company's financial data of the interim period concerning the period between transition balance sheet and 31 December, should be transferred to the accounting books of the absorbing company, in order to secure compliance with the new legislation, article 8 L.4172/2013, specifying that over-twelve months years are no longer allowed.

The Company totally covered the share capital increase of subsidiary Lafarge Beton. By virtue of 9.3.2016 resolution of the General Meeting of Shareholders of Lafarge Beton, the share capital of the company increased by €72.000 thousand with the issuance of 3.600.000 new shares of nominal value €1 each and issue price €20 each.

15. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES– continued

The Company also covered in total the share capital increase of subsidiary BIOMASS S.A. by €80 thousand, therefore its participation increased from 57,24% to 70,05%. On 20 July 2016 acquired the remaining 29,95% of BIOMASS S.A. shares, holding 100% of its share capital.

Investments in subsidiaries and associates are as follows:

Amounts in thousands of Euro

	31/12/2016			31/12/2015		
	Acquisition Cost	**Impairment provision**	**Net value**	**Acquisition Cost**	**Impairment provision**	**Net value**
LAFARGE BETON S.A.	199.173	(96.526)	102.647	127.173	(96.526)	30.647
EVIESK S.A.	0	0	0	1.428	(1.428)	0
LAVA S.A.	1.240	0	1.240	1.240	0	1.240
HERACLES MARITIME CO.	5.549	0	5.549	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.)	239	0	239	99	0	99
Total	**212.643**	**(102.968)**	**109.675**	**141.925**	**(104.396)**	**37.529**

16. OTHER INVESTMENTS

The Company 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.

Amounts in thousands of Euro

	31/12/2016	**31/12/2015**
Other investments	57	57
Total	**57**	**57**

17. INVENTORIES

Company inventories are analysed as follows:

Amounts in thousands of Euro

	31/12/2016		31/12/2015	
Merchandise		188		831
Finished and semi-finished products	13.889		17.433	
Less: Obsolescence provision	(6.257)	7.632	(6.457)	10.976
Raw & auxiliary materials	12.794		18.184	
Less: Obsolescence provision	(1.662)	11.132	(1.507)	16.677
Spare parts	26.680		27.962	
Less: Obsolescence provision	(19.152)	7.528	(16.671)	11.291
Consumables	3.018		3.359	
Less: Obsolescence provision	0	3.018	0	3.359
Total		**29.498**		**43.134**

The following table includes a detailed breakdown of the provisions:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Balance at the beginning of year	24.635	22.566
Additional provision in the year for finished and semi finished products obsolescence	(200)	1.539
Additional provision in the year for raw materials obsolescence	155	216
Use of provision due to spare parts destruction	(863)	0
Additional provision in the year for spare parts obsolescence	3.344	450
Reversal of provision in the year for consumables	0	(136)
Total	**27.071**	**24.635**

18. PROVISION FOR STAFF RETIREMENT COMPENSATION

The Company is 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 Company'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 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 Company staff compensation due to retirement was conducted by independent actuaries, based on 31 December 2016 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 2016) arose during the year.

The Company's estimated actuarial loss as at 31 December 2016 amounted to €1.083 thousand, with recognised deferred tax of €314 thousand, which is attributed to experiential adjustments as well as change in actuarial assumptions in relation to the previous year. The recognition of the above mentioned actuarial loss increased the liability for staff retirement compensation and was made directly in the statement of comprehensive income.

The actuarial loss derives a) from loss of €1.296 thousand due to change in actuarial assumptions in relation to the previous year, concerning mainly the change of the discount rate from 2,30% to 1,30% (loss of €1.672 thousand) and the change of the percentage of increase in the nominal salaries from 3,25% to 3,00% due to the variation in inflation from 1,75% to 1,50% (profit of €376 thousand) and b) from gain from experiential adjustments totalling €213 thousand, which is attributed to the following factors:

- In 2016 the actual average change in basic salaries and allowances increased by 2,9%, against a long-term actuarial assumption of increase of 3,25%: gain of €174 thousand. The Management estimates that in the long term the average increase will be at 3,00%.
- The remaining gain of €39 thousand 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 2016 was €7.772 thousand. An amount of €5.736 thousand is included in cost of sales, €1.634 thousand is included in administrative expenses and €402 thousand is included in financial expenses.

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

The staff retirement compensation provision is analysed as follows:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Present value of obligation	19.253	17.813
Net liability in Statement of Financial Position	**19.253**	**17.813**
Amounts recognised in the Statement of Profit or Loss		
Service cost	883	937
Interest cost	402	380
Regular Statement of Profit or Loss charge	**1.285**	**1.317**
Termination loss / Restructuring expense	6.487	3.040
Total Statement of Profit or Loss charge	**7.772**	**4.357**
Changes in present value of Defined benefit obligation		
Defined benefit obligation at the beginning of the year	17.813	23.342
Service cost	883	937
Interest cost	402	380
Benefits paid directly by the Company	(7.415)	(8.240)
Extra payments or expenses / (income)	6.487	3.040
Actuarial loss / (gain)	1.083	(1.646)
Defined benefit obligation at year end	**19.253**	**17.813**
Analysis of actuarial gain / (loss)		
Gain / (loss) on plan liabilities due to change in assumptions	(1.296)	962
Gain / (loss) on plan liabilities due to experiential changes	213	684
Actuarial gain / (loss)	**(1.083)**	**1.646**
Movement in net liability in Statement of Financial Position		
Net liability in Statement of Financial Position at the beginning of the year	17.813	23.342
Benefits paid directly by the Company	(7.415)	(8.240)
Total expense recognised in the Statement of Profit or Loss	7.772	4.357
Net liability in Statement of Financial Position before adjustment	**18.170**	**19.459**
Amount recognised in the statement of recognised (income) / expense	1.083	(1.646)
Net liability in Statement of Financial Position	**19.253**	**17.813**
Net liability in current liabilities	4.138	683
Net liability in non-current liabilities	15.115	17.130
Total	**19.253**	**17.813**

18. PROVISION FOR STAFF RETIREMENT COMPENSATION - continued

Main assumptions used by actuaries:

	31/12/2016	31/12/2015	
Discount rate	1,30%	2,30%	annual
Salaries increase	3,00%	3,25%	annual
Allowances increase	3,00%	3,25%	annual
Inflation rate	1,50%	1,75%	annual
Plan duration	8,82	10,16	

Mortality assumption based on Swiss table EVK00

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

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

(a) If the discount rate used was 1,00 units higher (2,30%) then the "Defined Benefit Obligation" for the Company, would be lower by 8,30% (€1.597 thousand).

(b) If the discount rate used was 1,00 units lower (0,30%) then the "Defined Benefit Obligation" for the Company, would be higher by 9,80% (€1.886 thousand.

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

Amounts in thousands of Euro

	31/12/2016	31/12/2015	31/12/2014	31/12/2013	31/12/2012
Defined benefit obligation at year end	19.253	17.813	23.342	30.772	38.034
Actuarial gain/(loss)	(1.083)	1.646	(1.375)	1.912	2.352

19.OTHER NON-CURRENT AND CURRENT PROVISIONS

	Provision for quarry restoration expenses	Provision for pending litigations	Provision for associate liability	Provision for fire affected areas	Provision for disputed tax cases	Other provisions	Total
Amounts in thousands of Euro							
1 January 2015	**1.385**	**4.819**	**1.043**	**389**	**10.353**	**4.694**	**22.683**
Additional provision for the year	1.824	2.149	0	0	0	0	3.973
Reversal of provision of impairment and participation in loss of subsidiary	0	0	0	0	0	0	0
Unutilised provision	0	0	0	0	0	(826)	(826)
Provision utilised	(45)	(1.878)	0	0	0	(1.998)	(3.921)
Transfer from accrual	0	0	0	0	0	282	282
31 December 2015	**3.164**	**5.090**	**1.043**	**389**	**10.353**	**2.152**	**22.191**
Included in current liabilities	247	4.252	0	300	0	276	5.075
Included in non-current liabilities	2.917	838	1.043	89	10.353	1.876	17.116
31 December 2015	**3.164**	**5.090**	**1.043**	**389**	**10.353**	**2.152**	**22.191**
Additional provision for the year	4.066	2.140	0	0	0	77	6.283
Provision utilised	0	(730)	0	(389)	0	(693)	(1.812)
31 December 2016	**7.230**	**6.500**	**1.043**	**0**	**10.353**	**1.536**	**26.662**
Included in current liabilities	247	5.772	0	0	0	276	6.295
Included in non-current liabilities	6.983	728	1.043	0	10.353	1.260	20.367
31 December 2016	**7.230**	**6.500**	**1.043**	**0**	**10.353**	**1.536**	**26.662**

The provision for quarry restoration expenses is based on the international practice of LafargeHolcim Group, the HERACLES G.C.C. 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 Company, of a total amount of €6.500 thousand for which is estimated equal probable loss.

Furthermore, a provision for the undertaking of the liabilities of the associate company MIDDLE EAST CEMENT SHIPPING & HANDLING COMPANY S.A. has been recognised.

19. OTHER NON-CURRENT AND CURRENT PROVISIONS – continued

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.

20. DEFERRED TAX ASSETS AND LIABILITIES

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

Amounts in thousands of Euro

Deferred taxation from:	1/1/2015	Equity	Statement of Profit or Loss	31/12/2015	Equity	Statement of Profit or Loss	31/12/2016
Impact from valuation of tangible assets to their fair value and adjustment of depreciation due to use of respective estimated useful life assessment	(7.839)	0	2.310	(5.529)	0	3.334	(2.195)
Deferred tax asset on tax losses of the year	18.560	0	(1.628)	16.932	0	(5.217)	11.715
Provision for doubtful receivables	21.686	0	3.729	25.415	0	71	25.486
Provision for staff retirement compensation	6.071	187	(1.111)	5.147	314	1.068	6.529
Recognition of financial derivatives	72	(64)	(6)	2	0	0	2
Impairment of inventory	8.677	0	790	9.467	0	125	9.592
Other provisions	2.541	0	361	2.902	0	1.536	4.438
Other	982	0	200	1.182	0	(476)	706
Total	**50.750**	**123**	**4.645**	**55.518**	**314**	**442**	**56.274**

20. 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 €314 thousand concerning actuarial loss recognized during the year has been recorded directly in the equity of the Company as at 31 December 2016. The respective amount as at 31 December 2015 concerned deferred tax asset of €187 thousand.

Deferred tax assets and liabilities of 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

	31/12/2016	31/12/2015
Deferred tax assets	119.400	121.567
Deferred tax liabilities	(63.126)	(66.049)
Total	**56.274**	**55.518**

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

Amounts in thousands of Euro

	Amounts of non recognised deferred tax assets	
	2016	**2015**
Tax losses from write-off of reserves	13.227	13.227
Provision for doubtful debts	10.282	10.282
Provision for impairment of participations	29.859	29.859
Provisions for share in loss in subsidiary	302	302
Fixed assets adjustment	2.087	2.087
Total	**55.757**	**55.757**

21. DIVIDENDS

At the end of each year, the Board of Directors proposes the dividends, which are recognised as a liability at the time of approval by the General Assembly of Shareholders.

The Company has losses, thus no dividends were distributed for the year 2016.

22. 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	31/12/2016	31/12/2015
Number of issued common shares	71.082.707	71.082.707
Nominal share price (in Euro)	1,70	1,70
Approved, issued and fully paid:	**120.841**	**120.841**

23. SHARE PREMIUM

Amounts in thousands of Euro	31/12/2016	31/12/2015
Share premium	**1.279**	**1.279**

24. RESERVES

Movements in Company's reserves are presented in the tables below:

Amounts in thousands of Euro

	1/1/2015	Additions/ (Disposals)	31/12/2015	Additions/ (Disposals)	31/12/2016
Statutory Reserve	36.327	0	36.327	0	36.327
Special Reserves	965	0	965	0	965
Extraordinary Reserves	1.266	0	1.266	0	1.266
Tax-free Reserves	125.552	0	125.552	0	125.552
	164.110	**0**	**164.110**	**0**	**164.110**

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 2016.

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.

Tax-free reserves

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

Amounts in thousands of Euro

	31/12/2015	Movement	31/12/2016
Tax incentive L. 2601/98	36.345	0	36.345
Tax incentive L. 1892/90	27.281	0	27.281
Tax incentive L. 1828/89	17.664	0	17.664
Tax incentive L. 1262/82	2.655	0	2.655
Article 9, L. 2190/20 Committee	1.614	0	1.614
Tax incentive L. 1078/71	1.563	0	1.563
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	436	0	436
Total	**125.552**	**0**	**125.552**

25.FINANCIAL ASSETS AND LIABILITIES AND FINANCIAL RISK MANAGEMENT

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

25.1. FINANCIAL RISK FACTORS

The Company 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 Company's operations and no new risks have recently arisen. The Company's risk management program aims at minimising the possible negative impact that such risks may have on the Company's financial performance.

Risk management of the Company is the responsibility of the Financial Management and Credit Control Function, that operates based on procedures, guidelines and directives set out by the Company's Management, in the context of LafargeHolcim Group policy. The specific Function coordinates the Company's access to domestic and international money markets, through the parent company LafargeHolcim.

Among others, the above include identification, assessment and hedging of the financial risks against which the Company is exposed. It is the Company'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 Company 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 Company that contain credit risk are mainly the following:

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

(b) Other non-current receivables. The maximum exposure to credit risk is analysed in note 25.2 below.

Liquidity risk

Liquidity risk consists of the Company's inability to honour its financial obligations when they come due. In order to manage liquidity, the Company 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 2016 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 Company considers that any negative developments in the Greek economy are not expected to significantly affect its normal operations, taking into account that has access to financing sources outside Greece.

As at 31 December 2016, the Company's cash and cash equivalents amounted to €15.833 thousand, while it also had the adequate approved but undrawn borrowing facilities, so that it could fund its current short-term liabilities. Moreover, the Company'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 Company 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 Company.

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

25.1. FINANCIAL RISK FACTORS - continued

Exchange rate risk

The majority of the Company's transactions are carried out in Euro and the rest mainly in US Dollars. Therefore, to some degree, the Company is exposed to the risk of exchange rate fluctuations. The risk is hedged with derivatives, especially exchange futures. The exposure of the Company 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 Company 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

	31/12/2016	31/12/2015
Cash and cash equivalents	4.522	3.241
Receivables	8.565	10.694
Payables	(12.818)	(9.581)
Net receivables / (payables)	**269**	**4.354**
Exchange rate		
US Dollar	1,0541	1,0887

FINANCIAL ASSETS AND LIABILITIES IN EURO

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Cash and cash equivalents	4.290	2.977
Receivables	8.125	9.822
Payables	(12.160)	(8.801)
Net receivables / (payables)	**255**	**3.998**

Regarding the hedging of exchange rate risk, the Company concludes forward contracts of US Dollar purchase. There is no contact concluded until 31 December 2016 and its purchase to concern the year of 2017.

Interest rate risk

The Company's Bank loans are related to floating rates, the fluctuations of which do not significantly affect its financial expenses and cash flows. A key Company policy is to conclude short-term and mid-term loan agreements so there are insignificant changes in interest rates. The exposure to interest rate risk is budgeted and then a follow up is carried out.

On 31 December 2016, the Company's short term loans amounted to €52.000 thousand, while the long term loans amounted to €53.000 thousand.

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

25.1. FINANCIAL RISK FACTORS - continued

Risk of fuel, freight and electric power prices increase

The Company 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 Company uses derivative financial instruments and more specifically, forward contracts that refer to international fuel prices. For 2016, the Company did not use such derivative financial instruments.

The Company 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 Company uses derivative financial instruments and more specifically, forward contracts that refer to international freight prices (relative note 25.6 below). The hedging of the above risks is exercised in the context of LafargeHolcim Group policy. For 2016, the Company 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.

Amounts in thousands of Euro

SENSITIVITY ANALYSIS 2016

% variance	± 30%	± 25%	± 20%	± 15%	± 10%	± 5%
Coal	± 69	± 57	± 46	± 34	± 23	± 11
Petcoke	± 4.691	± 3.909	± 3.127	± 2.345	± 1.564	± 782
Freight	± 1.040	± 867	± 693	± 520	± 347	± 173
Electric power	± 6.681	± 5.567	± 4.454	± 3.340	± 2.227	± 1.113
Total	**± 12.480**	**± 10.400**	**± 8.320**	**± 6.240**	**± 4.160**	**± 2.080**

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

25.2. OTHER NON-CURRENT RECEIVABLES

Other non-current receivables are analysed as follows:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Present value of non-current notes receivable	3.449	3.866
Guarantee deposits (PPC, rents etc)	2.385	2.387
Other non-current receivables	13.230	12.977
Provision for not received guarantees and doubtful non-current receivables	(14.446)	(14.672)
Total	**4.618**	**4.558**

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 Company 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 Company to credit risk from non-current receivables from trading activity is presented:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Present value of non-current receivables from trading activity	16.679	16.843
Minus:		
Bad Debt provisions	14.446	14.672
Mortgages	448	428
Assigned receivables	1.082	978
Maximum exposure to credit risk	**703**	**765**

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

25.3 TRADE AND OTHER CURRENT RECEIVABLES

Company’s trade and other current receivables are analysed as follows:

Amounts in thousands of Euro	31/12/2016	31/12/2015
Trade receivables net of intercompany	117.727	119.580
Intercompany receivables	4.224	3.699
	121.951	**123.279**
Bad debt provision for trade receivables	(82.880)	(89.570)
	39.071	**33.709**
Other current intercompany receivables	1.138	1.144
Claim from Industrial Reconstruction Organization (IRO)	6.835	6.835
Current tax receivable	22.194	16.197
Other debtors net of intercompany	15.041	14.200
Prepaid expenses	68	1.114
Receivables from the Greek State	7.622	7.622
Bad debt provision for other receivables	(25.232)	(25.624)
	27.666	**21.488**
Total trade and other receivables	**66.737**	**55.197**

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

Amounts in thousands of Euro	31/12/2016	31/12/2015
Doubtful trade receivables		
Opening balance	89.570	88.555
Additional provision for the year	1.521	1.988
Reversal of unused provision/Write-off of receivables	(8.211)	(973)
Closing balance	**82.880**	**89.570**
Doubtful other receivables		
Opening balance	25.624	24.696
Additional provision for the year	12	208
Reclassification from long term provisions	0	750
Reversal of unused provision	(404)	(30)
Closing balance	**25.232**	**25.624**
Total bad debt provision	**108.112**	**115.194**

As occurs from the Financial Statements, in 2016 the average credit period offered to Company customers for sales of goods was 53 days (50 days in 2015).

The Management considers that the accumulated provision as at 31 December 2016 represents the best possible estimation and that the carrying amount of trade and other receivables approximates the fair value.

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

25.3 TRADE AND OTHER CURRENT RECEIVABLES - continued

Credit Risk from trade and other current receivables

The Company has established credit control procedures, aimed at minimising doubtful debts. In cooperation with Sales Management and after evaluating the client's financial condition, Company's Financial and Credit Control Management sets and applies specific sales and collections terms as well as credit limits per customer.

Company 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 Company'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 Accounts Receivable 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 Company policy. When necessary and feasible, collateral is requested to secure part of the credit risk.

In the Financial Statements, the Company 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 Company 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 Company'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.

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

25.3 TRADE AND OTHER CURRENT RECEIVABLES - continued

Credit Risk from trade and other current receivables - continued

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

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Total receivables	174.849	170.391
Minus:		
Bad Debt provisions	108.112	115.194
Third parties cheques	1.615	1.433
Bank Warranties	11.384	9.521
Mortgages	120	121
Prenotices for mortgage	1.002	1.118
Assigned receivables	0	1.617
Intercompany receivables	4.260	3.741
Related party receivables	8.892	10.551
Maximum exposure to credit risk	**39.464**	**27.095**

In addition, an insurance coverage exists for some receivables allocated to the Company’s customers, further mitigating the exposure to credit risk.

Fair value measurement and valuation process

The Company has established a 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 valuators.

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 Company 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 2016 there was no related transfers from level 3 to other levels of hierarchy.

In the context of impairment testing, the Company 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 Company to hedge against exchange rates fluctuation risks regarding specific existing commitments or anticipated transactions. The fair value was calculated using market prices that the Company would pay or receive to settle the related agreements.

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

25.3 TRADE AND OTHER CURRENT RECEIVABLES - continued

Credit Risk from trade and other current receivables - continued

In 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

	31/12/2016	31/12/2015
Financial assets measured at fair value (Level 3)	4.146	4.326

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.

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

Amounts in thousands of Euro

	31/12/2016			31/12/2015		
	Total receivables	Bad debt provision	Net receivables	Total receivables	Bad debt provision	Net receivables
Not overdue						
Other receivables	51.760	24.130	27.630	45.968	24.544	21.424
Intercompany other receivables	1.138	1.102	36	1.144	1.080	64
Trade receivables	30.695	0	30.695	29.744	290	29.454
Intercompany trade receivables	4.224	0	4.224	3.699	0	3.699
Overdue analysis						
01--30	4.461	309	4.152	2.110	1.554	556
31--60	1.817	1.817	0	1.057	1.057	0
61--90	700	700	0	673	673	0
91--120	1.129	1.129	0	387	387	0
121--180	828	828	0	361	361	0
181--360	1.101	1.101	0	820	820	0
361+	76.996	76.996	0	84.428	84.428	0
Total	**174.849**	**108.112**	**66.737**	**170.391**	**115.194**	**55.197**

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

25.4 CASH, CASH EQUIVALENTS AND BANK LOANS

Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Cash on hand	10	15
Demand deposits	15.823	18.770
	15.833	**18.785**

Loans

In Long-term debt, an amount of €53.000 thousand is included, relating to a loan granted to the Company from the LafargeHolcim Group entity SABELFI FRANCE, as depicted in the related parties transactions (Note 29).

The short term bank loans and overdrafts of the Company in 2016 have an average interest rate of 2,92% (2015: 5,75%). All bank loans are denominated in Euro.

As at 31 December 2016, the total short-term bank loans amounted to €52.000 thousand, the respective amount as at 31 December 2015 amounted to €19.750 thousand.

25.5 SUPPLIERS AND OTHER CREDITORS

Suppliers and other creditors are analysed as follows:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Suppliers excluding intercompany balances	62.785	63.916
HERACLES Group Companies	2.726	4.812
	65.511	**68.728**
Payables to personnel	2.350	3.017
Social security payables	1.784	1.755
Income tax payables	2.193	1.552
Other creditors excluding intercompany balances	7.341	5.507
Other creditors HERACLES Group Companies	7.050	7.050
	20.718	**18.881**
Total suppliers and other creditors	**86.229**	**87.609**

Suppliers and other creditors mostly relate to purchases of raw materials, fuels and consumables, as well as various operating costs. In 2016, the average credit period for the Company's operating purchases was 89 days (104 days in 2015).

The other creditors HERACLES Group Companies refer to the loan agreement between merged company EVIESK S.A. and the group companies LAVA S.A. (€3.650 thousands) and HERACLES Shipping (€3.400 thousands).

The normal course of business of the Company 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. Company Management considers the carrying amount of trade payables approximates their fair value.

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

25.6 DERIVATIVE FINANCIAL INSTRUMENTS

Foreign currency forward exchange contracts

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

On 31 December 2016 as well as on 31 December 2015 there was no opening position on foreign currency forward exchange contracts.

Commodities forward contracts

The Company, in the context of LafargeHolcim 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 2016 and 31 December 2015, there was no open position on commodity forward contracts.

Derivatives valuation reserve

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

Amounts in thousands of Euro	31/12/2016	31/12/2015
Hedging reserve opening balance	0	(183)
Gain/(loss) recognised on cash flow hedges:		
Foreign currency forward exchange contracts	0	0
Deferred tax	0	0
Transferred to retained earnings:		
Foreign currency forward exchange contracts	0	247
Deferred tax	0	(64)
Hedging reserve closing balance	**0**	**0**

26. CONTINGENT LIABILITIES AND COMMITMENTS

Company disputes under litigation or arbitration

On 31 December 2016, there were pending lawsuits against the Company, the outcome of which is uncertain, amounting to €102.833 thousand (31 December 2015: €99.046 thousand). The maximum risk from the final decisions on the above cases is estimated at €28.666 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 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 €1.724 thousand. 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, 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. On 4.11.2014 the Company filed a petition of annulment before the Supreme Administrative Court challenging vigorously the appellate judgment which was discussed on 8.6.2015 before the 6th Department (7-member composition) of the Supreme Administrative Court. The Supreme Administrative Court issued on 22.2.2016 a judgement which accepted the petition of annulment of the Company, annulled the last appellate judgment and remitted the case to the Administrative Court of Appeal of Athens so as to judge anew the substance of the argument in the context set by the Supreme Administrative Court. The case was discussed again before the Administrative Court of Appeal of Athens on 25.01.2017 while the decision is expected.

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.

26. CONTINGENT LIABILITIES AND COMMITMENTS - continued

Unaudited tax years

The years 2011, 2012, 2013, 2014 and 2015 of the company and the years 2012, 2013 and 2014 of the absorbing company EVIESK S.A. have been audited by the elected statutory auditor of C.L. 2190/1920, in accordance with article 82 of L. 2238/1994 and article 65A of L. 4174/13 and the related tax compliance certificates were issued and were unqualified. According to POL 1006/5.1.2016, the companies for which an unqualified tax certificate is issued, are not exempt from statutory audit by the tax authorities for violations of tax legislation. Therefore, the tax authorities may return and conduct their own tax audit. In this context for the year 2012, the order no 357/12-07-2017 for tax audit was issued from the Tax Audit Center for Large Enterprises (Κ.Ε.ΜΕ.ΕΠ). This audit has not started until the date of publication of the Company's Financial Statements. However, it is estimated by the Company's management that the results of such future audits by the tax authorities, if finally implemented, will not have a significant effect in the financial position of the Company.

Until the approval date of the Financial Statements, the tax audit by the statutory auditor of year 2016 had not been completed. However, no significant additional charges are expected.

The tax authorities have not audited the absorbed company EVIESK S.A. for the year 2015 as well as for the 8month period ending 31 August 2016 (balance sheet transition date) and therefore the tax liabilities for these years are not finalised. In a future tax audit, additional taxes and surcharges are possible to be imposed, the amount of which cannot be precisely defined at present. However, it is estimated by the Company's management that they will not have a significant effect in the financial position of the Company.

Granted guarantees

The letters of guarantee that have been provided to secure liabilities of the Company and were in force as at 31 December 2016 and 31 December 2015 are analysed as follows:

Amounts in thousands of Euro	31/12/2016	31/12/2015
Granted guarantees	5.507	4.244
	5.507	4.244

Commitments for purchases and capital expenditure

Commitments for purchases and capital expenditure which were in force as at 31 December 2016 and 31 December 2015 respectively are analysed below:

Amounts in thousands of Euro	31/12/2016	31/12/2015
Purchase contracts	48.691	32.060
Capital expenditure contracts	0	1.905
	48.691	33.965

Operating leases contracts

On the reporting date of the Financial Statements, 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	31/12/2016	31/12/2015
Within one year	84	181
Within two and up to five years	340	355
Over five years	198	198
	622	734

27. OPERATING LEASES

The Company as Lessee:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Lease payments for land and quarries	447	441
Lease payments for buildings	268	287
Lease payments for central offices	521	531
Lease payments for residences	114	97
Lease payments for port facilities	24	24
Lease payments for machinery & equipment	20	21
Lease payments for transportation means	546	567
Other	72	31
Operating lease payments recognised as an expense in the statement of profit or loss	**2.012**	**1.999**

28. AUDITORS' FEES

The total audit fees of the Certified Auditors, for the financial years 2016 and 2015, are analysed as follows:

Amounts in thousands of Euro

	31/12/2016	31/12/2015
Audit Services	241	402
	241	**402**

29. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions of the Company with its subsidiaries, on the one hand, which are related parties, and with the parent company along with other Group LafargeHolcim companies, on the other, are disclosed below:

Amounts in thousands of Euro

Related Parties	1/1-31/12/2016 Sales of goods and services	1/1-31/12/2016 Purchases of goods and services	1/1-31/12/2016 Royalties	1/1-31/12/2016 Interest income	1/1-31/12/2015 Sales of goods and services	1/1-31/12/2015 Purchases of goods and services	1/1-31/12/2015 Royalties	1/1-31/12/2015 Interest income
HERACLES G.C.C. SUBSIDIARIES								
HERACLES MARITIME CO.	44	16.422	0	0	36	14.472	0	0
LAFARGE BETON S.A.	13.197	624	0	0	12.409	711	0	0
LAVA S.A.	317	1.741	0	0	311	1.390	0	0
AEGEAN TERMINALS S.A.	0	0	0	2	0	0	0	2
BIOMASS S.A.	1	155	0	3	1	28	0	2
G. HATZIKYRIAKOS SOC. NAV.	1	0	0	0	1	0	0	0
DYSTOS SOC. NAV.	1	0	0	0	1	0	0	0
LAFARGE HOLCIM GROUP COMPANIES								
LAFARGE S.A.	518	253	5.552	0	7.858	540	6.048	0
CEMENTIA TRADING S.A.	77.937	4.553	0	0	72.208	3.981	0	0
LAFARGE ENERGY SOLUTIONS S.A.S.	12.489	37.058	0	0	18.259	30.246	0	0
OTHER LAFARGE HOLCIM GROUP COMPANIES	3.596	3.442	0	0	724	3.424	0	0
Total	**108.101**	**64.248**	**5.552**	**5**	**111.809**	**54.792**	**6.048**	**4**

Amounts in thousands of Euro

Related Parties	31/12/2016 Receivables	31/12/2016 Payables	31/12/2015 Receivables	31/12/2015 Payables
HERACLES G.C.C. SUBSIDIARIES				
HERACLES MARITIME CO.	0	5.808	0	7.837
LAFARGE BETON S.A.	4.217	0	3.353	0
LAVA S.A.	0	3.950	0	4.015
AEGEAN TERMINALS S.A.	36	0	34	0
BIOMASS S.A.	0	0	77	0
G. HATZIKYRIAKOS SOC. NAV.	0	18	0	19
DYSTOS SOC. NAV.	6	0	5	0
LAFARGE HOLCIM GROUP COMPANIES				
LAFARGE S.A.	35	1.940	217	3.509
CEMENTIA TRADING S.A.	6.319	493	7.427	869
LAFARGE ENERGY SOLUTIONS S.A.S.	1.623	11.807	2.010	8.770
OTHER LAFARGE HOLCIM GROUP COMPANIES	914	55.502	898	19.277
Total	**13.150**	**79.518**	**14.021**	**44.296**

In Long-term debt, an amount of €53.000 thousand is included, relating to a loan the Company was granted from the LafargeHolcim Group entity SABELFI FRANCE. For the year ended 31 December 2015, the amount of the loan from the above-mentioned company was €18.000 thousand.

All transactions of the Group and the Company with related parties according to IAS 24 were conducted under the usual market terms.

29. 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

	1/1-31/12/2016	**1/1-31/12/2015**
Fees and other benefits	2.251	2.866
Provision for retirement compensation and paid compensations	39	855
BoD members attendance fees	166	166
	2.456	**3.887**

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

30. RESTATMENTS

The merger of subsidiary EVIESK S.A. is presented in the Financial Statements of the current year with the pooling of interest method, according to this method the financial statements of the subsidiary are included in the financial statements of the absorbing parent company AGET HERACLES, retrospectively, from the beginning of the first presented period. Consequently, the financial statements of AGET HERACLES were restated as if the merger has always been in force. The restatement of the statement of profit and loss and the statement of financial position is presented in the following tables:

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2015

Amounts in thousands of Euro	**PUBLISHED 1/1-31/12/2015**	**IMPACT OF SUBSIDIARY MERGER**	**RESTATED 1/1-31/12/2015**
Operating results			
Turnover	218.330	0	218.330
Cost of sales	(195.260)	0	(195.260)
Gross profit / (loss)	**23.070**	**0**	**23.070**
Administrative & distribution expenses	(23.172)	(166)	(23.338)
Other operating income / (expenses)	(6.719)	1.538	(5.181)
Impairment of investments in subsidiaries	(31.486)	0	(31.486)
Operating profit / (loss)	**(38.307)**	**1.372**	**(36.935)**
Finance income / (expenses)	(3.839)	(1.417)	(5.256)
Profit / (loss) for the year before tax	**(42.146)**	**(45)**	**(42.191)**
Income tax	4.435	(21)	4.414
Net profit / (loss) for the year after tax	**(37.711)**	**(66)**	**(37.777)**
Number of shares	71.082.707	71.082.707	71.082.707
Earnings / (losses) per share (in €)	(0,53)	(0,00)	(0,53)

30. RESTATMENTS - continued

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

Amounts in thousands of Euro	PUBLISHED 31/12/2015	IMPACT OF SUBSIDIARY MERGER	RESTATED 31/12/2015
Fixed assets or non-current assets			
Intangible assets	402	0	402
Tangible assets	252.011	0	252.011
Investment property	0	1.417	1.417
Investments in subsidiaries and associates	37.529	0	37.529
Other investments	57	0	57
Other non-current receivables	4.557	1	4.558
Deferred tax assets	55.518	0	55.518
Total fixed assets or non-current assets	**350.074**	**1.418**	**351.492**
Current assets			
Inventories	43.134	0	43.134
Trade receivables	33.709	0	33.709
Other receivables	49.932	(28.444)	21.488
Cash and cash equivalents	17.881	904	18.785
Income tax receivables	627	57	684
Total current assets	**145.283**	**(27.483)**	**117.800**
Total assets	**495.357**	**(26.065)**	**469.292**
Equity			
Share capital	120.841	0	120.841
Share premium	1.279	0	1.279
Reserves	161.825	2.285	164.110
Retained earnings	20.841	(3.419)	17.422
Total Shareholders' equity	**304.786**	**(1.134)**	**303.652**
Total equity	**304.786**	**(1.134)**	**303.652**
Non-current liabilities			
Provision for staff termination indemnity	17.130	0	17.130
Other non-current provisions	42.717	(25.601)	17.116
Long-term debt	18.000	0	18.000
Total non-current liabilities	**77.847**	**(25.601)**	**52.246**
Current liabilities			
Provision for staff termination indemnity	683	0	683
Trade payables	68.651	77	68.728
Other payables	18.288	593	18.881
Income tax liabilities	232	0	232
Other current provisions	5.075	0	5.075
Dividends payable	45	0	45
Short-term debt	19.750	0	19.750
Total current liabilities	**112.724**	**670**	**113.394**
Total liabilities	**190.571**	**(24.931)**	**165.640**
Total liabilities and equity	**495.357**	**(26.065)**	**469.292**

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

According to the Company Management's best knowledge, no subsequent events after 31 December 2016 exist that may have a significant impact on 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.