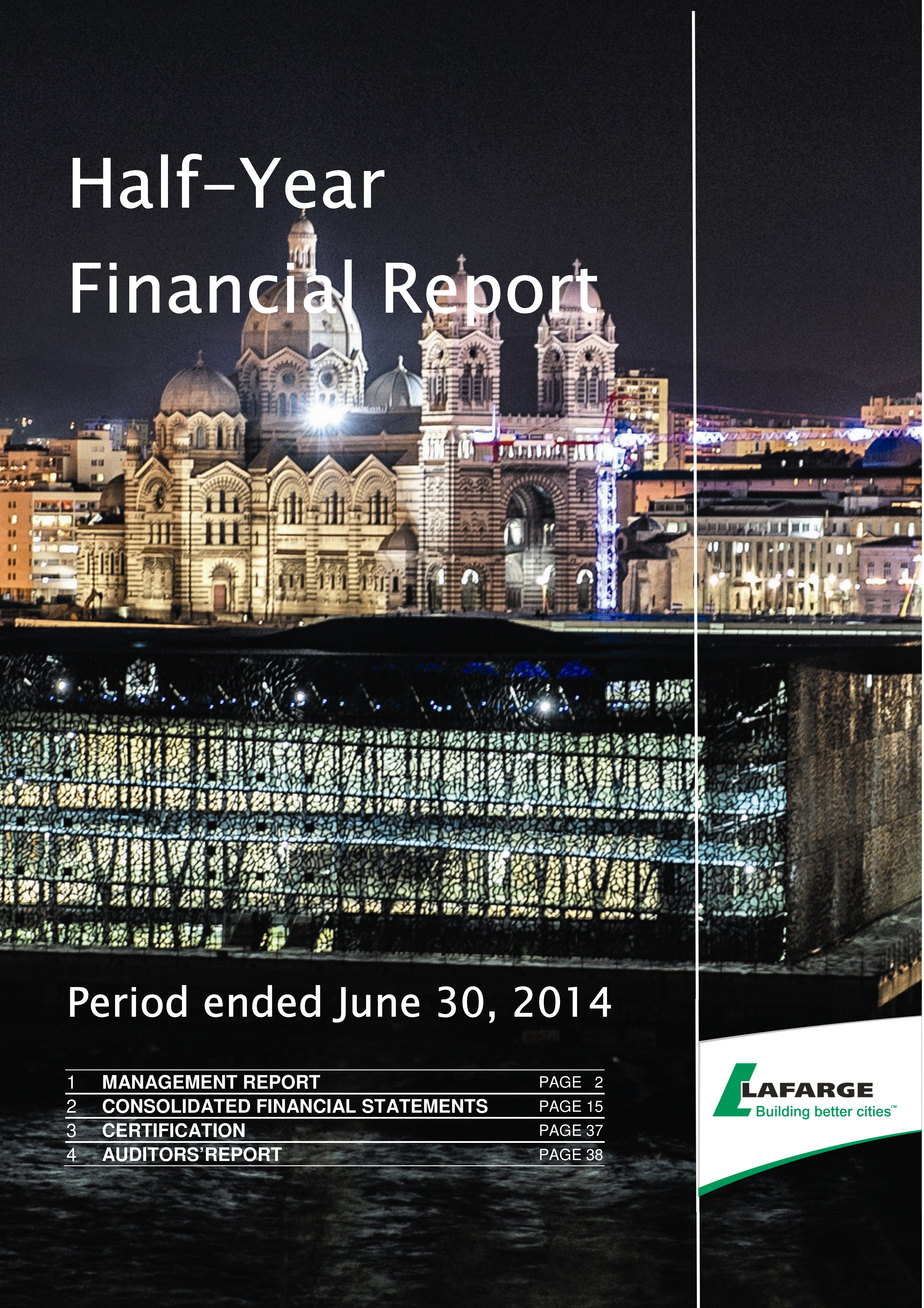

Half-Year Financial Report

Period ended June 30, 2014

1. Management Report

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 24, 2014 to approve the accounts for the period ended June 30, 2014. Further to their limited review of the half-year condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Half-Year 2014 Financial Report.

This half-year management report should be read in conjunction with the interim condensed consolidated financial statements for the first six months of the year and the company's Registration Document for the fiscal year 2013 filed with the Autorité des Marchés Financiers on April 2, 2014 under number D.14-0275. Lafarge operates in a constantly evolving environment, which exposes the Group to risk factors and uncertainties in addition to the risk factors related to its operations. A detailed description of these risk factors and uncertainties is included in chapter 5 "Risks and control" of the company's Registration Document. The materialization of these risks could have a material adverse effect on our operations, our financial condition, our results, our prospects or our share price, particularly during the remaining six months of the fiscal year. There may be other risks that have not yet been identified or whose occurrence is not considered likely to have such a material adverse effect as of the date hereof.

Hereinafter, and in our other shareholder and investor communications, "current operating income" (COI) refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statements of income. This measure excludes from our operating results those elements that are by nature unpredictable in their amount and/or in their frequency, such as capital gains, asset impairments and restructuring costs. While these amounts have been incurred in recent years and may recur in the future, historical amounts may not be indicative of the nature or amount of these charges, if any, in future periods. The Group believes that the subtotal "current operating income" is useful to users of the Group's financial statements as it provides them with a measure of our operating results which excludes these elements, enhancing the predictive value of our financial statements and provides information regarding the results of the Group's ongoing trading activities that allows investors to better identify trends in the Group's financial performance.

In addition, current operating income is a major component of the Group's key profitability measure, return on capital employed (which is calculated by dividing the sum of "operating income before capital gains, impairment, restructuring and other" and income from joint-ventures and associates by the averaged capital employed). This measure is used by the Group internally to: a) manage and assess the results of its operations and those of its business segments, b) make decisions with respect to investments and allocation of resources, and c) assess the performance of management personnel. However, because this measure has limitations as outlined below, the Group limits the use of this measure to these purposes.

The Group's subtotal within operating income may not be comparable to similarly titled measures used by other entities. Further, this measure should not be considered as an alternative for operating income as the effects of capital gains, impairment, restructuring and other amounts excluded from this measure do ultimately affect our operating results and cash flows. Accordingly, the Group also presents "operating income" within the consolidated statement of income which encompasses all amounts which affect the Group's operating results and cash flows.

EBITDA is defined as the current operating income before depreciation and amortization on tangible and intangible assets and is a non-GAAP financial measure.

Amounts are generally expressed in million euros and variations like-for-like are variations at constant scope and exchange rates, unless indicated otherwise.

In order to have comparative information, and in accordance with IFRS, 2013 figures have been restated to reflect the application of the new accounting standard on joint arrangements (IFRS 11) applicable as at January 1, 2014.

*This document contains forward-looking statements. Such forward-looking statements do not constitute forecasts regarding results or any other performance indicator, but rather trends or targets, as the case may be, including with respect to plans, initiatives, events, products, solutions and services, their development and potential. Although Lafarge believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions as at the time of publishing this document, investors are cautioned that these statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are difficult to predict and generally beyond the control of Lafarge, including but not limited to the risks described in the Lafarge's annual report available on its Internet website (*www.lafarge.com*) and uncertainties related to the market conditions and the implementation of our plans. Nothing contained herein is, or shall be relied on as, a promise or representation as to the future performance of Lafarge. Accordingly, we caution you against relying on forward looking statements. Lafarge does not undertake to provide updates of these forward-looking statements.*

More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), including under "Regulated Information" section.

This communication does not constitute an offer to purchase or exchange or the solicitation of an offer to sell or exchange any securities of Lafarge.

1.1 Consolidated key figures

Summary of the key figures

	6 Months 2014	6 Months 2013	Variation	Variation like-for-like (4)	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like (4)
Volumes								
Cement (MT)	57.0	54.5	5%	7%	*31.1*	*30.6*	*2%*	*4%*
Pure Aggregates (MT)	69.9	70.7	-1%	1%	*43.0*	*44.3*	*-3%*	*-1%*
RMX-Concrete (Mm3)	12.8	13.0	-1%	-2%	*7.1*	*7.2*	*-2%*	*-4%*
Sales (million euros)	6,000	6,234	-4%	6%	3,367	3,559	-5%	3%
EBITDA (million euros)	1,155	1,167	-1%	13%	812	825	-2%	9%
EBITDA Margin	19.3%	18.7%	60bps	130bps	24.1%	23.2%	90bps	140bps
COI (million euros)	755	739	2%	20%	609	611	-	12%
Net income – Group share (1)	70	84	-17%		205	201	2%	
Earnings per share (euros) (2)	0.24	0.29	-17%		0.71	0.70	2%	
Free Cash Flow (3)	(160)	(114)	nm		(37)	151	nm	
Net Debt	10,104	11,243	-10%					

(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.4 million and 287.3 for the second quarter 2014 and 2013, and 287.4 million and 287.2 for the first-half 2014 and 2013, respectively
(3) Defined as the net cash generated or used in continuing operating activities less sustaining capital expenditures
(4) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the €20m one-time gain recorded in the first quarter 2013 in North America
nm: not meaningful

Sales by geographical area and activity

(in million euros)	6 Months 2014	6 Months 2013	Variation	Scope	Foreign Exchange Effect	Variation like-for-like	2nd Quarter 2014	2nd Quarter 2013	Variation like-for-like
By geographical zone									
North America	1,132	1,229	-8%	-2%	-10%	4%	756	794	6%
Western Europe	1,079	1,101	-2%	-	-	-2%	576	622	-7%
Central & Eastern Europe	489	488	-	-6%	-6%	12%	316	340	4%
Middle East and Africa	1,854	1,800	3%	-	-7%	10%	961	962	7%
Latin America	350	456	-23%	-16%	-14%	7%	177	238	1%
Asia	1,096	1,160	-6%	-	-11%	5%	581	603	5%
By activity									
Cement	4,100	4,227	-3%	-3%	-7%	7%	2,246	2,365	4%
Aggregates & Concrete	1,878	1,981	-5%	-	-7%	2%	1,109	1,179	1%
Holding and others	22	26					12	15	
TOTAL	**6,000**	**6,234**	**-3.8%**	**-2.0%**	**-7.3%**	**5.5%**	**3,367**	**3,559**	**3.2%**

EBITDA by geographical area and activity

(in million euros)	6 Months 2014	6 Months 2013	Variation	Scope and one-offs(1)	Foreign Exchange Effect	Variation like-for-like (1)	2nd Quarter 2014	2nd Quarter 2013	Variation like-for-like (1)
By geographical zone									
North America	115	126	-9%	-26%	-13%	30%	*177*	139	48%
Western Europe	146	119	23%	-	-	23%	*107*	112	-4%
Central & Eastern Europe	71	45	58%	5%	-4%	57%	*88*	80	18%
Middle East and Africa	529	487	9%	1%	-7%	15%	*279*	270	10%
Latin America	73	122	-40%	-24%	-11%	-5%	*35*	71	-24%
Asia	221	268	-18%	-	-10%	-8%	*126*	153	-10%
By activity									
Cement	1,051	1,074	-2%	-5%	-8%	11%	687	705	8%
Aggregates & Concrete	110	102	8%	-7%	-8%	23%	129	125	14%
Holding and others	(6)	(9)					(4)	(5)	
TOTAL	1,155	1,167	-1%	-6%	-8%	13%	812	825	9%

(1) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the €20m one-time gain recorded in the first quarter 2013 in North America

1.2. Review of the results of operations

When we analyze our volumes and sales trends per country, and unless specified, we comment on the domestic volumes and sales both originating and completed within the relevant geographic market, and thus exclude export sales and volumes.

Group highlights for the second quarter

- Solid organic growth continued, underpinned by volumes and higher prices, as well as cost reduction and innovation measures. At constant scope and exchange rates, sales and EBITDA improved 3% and 9% respectively.
- As expected, adverse exchange rates continued to weigh on sales and EBITDA, with a -7% negative impact on both during the quarter (-224 million euros on sales and -56 million euros on EBITDA).
- EBITDA margin increased 90 basis points and 140 basis points at constant scope and exchange rates in the second quarter, bolstered by cost cutting and innovation measures which generated respectively 115[1] million euros and 50[1] million euros during the quarter. For the first half, these measures contributed 290 million euros, on track to deliver more than 600 million euros in 2014.
- Net income Group share in the second quarter was up 2% compared to 2013 as organic growth more than offset the adverse impact of foreign exchange. Net income in the first quarter 2013 was impacted by 45 million euros one-time gains on divestments. Excluding this impact, first-half 2014 net income Group share is improving by c. 30 million euros.
- Deleveraging actions continued with 1.1 billion euros of divestments proceeds secured since the beginning of the year, of which 0.4 billion euros were received in the first half. Net debt at the end of June 2014 decreased 1.1 billion euros compared to the second quarter last year.
- We have announced a list of proposed asset disposals as part of our planned merger to create LafargeHolcim.

[1] Total EBITDA figures before application of IFRS 11 on joint-ventures. After application of IFRS 11, these measures generated €140 million (€95 million for cost savings and €45 million for innovation) at EBITDA level

Overview of operations: Sales and EBITDA

The construction sector was overall better oriented in the first semester of 2014 than last year. Europe indeed benefited from mild weather and improving trends in most countries. North America experienced higher volumes notably supported by the growth in the residential sector. In emerging markets, the construction activity continued to benefit from solid trends.

At constant scope, cement sales volumes increased 7% year-to-date and 4% in the second quarter, primarily supported by solid growth in the United States after a first quarter hampered by harsh weather, higher volumes in Egypt as we progressively implemented our fuel diversification strategy, the start-up of our new plant in Rajasthan (India), our innovation actions and higher export sales. Our like-for-like aggregates and ready-mix volumes were respectively up 1% and down 2% compared with the first-half 2013. In the second quarter, they were respectively down 1% and 4%, mostly reflecting the lower level of activity in France.

Consolidated sales, at 6,000 million euros for the first semester 2014, were down 4% versus last year, and decreased 5% to 3,367 million euros in the second quarter 2014.

Net changes in the scope of consolidation had a negative impact on year-to-date sales of -2.0% (or -128 million euros), mostly reflecting the divestment of our Honduran and Ukrainian cement operations, the effect of the deconsolidation of our Mexican operations after the formation of a joint-venture with Elementia, and the disposal of some aggregates assets in the United States. Currency impacts were unfavorable (-7.3% on the year-to-date sales, or -419 million euros), mainly due to the appreciation of the euro versus the Canadian and the US dollars, the South African rand, the Brazilian real and various currencies in Asia, notably the Indian rupee.

At constant scope and exchange rates, consolidated sales rose 6% year-to-date and 3% in the second quarter, under the combined effect of higher volumes and increased prices across our product lines to address cost inflation. In the second quarter, cement prices were up 2.2% compared to the second quarter 2013 and increased sequentially 1.4% from the first quarter 2014 levels, in response to cost inflation.

EBITDA was also negatively impacted by exchange rates (-8%, or -85 million euros year-to-date) and changes in scope (-3% or -36 million euros year-to-date) and compares to a first-half 2013 EBITDA that included a one-time gain (20 million euros gain linked to management's decision to review pension commitments in North America).

On a like-for-like basis, EBITDA improved 13% and 9% compared with the first semester 2013 and the second quarter 2013, respectively. EBITDA margins were strongly up, bolstered by our measures to reduce costs and promote innovation, generating a total of additional EBITDA[2] of 165 million euros in the quarter and 290 million euros over the semester.

---

[2] Total EBITDA figures before application of IFRS 11 on joint-ventures. After application of IFRS 11, these measures generated 140 million euros in the second quarter (95 million euros for cost savings and 45 million euros for innovation) and 250 million euros in the first semester

Review of operations by region

North America

Volumes	6 Months 2014	6 Months 2013	Variation	Variation like-for-like[1]	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like
Cement (MT)	4.6	4.4	4%	4%	3.1	2.9	6%	6%
Pure Aggregates (MT)	32.4	36.1	-10%	-4%	22.1	24.0	-8%	-3%
RMX-Concrete (Mm3)	2.3	2.5	-6%	-7%	1.5	1.5	-1%	-3%
Sales (million euros)	1,132	1,229	-8%	4%	756	794	-5%	6%
EBITDA (million euros)	115	126	-9%	30%	177[2]	139	27%	48%
EBITDA Margin	10.2%	10.3%	-10bps	210bps	23.4%	17.5%	590bps	670bps
COI (million euros)	50	48	4%	nm	144	99	45%	69%

(1) Variations like-for-like are calculated at constant scope and exchange rates, and excluding the €20m one-time gain recorded in the first quarter 2013
(2) Including a €11m one-time gain

Overall, market trends are solid in the region, on the back of improved trends in the residential sector in the United States and the well-oriented economy in Western Canada. Volumes returned to positive territory in the second quarter 2014, after a first quarter particularly affected by adverse weather in our relevant regions in the United States and in Canada.

Sales decreased 8% year-to-date (5% in the second quarter), strongly impacted by the adverse effect of foreign exchange variations. In the first semester, the depreciation of the Canadian dollar and the US dollar against the euro had a negative impact of 10% on sales, while the effect of the divestment of some aggregates assets reduced sales by 2%.

At constant scope and exchange rates, sales were up 4% year-to-date and 6% in the second quarter, with price gains across all product lines and higher cement volumes.

- **In the United States,** the construction sector experienced a significant catch-up from March 2014, after a weak start of the year due to a particularly adverse weather in the Northeast region. Like-for-like, cement volumes sold increased 6% year-to-date and 9% compared with the second quarter 2013. Aggregates and ready-mix sales volumes dropped respectively 4% and 9% versus the first half 2013, as these activities are more exposed to the infrastructure segment, with some improving trends in the second quarter.
- **In Canada,** sales were overall stable, impacted by a late start of the construction season after a particularly harsh winter, notably in the East. Pricing gains and higher volumes in Western Canada compensated for a milder market in Quebec. Like-for-like, cement volumes sold increased 1% year-to-date and 2% compared with the second quarter 2013. Aggregates and ready-mix sales volumes decreased respectively 4% and 6% versus the first half 2013, as some major projects were completed last year in Western Canada.

At constant scope and exchange rates, and excluding a one-time gain of 20 million euros on pensions recorded in the first quarter 2013, EBITDA strongly improved in the quarter and year-to-date, reflecting the combined impact of the operating leverage in the United States and significant cost savings and innovation measures. Prices were progressively increased in response to cost inflation. The first-half 2014 EBITDA includes two non-recurring elements, a 16 million euros adverse impact from destocking in the first quarter almost offset by a one-time gain of 11 million euros recorded in the second quarter 2014.

Western Europe

Volumes	6 Months 2014	6 Months 2013	Variation	Variation like-for-like	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like
Cement (MT)	5.9	5.9	-	-	3.3	3.5	-4%	-4%
Pure Aggregates (MT)	17.4	17.1	2%	3%	9.2	9.7	-5%	-4%
RMX-Concrete (Mm3)	3.7	3.8	-2%	-3%	1.9	2.0	-8%	-9%
Sales (million euros)	1,079	1,101	-2%	-2%	576	622	-7%	-7%
EBITDA (million euros)	146	119	23%	23%	107	112	-4%	-4%
EBITDA Margin	13.5%	10.8%	270bps	270bps	18.6%	18.0%	60bps	60bps
COI (million euros)	60	30	100%	103%	64	68	-6%	-4%

Our sales decreased 2% year-to-date and 7% compared with the second quarter 2013, reflecting lower volumes in several countries. The impact of changes in scope and exchange rates was negligible.

- **In France**, construction activity was soft, and our volumes decreased across all product lines in the second quarter. Year-to-date, our cement and RMX volumes were down 5% and 6% respectively, while aggregates volumes grew 2% benefiting from some road projects and a more favorable comparison basis in the first quarter.
- **In Spain,** some signs of economic recovery are perceived, but have not yet translated into the construction sector. Cement volumes were up 1% year-to-date and down 8% compared with the second quarter 2013.
- The construction activity **in Greece** continued to show signs of improvement resulting in an increase in our volumes from low levels. Our cement and ready-mix concrete businesses were bolstered by several large infrastructures projects recently launched, although the rate of growth was more moderate in the second quarter.

Year-to-date, EBITDA improved 27 million euros, reflecting the impact of cost-cutting and innovation measures. In the second quarter, EBITDA margin improved 60 basis points, underpinned by self-help measures compensating for lower sales.

Central and Eastern Europe

	6 Months		Variation	Variation like-for-like	2nd Quarter		Variation	Variation like-for-like
Volumes	2014	2013			2014	2013		
Cement (MT)	5.4	5.4	-	6%	3.5	3.8	-9%	-3%
Pure Aggregates (MT)	9.4	7.9	20%	9%	6.1	5.5	13%	7%
RMX-Concrete (Mm3)	1.0	0.6	61%	61%	0.6	0.4	50%	50%
Sales (million euros)	489	488	-	12%	316	340	-7%	4%
EBITDA (million euros)	71	45	58%	57%	88	80	10%	18%
EBITDA Margin	14.5%	9.2%	530bps	420bps	27.8%	23.5%	430bps	320bps
COI (million euros)	28	1	nm	nm	66	57	16%	22%

Overall, the region benefited from improving market trends and mild weather in most countries.

Sales were stable versus last year, and down 7% compared with the second quarter 2013, impacted by the depreciation of the Russian rouble and the effect of the divestment of our Ukrainian cement assets completed at the end of the third quarter 2013.

At constant scope and exchange rates, sales were up 12% year-to-date and 4% in the quarter, with favorable trends in most markets and several projects in aggregates and concrete.

- **In Poland,** the construction market continued to grow in the second quarter, although at a more moderate pace after the strong first quarter. Our sales increased both in the quarter and year-to-date, driven by the launch of large infrastructure projects bolstering our aggregates and ready-mix concrete products. Prices were raised to offset cost inflation.
- **In Romania,** cement volumes were up 6% year-to-date. They contracted by 4% in the second quarter, after the early start of projects due to favourable weather in the first quarter.
- **In Russia,** the overall cement market consumption slightly increased compared to last year. Cement volumes sold rose 7% versus the second quarter 2013 and 4% year-to-date, with pricing gains to offset cost inflation. Our new 2 MT plant located in the south of the Moscow region started production in April and should progressively help us to capture expected market growth.

EBITDA improved by 26 million euros compared with the first semester 2013 and by 8 million euros versus the second quarter 2013, mostly driven by cost containment and a strong focus on innovation, and despite the adverse impact of changes in scope and the foreign currency variations. EBITDA margins grew solidly, reflecting the impact of the self-help measures.

Middle East and Africa

Volumes	6 Months 2014	6 Months 2013	Variation	Variation like-for-like	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like
Cement (MT)	21.5	19.4	11%	7%[(1)]	11.0	10.3	7%	2%[(1)]
Pure Aggregates (MT)	5.0	4.2	19%	19%	2.6	2.3	14%	14%
RMX-Concrete (Mm3)	2.8	2.5	8%	5%	1.5	1.4	5%	2%
Sales (million euros)	1,854	1,800	3%	10%	961	962	-	7%
EBITDA (million euros)	529	487	9%	15%	279	270	3%	10%
EBITDA Margin	28.5%	27.1%	140bps	130bps	29.0%	28.1%	90bps	90bps
COI (million euros)	400	351	14%	21%	214	203	5%	13%

(1) domestic only

Middle East and Africa benefited from solid market trends overall.

Sales were up 3% year-to-date, and stable compared with the second quarter 2013, impacted by a 7% adverse impact of exchange rates.

At constant scope and exchange rates, our sales were up 10% year-to-date and 7% in the quarter, with a positive contribution from most countries over the semester.

- **In Nigeria,** the construction market benefited from solid trends overall. Our cement sales rose 7% in the second quarter, capped by some temporary production limitations, and increased 10% year-to-date. Prices were positively oriented in response to cost inflation.
- **In Algeria**, cement sales were up 3% versus a particularly high second quarter 2013, with catch-up after a strike in the first quarter 2013. They were up 16% year-to-date, reflecting the significant cement needs in this country and the continuous focus put on innovative products. We also continued to develop our ready-mix activities in the country to expand our customer offer.
- **In Egypt**, our production levels continued to be impacted by energy shortages. Our cement volumes improved from a low level, as measures to limit such impact are progressively implemented, including the use of petcoke in our fuel mix since we obtained the relevant permits. Cement volumes improved 22% in the second quarter and 20% year-to-date, while prices rose in a context of increased costs and cement shortage in the country.
- **In Iraq**, cement volumes rose 5% year-to-date, supported by a strong underlying demand. Nevertheless, our cement volumes slightly dropped by 1% in the second quarter, as the reduced ability to transport cement across the country in June due to the current situation offset the solid growth experienced in April and May. Price levels were lower than last year, reflecting 2013 price adjustments linked to Iranian imports and a price drop in the north of the country in June.
- **Kenya** enjoyed strong construction activity. Our cement volumes were up 5% year-to-date while average prices were lower than last year.
- **In South Africa**, the first semester 2014 was affected by May general elections and a strike in the platinum sector. Our cement volumes were down 8% both in the quarter and year-to-date, also impacted by the start-up of a new competitor's plant. Aggregates sales improved versus the first semester 2013, supported by the continuation of major projects launched last year and the high demand in the road segment.

Like-for-like EBITDA rose 15% year-to-date and 10% compared with the second quarter 2013, supported by the combined effect of higher sales and significant cost reduction and innovation measures, and despite an adverse 6 million euros impact from the current situation in Iraq.

Latin America

Volumes	6 Months 2014	6 Months 2013	Variation	Variation like-for-like	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like
Cement (MT)	3.6	4.5	-19%	-	1.7	2.3	-23%	-5%
Pure Aggregates (MT)	1.3	1.2	5%	3%	0.7	0.7	-6%	-10%
RMX-Concrete (Mm3)	0.7	0.6	24%	24%	0.4	0.3	16%	16%
Sales (million euros)	350	456	-23%	7%	177	238	-26%	1%
EBITDA (million euros)	73	122	-40%	-5%	35	71	-51%	-24%
EBITDA Margin	20.9%	26.8%	nm	-280bps	19.8%	29.8%	nm	-590bps
COI (million euros)	57	101	-44%	-9%	26	60	-57%	-31%

Sales and operational earnings were impacted by the depreciation of the Brazilian real and the divestments achieved in 2013 (disposal of our Honduran activity completed at the end of November 2013 and deconsolidation of our Mexican operations after the formation of a joint-venture with Elementia in July 2013).

At constant scope and exchange rates, sales grew 7% year-to-date and 1% compared with the second quarter 2013, mostly driven by pricing gains in a context of strong inflation, while the level of activity slowed down in the second quarter, impacted by the World Cup and the unfavorable timing of Easter.

- **In Brazil,** cement volumes were stable versus the first semester 2013, as the positive trends experienced in the first quarter were offset by a volume contraction in the second quarter, impacted by non-working days during the soccer World Cup. Prices increased to offset cost inflation. The new grinder located close to Rio was successfully started at the end of the first quarter 2014.
- **In Ecuador,** the construction market slightly contracted due to infrastructure projects delayed. Cement sales were up 1% year-to-date.

Like-for-like EBITDA dropped 5% year-to-date and 24% versus the second quarter 2013, dragged down by the combined effect of lower volumes and cost inflation, notably for fuel and raw materials. The decrease in EBITDA margin is partly explained by an increase of costs of cement freight re-invoiced to customers.

Asia

Volumes	6 Months 2014	6 Months 2013	Variation	Variation like-for-like	2nd Quarter 2014	2nd Quarter 2013	Variation	Variation like-for-like
Cement (MT)	16.0	14.9	7%	7%	8.5	7.8	8%	8%
Pure Aggregates (MT)	4.4	4.2	4%	-1%	2.3	2.1	5%	-2%
RMX-Concrete (Mm3)	2.3	3.0	-22%	-22%	1.2	1.6	-21%	-21%
Sales (million euros)	1,096	1,160	-6%	5%	581	603	-4%	5%
EBITDA (million euros)	221	268	-18%	-8%	126	153	-18%	-10%
EBITDA Margin	20.2%	23.1%	-290bps	-270bps	21.7%	25.4%	-370bps	-360bps
COI (million euros)	160	208	-23%	-12%	95	124	-23%	-15%

The region was strongly impacted by adverse effects of exchange rates, notably the depreciation of the Indian rupee.

At constant scope and exchange rates, sales were up 5% both quarter-to-date and year-to-date, mainly driven by the ramp-up of our new plant in India.

- **In India,** market growth was subdued with the general elections organized in April and May. Our cement volumes strongly increased, supported by our 2.6 MT new plant in Rajasthan which started in the third quarter 2013 and is progressively ramping-up. Prices were slightly lower than last year, but increased from fourth quarter levels both in the East and in Rajasthan.
- **In Malaysia,** cement sales were up 8% year-to-date and 4% in the second quarter, with price gains to offset higher costs, notably an increase in power. The construction market was positively oriented, but our production levels were limited at one of our plants in the second quarter. Our ready-mix concrete sales were reduced versus last year after the completion of certain large projects, notably the construction of a new terminal in the international airport of Kuala Lumpur.
- **In the Philippines,** the construction market experienced a slow start with delays in governmental spending, but market growth resumed from March and our cement volumes raised 4% in the second quarter, despite the unfavorable timing of Easter in April.
- **In South Korea,** construction activity was slightly below the level of last year, and our cement sales decreased 1% compared with the first semester 2013.

Despite solid cost reductions, EBITDA decreased, impacted by cost inflation, notably higher power costs, and lower prices in Northeast India. Our new plant in Rajasthan continues to ramp up and its contribution to EBITDA will improve progressively.

Other income statement items

The table below shows our operating income and net income for the periods ended June 30, 2014 and 2013:

(million euros)	6 Months		Variation
	2014	2013	%
EBITDA	**1,155**	**1,167**	**-1%**
Depreciation	(400)	(428)	-7%
Current Operating Income	**755**	**739**	**2%**
Net gains on disposals	33	46	nm
Other operating income (expenses)	(106)	(101)	nm
Operating Income	**682**	**684**	**-**
Net financial (costs) income	(470)	(488)	*-4%*
Of which Financial expenses	*(524)*	*(572)*	*-8%*
Financial income	*54*	*84*	*-36%*
Share of net income (loss) of joint ventures and associates	30	(11)	nm
Income before Income Tax	**242**	**185**	**31%**
Income tax	(100)	(60)	67%
Net Income from continuing operations	**142**	**125**	**14%**
Net income from discontinued operations	-	21	nm
Net income	**142**	**146**	**-3%**
of which part attributable to:			
- Owners of the parent Company	**70**	**84**	**-17%**
- Non-controlling interests	72	62	16%

Depreciation decreased to 400 million euros in 2014 from 428 million euros in the first semester 2013, reflecting the variations in foreign currency rates and the impact of divestments achieved in 2013 and early 2014.

Net gains on disposals were 33 million euros in the first half of 2014 versus 46 million euros in 2013, and mainly comprise the gain (33 million euros) on the disposal of some aggregates assets in Maryland (United States).

Other operating expenses primarily reflect the impact of impairments, restructuring and legal actions. They amounted to 106 million euros in the first half of 2014 versus 101 million euros in 2013. In 2014, the Group notably recorded 43 million euros of restructuring charges as part of executing its cost-cutting program (32 million euros in the second quarter).

Operating income was stable versus last year, at 682 million euros, as the effect of higher volumes and cost-savings and innovation measures compensated the adverse impact of foreign exchange variations.

Net finance costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, were reduced, at 470 million euros versus 488 million euros in the first half of 2013.

The financial expenses on net debt, at 380 million euros, were slightly reduced versus the first half of 2013. The average net debt decreased as deleveraging actions continued to be achieved, notably through divestments recently cashed-in. Our level of gross debt, at 12.4 billion euros, decreased in May as we used part of the cash available to repay the 1 billion euros bond maturing on May 27, 2014. The financial expenses on net debt should continue to be progressively reduced accordingly. The average interest rate on our gross debt was 6.5% in the first half of 2014, compared with a slightly lower rate last year, as the cash proceeds from the divestments limited the use of cheaper short-term borrowing to finance the seasonality of our cash flows.

Foreign exchange resulted in a loss of 11 million euros in the first semester of 2014 compared with a loss of 30 million euros in 2013.

Other financial costs were 79 million euros in 2014. They mainly comprise bank commissions, the amortization of debt issuance costs and the net interest costs related to pensions. They slightly rose versus last year as they include in 2014 the amortization of the issuance costs of a bond issued in September 2013 and the accelerated amortization of former costs on committed credit lines, for which the renegotiations of the terms were anticipated in the second quarter to benefit from better conditions while maintaining a high level of liquidity.

The contribution from our joint-ventures and associates represented a net gain of 30 million euros in the first half of 2014, versus a net loss of 11 million euros in 2013, primarily reflecting the rebound of our results in the United Kingdom, where synergies are ramping up and the market is recovering.

Income tax was 100 million euros in the first half of 2014, corresponding to an effective tax rate of 47%, due to a 38 million euros one-time non-cash impact linked to the divestment of our Maryland aggregates assets booked in the first quarter 2014.

Net income Group share[3] was 70 million euros in the first half of 2014 versus 84 million euros in 2013. Excluding the decrease of the net-of-tax gains and losses on divestments for 45 million euros in the first quarter, first-half 2014 net income improved by circa 30 million euros, as organic growth more than offset the adverse impact of foreign exchange. In the second quarter, net income Group share increased from 201 million euros to 205 million euros, despite a 12 million euros net income from discontinued operations recorded in 2013, supported by the higher net income from joint-ventures.

Non-controlling interests rose to 72 million euros versus 62 million euros in the first half of 2013 (42 million euros and 40 million euros in the second quarter 2014 and 2013, respectively), mainly reflecting the effect of higher volumes in several countries in Middle East and Africa.

Basic earnings per share was 0.24 euro in the first half of 2014 (0.71 euro in the second quarter 2014), compared to 0.29 euro in the first half of 2013 (0.70 euros in the second quarter 2013), reflecting the evolution of the net income attributable to the owners of the parent company, while the average number of shares was relatively stable.

---

[3] *Net income/loss attributable to the owners of the parent company*

Cash flow statement

Net operating cash used by continuing operations was 39 million euros in the first half of 2014, versus 1 million euros generated in 2013.

Net operating cash generated by continuing operations decreased 40 million euros negatively impacted by higher financial expenses paid for 30 million euros, mostly due to a financial interest coupon that was paid in the third quarter last year but in the second quarter this year. Working capital requirements were maintained at a low level. Our actions to optimize the strict working capital[4] indeed limited the normal increase of working capital during the period due to the seasonality of our activity and resulted in a positive evolution of the variation of the change in working capital. When expressed as a number of days of sales, our strict working capital requirement was reduced by 3 days compared to the end of the first semester 2013, mostly reflecting a reduction of the inventory levels and an optimization of the payables level.

Net cash generated used in investing activities from continuing operations was 107 million euros in the first half of 2014, compared with 333 million euros of net cash used in the first semester 2013.

Sustaining capital expenditures were almost stable at 121 million euros in the first half of 2014.

Capital expenditures for productivity projects and for the building of new capacity were contained to 322 million euros, as part of our strict capex management. They mostly comprise investments to finalize our plant in Kaluga (Russia) which produced its first cement in April and investments on our projects in North America (Exshaw – Canada and Ravena – United States) as well as range of debottlenecking projects.

Net of net debt disposed of, the divestment operations have reduced the Group's financial net debt by 423 million euros in the first half of 2014 (162 million euros in the first half of 2013). They were mainly related to the divestment of some aggregates quarries in Maryland (United States) and the sales of the remaining 20% stake in Siniat (Gypsum activities in Europe and Latin America).

Consolidated statement of financial position

At June 30, 2014, total equity stood at 16,133 million euros (16,285 million euros at the end of December 2013) **and net debt at 10,104 million euros** (9,846 million euros at the end of December 2013).

Total equity slightly decreased, as the 145 million euros positive non-cash impact of translating our foreign subsidiaries assets into euros combined with the 142 million euros net income generated over the period were more than offset by the dividends (350 million euros) and by the non-cash net actual losses (151 million euros).

The evolution of the net debt mostly reflects the impact of the usual seasonality on our cash flows and the capital expenditures invested in the first semester, strongly mitigated by the optimization of the working capital and the divestments achieved over the period.

Outlook

Overall the Group continues to see cement demand increasing for the full year and estimates market growth of between 2 to 5 percent in 2014 versus 2013. Emerging markets continue to be the main driver of demand and Lafarge will benefit from its well-balanced geographic spread of high quality assets.

Cost inflation should continue at a similar pace as in 2013, which should result in higher prices overall.

As announced in 2013, the Group targets to reduce net debt to below 9 billion euros in 2014[5].

---

[4] *Strict working capital: trade receivables plus inventories less trade payables.*

[5] *This objective, announced in 2013, was based on figures as reported, i.e. before the impact of the application of IFRS 11 on joint-ventures.*

2. Interim condensed consolidated financial statements

Consolidated statement of income

	6 months		2nd quarter		December 31,
(million euros, except per share data)	2014	2013*	2014	2013*	2013*
Revenue	**6,000**	**6,234**	**3,367**	**3,559**	**13,091**
Cost of sales	(4,695)	(4,869)	(2,487)	(2,625)	(9,944)
Selling and administrative expenses	(550)	(626)	(271)	(323)	(1,210)
Operating income before capital gains, impairment, restructuring and other	**755**	**739**	**609**	**611**	**1,937**
Net gains (losses) on disposals	33	46	7	1	291
Other operating income (expenses)	(106)	(101)	(76)	(60)	(295)
Operating income	**682**	**684**	**540**	**552**	**1,933**
Financial expenses	(524)	(572)	(261)	(284)	(1,122)
Financial income	54	84	23	39	138
Share of net income (loss) of joint-ventures and associates	30	(11)	41	14	-
Income before income tax	**242**	**185**	**343**	**321**	**949**
Income tax	(100)	(60)	(96)	(92)	(242)
Net income from continuing operations	**142**	**125**	**247**	**229**	**707**
Net income from discontinued operations	-	21	-	12	46
Net income	**142**	**146**	**247**	**241**	**753**
Of which attributable to:					
- Owners of the parent company	**70**	**84**	**205**	**201**	**601**
- Non-controlling interests (minority interests)	72	62	42	40	152
Earnings per share (euros)					
Attributable to the owners of the parent company					
Basic earnings per share	0.24	0.29	0.71	0.70	2.09
Diluted earnings per share	0.24	0.29	0.71	0.70	2.08
From continuing operations					
Basic earnings per share	0.24	0.22	0.71	0.66	1.93
Diluted earnings per share	0.24	0.22	0.71	0.66	1.92
Basic average number of shares outstanding (in thousands)	**287,376**	**287,205**	**287,393**	**287,283**	**287,268**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

	6 months		2nd quarter		December 31,
(million euros)	2014	2013*	2014	2013*	2013*
Net income	**142**	**146**	**247**	**241**	**753**
Items that will not be reclassified subsequently to profit or loss					
Actuarial gains / (losses)	(151)	84	(42)	76	119
Income tax on items that will not be reclassified to profit or loss	40	(32)	12	(25)	(74)
Total items that will not be reclassified to profit or loss	**(111)**	**52**	**(30)**	**51**	**45**
Items that may be reclassified subsequently to profit or loss					
Available-for-sale investments	-	-	-	-	(14)
Cash-flow hedging instruments	(2)	2	1	(1)	8
Foreign currency translation adjustments	145	(688)	220	(895)	(1,698)
Income tax on items that may be reclassified to profit or loss	1	(2)	1	(2)	(1)
Total items that may be reclassified to profit or loss	**144**	**(688)**	**222**	**(898)**	**(1,705)**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**33**	**(636)**	**192**	**(847)**	**(1,660)**
of which share of comprehensive income (loss) of joint-ventures and associates, net of income tax	*67*	*(77)*	*70*	*(114)*	*(32)*
TOTAL COMPREHENSIVE INCOME	**175**	**(490)**	**439**	**(606)**	**(907)**
Of which attributable to:					
- Owners of the parent company	***91***	***(517)***	***379***	***(598)***	***(928)***
- Non-controlling interests (minority interests)	*84*	*27*	*60*	*(8)*	21

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

The accompanying notes are an integral part of these consolidated financial statements.

Actuarial gains or losses

The evolution of the Group's net position on pension obligations resulted in an actuarial loss of 151 million euros recorded in equity during the first six months 2014 (111 million euros net of tax), which essentially arises from the defined benefit pension plans in the United-Kingdom, in the United-States and in Canada. The actuarial losses on these plans result mainly from the decrease of discount rates partly offset by actuarial gains on plan assets.

Foreign currency translation adjustments

Change in cumulative foreign currency translation adjustments from January 1, 2014 to June 30, 2014 (closing rate) comprises +126 million euros due to the appreciation of the Brazilian real, the British pound and the Nigerian naira compared with the euro currency, partially offset by -73 million euros mainly due to the depreciation of the Algerian dinar and Egyptian pound compared to the euro currency.

Consolidated statement of financial position

(million euros)	At June 30, 2014	At June 30, 2013*	At December 31, 2013*	At January 1st 2013*
ASSETS				
NON CURRENT ASSETS	**28,503**	**29,823**	**28,447**	**29,301**
Goodwill	11,041	11,642	11,027	11,953
Intangible assets	356	401	370	426
Property, plant and equipment	11,952	12,872	12,049	13,441
Investments in joint-ventures and associates	3,088	2,915	3,174	1,550
Other financial assets	765	741	667	727
Derivative instruments	40	2	12	27
Deferred tax assets	1,242	1,216	1,125	1,141
Other receivables	19	34	23	36
CURRENT ASSETS	**6,560**	**7,148**	**6,786**	**8,695**
Inventories	1,473	1,596	1,425	1,526
Trade receivables	2,000	1,853	1,546	1,539
Other receivables	750	728	680	690
Derivative instruments	11	47	24	68
Cash and cash equivalents	2,326	2,473	3,111	2,606
Assets held for sale	-	451	-	2,266
TOTAL ASSETS	**35,063**	**36,971**	**35,233**	**37,996**
EQUITY & LIABILITIES				
Common stock	1,150	1,149	1,149	1,149
Additional paid-in capital	9,723	9,704	9,712	9,695
Treasury shares	(4)	(1)	(1)	(11)
Retained earnings	6,644	6,254	6,868	6,477
Other reserves	(997)	(872)	(885)	(925)
Foreign currency translation adjustments	(2,155)	(1,373)	(2,288)	(719)
Equity attributable to owners of the parent company	**14,361**	**14,861**	**14,555**	**15,666**
Non-controlling interests (minority interests)	1,772	1,775	1,730	1,868
EQUITY	**16,133**	**16,636**	**16,285**	**17,534**
NON CURRENT LIABILITIES	**12,761**	**13,933**	**13,156**	**14,121**
Deferred tax liabilities	773	845	785	897
Pension & other employee benefits	1,356	1,336	1,218	1,476
Provisions	523	623	504	638
Financial debt	10,051	11,055	10,580	11,028
Derivative instruments	2	3	1	3
Other payables	56	71	68	79
CURRENT LIABILITIES	**6,169**	**6,402**	**5,792**	**6,341**
Pension & other employee benefits	128	103	123	102
Provisions	95	136	104	123
Trade payables	2,011	1,795	1,830	1,725
Other payables	1,399	1,516	1,211	1,427
Current tax liabilities	108	105	112	213
Financial debt (including current portion of long-term debt)	2,384	2,667	2,398	2,328
Derivative instruments	44	40	14	52
Liabilities associated with assets held for sale	-	40	-	371
TOTAL EQUITY AND LIABILITIES	**35,063**	**36,971**	**35,233**	**37,996**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows

(million euros)	6 months		2nd quarter		December 31,
	2014	2013*	2014	2013*	2013*
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**142**	**146**	**247**	**241**	**753**
Net income from discontinued operations	**-**	**21**	**-**	**12**	**46**
Net income from continuing operations	**142**	**125**	**247**	**229**	**707**
Adjustments for income and expenses which are non-cash or not related to operating activities, financial expenses or income tax:					
Depreciation and amortization of assets	400	428	203	214	857
Impairment losses	6	22	-	10	110
Share of net (income) loss of joint-ventures and associates	(30)	11	(41)	(14)	-
Net (gains) losses on disposals, net	(33)	(46)	(7)	(1)	(291)
Financial (income) / expenses	470	488	238	245	984
Income tax	100	60	96	92	242
Others, net (including dividends received from equity-accounted investments)	(11)	(24)	5	30	(137)
Change in w orking capital items, excluding financial expenses and income tax (see analysis below)	(410)	(418)	(256)	(170)	(56)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**634**	**646**	**485**	**635**	**2,416**
Interest (paid) received	(440)	(410)	(298)	(279)	(835)
Cash payments for income tax	(233)	(235)	(157)	(137)	(476)
Net operating cash generated by (used in) continuing operations	**(39)**	**1**	**30**	**219**	**1,105**
Net operating cash generated by (used in) discontinued activities	**-**	**1**	**-**	**-**	**1**
Net cash generated by (used in) operating activities	**(39)**	**2**	**30**	**219**	**1,106**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(388)	(469)	(196)	(203)	(950)
Investment in subsidiaries (1)	(22)	(15)	1	(8)	(18)
Investment in joint ventures and associates	(7)	-	(7)	-	(10)
Acquisition of available-for-sale financial assets	(4)	-	(2)	-	(1)
Disposals (2)	387	152	39	47	1,069
Net (increase) decrease in long-term receivables	(73)	(1)	(10)	6	15
Net cash provided by (used in) investing activities from continuing operations	**(107)**	**(333)**	**(175)**	**(158)**	**105**
Net cash provided by (used in) investing activities from discountinued operations	**-**	**(1)**	**-**	**-**	**(2)**
Net cash provided by (used in) investing activities	**(107)**	**(334)**	**(175)**	**(158)**	**103**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Capital increase (decrease) - ow ners of the parent company	7	2	6	2	3
Capital increase (decrease) - non-controlling interests (minority interests)	-	-	-	-	-
Acquisitions of ow nership interests w ith no gain of control	(11)	(2)	(11)	(2)	(2)
Disposal of ow nership interests w ith no loss in control	36	10	36	-	188
(Increase) / Decrease in treasury shares	(14)	-	-	-	-
Dividends paid	-	-	-	-	(289)
Dividends paid by subsidiaries to non-controlling interests (minority interests)	(52)	(130)	(41)	(58)	(197)
Proceeds from issuance of long-term debt	352	1,064	324	264	1,288
Repayment of long-term debt	(1,118)	(684)	(1,074)	(207)	(1,459)
Increase (decrease) in short-term debt	110	92	154	(34)	8
Net cash provided by (used in) financing activities from continuing operations	**(690)**	**352**	**(606)**	**(35)**	**(460)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**-**	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**(690)**	**352**	**(606)**	**(35)**	**(460)**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11*

The accompanying notes are an integral part of these consolidated financial statements.

	6 months		2nd quarter		December 31,
(million euros)	2014	2013*	2014	2013*	2013*
Increase / (decrease) in cash and cash equivalents from continuing operations	**(836)**	**20**	**(751)**	**26**	**750**
Increase (decrease) in cash and cash equivalents from discontinued operations	-	-	-	-	(1)
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	51	(153)	104	(144)	(244)
Cash and cash equivalents at the beginning of the year/period	3,111	2,606	2,973	2,591	2,606
Cash and cash equivalents at end of the year/period	**2,326**	**2,473**	**2,326**	**2,473**	**3,111**
[(1)] *Net of cash and cash equivalents of companies acquired*	*2*	*2*	-	*2*	*2*
[(2)] *Net of cash and cash equivalents of companies disposed of*	-	*(56)*	-	-	*(126)*
Analysis of changes in working capital items	**(410)**	**(418)**	**(256)**	**(170)**	**(56)**
(Increase) / decrease in inventories	(43)	(123)	4	17	(51)
(Increase) / decrease in trade receivables	(440)	(360)	(458)	(380)	(133)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(42)	(69)	(15)	(48)	(38)
Increase / (decrease) in trade payables	171	99	213	158	229
Increase / (decrease) in other payables – excluding financial and income tax payables	(56)	35	-	83	(63)

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity

	Outstanding shares	*of which: Treasury shares*	Common stock	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Foreign currency translation	Equity attributable to owners of the parent company	Non-controlling interests (minority interests)*	Equity*
		(number of shares)	*(million euros)*								
Balance at January 1, 2013	***287,255,502***	***157,283***	**1,149**	**9,695**	**(11)**	**6,477**	**(925)**	**(719)**	**15,666**	**1,868**	**17,534**
Net income						84			84	62	146
Other comprehensive income, net of income tax							53	(654)	(601)	(35)	(636)
Total comprehensive income						**84**	**53**	**(654)**	**(517)**	**27**	**(490)**
Dividends						(289)			**(289)**	(132)	**(421)**
Issuance of common stock	*75,399*			2					**2**	-	**2**
Share based payments				7					**7**	-	**7**
Treasury shares		*(139,198)*			10	(10)			**-**	-	**-**
Changes in ownership with no gain/loss of control						(9)			**(9)**	13	**4**
Other movements						1			**1**	(1)	**-**
Balance at June 30, 2013	***287,330,901***	***18,085***	**1,149**	**9,704**	**(1)**	**6,254**	**(872)**	**(1,373)**	**14,861**	**1,775**	**16,636**
Balance at January 1, 2014	***287,365,397***	***17,935***	**1,149**	**9,712**	**(1)**	**6,868**	**(885)**	**(2,288)**	**14,555**	**1,730**	**16,285**
Net income						70			70	72	142
Other comprehensive income, net of income tax							(112)	133	21	12	33
Total comprehensive income						**70**	**(112)**	**133**	**91**	**84**	**175**
Dividends						(289)			**(289)**	(61)	**(350)**
Issuance of common stock	*156,367*		1	6					**7**	-	**7**
Share based payments				5					**5**	-	**5**
Treasury shares		*52,970*			(3)	(11)			**(14)**	-	**(14)**
Changes in ownership with no gain/loss of control						7			**7**	16	**23**
Other movements						(1)			**(1)**	3	**2**
Balance at June 30, 2014	***287,521,764***	***70,905***	**1,150**	**9,723**	**(4)**	**6,644**	**(997)**	**(2,155)**	**14,361**	**1,772**	**16,133**

**Figures have been adjusted as mentioned in Note 2 "Summary of significant accounting policies" following the application of IFRS 11.*

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the interim condensed consolidated financial statements

Note 1. Business description

Lafarge S.A. is a French limited liability company (*société anonyme*) governed by French law. Our commercial name is “Lafarge”. The company was incorporated in 1884 under the name “J et A Pavin de Lafarge”. Currently, our by-laws state that the duration of our company is until December 31, 2066, and may be amended to extend our corporate life. Our registered office is located at 61 rue des Belles Feuilles, BP 40, 75782 Paris Cedex 16, France. The company is registered under the number “542105572 RCS Paris” with the registrar of the Paris Commercial Court (Tribunal de Commerce de Paris).

The Group has a country-based organization (See Note 4).

The Group’s shares have been traded on the Paris stock exchange since 1923 and have been a component of the French CAC 40 market index since its creation, and also included in the CAC All-Tradable (ex SBF 250 index).

As used herein, the terms “Lafarge S.A.” or the “parent company” refer to Lafarge, a société anonyme organized under French law, without its consolidated subsidiaries. The terms the “Group” or “Lafarge” refer to Lafarge S.A. together with the companies included in the scope of consolidation.

Interim condensed consolidated financial statements are presented in euros rounded to the nearest million.

The Board of Directors approved these interim condensed consolidated financial statements on July 24, 2014.

Note 2. Summary of significant accounting policies

2.1 – Interim condensed consolidated financial statements

The Group’s interim condensed consolidated financial statements at June 30, 2014 have been prepared in accordance with IAS 34 – Interim Financial Reporting. They do not include all the IFRS required information and should therefore be read in connection with the Group’s consolidated financial statement for the year ended December 31, 2013.

The accounting policies retained for the preparation of the Group interim condensed consolidated financial statements are compliant with the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union as of June 30, 2014 and available on http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

These accounting policies are consistent with the ones applied by the Group at December 31, 2013 and described in the Note 2 of the Group consolidated financial statements of the 2013 Registration Document except for the points presented in paragraph below 2.2 New IFRS standards and interpretations.

The measurement procedures used for the interim condensed consolidated financial statements are the following:

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result (excluding share of net income of associates) of the interim period excluding unusual material items. The income tax charge related to any unusual item of the period is accrued using its specific applicable taxation (i.e. specific taxation for gains on disposals);

- Compensation costs recorded for stock options and employee benefits are included on a prorata basis of the estimated costs for the year. For the countries where the Group’s pension and other post-retirement benefit obligations and related plan assets are the most significant – i.e. the United States of America, Canada and the United Kingdom – actuarial valuations are updated at the end of June and the related amounts of pensions and other employee benefits recognized in the interim statement of financial position are adjusted accordingly. For the other countries, actuarial valuations are performed annually and amounts recognized in the interim statement of financial position are based on estimates made at the end of the previous year.

In addition, the Group performed as of June 30, 2014 a review of indicators of impairment relating to goodwill allocated to Cash Generating Units (CGUs) or group of CGUs for which sensitivity analyses of the recoverable amounts have been presented in the consolidated financial statements as of December 31, 2013. This review did not indicate an impairment situation as of June 30, 2014. A follow-up will be done during the next quarters, with a specific focus on the CGUs cement Iraq and Syria due to the current environment.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2014

The new IFRS and interpretations published as of December 31, 2013 and effective from January 1, 2014, listed in the Note 2.27 – Accounting pronouncements at the closing date not yet effective – to the notes of the Group consolidated financial statements of the 2013 Registration Document (page F23), had no impact on the Group interim condensed consolidated financial statements at June 30, 2014, except IFRS 11 that have been applied retrospectively as at January 1st, 2013.

The Group has conducted a review of all the joint arrangements which are joint ventures. As a result, these joint ventures previously consolidated using proportionate consolidation method, are now accounted for using equity method (see Note 35 – List of significant subsidiaries, joint ventures and investments in associates - to the notes of the Group consolidated financial statements of the 2013 Registration Document, page F71).

The following tables present the impact of this change of method on the statement of income, the statement of comprehensive income, the statement of financial position, the statement of cash flows and the changes in equity:

Statement of income	**June 30, 2013**			**December 31, 2013**		
(million euros, except per share data)	**Published**	**IFRS 11 impact**	**Restated**	**Published**	**IFRS 11 impact**	**Restated**
Revenue	**7,248**	**(1,014)**	**6,234**	**15,198**	**(2,107)**	**13,091**
Cost of sales	(5,746)	877	(4,869)	(11,740)	1,796	(9,944)
Selling and administrative expenses	(711)	85	(626)	(1,383)	173	(1,210)
Operating income before capital gains, impairment, restructuring and other*	**791**	**(52)**	**739**	**2,075**	**(138)**	**1,937**
Net gains (losses) on disposals	46	-	46	295	(4)	291
Other operating income (expenses)	(129)	28	(101)	(350)	55	(295)
Operating income	**708**	**(24)**	**684**	**2,020**	**(87)**	**1,933**
Financial expenses	(599)	27	(572)	(1,177)	55	(1,122)
Financial income	86	(2)	84	136	2	138
Share of net income (loss) of joint-ventures and associates	4	(15)	(11)	19	(19)	-
Income before income tax	**199**	**(14)**	**185**	**998**	**(49)**	**949**
Income tax	(60)	-	(60)	(262)	20	(242)
Net income from continuing operations	**139**	**(14)**	**125**	**736**	**(29)**	**707**
Net income from discontinued operations	21	-	21	46	-	46
Net income	**160**	**(14)**	**146**	**782**	**(29)**	**753**
** Of which:*						
- Ebitda	*1,302*	*(135)*	*1,167*	*3,102*	*(308)*	*2,794*
- Depreciation and amortization	*(511)*	*83*	*(428)*	*(1,027)*	*170*	*(857)*
Of which attributable to:						
- Owners of the parent company	**84**	**-**	**84**	**601**	**-**	**601**
- Non-controlling interests(minority interests)	76	(14)	62	181	(29)	152
Earnings per share (euros)						
Attributable to the owners of the parent company						
Basic earnings per share	0.29	-	0.29	2.09	-	2.09
Diluted earnings per share	0.29	-	0.29	2.08	-	2.08
From continuing operations						
Basic earnings per share	0.22	-	0.22	1.93	-	1.93
Diluted earnings per share	0.22	-	0.22	1.92	-	1.92

Statement of comprehensive income	June 30, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Net income	**160**	**(14)**	**146**	**782**	**(29)**	**753**
Items that will not be reclassified to profit or loss	**51**	**1**	**52**	**45**	**-**	**45**
Items that may be reclassified to profit or loss	**(683)**	**(5)**	**(688)**	**(1,706)**	**1**	**(1,705)**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	**(632)**	**(4)**	**(636)**	**(1,661)**	**1**	**(1,660)**
TOTAL COMPREHENSIVE INCOME	**(472)**	**(18)**	**(490)**	**(879)**	**(28)**	**(907)**
Of which attributable to :						
- Owners of the parent company	***(517)***	***-***	***(517)***	***(928)***	***-***	***(928)***
- Non-controlling interests(minority interests)	*45*	*(18)*	*27*	*49*	*(28)*	*21*

Consolidated statement of financial position	At January 1st, 2013			At June 30, 2013			At December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
ASSETS									
NON CURRENT ASSETS	**30,180**	**(879)**	**29,301**	**30,930**	**(1,107)**	**29,823**	**29,358**	**(911)**	**28,447**
Goodwill	12,184	(231)	11,953	12,217	(575)	11,642	11,612	(585)	11,027
Intangible assets	620	(194)	426	619	(218)	401	574	(204)	370
Property, plant and equipment	14,992	(1,551)	13,441	15,628	(2,756)	12,872	14,752	(2,703)	12,049
Investments in joint ventures and associates	470	1,080	1,550	460	2,455	2,915	643	2,531	3,174
Other financial assets	698	29	727	731	10	741	656	11	667
Derivative instruments	27	-	27	2	-	2	12	-	12
Deferred tax assets	1,149	(8)	1,141	1,235	(19)	1,216	1,082	43	1,125
Other receivables	40	(4)	36	38	(4)	34	27	(4)	23
CURRENT ASSETS	**9,284**	**(589)**	**8,695**	**8,048**	**(900)**	**7,148**	**7,717**	**(931)**	**6,786**
Inventories	1,662	(136)	1,526	1,793	(197)	1,596	1,621	(196)	1,425
Trade receivables	1,762	(223)	1,539	2,264	(411)	1,853	1,929	(383)	1,546
Other receivables	779	(89)	690	864	(136)	728	797	(117)	680
Derivative instruments	68	-	68	47	-	47	24	-	24
Cash and cash equivalents	2,733	(127)	2,606	2,629	(156)	2,473	3,346	(235)	3,111
Assets held for sale	2,280	(14)	2,266	451	-	451	-	-	-
TOTAL ASSETS	**39,464**	**(1,468)**	**37,996**	**38,978**	**(2,007)**	**36,971**	**37,075**	**(1,842)**	**35,233**
EQUITY & LIABILITIES									
Equity attributable to owners of the parent company	**15,666**	**-**	**15,666**	**14,861**	**-**	**14,861**	**14,555**	**-**	**14,555**
Non-controlling interests	2,082	(214)	1,868	1,996	(221)	1,775	1,951	(221)	1,730
EQUITY	**17,748**	**(214)**	**17,534**	**16,857**	**(221)**	**16,636**	**16,506**	**(221)**	**16,285**
NON CURRENT LIABILITIES	**14,451**	**(330)**	**14,121**	**14,559**	**(626)**	**13,933**	**13,620**	**(464)**	**13,156**
Deferred tax liabilities	973	(76)	897	1,060	(215)	845	915	(130)	785
Pension & other employee benefits	1,492	(16)	1,476	1,351	(15)	1,336	1,234	(16)	1,218
Provisions	637	1	638	683	(60)	623	591	(87)	504
Financial debt	11,261	(233)	11,028	11,389	(334)	11,055	10,805	(225)	10,580
Derivative instruments	8	(5)	3	3	-	3	1	-	1
Other payables	80	(1)	79	73	(2)	71	74	(6)	68
CURRENT LIABILITIES	**7,265**	**(924)**	**6,341**	**7,562**	**(1,160)**	**6,402**	**6,949**	**(1,157)**	**5,792**
Pension & other employee benefits	102	-	102	104	(1)	103	123	-	123
Provisions	127	(4)	123	166	(30)	136	124	(20)	104
Trade payables	1,985	(260)	1,725	2,198	(403)	1,795	2,224	(394)	1,830
Other payables	1,567	(140)	1,427	1,751	(235)	1,516	1,447	(236)	1,211
Current tax liabilities	220	(7)	213	136	(31)	105	125	(13)	112
Financial debt (including current portion of long-term debt)	2,823	(495)	2,328	3,124	(457)	2,667	2,891	(493)	2,398
Derivative instruments	53	(1)	52	43	(3)	40	15	(1)	14
Liabilities associated with assets held for sale	388	(17)	371	40	-	40	-	-	-
TOTAL EQUITY AND LIABILITIES	**39,464**	**(1,468)**	**37,996**	**38,978**	**(2,007)**	**36,971**	**37,075**	**(1,842)**	**35,233**

Consolidated statement of cash flows	June 30, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Net income	**160**	**(14)**	**146**	**782**	**(29)**	**753**
Net income from discontinued operations	**21**	**-**	**21**	**46**	**-**	**46**
Net income from continuing operations	**139**	**(14)**	**125**	**736**	**(29)**	**707**
Adjustments for income and expenses which are non cash or not related to operating activities, financial income or expenses or income tax:						
Depreciation and amortization of assets	511	(83)	428	1,027	(170)	857
Impairment losses	28	(6)	22	125	(15)	110
Share of net income (loss) of joint ventures and associates	(4)	15	11	(19)	19	-
Net (gains) losses on disposals, net	(46)	-	(46)	(295)	4	(291)
Financial (income) / expenses	513	(25)	488	1,041	(57)	984
Income tax	60	-	60	262	(20)	242
Others, net (including dividends received from equity-accounted investments)	(58)	34	(24)	(168)	31	(137)
Change in w orking capital items, excluding financial expenses and income tax (see analysis below)	(446)	28	(418)	(36)	(20)	(56)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**697**	**(51)**	**646**	**2,673**	**(257)**	**2,416**
Cash payments for financial expenses	(439)	29	(410)	(893)	58	(835)
Cash payments for income tax	(265)	30	(235)	(525)	49	(476)
Net operating cash generated by continuing operations	**(7)**	**8**	**1**	**1,255**	**(150)**	**1,105**
Net operating cash generated by (used in) discontinued activities	**1**	**-**	**1**	**1**	**-**	**1**
Net cash generated by (used in) operating activities	**(6)**	**8**	**2**	**1,256**	**(150)**	**1,106**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES						
Capital expenditures	(510)	41	(469)	(1,051)	101	(950)
Investment in subsidiaries (1)	(14)	(1)	(15)	(15)	(3)	(18)
Investment in joint ventures and associates	-	-	-	-	(10)	(10)
Acquisition of available-for-sale financial assets	-	-	-	(1)	-	(1)
Disposals (2)	171	(19)	152	1,105	(36)	1,069
(Increase) decrease in long-term receivables	(6)	5	(1)	1	14	15
Net cash provided by (used in) investing activities from continuing operations	**(359)**	**26**	**(333)**	**39**	**66**	**105**
Net cash provided by (used in) investing activities from discountinued operations	**(1)**	**-**	**(1)**	**(2)**	**-**	**(2)**
Net cash provided by (used in) investing activities	**(360)**	**26**	**(334)**	**37**	**66**	**103**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES						
Capital increase (decrease) - ow ners of the parent company	2	-	2	3	-	3
Capital increase (decrease) - non-controlling interests	-	-	-	-	-	-
Acquisitions of ow nership interests w ith no gain of control	(2)	-	(2)	(2)	-	(2)
Disposal of ow nership interests w ith no loss in control	10	-	10	188	-	188
Dividends paid	-	-	-	(289)	-	(289)
Dividends paid by subsidiaries to non-controlling interests	(148)	18	(130)	(218)	21	(197)
Proceeds from issuance of long-term debt	1,172	(108)	1,064	1,410	(122)	1,288
Repayment of long-term debt	(737)	53	(684)	(1,561)	102	(1,459)
Increase (decrease) in short-term debt	87	5	92	9	(1)	8
Net cash provided by (used in) financing activities from continuing operations	**384**	**(32)**	**352**	**(460)**	**-**	**(460)**
Net cash provided by (used in) financing activities from discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Net cash provided by (used in) financing activities	**384**	**(32)**	**352**	**(460)**	**-**	**(460)**

Consolidated statement of cash flows	June 30, 2013			December 31, 2013		
(million euros)	Published	Impact IFRS 11	Restated	Published	Impact IFRS 11	Restated
Increase / (decrease) in cash and cash equivalents from continuing operations	**18**	**2**	**20**	**834**	**(84)**	**750**
Increase (decrease) in cash and cash equivalents from discontinued operations	-	-	-	(1)	-	(1)
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(122)	(31)	(153)	(220)	(24)	(244)
Cash and cash equivalents at beginning of the year/period	2,733	(127)	2,606	2,733	(127)	2,606
Cash and cash equivalents at end of the year/period	**2,629**	**(156)**	**2,473**	**3,346**	**(235)**	**3,111**
(1) Net of cash and cash equivalents of companies acquired	*2*	*-*	*2*	*5*	*(3)*	*2*
(2) Net of cash and cash equivalents of companies disposed of	*(41)*	*(15)*	*(56)*	*(100)*	*(26)*	*(126)*
Analysis of changes in working capital items	**(446)**	**28**	**(418)**	**(36)**	**(20)**	**(56)**
(Increase) / decrease in inventories	(116)	(7)	(123)	(46)	(5)	(51)
(Increase) / decrease in trade receivables	(420)	60	(360)	(172)	39	(133)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(35)	(34)	(69)	(10)	(28)	(38)
Increase / (decrease) in trade payables	109	(10)	99	233	(4)	229
Increase / (decrease) in other payables – excluding financial and income tax payables	16	19	35	(41)	(22)	(63)

The application of IFRS 11 had no impact on equity Group's share but had the following impact on equity attributable to non-controlling interests (minority interests):

Changes in equity attributable to non-controlling interests (minority interests)	June 30, 2013			December 31, 2013		
(million euros)	Published	IFRS 11 impact	Restated	Published	IFRS 11 impact	Restated
Balance at January 1, 2013 attributable to non-controlling interests	**2,082**	**(214)**	**1,868**	**2,082**	**(214)**	**1,868**
Net income	76	(14)	62	181	(29)	152
Other comprehensive income, net of income tax	(31)	(4)	(35)	(132)	1	(131)
Total comprehensive income for the period	***45***	*(18)*	***27***	***49***	*(28)*	***21***
Dividends	(148)	16	(132)	(216)	19	(197)
Changes in ownership with no gain/loss of control	18	(5)	13	102	(5)	97
Other movements	(1)	-	(1)	(66)	7	(59)
Closing Balance attributable to non-controlling interests	**1,996**	**(221)**	**1,775**	**1,951**	**(221)**	**1,730**

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2014.

2.3 – Seasonality

Market demand for the cement, aggregates and concrete activities is seasonal; weather conditions directly affect the level of activity in the construction sector. Thus, the consumption of the Group's products decreases during the winter months in temperate countries or heavy rainfall in tropical countries. The Group usually experiences a decline in sales in the first and fourth quarters on the European and North American markets reflecting the effects of winter, while summer season contributes to the increase of activity in the second and third quarters.

Note 3. Significant events of the period

3.1 Sale of minority stake in European and South American Gypsum operations

On February 12, 2014, the Group completed the sale of the 20% minority stake in European and South American gypsum operations to Etex. The net impact of this disposal is 145 million euros, net of cash disposed of in the consolidated cash flows on the line "Disposals" and -5 million euros for the loss on disposals before tax in the consolidated statement of income on the line “Net gains (losses) on disposals”.

3.1 Sale of aggregates assets in Maryland (USA)

On February 12, 2014, the Group completed the sale of five aggregates quarries and related assets, located in the State of Maryland (United States), to Bluegrass Materials. The net impact of this disposal is 207 million euros, net of transactions costs and cash disposed of in the consolidated cash flows on the line "Disposals" and 33 million euros for the gain on disposals before tax in the consolidated statement of income on the “Net gains (losses) on disposals”.

Note 4. Operating segment information

The Group is organized by countries. Countries or group of countries are the Group’s operating segments. For purposes of presentation, 6 regions corresponding to the aggregation of countries or group of countries are reported (except for North America which is an operating segment):

- Western Europe
- North America
- Central and Eastern Europe
- Middle East and Africa
- Latin America
- Asia

The information presented hereafter by reportable segment is in line with that reported to the Chief Executive Officer for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Each operating segment derives its revenues from the following products:

- a wide range of cement and hydraulic binders adapted to the needs of the construction industry;
- aggregates and concrete;
- other products: mainly gypsum.

Group management internally follows the performance of the business based upon:

- Revenues by origin of production;
- Earning before interests, taxes, depreciation and amortization (EBITDA), defined as the total of operating income before capital gains, impairment losses, restructuring and others, before depreciation and amortization of property, plant and equipment and intangible assets;
- Operating income before capital gains, impairment losses, restructuring and others; and
- Capital employed, defined as the total of goodwill, intangible assets and property, plant and equipment, investments in joint ventures and associates and working capital.

Group financing, notably treasury process (including financial income and expenses), and income taxes are managed at Group level and are not allocated to segments.

The accounting policies used for segment information indicators comply with those applied for the consolidated financial statements (as described in Note 2).

The Group accounts for intersegment sales and transfers at market prices.

(a) Segment information

June 30, 2014 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,135	1,132	494	1,894	350	1,136	
Less: intersegment	(56)	-	(5)	(40)	-	(40)	
EXTERNAL REVENUE	**1,079**	**1,132**	**489**	**1,854**	**350**	**1,096**	**6,000**
EBITDA	**146**	**115** [b]	**71**	**529**	**73**	**221**	**1,155**
Depreciation and amortization	(86)	(65)	(43)	(129)	(16)	(61)	**(400)**
Operating income before capital gains, impairment, restructuring and other	**60**	**50**	**28**	**400**	**57**	**160**	**755**
Net gains (losses) on disposals	11	29	(2)	-	(5)	-	**33**
Other operating income (expenses)	(48)	(13)	(9)	(23)	(7)	(6)	**(106)**
Including impairment on assets and goodwill	*(1)*	*-*	*(3)*	*-*	*-*	*(2)*	***(6)***
OPERATING INCOME	**23**	**66**	**17**	**377**	**45**	**154**	**682**
OTHER INFORMATION							
Capital expenditures	58	80	87	58	44	61	**388**
Capital employed	5,276	4,655	2,686	10,195	1,284	3,009	**27,105**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,700	5,174	2,911	11,305	1,500	3,854	**31,444**
Of which investments in joint ventures and associates	*1,613* [a]	*26*	*41*	*830*	*203*	*374*	***3,088***
Unallocated assets [c]							**3,619**
TOTAL ASSETS							**35,063**
Segment liabilities	2,200	1,312	270	1,078	218	598	**5,676**
Unallocated liabilities and equity [d]							**29,387**
TOTAL EQUITY AND LIABILITIES							**35,063**

[a] *Including goodwill resulting from the creation of the Lafarge Tarmac joint venture in the United Kingdom as of January 7, 2013 for an amount of 545 million euros*

[b] *Including a gain of 11 million euros due to a pension plan amendment in the United States*

[c] *Deferred tax assets, derivative instruments and cash and cash equivalents*

[d] *Deferred tax liability, financial debt, derivative instruments and equity*

June 30, 2013 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	1,161	1,229	491	1,861	456	1,188	
Less: intersegment	(60)	-	(3)	(61)	-	(28)	
EXTERNAL REVENUE	**1,101**	**1,229**	**488**	**1,800**	**456**	**1,160**	**6,234**
EBITDA	**119**	**126**[a]	**45**	**487**	**122**	**268**	**1,167**
Depreciation and amortization	(89)	(78)	(44)	(136)	(21)	(60)	(428)
Operating income before capital gains, impairment, restructuring and other	**30**	**48**	**1**	**351**	**101**	**208**	**739**
Net gains (losses) on disposals	42	-	-	-	-	4	46
Other operating income (expenses)	(61)	(12)	(5)	(16)	(4)	(3)	(101)
Including impairment on assets and goodwill	*(13)*	*(5)*	*(4)*	*-*	*-*	*-*	*(22)*
OPERATING INCOME	**11**	**36**	**(4)**	**335**	**97**	**209**	**684**
OTHER INFORMATION							
Capital expenditures	62	36	181	49	23	118	**469**
Capital employed	5,341	5,100	2,783	10,881	1,260	3,189	**28,554**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,730	5,633	3,030	11,855	1,488	4,046	**32,782**
Of which investments in joint-ventures and associates	*1,576*	*27*	*43*	*800*	*41*	*428*	***2,915***
Assets held for sale	-	451	-	-	-	-	**451**
Unallocated assets [b]							**3,738**
TOTAL ASSETS							**36,971**
Segment liabilities	2,208	1,432	280	930	229	606	**5,685**
Liabilities associated with assets held for sale	-	40	-	-	-	-	**40**
Unallocated liabilities and equity [c]							**31,246**
TOTAL EQUITY AND LIABILITIES							**36,971**

[a] *Including a gain of 20 million euros due to a pension plan amendment in the United States*
[b] *Deferred tax assets, derivative instruments and cash and cash equivalents*
[c] *Deferred tax liability, financial debt, derivative instruments and equity*

December 31, 2013 *(million euros)*	**Western Europe**	**North America**	**Central and Eastern Europe**	**Middle East and Africa**	**Latin America**	**Asia**	**Total**
STATEMENT OF INCOME							
Gross revenue	2,325	3,065	1,154	3,750	869	2,252	
Less: intersegment	(117)	-	(10)	(118)	-	(79)	
EXTERNAL REVENUE	**2,208**	**3,065**	**1,144**	**3,632**	**869**	**2,173**	**13,091**
EBITDA	**264**	**552**	**201**	**1,032**	**240**	**505**	**2,794**
Depreciation and amortization	(183)	(153)	(89)	(270)	(39)	(123)	(857)
Operating income before capital gains, impairment, restructuring and other	**81**	**399**	**112**	**762**	**201**	**382**	**1,937**
Net gains (losses) on disposals	45	(1)	(21)	(5)	269	4	291
Other operating income (expenses)	(186)	(23)	(49)	(35)	8	(10)	(295)
Including impairment on assets and goodwill	*(66)*	*(5)*	*(36)*	*-*	*-*	*(3)*	*(110)*
OPERATING INCOME	**(60)**	**375**	**42**	**722**	**478**	**376**	**1,933**
OTHER INFORMATION							
Capital expenditures	149	117	286	134	60	204	**950**
Capital employed	5,507	4,543	2,660	10,243	1,180	2,940	**27,073**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,679	5,040	2,863	11,278	1,361	3,740	**30,961**
Of which investments in joint-ventures and associates	*1,698*	*26*	*42*	*815*	*198*	*395*	***3,174***
Unallocated assets [(a)]							**4,272**
TOTAL ASSETS							**35,233**
Segment liabilities	1,925	1,257	250	998	180	560	**5,170**
Unallocated liabilities and equity [(b)]							**30,063**
TOTAL EQUITY AND LIABILITIES							**35,233**

[(a)] *Deferred tax assets, derivative instruments and cash and cash equivalents*

[(b)] *Deferred tax liability, financial debt, derivative instruments and equity*

(b) Information by product line

(million euros)	External revenue June 30, 2014	External revenue June 30, 2013	External revenue December 31, 2013	Gross revenue June 30, 2014	Gross revenue June 30, 2013	Gross revenue December 31, 2013
Cement	4,100	4,227	8,645	4,399	4,517	9,256
Aggregates & Concrete	1,878	1,981	4,397	1,887	1,987	4,412
Other products	22	26	49	22	26	49
Eliminations				(308)	(296)	(626)
Total	**6,000**	**6,234**	**13,091**	**6,000**	**6,234**	**13,091**

(c) Information by country

(million euros)	June 30, 2014		June 30, 2013		December 31, 2013	
	External revenue	Non-current segment assets *	External revenue	Non-current segment assets *	External revenue	Non-current segment assets *
Western Europe	**1,079**	**5,548**	**1,101**	**5,584**	**2,208**	**5,617**
Of which:						
France	856	2,192	895	2,315	1,764	2,318
North America	**1,132**	**4,073**	**1,229**	**4,485**	**3,065**	**4,190**
Of which:						
*United States ** *	417	1,051	453	1,257	1,077	1,149
*Canada ** *	715	815	776	830	1,988	795
Central and Eastern Europe	**489**	**2,551**	**488**	**2,627**	**1,144**	**2,547**
Middle East and Africa	**1,854**	**10,036**	**1,800**	**10,723**	**3,632**	**10,170**
Of which:						
Egypt	228	2,070	184	2,247	368	2,137
Algeria	339	2,954	304	3,072	615	3,006
Nigeria	324	1,287	310	1,329	598	1,272
Latin America	**350**	**1,258**	**456**	**1,244**	**869**	**1,188**
Of which:						
Brazil	285	865	309	847	608	772
Asia	**1,096**	**2,971**	**1,160**	**3,167**	**2,173**	**2,908**
Total	**6,000**	**26,437**	**6,234**	**27,830**	**13,091**	**26,620**

** Non-current segment assets include goodwill, intangible assets, property, plant and equipment and investments in joint-ventures and associates*

*** Non-current segment assets excluding goodwill*

Note 5. Earnings per share

The basic and diluted earnings per share for the periods ended June 30, 2014, June 30, 2013 and December 31, 2013 are as follows:

	6 months		December 31,
	2014	2013	2013
Numerator (in million euros)			
Net income attributable to owners of the parent company	70	84	601
Of which net income from continuing operations	*70*	*63*	*555*
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,376	287,205	287,268
Total potential dilutive shares	2,219	2,062	1,964
Weighted average number of shares outstanding — fully diluted	289,595	289,267	289,232
Basic earnings per share (euros)	**0.24**	**0.29**	**2.09**
Diluted earnings per share (euros)	**0.24**	**0.29**	**2.08**
Basic earnings per share from continuing operations (euros)	**0.24**	**0.22**	**1.93**
Diluted earnings per share from continuing operations (euros)	**0.24**	**0.22**	**1.92**

Note 6. Debt

The debt split is as follows:

	At June 30,		At December 31,
(million euros)	2014	2013	2013
Long-term debt excluding put options on shares of subsidiaries	10,028	11,017	10,557
Put options on shares of subsidiaries, long-term	23	38	23
Long-term debt	**10,051**	**11,055**	**10,580**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,384	2,656	2,387
Put options on shares of subsidiaries, short-term	-	11	11
Short-term debt and current portion of long-term debt	**2,384**	**2,667**	**2,398**
Total debt excluding put options on shares of subsidiaries	12,412	13,673	12,944
Total put options on shares of subsidiaries	23	49	34
Total debt	**12,435**	**13,722**	**12,978**

The short-term debt that the Group can refinance on a medium and long-term basis through its committed credit facilities is classified in the statement of financial position under the section non-current liabilities "Financial debt" (76 million euros as at June 30, 2014, 7 million euros as at December 31, 2013 and 892 million euros as at June 30, 2013). At June 30, 2014, the net variation of this debt is an increase of 69 million euros (compared to an increase of 7 million euros as at December 31, 2013 and an increase of 892 million euros at June 30, 2013) and is presented in the statement of cash flows in "Proceeds from issuance of long-term debt".

The following table details the contractual maturities of our various loan agreements (excluding put options on shares of subsidiaries), including the undiscounted contractual flows and future interest, based on the closest term the Group can be called for repayment. Under IAS1, when the Group does not have the unconditional right to defer the term of a financing beyond 12 months, then the financing is accounted for in current liabilities regardless of probable renegotiation considered by the Management in order to extend the maturity of the financial instrument.

	2014 H2	2015 H1	Contractual flows - less than one year (incl. future interests)	Statement of Financial position - Current Liabilities	Between 1 and 5 years	More than 5 years	Contractual flows - more than one year (incl. future interests)	Statement of Financial position - Non Current Liabilities	Total Contractual flows (incl. future interests)	Statement of Financial position - June 30, 2014
Short-term debt and bank overdraft	575	146	721	713					721	713
Debenture loans / Private placements	1,050	1,056	2,106	1,422	7,299	4,476	11,775	8,844	13,881	10,266
Other LT financings (including ST portion of LT debt)	190	183	373	249	965	233	1,198	1,184	1,571	1,433
Total	1,815	1,385	3,200	2,384	8,264	4,709	12,973	10,028	16,173	12,412

Interest rate

The average spot interest rate of the gross debt after swaps, as at June 30, 2014, is 6.4% (6.6% as at December 31, 2013 and 6.3 % as at June 30, 2013).

The average interest rate of the gross debt after swaps is 6.5% for the first 6 months 2014 compared to 6.2% for the first 6 months 2013 and 6.2% for the full year 2013.

Securitization program

The Group entered into multi-year securitization agreements with respect to trade receivables as described in the Note 17 of the Group consolidated financial statements of the 2013 Registration Document.

Under these programs, some of the French and North American subsidiaries agree to sell trade receivables. These trade receivables sold remain on the statement of financial position and totaled 385 million euros as of June 30, 2014 (394 million euros as of June, 2013 and 358 million euros as of December 31, 2013).

The current portion of debt financing received from these programs includes 308 million euros as of June 30, 2014 (328 million euros as of June 30, 2013 and 282 million euros as of December 31, 2013).

The European securitization agreements are guaranteed by subordinated deposits and units totaling 76 million euros as of June 30, 2014 (66 million euros as of June 30, 2013 and 76 million euros as of December 31, 2013).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share approved in 2014 for the year 2013 (paid in July 2014), as well as the dividend amount per share approved in 2013 for the year 2012 (paid in July 2013).

(euros, except otherwise indicated)	2013	2012
Total dividend (million euros)	289	289
Base dividend per share	1.00	1.00
Increased dividend per share[1]	1.10	1.10

[1] See section 6.2.5 (c) (Articles of Association (Statuts) - Rights, preferences and restrictions attached to shares) of the 2013 Registration document for an explanation of our "Loyalty dividend".

(b) Other comprehensive income – part attributable to the owners of the parent company

The roll forward for the period of other comprehensive income, for the part attributable to the owners of the parent company, is as follows:

	At January 1st, 2014	Gains/(losses) arising during the period	Recycling to income statement	At June 30, 2014
Available-for-sale financial assets	7	-	-	7
Gross value	*17*	-	-	*17*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(20)	(2)	1	(21)
Gross value	*(29)*	*(3)*	*1*	*(31)*
Deferred taxes	*9*	*1*	-	*10*
Actuarial gains/(losses)	(872)	(111)	-	(983)
Gross value	*(1,189)*	*(151)*	-	*(1,340)*
Deferred taxes	*317*	*40*	-	*357*
Total Other reserves	***(885)***	***(113)***	***1***	***(997)***
Total Foreign currency translation	***(2,288)***	***128***	***5***	***(2,155)***
Total Other comprehensive income/(loss), net of income tax	***(3,173)***	***15***	***6***	***(3,152)***

Note 8. Legal and arbitration proceedings

In the ordinary course of its business, Lafarge is involved in certain number of judicial and arbitral proceedings. Lafarge is also subject to certain claims and lawsuits which fall outside the scope of the ordinary course of its business, the most significant of which are summarized below.
The amount of provisions made is based on Lafarge's assessment of the level of risk on a case-by-case basis and depends on its assessment of the basis for the claims, the stage of the proceedings and the arguments in its defense, it being specified that the occurrence of events during proceedings may lead to a reappraisal of the risk at any moment.

Competition

Germany – Cement: On April 14, 2003, the German competition authority (the Bundeskartellamt), announced that it was imposing fines on the major German cement companies, including our subsidiary Lafarge Zement, for anti-competitive practices in Germany. Further to the different steps of procedures and decisions from this date, and following a final judgment by the Federal Supreme Court on April 9, 2013, the final net payment borne by our subsidiary pursuant to this procedure amounted to 18.4 million euros.
In parallel to the above closed case, starting in 2006, a civil action was brought before the Dusseldorf District Court ("Landgericht") by third parties claiming for damages resulting from such anti-competitive practices in Germany. Procedures took place and, on December 17, 2013, the "Landgericht" of Düsseldorf rejected the damage claim and also upheld its position that the claims are time-barred. Claimants lodged an appeal to the Court of Appeal ("Oberlandesgericht") against the verdict. The hearing is expected to take place during the fourth quarter of 2014.

India – Cement: An investigation started in 2011 against the major players of the cement Indian market. Further to this investigation, by an Order dated June 21, 2012, the Competition Commission of India has found cement manufacturers in violation of the provisions of the Competition Act, 2002, which deals with anticompetitive agreements. The Commission has imposed a penalty on 11 cement manufacturers, including our subsidiary Lafarge India PVT Limited. The Commission has also imposed a penalty on the Indian Cement Manufacturers Association. The penalty imposed on Lafarge India PVT Limited amounts to 4.8 billion rupees (58 million euros[6]), out of a total amount of penalty of 60 billion rupees (729 million euros[6]). Lafarge India PVT Limited vigorously challenges the merits of this order and, on August 31, 2012, lodged an appeal with the Competition Appeal Tribunal (the "CAT") as well as a request for a stay of the collection of the penalty until final Judgment of the CAT. On May 17, 2013, further to different initial procedural steps, the CAT issued an Order, granting a conditional stay, subject to the deposit of 10% of the penalty imposed by the Commission. Hence, Lafarge India PVT deposited the corresponding amount (ie 6.7 million euros) on June 24, 2013, while requesting the Tribunal to rectify and reduce this amount due to a calculation error. The application to rectify the amount of deposit will be heard along with the main appeal. Hearings on the merits of the case are ongoing and a final Order by the CAT may be expected in the course of 2014. No provision has been recorded

United States – Canada – Gypsum: Commencing in December 2012, a series of antitrust cases have been filed against the entire wallboard industry, including Lafarge North America Inc., in federal courts located in several cities, including Philadelphia, Chicago and Charlotte in the United States of America. All these cases have now been consolidated in the Eastern District of Pennsylvania and Plaintiffs have filed a Consolidated Complaint. Plaintiffs generally allege that the industry colluded to raise prices in the years 2012 and 2013. The plaintiffs do not allege any direct evidence of an agreement among the defendants, and instead rely largely on alleged circumstantial evidence. Lafarge North America Inc. believes these lawsuits are without merit and intends to vigorously defend the litigation. No provision has been recorded.
Then, in September 2013, two class actions were filed, respectively in the jurisdictions of Quebec and Ontario (the latest on behalf of potential claimants in Canada) against the members of the wallboard industry, including our subsidiaries Lafarge Canada Inc. and Lafarge North America Inc.. The Plaintiffs allege generally that the industry colluded to raise prices between September 2011 and the date of the claim. Based on the information available at this stage on these recently served actions, our subsidiaries believe they are without merit and intend to vigorously defend the litigation. No provision has been recorded.

Also on competition matters, there are two industry-wide inquiries which do not constitute judicial proceedings and for which no provision has been recorded:

Europe – Cement: In November 2008, the major European cement players, including Lafarge, were investigated by the European Commission for alleged anti-competitive practices. By a letter dated December 6, 2010, the Commission notified the parties of the opening of an official investigation (which do not however constitute a statement of objection), while reminding them that at that stage, it did not have conclusive evidence of anti-

[6] *Translated using the closing exchange rate.*

competitive practices. The alleged offences, which will be the subject of the detailed investigation, involve any possible restrictions of commercial trade in or upon entry to the European Economic Area, market sharing, and coordination of prices on the cement and related markets (concrete, aggregates). In the case of Lafarge, seven countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. Lafarge answered to the Commission's various requests for information. During the third quarter of 2012, European officials visited the French, German and European cement association. The completion date of this investigation is unknown and no conclusion can be drawn at this stage.

United Kingdom (UK) – Cement: On January 18, 2012, the UK Office of Fair Trading ("OFT") announced that it had referred the aggregates, cement and ready-mixed concrete markets (the "Industry") in the UK to the Competition Commission (the "Commission") for an in-depth sector investigation. The Commission conducted this market investigation in relation to the supply of those products. On May 21, 2013, the Commission published its provisional findings report (the "Preliminary Report"), alleging the existence of combination of structural and conduct features giving rise to an adverse effect on competition in the Great Britain cement market. On June 25, 2013, Lafarge-Tarmac ("LT") responded to the Preliminary Report, strongly contesting the provisional findings and possible remedies. Then, on October 8, 2013, the Commission published its provisional decision on remedies, requiring LT to divest one cement plant together with certain ready-mixed plants (if required by a prospective purchaser) and two slag granulators ("Divestiture Package") and imposing some behavioural remedies notably related to the publication of cement market data and price announcement letters. LT responded to this provisional decision on remedies in November 2013. On January 14, 2014, the Commission's final report (the "Final Report") was published, confirming the Divestiture Package (except that there is no need for LT to divest the two slag granulators) and the behavioural remedies. In March 2014, LT disputed the conclusions of the Commission and lodged an appeal before the Competition Appeal Tribunal ("CAT"). The decision from the CAT is expected during the fourth quarter of 2014.

Other proceedings

United States – Hurricane Katrina: In late 2005, several class action and individual lawsuits were filed in the United States District Court for the Eastern District of Louisiana. In their Complaints, plaintiffs allege that our subsidiary, Lafarge North America Inc. (LNA), and/or several other defendants including the federal government, are liable for death, bodily and personal injury and property and environmental damage to people and property in and around New Orleans, Louisiana. Some of the referenced complaints claim that these damages resulted from a barge under contract to LNA that allegedly breached the Inner Harbor Navigational Canal levee in New Orleans during or after Hurricane Katrina. On May 21, 2009, the Court denied plaintiffs' Motion for Class Certification.
The Judge trial involving the first few plaintiffs commenced in late June 2010. In a ruling dated January 20, 2011, the Judge ruled in favor of LNA. These plaintiffs filed a Notice of Appeal, but then withdrew it. Our subsidiary then filed a Motion for Summary Judgment against all the remaining plaintiffs with claims filed in Federal Court. A Hearing was held by the Court in October 2011 and a decision was handed down on March 2012 granting Summary Judgment in LNA's favour and against all remaining cases filed in the Federal Court. Plaintiffs appealed this decision but afterward, voluntarily dismissed their appeal. A new case was filed against LNA on September 16, 2011 by the Parish of Saint Bernard in Louisiana State Court. LNA moved to remove the case to Federal Court before the same Judge who had the main litigation and has won that Motion. LNA then moved for Summary Judgment against the Parish of Saint Bernard and won this Motion. Plaintiffs appealed this ruling on January 3, 2013 and in a Decision dated December 19, 2013, a three judge panel of the Court of Appeals reversed and remanded the case back to the Trial Court for a Jury Trial.
Lafarge North America Inc. vigorously defends itself in this ongoing action. Lafarge North America Inc. believes that the claims against it are without merit. No provision has been recorded.

Greece – Heracles: In 1999, the European Commission (EC) ruled that part of a state aid granted in 1986 to Heracles, our listed subsidiary in Greece since 2001 was illegal and ordered the Greek state to recover from Heracles the amount of 7.3 million euros plus interest. By virtue of a subsequent letter in 1999, the EC indicated an amount computed based on 18% compound interest. In 2000, Heracles paid the overall amount (74 million euros, 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 25.6 million euros (corresponding to an amount calculated with simple interest). In 2005, the Greek authorities repaid to Heracles 44 million euros. The parties appealed. Several years later, after the CFI judgment was confirmed on appeal, the Supreme Administrative Court, in 2012, ordered the case to be sent back for a new appellate judgment to be issued on the merits of the 44 million euros amount paid back to Heracles. Further to a hearing which took place on February 13, 2014, Heracles became recently aware that a new appellate judgment was issued. This judgment quashed the CFI judgment of 2001, on the basis of which the Greek Authorities had repaid to Heracles 44 million euros. This new appellate judgment has not been officially served to Heracles yet. Heracles disputes the appellate judgment and will defend vigorously against it with the Supreme Administrative Court and will review other actions to challenge the possible execution of this judgment. No provision is recorded in the books of the Group.

In connection with disposals made in the past years, Lafarge and its subsidiaries provided customary warranties notably related to accounting, tax, employees, product quality, litigation, competition, and environmental matters. Lafarge and its subsidiaries received or may receive in the future notice of claims arising from said warranties. In view of the current analysis, it is globally concluded that no significant provision has to be recognized in this respect.

Finally, certain Group subsidiaries have litigation and claims pending in the normal course of business. The resolution of these matters should not have any significant effect on the Company's and/or the Group's financial position, results of operations and cash flows. To the Company's knowledge, there are no other governmental, legal or arbitration proceedings which may have or have had in the recent past significant effects on the Company and/or the Group's financial position or profitability.

Note 9. Commitments and Contingencies

(million euros)	Less than 1 year	1 to 5 years	More than 5 years	At June 30, 2014	At December 31, 2013*
COMMITMENTS GIVEN					
Commitments related to operating activities					
Capital expenditures and other purchase obligations	413	819	597	1,829	1,562
Operating leases	196	343	115	654	711
Other commitments	227	28	88	343	364
Commitments related to financing					
Securities pledged	3	-	-	3	6
Assets pledged	149	177	47	373	386
Other guarantees	354	237	8	599	587
Scheduled interest payments (1)	735	1,796	1,272	3,803	4,289
Net scheduled obligation on interest rate swaps (2)	(6)	(29)	-	(35)	(38)
Commitments related to scope of consolidation					
Indemnification commitments	126	443	-	569	555
COMMITMENTS RECEIVED					
Unused confirmed credit lines	-	3,000	-	3,000	3,435
Other available financing facilities	-	-	450	450	450
Bank loans that could be used in May 2014	-	-	-	0	250

** Figures have been adjusted following the application of IFRS 11.*

(1) Scheduled interest payments associated with variable rate are computed on the basis of the rates in effect at June 30. Scheduled interest payments include interest payments on foreign exchange derivative instruments, but do not include interests on commercial papers which are paid in advance.

(2) Scheduled interest payments of the variable leg of the swaps are computed based on the rates in effect at June 30, 2014 and December 31, 2013.

Commitments given

(a) Commitments related to operating activities

In the ordinary course of business, the Group signed contract for long term supply for raw materials and energy.
The Group is committed as lessee in operating leases for land, building and equipment. The amount in off-balance sheet commitments corresponds to future minimum lease payments.

(b) Commitments related to scope of consolidation

As part of its divestment of assets transactions, the Group has granted indemnification commitments, for which the exposure is considered remote, for a total maximum amount still in force at June 30, 2014 of 569 million euros.

In addition, the European Bank for Reconstruction and Development (EBRD) increased late 2009 by 15% its minority stake in our cement operations in Russia. Starting from December 2015, the Group will have the right to buy back this additional minority stake at fair market value. Assuming that this call option is not exercised, the Group could be induced to sell all or part of its own stake to a third party or to the EBRD.

Note 10. Transactions with related parties

There were no significant related-party transactions during the period neither evolution in the nature of the transactions as described in Note 30 of the consolidated financial statements included in the Group 2013 Registration Document.

Note 11. Subsequent events and other information

On April 7, 2014, Lafarge and Holcim announced the project to combine the two companies through a merger of equals to create LafargeHolcim, the most advanced group in the building materials industry. The project has been approved by the Boards of Directors of both companies and is fully reported by their core shareholders.

LafargeHolcim would be listed on Euronext Paris and SIX in Zurich and would be a Swiss company domiciled in Switzerland. The proposed combination would be structured as a public exchange offer filed by Holcim for the shares of Lafarge. The Board of Directors of LafargeHolcim would be composed with equal numbers of Lafarge and Holcim directors. Additional information is available on the website http://lafargeholcim.projet-fusion.com/en.

On July 7, 2014, following the signature of the Combination Agreement, Lafarge and Holcim published a list of proposed asset disposals to anticipate potential competition authorities' requirements. Both companies will continue to consider whether divestments would be necessary where there might be geographical overlaps or depending on regulatory requirements. The divestment process will be carried out in the framework of the relevant social processes and ongoing dialogue with the employee representatives' bodies. The proposed divestments will be subject to review of the regulatory authorities, to the agreement of our business partners when relevant, and to the closing of the public exchange offer. Linked to this announcement, an in principle agreement has been signed on July 6, 2014 with Anglo American for the acquisition by Lafarge of their 50% interest in Lafarge Tarmac for a minimum value of 885 million British pounds. The final agreement will be signed on July 24, 2014. A condition of the acquisition is the completion of the merger between Lafarge and Holcim.

The Group did not identify any impact, to be accounted for in the interim condensed consolidated financial statements as at June 30, 2014, that could be caused by the closing of the merger, particularly related to the possible effect of mandatory public tenders, clauses of change of control or other specific legal, regulatory or contractual provisions such as employee benefits schemes, financial instruments, tax, supply agreements or agreements with partners.

The proposed combination is conditional upon, among other things, approval of the shareholders of Holcim, the contribution to the exchange offer by the shareholders of Lafarge of at least 2/3rd of the share capital and voting rights of Lafarge on a fully diluted basis and obtaining various approvals including regulatory and other approvals and customary consultations. The closing of the transaction is expected during the first half of 2015, subject to obtaining regulatory approvals required. By the completion of the transaction, the two companies continue to operate independently.

Certification

We certify that, to our knowledge, the condensed consolidated financial statements for the half year have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of Lafarge and its consolidated subsidiaries, and that the half year management report attached provides a true and fair chart of significant events that occurred during the first six months of the year, their effect on the financial statements, the significant transactions with related parties and a description of the main risks and uncertainties for the next six months.

Paris, July 24 2014

French original signed by	*French original signed by*
Jean-Jacques Gauthier	Bruno Lafont
Chief Financial Officer	Chairman and Chief Executive Officer

Statutory auditors' review report on half-year financial information

This is a free translation into English of the statutory auditors' review report on the interim condensed consolidated financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-year management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying interim condensed consolidated financial statements of Lafarge, for the period from January 1 to June 30, 2014, and
- the verification of the information presented in the half-year management report.

These interim condensed consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without modifying the conclusion, we draw your attention to note 2.2 « New IFRS standards and interpretations » to the interim condensed consolidated financial statements which outlines the effects related to the application of IFRS 11 – Joint Arrangements from January 1, 2014.

2. Specific verification

We have also verified the information presented in the half-year management report on the interim condensed consolidated financial statements subject of our review.

We have no matters to report as to its fair presentation and consistency of this information with the interim condensed consolidated financial statements.

Neuilly-sur-Seine and Paris-La-Défense, July 24, 2014

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES — ERNST & YOUNG et Autres

Arnaud de Planta — Frédéric Gourd — Alain Perroux — Nicolas Macé