Financial Report

First Quarter ended March 31, 2015

LAFARGE
Building better cities™

1. Management Report

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on April 29, 2015 to approve the accounts for the period ended March 31, 2015. Further to their limited review of the first quarter condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the Financial Report for the first quarter ended March 31, 2015.

This first quarter management report should be read in conjunction with the interim condensed consolidated financial statements for the first three months of the year and the company's Registration Document for the fiscal year 2014 filed with the Autorité des Marchés Financiers on March 23, 2015 under number D.15-190. 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 nine 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.

Important disclaimer - forward-looking statements:
This document contains forward-looking trends, targets or objectives, as the case may be, including with respect to plans, initiatives, events, products, solutions and services. Their development and potential do not constitute forecasts regarding results or any other performance indicator. 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.
Furthermore, these forward-looking statements are applicable to the Lafarge group on a standalone basis only and are not applicable to the LafargeHolcim group as from the date of completion of the planned merger of equals announced on April 7, 2014.
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

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like (3)
Cement (MT)	25.0	25.9	-4%	-3%
Pure Aggregates (MT)	26.5	26.9	-2%	-
RMX-Concrete (Mm3)	5.5	5.7	-5%	-5%
Sales (million euros)	2,779	2,633	6%	-1%
EBITDA (million euros)	403	343	17%	14%
EBITDA Margin	14.5%	13.0%	150bps	180bps
COI (million euros)	205	146	40%	41%
Net income – Group share (1)	(96)	(135)	29%	
Earnings per share (euros) (2)	(0.33)	(0.47)	29%	
Net Debt (million euros)	9,803	9,951	-1%	

(1) Net income attributable to the owners of the parent of the Group
(2) Based on an average number of shares outstanding of 287.6 million for the first quarter of 2015 and 287.4 million for the first quarter of 2014
(3) Variations like-for-like are calculated at constant scope and exchange rates

Sales and EBITDA by geographical area and activity

Sales

Million euros	1st Quarter 2015	1st Quarter 2014	Variation	Scope effect	Foreign Exchange Effect	Variation at constant scope and exchange rates
By geographical area						
North America	435	376	16%	-4%	14%	6%
Western Europe	457	503	-9%	1%	-	-10%
Central and Eastern Europe	156	173	-10%	-5%	-5%	-
Middle East and Africa	972	893	9%	-2%(1)	9%	2%
Latin America	120	173	-31%	-17%	-	-14%
Asia	639	515	24%	-	19%	5%
By activity						
Cement	1,972	1,854	6%	-4%(1)	9%	1%
Aggregates and Concrete	786	769	2%	-2%	6%	-2%
Holding and others	21	10				
TOTAL	**2,779**	**2,633**	**5.5%**	**-2.2%**	**8.3%**	**-0.6%**

(1) Including the impact of the loss in volumes in Iraq due to transport limitation

EBITDA

Million euros By geographical area	1st Quarter 2015	1st Quarter 2014	Variation	Scope Effect	Foreign Exchange Effect	Impact of one-off (1)	Variation like-for-like(1)
North America	(44)	(62)	29%	-	-11%	-	40%
Western Europe	57	39	46%	5%	-	37%	4%
Central and Eastern Europe	(10)	(17)	41%	-	6%	-	35%
Middle East and Africa	259	250	4%	1%	6%	-6%	3%
Latin America	20	38	-47%	-29%	1%	-	-19%
Asia	121	95	27%	-	19%	-	8%
By activity							
Cement	433	364	19%	-4%	9%	-	14%
Aggregates and Concrete	(23)	(19)	-21%	-	-24%	-	3%
Holding and others	(7)	(2)					
TOTAL	**403**	**343**	**17%**	**-5%**	**8%**	**-**	**14%**

(1) Calculation of the like-for-like variations:
At Group level: at constant scope and exchange rates
At regional level: variations like-for-like are at constant scope and exchange rates and exclude:
- carbon credit sales (€15m of credits sold in Q1 2015 versus none in Q1 2014 in Western Europe)
- a €15m adverse impact from the loss in volumes in Iraq due to transport limitations.

1.2. Review of operations and financial results

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.
Please note that the first quarter historically has represented a lower share of our yearly sales and an even lower share of our profits due to the seasonality of the sector in the Northern Hemisphere. It may fluctuate significantly from one year to the other due to weather conditions.

Group highlights for the period

- Like for like, domestic cement volumes are up 1% in Q1, comparing to a strong first quarter 2014, notably in Europe. Solid trends in many emerging markets and in Canada added to the impact of our new plants in Russia and India. These positive trends more than offset the impact of a mild market and high comparables in France and Brazil, adverse weather conditions in the United States and in Algeria and on-going transportation limitations in Iraq.
- EBITDA in the first quarter rose 17% with a 14% like for like increase supported by cost reduction and innovation actions. The Group generated 125 million euros (85 million euros from cost cutting and 40 million euros from innovation). Cement prices are up 0.6% year on year and are sequentially up 2.7% quarter on quarter with price improvement in most countries.
- Group EBITDA margin improved 180 basis points like for like for the quarter, with improvements in all regions but Latin America.
- As usual first quarter results reflect seasonality and are always lower relative to the other quarters. The resulting net loss in the quarter has however been significantly reduced thanks to solid operational performance and lower net financial costs. This was achieved despite pre-tax 38 million euros of merger-related costs and 33 million euros one-off costs related to a plant mothballing in Slovenia.
- Cash flow from operations excluding merger costs significantly increased compared to Q1 2014, bolstered by higher EBITDA and lower cash tax. At 9.8 billion euros, net debt was affected by the usual seasonality of our working capital in the first quarter amplified by a particularly strong growth in March sales and by a €184 million adverse impact of exchange rates versus the year-end net debt level. 0.2 billion euros of additional cash proceeds from divestments secured in 2014 were received in April 2015 and will contribute to further reduce net debt.

Overview of operations: Sales and EBITDA

At constant scope, total cement volumes in the quarter decreased 3% due to lower exports. Domestic cement volumes were up 1% despite a difficult comparison base in Europe and the Middle East and Africa in the first quarter 2014. The impact of the limited ability to transport cement in Iraq and subdued markets in Western Europe and Brazil was more than offset by higher volumes in Egypt as we progressively implemented our fuel diversification strategy, the ramp-up our new plants in Rajasthan (India) and in the Moscow region (Russia), improved market conditions in the Philippines and Nigeria, as well as our actions to promote innovation. It is worth highlighting that the first quarter is traditionally a lower quarter in our sector due to the seasonality effect in the Northern Hemisphere. Our aggregates and ready-mix volumes were respectively flat and down 5% like for like in the quarter, with ready-mix volumes negatively impacted by the subdued markets in Western Europe and Brazil.

Consolidated sales, at 2,779 million euros in the first quarter 2015, grew 6% versus last year. Net changes in the scope of consolidation had a negative impact on sales (-2.2% or -52 million euros), mostly reflecting the divestment of our Ecuadorian cement operations, our Korkino plant in Russia (Ural), and the disposal of some aggregates assets in the United States. Currency impacts were favorable (8.3% on quarterly sales, or 214 million euros), mainly due to the re-appreciation of the US and the Canadian dollars and most currencies in Middle East and Africa and Asia, notably the Egyptian pound, the Philippine peso and the Indian rupee versus the euro.

At constant scope and exchange rates, consolidated sales were down 1% in the quarter with higher cement prices to address cost inflation partially mitigating the impact of lower volumes.

EBITDA in the quarter was up 17% on a gross basis. As expected, there was a positive impact in the quarter from exchange rate movements (24 million euros). One should note that due to the seasonal loss of our activities in North America in the first quarter, the positive evolution of the US and Canadian dollars versus the euro had a negative impact on the EBITDA of the first quarter (-12 million euros) while it is expected to be a positive for the year.

At constant scope and exchange rates, EBITDA was up 14%, reflecting higher pricing and the result of our actions on cost cutting and innovation. The quarter also benefited from CO_2 sales of 15 million euros (0 million euros in the first quarter 2014). On a like for like basis, the EBITDA margin was up 180 basis points in the quarter, thanks to the contribution of our self-help measures, with positive trends in Europe and most markets in Middle East and Africa and Asia compensating the impact of lower volumes in specific markets such as Iraq, France and Brazil.

Review of operations by region

North America

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like
Cement (MT)	1.5	1.5	1%	1%
Pure Aggregates (MT)	10.6	10.3	3%	9%
RMX-Concrete (Mm3)	0.8	0.8	-4%	-1%
Sales (million euros)	**435**	**376**	**16%**	**6%**
EBITDA (million euros)	**(44)**	**(62)**	**nm**	**nm**
EBITDA Margin	*nm*	*nm*		
COI (million euros)	(79)	(94)	nm	nm

Sales grew 16% versus the first quarter 2014, with a favourable effect of foreign exchange variations. The appreciation of the Canadian dollar and the US dollar against the euro had a positive impact of 14% on sales, partly compensated by the effect of the divestment in 2014 of some aggregates assets in the United States (Maryland) that reduced sales by 4%.

At constant scope and exchange rates, sales rose 6%, with price gains progressively implemented across all product lines while volume growth was limited by adverse weather in our regions in the United States.

- **In the United States,** the construction sector was affected by particularly adverse weather in the Northeast region in February and the beginning of March. In this respect, our cement and RMX volumes dropped 4% and 14% respectively, while aggregates volumes grew 7%, benefitting from geographies less impacted by harsh weather.
- **In Canada,** cement volumes were up 5%, with positive trends in the East, while Western volumes slightly contracted. Aggregates volumes rose 10% versus last year, benefitting from several projects, notably in the Greater Toronto area in the East, and around Winnipeg and Calgary in the West. Our RMX volumes increased 3% thanks to large projects in Edmonton and Calgary.

EBITDA reflects the first quarter usual seasonality in this region. EBITDA improved 18 million euros, under the combined effect of successful price increases to offset cost inflation, a lower energy bill, ongoing actions on costs and innovation and a 4 million euros positive impact of inventory movements.

Western Europe

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like (1)
Cement (MT)	2.4	2.6	-8%	-8%
Pure Aggregates (MT)	7.1	8.2	-14%	-14%
RMX-Concrete (Mm3)	1.6	1.8	-12%	-12%
Sales (million euros)	**457**	**503**	**-9%**	**-10%**
EBITDA (million euros)	**57**	**39**	**46%**	**4%**
EBITDA Margin	*12.5%*	*7.8%*	*470bps*	*130bps*
COI (million euros)	27	(4)	nm	nm

(1) At constant scope and exchange rates, and excluding carbon credit sales (€15m in 2015 versus none in 2014)

Sales decreased 10% like-for-like, mostly reflecting lower volumes in France and a particularly high 2014 base helped by unseasonably mild weather. Changes in scope and exchange rates had a negligible impact.

- **In France,** construction activity was soft overall. In the residential sector, housing starts were down at the end of February 2015 on the last three months with some progressive improvements expected in the course of 2015. Compared with the first quarter 2014, our cement, aggregates and ready-mix volumes contracted by 7%, 17% and 8%, respectively. Aggregates compared to a particularly high base in 2014 that benefited from several road projects ahead of local elections held in May 2014.
- **In Spain,** the construction sector was positively oriented, confirming the progressive improvements started in 2014. In this context, grey cement volumes sold on the domestic market grew versus last year, with prices positively oriented.
- Activity **in Greece** was impacted by the elections and rising economic uncertainties. Domestic cement volumes decreased 9% versus a high comparison basis as volumes grew 26% in the first quarter of 2014.

Excluding the 15 million euros of carbon credits sold in Q1 2015, EBITDA increased 4% like-for-like, as effective cost reductions and decreasing fuel costs more than offset the impact of the lower volumes.

Central and Eastern Europe

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like
Cement (MT)	1.8	1.9	-3%	5%
Pure Aggregates (MT)	3.6	3.3	10%	10%
RMX-Concrete (Mm3)	0.4	0.4	6%	-3%
Sales (million euros)	**156**	**173**	**-10%**	**-**
EBITDA (million euros)	**(10)**	**(17)**	**nm**	**nm**
EBITDA Margin	*nm*	*nm*		
COI (million euros)	(30)	(38)	nm	nm

Sales contracted 10%, impacted by the depreciation of the Russian rouble and the effect of the divestment of our Korkino cement plant in Russia (Ural) completed at the end of November 2014.

At constant scope and exchange rates, sales were stable despite a high comparison basis in 2014 that was supported by mild weather in most countries.

- **In Poland,** cement volumes contracted compared with 2014 in a competitive environment. Infrastructure tenders based on the new EU infrastructure plan are being announced and allocated. This should bolster the level of construction activity for the remainder of the year.
- **In Romania,** cement volumes strongly increased, supported by several projects started early in the year in a positive business environment and thanks to good weather conditions.
- **In Russia,** the successful ramp-up of our new 2 MT plant located in the south of the Moscow region supported strong volume growth in a challenging construction sector.

EBITDA reflects the usual seasonality in this region in the first quarter. It improved by 7 million euros, under the combined effect of higher volumes and cost saving measures.

Middle East and Africa

	1st Quarter		Variation	Variation
Volumes	2015	2014		like-for-like[1]
Cement (MT)	9.9	10.5	-6%	3%[2]
Pure Aggregates (MT)	2.4	2.4	1%	1%
RMX-Concrete (Mm3)	1.3	1.3	-3%	-3%
Sales (million euros)	**972**	**893**	**9%**	**2%**
EBITDA (million euros)	**259**	**250**	**4%**	**3%**
EBITDA Margin	*26.6%*	*28.0%*	*-140bps*	*20bps*
COI (million euros)	191	186	3%	5%

(1) At constant scope and exchange rates, and excluding the effect of the drop in cement volumes in Iraq due to transport limitations. When including the loss in volumes in Iraq : volumes: -2%, sales: flat, EBITDA -3%, COI: -3%
(2) Domestic only

Middle East and Africa benefited from solid market trends overall. Our volumes were however impacted by transport limitations in Iraq and the suspension of our operations in Syria from mid-September 2014.

Sales grew 9% versus last year. The re-appreciation of most of the currencies of the region against the euro had a positive impact of 9% on our sales, while there was no significant change in scope.

Excluding the impact of lower volumes sold in Iraq due to transport limitations, and at constant scope and exchange rates, our sales rose 2% versus a first quarter 2014 that had been up 13% like-for-like, with noticeable improvements in Nigeria, Egypt and East Africa.

- **In Nigeria,** our volumes grew 7% versus last year, and average prices were higher than last year in response to cost inflation.
- **In Egypt**, the underlying market trends are positive and improved further with the announcement of large infrastructure projects although cement national production levels continue to be impacted by energy shortages. Our cement sales improved 16% versus last year, as the utilization rate of our plant continued to rise.
- **In Kenya,** our volumes grew solidly supported by positive market trends.
- **In Algeria**, sales were stable versus a particularly strong first quarter 2014. Volumes resumed in March after poor weather conditions in the first two months of the year. We continued to focus on innovative products and to develop our ready-mix activities in the country to expand our customer offer.
- **In Iraq**, cement volumes decreased 29% compared to 2014, due to the reduced ability to transport cement across the country. Price levels were lower than last year, reflecting a price drop in the north of the country from June 2014.
- **In South Africa**, our volumes increased 1% and were affected by production limitations at one plant.

Excluding the impact of the volume drop in Iraq, EBITDA increased 3% at constant scope and exchange rates, supported by solid market trends in most markets and innovation and cost-saving measures.

Latin America

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like
Cement (MT)	1.4	1.9	-26%	-9%
Pure Aggregates (MT)	0.6	0.6	3%	3%
RMX-Concrete (Mm3)	0.2	0.3	-32%	-32%
Sales (million euros)	**120**	**173**	**-31%**	**-14%**
EBITDA (million euros)	**20**	**38**	**-47%**	**-19%**
EBITDA Margin	*16.7%*	*22.0%*	*-530bps*	*-90bps*
COI (million euros)	13	31	-58%	-31%

Sales and earnings gross variations were impacted by the divestment of Ecuador in November 2014.

Like-for-like, sales dropped 14% due to the depreciation of the Brazilian real against the US dollar weighing on the economy and lower governmental spending in construction projects.

- **In Brazil,** cement volumes contracted 9% compared to a first quarter 2014 that benefited from good weather conditions and work completion ahead of the soccer World Cup.

EBITDA decreased 19% like-for-like, under the combined effect of lower sales and cost inflation.

Asia

Volumes	1st Quarter 2015	1st Quarter 2014	Variation	Variation like-for-like
Cement (MT)	8.0	7.5	6%	6%
Pure Aggregates (MT)	2.2	2.1	2%	2%
RMX-Concrete (Mm3)	1.2	1.1	7%	7%
Sales (million euros)	**639**	**515**	**24%**	**5%**
EBITDA (million euros)	**121**	**95**	**27%**	**8%**
EBITDA Margin	*18.9%*	*18.4%*	*50bps*	*50bps*
COI (million euros)	83	65	28%	8%

Asia benefited from solid market trends overall. Sales for the region grew 24% compared with last year, benefitting from significant positive effects of exchange rates, with most currencies in the region appreciating against the euro.

At constant scope and exchange rates, sales were up 5% like-for-like, mainly driven by a strong level of construction activity in the Philippines and higher volumes in India.

- **In India,** our cement volumes increased 7%, notably supported by the ramp-up of our plant in Rajasthan.
- **In Malaysia,** the construction market was positively oriented. Our cement sales grew 5%, while the RMX product line also experienced higher volumes.
- **In the Philippines,** our volumes were bolstered by strong trends in the construction market. Cement volumes increased 13% in the quarter, while average prices were lower than last year's level due to softness in the second part of 2014.
- **In South Korea,** our domestic cement sales were up 6%, with improvements in both volumes and prices.
- **In Indonesia,** the construction market was slow, due to heavy rainfalls, delayed infrastructure projects and a soft residential sector. In this context, our cement sales contracted by 10% versus last year.

EBITDA rose 8% like-for-like, supported by self-help measures and with a positive contribution of all our countries in the region.

Other income statement items

The table below shows our operating income and net income for the periods ended March 31, 2015 and 2014:

(million euros)	1st Quarter		Variation
	2015	2014	%
EBITDA	**403**	**343**	**17%**
Depreciation	(198)	(197)	1%
Current Operating Income	**205**	**146**	**40%**
Net gains on disposals	2	26	
Other operating income (expenses)	(108)	(30)	
Operating Income	**99**	**142**	**-30%**
Net financial (costs) income	(190)	(232)	-18%
Share of net income (loss) of joint ventures and associates	(8)	(11)	
Income before Income Tax	**(99)**	**(101)**	
Income tax	23	(4)	
Net income	**(76)**	**(105)**	
of which part attributable to:			
- Owners of the parent Company	**(96)**	**(135)**	**29%**
- Non-controlling interests	20	30	-33%

Depreciation was 198 million euros in 2015, stable compared with the first quarter 2014, as the effect of the variations in foreign currency rates offset the impact of divestments achieved in 2014.

Net gains on disposals were 2 million euros in the first quarter 2015 versus 26 million euros in 2014, with no significant divestment closed in the period. In 2014, they mainly comprised the gain on the disposal of some aggregates assets in Maryland (United States; 33 million euros, pre-tax).

Other operating expenses increased to 108 million euros in the first quarter 2015 versus 30 million euros in 2014. In 2015, we recorded 38 million euros of merger-related costs, 26 million euros of impairment and 7 million euros of other related costs in the context of the mothballing of our cement plant located in Slovenia and 37 million euros of restructuring costs and other non-operating costs. In the first quarter of 2014, we recorded 24 million euros of restructuring and other non-operating costs and 6 million euros of impairment of assets.

Despite an improvement of 60 million euros of the EBITDA, **operating income** decreased 43 million euros to 99 million euros, under the combined effect of lower pre-tax gains on divestments and non-recurring charges totaling 71 million euros linked to the merger and the mothballing of our Slovenian cement plant.

Net finance costs, comprised of financial expenses on net debt, foreign exchange, and other financial income and expenses, were reduced by 18%, standing at 190 million euros versus 232 million euros in the first quarter 2014.

The financial expenses on net debt, at 174 million euros, decreased 8% versus the first quarter 2014, reflecting the deleveraging actions undertaken. The average interest rate on our gross debt was 6.5% in the first quarter 2015, compared with 6.6% last year.

Foreign exchange resulted in a gain of 19 million euros in the first quarter 2015 compared with a loss of 2 million euros in 2014.

Other financial costs, at 35 million euros in 2015, decreased 5 million euros versus last year. They mainly comprise bank commissions and the net interest costs related to pensions.

The contribution from our joint-ventures and associates represented a net loss of 8 million euros in the first quarter 2015, versus a net loss of 11 million euros in 2014, as the improvement of the contribution of our associates and joint-ventures in Western Europe more than offset the effect of the decrease in sales experienced in China.

With a loss before tax of 99 million euros, **income tax** was a profit of 23 million euros in the first quarter 2015 with a projected tax rate at 34%. The effective tax rate was affected by the impairment on the cement plant in Slovenia. In 2014, income tax was impacted by a 38 million euros one-time non-cash effect linked to the divestment of our Maryland aggregates assets.

Net income Group share[1] was a loss of 96 million euros in the first quarter 2015 versus a loss of 135 million euros in the first quarter 2014. The net loss in the first quarter linked to seasonality has been significantly reduced, as the solid operational performance (current operating income up 59 million euros) and lower net financial costs (down 42 million euros) more than offset the non-recurring impact of the 38 million euros of merger-related costs and the 33 million euros of charges linked to the mothballing of our Slovenian cement plant.

Non-controlling interests decreased to 20 million euros versus 30 million euros in the first quarter 2014, mainly reflecting the decrease of the percentage of minority interests in Lafarge Africa and the minority share of the impact of the mothballing of the Slovenian cement plant.

Basic earnings per share was (0.33) euro in 2015, compared to (0.47) euro in the first quarter 2014, reflecting the decrease in net loss attributable to the owners of the parent company, while the average number of shares was almost stable.

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

Cash flow statement

Net operating cash used by operating activities was 82 million euros in the first quarter 2015, versus 69 million euros in 2014.

Cash flow from operations improved solidly, by 55 million euros when excluding merger costs, reflecting the EBITDA improvement. Our actions to optimize the strict working capital[2] limited the normal increase of working capital during the quarter due to the seasonality of our activity. However, as the level of March 2015 sales was particularly high compared to March 2014 sales level, trade receivables increased accordingly at the quarter-end, which had a negative impact on the evolution of the variation of the change in working capital. Additionally, some stock building was achieved ahead of the busy season in some of our countries, notably in Algeria and Egypt.

Cash used in investing activities was 163 million euros, compared with 68 million euros of net cash generated in the first quarter 2014.

Sustaining capital expenditures were almost stable at 59 million euros in the first quarter 2015.

Development investments and acquisitions amounted to 235 million euros and mainly included investments in our projects in North America (Exshaw – Canada and Ravena – United States) and in Algeria (Biskra), as well as a range of debottlenecking projects, notably in sub-Saharan Africa. They also included 45 million euros for the buy-out of an additional stake in an equity affiliate operating in Nigeria (Unicem).

Divestments have reduced the Group's financial net debt by 37 million euros in the quarter. A remaining 0.2 billion euros were received in April 2015 (divestment of operations in Pakistan) and will further contribute to debt reduction. In 2014, disposals represented net cash proceeds of 348 million euros, and 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 March 31, 2015, total equity stood at € 18,486 million (€17,289 million at the end of December 2014) **and net debt at € 9,803 million** (€9,310 million at the end of December 2014).

The increase of the total equity mostly reflects the positive non-cash impact of translating our foreign subsidiaries net assets into euros, given the re-appreciation of various currencies versus the euro in countries where we operated between December 31, 2014 and March 31, 2015 (1.3 billion euros).

At 9.8 billion euros, net debt was affected by the usual seasonality of our working capital in the first quarter amplified by a particularly strong growth in March sales and by a 184 million euros adverse impact of exchange rates versus the year-end net debt level. 0.2 billion euros of additional cash proceeds from divestments secured in 2014 were received in April 2015 (Pakistan) and will contribute to further reduce net debt.

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 2015 versus 2014, primarily driven by growth in emerging markets.

Cost inflation in 2015 should continue albeit at a slower pace than in 2014 given the evolution of fuel oil prices. This should result in higher prices overall. The Group should also benefit from more favorable exchange rates.

The Group confirms its target to generate at least 1.1 billion euros of additional EBITDA from its cost reduction and innovation measures in 2015-2016. This represents a minimum objective of 550 million euros per annum.

In this context, the Group should drive significant growth of its results and expect an EBITDA of between 3 billion euros and 3.2 billion euros in 2015, on a stand-alone basis.

Capital expenditures in 2015 will be limited at 1.1 billion euros.

Net debt should be reduced to between 8.5 billion euros and 9 billion euros at year-end.

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

Project of Merger of Equals to Create LafargeHolcim

On April 7, 2014, Lafarge and Holcim announced their project to combine the two companies through a merger of equals, to create LafargeHolcim, the most advanced and innovative group in the building materials industry, operating in 90 countries and creating superior value for its stakeholders.

Subsequently, the two groups made the following announcements:

- On October 28, 2014, that they have completed all necessary notifications with regulatory authorities worldwide and on December 15, 2014, announced that the European Commission provided clearance for the proposed merger;
- On December 23, 2014, Lafarge and Holcim announced that they had selected the future Executive Committee to lead the combined company after closing;
- On February 2, 2015, that they entered into exclusive negotiations further to a binding commitment made by CRH regarding the sale of several assets;
- On March 20, 2015, that they reached an agreement to amend certain terms of the project of merger of equals between both companies, including:
  - A new exchange ratio,
  - Wolfgang Reitzle and Bruno Lafont to be non-executive Co-Chairmen of the Board, and
  - A new Chief Executive Officer for the combined Group to be proposed by the Lafarge Board of Directors and accepted by the Holcim Board of Directors;
- On April 9, 2015 that, in respect of the amended agreement, Eric Olsen, EVP Operations of Lafarge was appointed as the future CEO of LafargeHolcim;
- On April 14, 2015 the proposed nominations for the future Board of Directors of LafargeHolcim; and
- In April 2015 the two groups announced a package of asset divestments in India, in the United States and that they have received the European Commission’s approval for CRH as a suitable buyer for the assets in the EU.

Full information on the project, including next steps, is available on the Lafarge website.

The closing of the planned merger is expected in July 2015. Updates on the process will be provided as and when relevant.

2. Interim condensed consolidated financial statements

Consolidated statement of income

(million euros, except per share data)	3 months 2015	3 months 2014	December 31, 2014
Revenue	**2,779**	**2,633**	**12,843**
Cost of sales	(2,293)	(2,208)	(9,838)
Selling and administrative expenses	(281)	(279)	(1,124)
Operating income before capital gains, impairment, restructuring and other	**205**	**146**	**1,881**
Net gains (losses) on disposals	2	26	292
Other operating income (expenses)	(108)	(30)	(713)
Operating income	**99**	**142**	**1,460**
Financial expenses	(259)	(263)	(1,034)
Financial income	69	31	164
Share of net income (loss) of joint-ventures and associates	(8)	(11)	69
Income before income tax	**(99)**	**(101)**	**659**
Income tax	23	(4)	(385)
Net income	**(76)**	**(105)**	**274**
Of which attributable to:			
- Owners of the parent company	**(96)**	**(135)**	**143**
- Non-controlling interests (minority interests)	20	30	131
Earnings per share (euros)			
Attributable to the owners of the parent company			
Basic earnings per share	(0.33)	(0.47)	0.50
Diluted earnings per share	(0.33)	(0.47)	0.49
Basic average number of shares outstanding (in thousands)	**287,553**	**287,359**	**287,419**

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

Consolidated statement of comprehensive income

	3 months		December 31,
(million euros)	2015	2014	2014
Net income	**(76)**	**(105)**	**274**
Items that will not be reclassified subsequently to profit or loss			
Actuarial gains / (losses)	78	(109)	(63)
Income tax on items that will not be reclassified to profit or loss	(14)	28	47
Total items that will not be reclassified to profit or loss	**64**	**(81)**	**(16)**
Items that may be reclassified subsequently to profit or loss			
Available-for-sale financial assets	-	-	8
Cash-flow hedging instruments	(1)	(3)	(13)
Foreign currency translation adjustments	1,266	(75)	1,193
Income tax on items that may be reclassified to profit or loss	1	-	3
Total items that may be reclassified to profit or loss	**1,266**	**(78)**	**1,191**
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX	**1,330**	**(159)**	**1,175**
of which share of comprehensive income (loss) of joint ventures and associates, net of income tax	*228*	*(3)*	*216*
TOTAL COMPREHENSIVE INCOME	**1,254**	**(264)**	**1,449**
Of which attributable to :			
- Owners of the parent company	***1,121***	***(288)***	***1,218***
- Non-controlling interests (minority interests)	*133*	*24*	*231*

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 gain of 78 million euros in equity during the first three months 2015 (64 million euros net of tax effect), which essentially arises from the defined benefit pension plans in the United-Kingdom, in the United-States and in Canada. The actuarial gains are related to the plan assets mainly in the United-Kingdom partly offset by a decrease of discount rates in the main countries.

Foreign currency translation adjustments

Change in cumulative foreign currency translation adjustments from January 1, 2015 to March 31, 2015 (closing rate) comprises 735 million euros due to the appreciation of the American dollar, Iraqi dinar, Egyptian pound and the Philippine peso compared to the euro currency.

Consolidated statement of financial position

(million euros)	At March 31,		At December 31,
	2015	2014	2014
ASSETS			
NON CURRENT ASSETS	**30,553**	**28,248**	**28,933**
Goodwill	12,026	10,984	11,360
Intangible assets	374	361	349
Property, plant and equipment	12,659	11,864	12,052
Investments in joint ventures and associates	3,228	3,021	3,056
Other financial assets	742	761	739
Derivative instruments	51	21	50
Deferred tax assets	1,438	1,217	1,292
Other receivables	35	19	35
CURRENT ASSETS	**6,099**	**6,649**	**5,871**
Inventories	1,643	1,458	1,476
Trade receivables	1,614	1,518	1,597
Other receivables	788	661	714
Derivative instruments	115	39	123
Cash and cash equivalents	1,939	2,973	1,961
TOTAL ASSETS	**36,652**	**34,897**	**34,804**
EQUITY & LIABILITIES			
Common stock	1,151	1,150	1,150
Additional paid-in capital	9,734	9,713	9,730
Treasury shares	(4)	(5)	(4)
Retained earnings	6,539	6,712	6,655
Other reserves	(820)	(969)	(884)
Foreign currency translation adjustments	(41)	(2,357)	(1,194)
Equity attributable to owners of the parent company	**16,559**	**14,244**	**15,453**
Non-controlling interests (minority interests)	1,927	1,743	1,836
EQUITY	**18,486**	**15,987**	**17,289**
NON CURRENT LIABILITIES	**12,000**	**13,258**	**12,099**
Deferred tax liabilities	891	757	847
Pension & other employee benefits	1,346	1,331	1,304
Provisions	551	520	515
Financial debt	9,140	10,580	9,371
Derivative instruments	7	1	2
Other payables	65	69	60
CURRENT LIABILITIES	**6,166**	**5,652**	**5,416**
Pension & other employee benefits	98	120	94
Provisions	88	87	75
Trade payables	1,943	1,778	1,897
Other payables	1,130	1,168	1,173
Current tax liabilities	146	96	106
Financial debt *(including current portion of long-term debt)*	2,686	2,385	2,045
Derivative instruments	75	18	26
TOTAL EQUITY AND LIABILITIES	**36,652**	**34,897**	**34,804**

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

Consolidated statements of cash flows

	3 months		December 31,
(million euros)	2015	2014	2014
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Net income	**(76)**	**(105)**	**274**
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	198	197	840
Impairment losses	27	6	428
Share of net (income) loss of joint ventures and associates	8	11	(69)
Net (gains) losses on disposals	(2)	(26)	(292)
Financial (income) / expenses	190	232	870
Income tax	(23)	4	385
Others, net (including dividends received from equity-accounted investments)	14	(16)	(76)
Change in working capital items, excluding financial expenses and income tax (see analysis below)	(204)	(154)	(92)
Net operating cash generated by continuing operations before impacts of financial expenses and income tax	**132**	**149**	**2,268**
Interests (paid) received	(147)	(142)	(877)
Cash payments for income tax	(67)	(76)	(443)
Net cash generated by (used in) operating activities	**(82)**	**(69)**	**948**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
Capital expenditures	(235)	(192)	(861)
Investment in subsidiaries [1]	3	(23)	(76)
Investment in joint ventures and associates	(47)	-	(10)
Acquisition of available-for-sale financial assets	-	(2)	(15)
Disposals [2]	37	348	1,084
Net (increase) decrease in long-term receivables	79	(63)	(87)
Net cash provided by (used in) investing activities	**(163)**	**68**	**35**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES			
Capital increase (decrease) - owners of the parent company	-	1	8
Capital increase (decrease) - non-controlling interests (minority interests)	-	-	-
Acquisitions of ownership interests with no gain of control	(13)	-	(13)
Disposal of ownership interests with no loss of control	-	-	21
(Increase) / Decrease in treasury shares	-	(14)	(14)
Dividends paid	-	-	(289)
Dividends paid by subsidiaries to non controlling interests (minority interests)	(10)	(11)	(147)
Proceeds from issuance of long-term debt	86	28	612
Repayment of long-term debt	(41)	(44)	(2,632)
Increase (decrease) in short-term debt	124	(44)	58
Net cash provided by (used in) financing activities	**146**	**(84)**	**(2,396)**

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

	3 months		December 31,
(million euros)	2015	2014	2014
Increase / (decrease) in cash and cash equivalents	**(99)**	**(85)**	**(1,413)**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	77	(53)	263
Cash and cash equivalents at the beginning of the year/period	1,961	3,111	3,111
Cash and cash equivalents at end of the year/period	**1,939**	**2,973**	**1,961**
(1) Net of cash and cash equivalents of companies acquired	*3*	*2*	*3*
(2) Net of cash and cash equivalents of companies disposed of	*(1)*	*-*	*(16)*
Analysis of changes in working capital items	**(204)**	**(154)**	**(92)**
(Increase) / decrease in inventories	(95)	(47)	(32)
(Increase) / decrease in trade receivables	54	18	(22)
(Increase) / decrease in other receivables – excluding financial and income tax receivables	(14)	(27)	(35)
Increase / (decrease) in trade payables	(58)	(42)	(2)
Increase / (decrease) in other payables – excluding financial and income tax payables	(91)	(56)	(1)

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 adjustments	Equity attributable to owners of the parent company	Non-controlling interests	Equity
	(number of shares)						*(million euros)*				
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						(135)			(135)	30	**(105)**
Other comprehensive income, net of income tax							(84)	(69)	(153)	(6)	**(159)**
Total comprehensive income						**(135)**	**(84)**	**(69)**	**(288)**	**24**	**(264)**
Dividends									**-**	(21)	**(21)**
Issuance of common stock	*42,815*		1						**1**	-	**1**
Share based payments				1					**1**	-	**1**
Treasury shares		*63,250*			(4)	(10)			**(14)**	-	**(14)**
Changes in ownership with no gain/loss of control						(9)			**(9)**	8	**(1)**
Other movements						(2)			**(2)**	2	**-**
Balance at March 31, 2014	***287,408,212***	***81,185***	**1,150**	**9,713**	**(5)**	**6,712**	**(969)**	**(2,357)**	**14,244**	**1,743**	**15,987**
Balance at January 1, 2015	***287,541,684***	***70,538***	**1,150**	**9,730**	**(4)**	**6,655**	**(884)**	**(1,194)**	**15,453**	**1,836**	**17,289**
Net income						(96)			(96)	20	**(76)**
Other comprehensive income, net of income tax							64	1,153	1,217	113	**1,330**
Total comprehensive income						**(96)**	**64**	**1,153**	**1,121**	**133**	**1,254**
Dividends									-	(10)	**(10)**
Issuance of common stock	*376,188*		1			(1)			-	-	**-**
Share based payments				4					**4**	-	**4**
Treasury shares									-	-	**-**
Changes in ownership with no gain/loss of control						(19)			**(19)**	(32)	**(51)**
Other movements									-	-	**-**
Balance at March 31, 2015	***287,917,872***	***70,538***	**1,151**	**9,734**	**(4)**	**6,539**	**(820)**	**(41)**	**16,559**	**1,927**	**18,486**

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 (Registre du Commerce et des Sociétés 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 April 29, 2015.

Note 2. Summary of significant accounting policies

2.1 – Interim condensed consolidated financial statements

The Group’s interim condensed consolidated financial statements at March 31, 2015 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, 2014.

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 March 31, 2015 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, 2014 and described in the Note 2 of the Group consolidated financial statements of the 2014 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 joint ventures and 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 March 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 March 31, 2015 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, 2014. This review did not indicate an impairment situation as of March 31, 2015.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1, 2015

The new IFRS and interpretations published as of December 31, 2014 and effective from January 1, 2015, 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 2014 Registration Document (page F26), had no significant impact on the Group interim condensed consolidated financial statements at March 31, 2015.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2015.

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 Merger project between Lafarge and Holcim

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 Board of Directors of both companies and received the full support of their core shareholders.

On March 20, 2015, Lafarge and Holcim announced that they reached an agreement to amend certain terms of the project of merger of equals between both companies. Amongst other things, Holcim and Lafarge agreed on a new exchange ratio and a dividend payable in shares after closing of the merger subject to shareholders approval.

LafargeHolcim would be listed on Euronext Paris and SIX in Zurich and would be 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 of an equal number of Lafarge and Holcim Directors. Additional information is available on the Lafarge website www.lafarge.com.

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 or voting rights of Lafarge on a fully diluted basis, and obtaining various approvals including regulatory and other approvals and customary consultations. Until the completion of the transaction, the two companies will continue to operate independently.

In the context of the merger project, Lafarge and Holcim proposed assets disposal:

- On April 24, 2015, Lafarge and Holcim received European Commission's approval for CRH as buyer of divestment assets in Europe. The list of Lafarge's assets to be sale to CRH includes operations in Europe, in Brazil and in the Philippines. The expected accounting impacts of this transaction were presented in the Note 3.1.1 – *Divestment of assets subject to the completion of the merger* to the notes of the Group consolidated financial statements of the 2014 Registration Document (page F27);
- On April 17, 2015, Lafarge and Holcim announced a package of assets they propose to divest in the United States which includes Lafarge 1.1 million tonnes Davenport cement plant (Iowa) and 7 terminals along the Mississippi River to be sold to Summit Materials ("Summit") for a total consideration of 450 million US dollars (equivalent to 420 million euros) in cash plus Summit's Bettendorf, Iowa cement terminal. These proposed divestments remain subject to approval by the Federal Trade Commission (FTC);
- On April 1st, 2015, Lafarge and Holcim announced a package of asset divestments agreed with the Competition Commission of India (CCI) which includes 1 cement plant and 1 grinding station from Lafarge (with a total of approximately 5 million tonnes annual cement capacity) in Eastern India.

The divestments will be completed subject to the closing of the merger between Holcim and Lafarge.
The divestments will be carried out in the framework of the relevant social processes and ongoing dialogue with the employee representatives' bodies.
The Group considers that the criteria for the application of IFRS 5 to the proposed asset disposal are not met as at March 31, 2015.

On March 3, 2015, the Group announced, the signature of an agreement to acquire the 45% stake held by SOCAM Development Limited in Lafarge Shui On Cement in China, for a consideration of 2,553 million HK$ (around 294 million euros) subject to the completion of the merger project with Holcim.

As presented in the Note 3.1.2 - *Change of control and non-compete clauses,* to the notes of the Group consolidated financial statements of the 2014 Registration Document (page F28), the merger project with Holcim could trigger the implementation of change of control and non-compete clauses and, depending on local regulations, of mandatory tender offers for minority interests of some listed subsidiaries of the Group. The Group entered or will enter into discussions/negotiations with the relevant parties and authorities to ensure that appropriate solutions are found.

The closing of the planned merger is expected in July 2015.

As of March 31, 2015, costs in the amount of 38 million euros were recorded in connection with the proposed merger between Lafarge and Holcim in the consolidated statement of income on the line "Other operating income (expense)".

3.2 Follow up of the specific situation in Syria

In Syria, our plant located in the Aleppo area has been freed. The Group remains firmly committed to restart its operations as soon as the situation will allow it.

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[3] 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.

[3] the Chief Operating Decision Maker

(a) Segment information

March 31, 2015 (million euros)	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	479	435	158	1,004	120	662	
Less: intersegment	(22)	-	(2)	(32)	-	(23)	
EXTERNAL REVENUE	**457**	**435**	**156**	**972**	**120**	**639**	**2,779**
EBITDA	**57**	**(44)**	**(10)**	**259**	**20**	**121**	**403**
Depreciation and amortization	(30)	(35)	(20)	(68)	(7)	(38)	**(198)**
Operating income before capital gains, impairment, restructuring and other	**27**	**(79)**	**(30)**	**191**	**13**	**83**	**205**
Net gains (losses) on disposals	(5)	-	(4)	11	-	-	**2**
Other operating income (expenses)	(58)	1	(34)	(13)	(3)	(1)	**(108)**
Including impairment on assets and goodwill	-	-	*(26)*	*(1)*	-	-	***(27)***
OPERATING INCOME	**(36)**	**(78)**	**(68)**	**189**	**10**	**82**	**99**
OTHER INFORMATION							
Capital expenditures	29	89	17	55	13	32	**235**
Capital employed	**5,810**	**5,449**	**2,374**	**11,047**	**824**	**3,579**	**29,083**
STATEMENT OF FINANCIAL POSITION							
Segment assets	7,040	5,925	2,561	12,295	962	4,326	**33,109**
Of which investments in joint ventures and associates	*1,827*	*29*	*40*	*907*	*4*	*421*	***3,228***
Unallocated assets [a]							**3,543**
TOTAL ASSETS							**36,652**
Segment liabilities	1,662	1,520	239	1,114	134	698	**5,367**
Unallocated liabilities and equity [b]							**31,285**
TOTAL EQUITY AND LIABILITIES							**36,652**

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

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

March 31, 2014 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	529	375	175	913	173	537	
Less: intersegment	(26)	1	(2)	(20)	-	(22)	
EXTERNAL REVENUE	**503**	**376**	**173**	**893**	**173**	**515**	**2,633**
EBITDA	**39**	**(62)**	**(17)**	**250**	**38**	**95**	**343**
Depreciation and amortization	(43)	(32)	(21)	(64)	(7)	(30)	**(197)**
Operating income before capital gains, impairment, restructuring and other	**(4)**	**(94)**	**(38)**	**186**	**31**	**65**	**146**
Net gains (losses) on disposals	-	33	(2)	-	(5)	-	**26**
Other operating income (expenses)	(10)	(2)	(6)	(7)	(2)	(3)	**(30)**
Including impairment on assets and goodwill	*(1)*	-	*(3)*	-	-	*(2)*	***(6)***
OPERATING INCOME	**(14)**	**(63)**	**(46)**	**179**	**24**	**62**	**142**
OTHER INFORMATION							
Capital expenditures	31	42	41	29	18	31	**192**
Capital employed	5,366	4,377	2,640	10,198	1,234	2,961	**26,775**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,602	4,793	2,823	11,236	1,427	3,766	**30,647**
Of which investments in joint ventures and associates	*1,551* [(a)]	*24*	*43*	*828*	*202*	*373*	***3,021***
Unallocated assets [(b)]							**4,250**
TOTAL ASSETS							**34,897**
Segment liabilities	1,980	1,194	230	1,010	192	563	**5,169**
Unallocated liabilities and equity [(c)]							**29,728**
TOTAL EQUITY AND LIABILITIES							**34,897**

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

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

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

December 31, 2014 *(million euros)*	Western Europe	North America	Central and Eastern Europe	Middle East and Africa	Latin America	Asia	Total
STATEMENT OF INCOME							
Gross revenue	2,207	3,008	1,077	3,813	712	2,320	
Less: intersegment	(98)	-	(10)	(102)	-	(84)	
EXTERNAL REVENUE	**2,109**	**3,008**	**1,067**	**3,711**	**712**	**2,236**	**12,843**
EBITDA	**291**	**578** [(a)]	**226**	**1,043**	**150**	**433**	**2,721**
Depreciation and amortization	(187)	(137)	(91)	(265)	(31)	(129)	**(840)**
Operating income before capital gains, impairment, restructuring and other	**104**	**441**	**135**	**778**	**119**	**304**	**1,881**
Net gains (losses) on disposals	11	49	47	(3)	179	9	**292**
Other operating income (expenses)	(181)	(31)	(39)	(296)	(24)	(142)	**(713)**
Including impairment on assets and goodwill	*(17)*	*(11)*	*(29)*	*(246)*	*(2)*	*(123)*	***(428)***
OPERATING INCOME	**(66)**	**459**	**143**	**479**	**274**	**171**	**1,460**
OTHER INFORMATION							
Capital expenditures	128	202	136	153	88	154	**861**
Capital employed	5,692	4,881	2,286	10,539	832	3,173	**27,403**
STATEMENT OF FINANCIAL POSITION							
Segment assets	6,908	5,441	2,479	11,651	991	3,908	**31,378**
Of which investments in joint ventures and associates	*1,700*	*30*	*41*	*884*	*3*	*398*	***3,056***
Unallocated assets [(b)]							**3,426**
TOTAL ASSETS							**34,804**
Segment liabilities	1,646	1,502	240	1,036	157	643	**5,224**
Unallocated liabilities and equity [(c)]							**29,580**
TOTAL EQUITY AND LIABILITIES							**34,804**

[(a)] Including a gain of 28 million euros due to a pension plan amendment in the United States

[(b)] Cash and cash equivalents, deferred tax assets and derivative instruments

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

(b) Information by product line

(million euros)	External revenue March 31, 2015	External revenue March 31, 2014	External revenue December 31, 2014	Gross revenue March 31, 2015	Gross revenue March 31, 2014	Gross revenue December 31, 2014
Cement	1,972	1,854	8,545	2,103	1,983	9,166
Aggregates & Concrete	786	769	4,253	789	772	4,271
Other products	21	10	45	21	10	45
Eliminations				(134)	(132)	(639)
Total	**2,779**	**2,633**	**12,843**	**2,779**	**2,633**	**12,843**

(c) Information by country

(million euros)	March 31, 2015 External revenue	March 31, 2015 Non-current segment assets *	March 31, 2014 External revenue	March 31, 2014 Non-current segment assets *	December 31, 2014 External revenue	December 31, 2014 Non-current segment assets *
Western Europe	**457**	**5,839**	**503**	**5,523**	**2,109**	**5,715**
Of which:						
France	*362*	*2,300*	*404*	*2,223*	*1,643*	*2,306*
North America	**435**	**5,016**	**376**	**4,004**	**3,008**	**4,514**
Of which:						
*United States ***	*148*	*1,327*	*131*	*1,047*	*1,079*	*1,170*
*Canada ***	*287*	*973*	*245*	*778*	*1,929*	*914*
Central and Eastern Europe	**156**	**2,266**	**173**	**2,493**	**1,067**	**2,212**
Middle East and Africa	**972**	**10,868**	**893**	**10,086**	**3,711**	**10,396**
Of which:						
Egypt	*146*	*2,460*	*109*	*2,115*	*477*	*2,305*
Algeria	*170*	*3,077*	*164*	*2,968*	*664*	*2,993*
Nigeria	*189*	*1,265*	*161*	*1,274*	*632*	*1,323*
Latin America	**120**	**775**	**173**	**1,204**	**712**	**800**
Of which:						
Brazil	*120*	*769*	*140*	*815*	*584*	*831*
Asia	**639**	**3,523**	**515**	**2,920**	**2,236**	**3,180**
Total	**2,779**	**28,287**	**2,633**	**26,230**	**12,843**	**26,817**

** 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 computation and reconciliation of basic and diluted earnings per share for the periods ended March 31, 2015, March 31, 2014 and December 31, 2014 are as follows:

	3 months		December 31,
	2015	2014	2014
Numerator (in million euros)			
Net income attributable to the owners of the parent company	(96)	(135)	143
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	287,553	287,359	287,419
Total potential dilutive shares	1,874	2,095	2,137
Weighted average number of shares outstanding — fully diluted	289,427	289,454	289,556
Basic earnings per share (euros)	**(0.33)**	**(0.47)**	**0.50**
Diluted earnings per share (euros)	**(0.33)**	**(0.47)**	**0.49**

Note 6. Debt

The debt split is as follows:

	At March 31,		At December 31,
(million euros)	2015	2014	2014
Long-term debt excluding put options on shares of subsidiaries	9,134	10,557	9,365
Put options on shares of subsidiaries, long-term	6	23	6
Long-term debt	**9,140**	**10,580**	**9,371**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,686	2,374	2,045
Put options on shares of subsidiaries, short-term	-	11	-
Short-term debt and current portion of long-term debt	**2,686**	**2,385**	**2,045**
Total debt excluding put options on shares of subsidiaries	11,820	12,931	11,410
Total put options on shares of subsidiaries	6	34	6
Total debt	**11,826**	**12,965**	**11,416**

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" (356 million euros as at March 31, 2015, no amount as at March 31, 2014 and 308 million euros as at December 31, 2014).

At March 31, 2015, the net variation of this debt is an increase of 48 million euros (compared to a decrease of 7 million euros as at March 31, 2014 and an increase of 301 million euros as at December 31, 2014) and is presented in the statement of cash flows in "Proceeds from issuance of long-term debt" ("Repayment of long-term debt" as at March 31, 2014 and in "Proceeds from issuance of long-term debt" as at December 31, 2014).

Interest rate

The average spot interest rate of the gross debt after swaps, as at March 31, 2015, is 6.6% (6.6% as at March 31, 2014 and 6.4 % as at December 31, 2014).

The average interest rate of the gross debt after swaps is 6.5% for the first 3 months 2015 compared to 6.6% for the first 3 months 2014 and 6.3% for the full year 2014.

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 2014 Registration Document.

Under these agreements, 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 amounted to 259 million euros as at March 31, 2015 (284 million euros as at March 31, 2014 and 335 million euros as at December 31, 2014).

The financing generated by these securitization programs, classified as short-term debt, amounts to 187 million euros as at March 31, 2015 (210 million euros as at March 31, 2014 and 254 million euros as at December 31, 2014).

The French securitization agreement is guaranteed by subordinated deposits and units totalling 72 million euros as at March 31, 2015 (74 million euros as at March 31, 2014 and 81 million euros as at December 31, 2014).

Information on financial instruments fair value

The main nature of the Group's financial assets and liabilities are broadly similar to those identified in the Group consolidated financial statements as of December 31, 2014. Besides, differences between fair values and carrying amounts of those main natures of financial assets and liabilities have not significantly changed compared to December 31, 2014.

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share proposed for the year 2014 to Annual General Meeting of shareholders called on May 7, 2015 as well as the dividend amount per share approved in 2014 for the year 2013 (paid in July 2014).

(euros, except otherwise indicated)	2014	2013
Total dividend (million euros)	368(3)	289
Base dividend per share	1.27(1)	1.00
Increased dividend per share(2)	1.39(1)	1.10

(1) Proposed dividend by the Board of Directors held on February 23, 2015, subject to Annual General Meeting approval. As this dividend is subject to approval by shareholders at the Annual General Meeting, it has not been included as a liability in these financial statements as of March 31, 2015.

(2) See Section 6.2.5 (Articles of Association (Statuts) - Rights, preferences and restrictions attached to shares) of the 2014 Registration document for an explanation of our "Loyalty dividend".

(3) Based on an estimation of the number of shares eligible for dividends of 287,471,146 shares.

(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 1, 2015	Gains/(losses) arising during the period	Recycling to income statement	At March 31, 2015
Available-for-sale financial assets	15	-	-	15
Gross value	*25*	-	-	*25*
Deferred taxes	*(10)*	-	-	*(10)*
Cash flow hedge instruments	(10)	-	-	(10)
Gross value	*(15)*	*(1)*	-	*(16)*
Deferred taxes	*5*	*1*	-	*6*
Actuarial gains/(losses)	(889)	64	-	(825)
Gross value	*(1,253)*	*78*	-	*(1,175)*
Deferred taxes	*364*	*(14)*	-	*350*
Total Other reserves	***(884)***	***64***	**-**	***(820)***
Total Foreign currency translation	***(1,194)***	***1,156***	***(3)***	***(41)***
Total Other comprehensive income/(loss), net of income tax	***(2,078)***	***1,220***	***(3)***	***(861)***

Note 8. Legal and arbitration proceedings

In the ordinary course of its business, Lafarge is involved in a 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 basis for the claims and the level of risk on a case-by-case basis and depends on its assessment of 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 time.

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 took place on November 12, 2014. On February 18, 2015, the Court of Appeal rejected the claimants' appeal and the deadline for them to lodge an appeal lapsed on March 26, 2015, with no appeal being filed. Hence, the Court of Appeals' decision rejecting the claim is now final and the related provision released.

India – Cement: An investigation was started in 2011 against the major players in 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 (71 million euros[4]), out of a total amount of penalty of 60 billion rupees (892 million euros[4]). Lafarge India PVT Limited vigorously

[4] *Translated using the closing exchange rate*

challenges the merits of this order and, on August 31, 2012, lodged an appeal with the Competition Appeal Tribunal (the “COMPAT”) as well as a request for a stay of the collection of the penalty until final judgment of the COMPAT. On May 17, 2013, further to different initial procedural steps, the COMPAT 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 (i.e. 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. Final Hearings on the merits of the case and a final Order by the COMPAT may be expected in the course of the second half year of 2015. 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. Two of the primary Defendant settled with Plaintiffs.

Then, in September 2013, two new 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.

Lafarge North America Inc. and Lafarge Canada Inc. believe these lawsuits are without merit and intend to vigorously defend the litigation. No provision has been recorded.

Also on competition matters, there are three 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 does not however constitute a statement of objection), while reminding them that at that stage, it did not have conclusive evidence of anti-competitive practices. The alleged offences, which are 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 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-mix concrete markets (the “Industry”) in the UK to the competition commission (the “UK Commission”) for an in-depth sector investigation. The UK Commission conducted this market investigation in relation to the supply of those products. On May 21, 2013, the UK 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 UK Commission published its provisional decision on remedies, requiring LT to divest one cement plant together with certain ready-mix plants (if required by a prospective purchaser) and two slag granulators (“Divestiture Package”) and imposing some behavioral 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 UK Commission's final report (the "Final Report") was published, confirming the Divestiture Package (but without the requirement for LT to divest the two slag granulators) and the behavioral remedies, and requiring interim undertakings from LT to preserve the possible divestment assets. In March 2014, LT disputed the conclusions of the UK Commission and lodged an appeal before the Competition Appeal Tribunal (“CAT”). On December 16, 2014, the UK Commission gave consent to the transfer of the Cauldon Assets to the future Lafarge S.A./Holcim Ltd. business in the UK, as part of their merger project. The interim undertakings given by LT will continue to apply until formally released by the UK Commission or until the market investigation has been finally determined by the UK Commission. By an Order dated February 15, 2015, the CAT ordered a stay of the proceedings until the completion of the Lafarge-Holcim merger, or until 31 July 2015, whichever is earlier, with hearings to take place on or after that date.

Spain – Cement and Concrete: On December 22, 2014, the Spanish competition authority (Comisión Nacional de los Mercados y la Competencia - CNMC), opened proceedings against 10 Spanish cement and concrete manufacturers investigating the possible existence of restrictive practices affecting the cement and concrete market in Spain. On April 7, 2015 the CNMC notified 4 additional companies, including Lafarge Cementos S.A. of its decision to include them in those proceedings. The CNMC is currently investigating and no charges have been issued against Lafarge Cementos.

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 in March 2012 granting Summary Judgment in LNA's favor 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 (with no official timetable at this stage). LNA vigorously defends itself in this ongoing action. LNA 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 Administrative Court of First Instance 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, after the CFI judgment was confirmed on appeal, the Greek authorities repaid to Heracles 44 million euros. The parties appealed. Several years later, in 2012, the Supreme Administrative Court, ordered the case to be sent back for a new appellate judgment to be issued on the merits of the case. Further to a hearing which took place on February 13, 2014, Heracles became 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 been officially served to Heracles on October 13, 2014. 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 enforcement of this judgment which has not been demanded at this stage and it being understood that the appeal with the Supreme Administrative Court is not suspensive. A hearing at the Supreme Administrative Court is scheduled for the second quarter of 2015. No provision has been recorded.

Brazil - Lafarge Brasil SA: On December 31, 2010, in an extraordinary general meeting (the "EGM"), the merger of our subsidiary Lafarge Brasil SA into LACIM was approved by the majority of shareholders of Lafarge Brasil SA. The companies *Maringá S.A. Cimento e Ferro Liga* (currently named *Maringá Ferro Liga S.A.*) and *Companhia de Cimento Portland Ponte Alta* ("Maringa" and "Ponte Alta"), both then minority shareholders of Lafarge Brasil SA for a combined ownership of 8.93%, dissented from the merger decision and subsequently exercised their right to withdraw as provided for by the Brazilian Corporation law. In application of such law, an amount of R$ 76.3 million was paid by Lafarge Brasil SA to Maringa and Ponte Alta (value of their shares at book value as reflected on the balance sheet of November 30, 2010).

In February 2011, Maringa filed an injunction to suspend the effects of the EGM. The injunction was denied. In September 2011, the claim was amended to (i) add Ponte Alta as Plaintiff and the former Chief Executive Officer of Lafarge Brasil SA as defendant; and (ii) request to nullify the EGM and the revision of the criteria used to calculate the amount of reimbursement following the exercise of the withdrawal rights. On March 27, 2013, before the Court of first instance, Lafarge Brasil SA was ordered to pay to Maringa and Ponte Alta the amount of approximately R$ 366 million (as of January 2015) (121 million euros[5]), corresponding to the difference between the book value (i.e., R$ 11.90/share) paid in 2011 at the time of the merger and the fair market (economic) value established by an independent expert to determine the exchange ratio for the merger (i.e., R$39.57/share). Both Lafarge Brasil SA and Maringa and Ponte Alta appealed against this decision on June 10, 2013. At the end of December 2014, the Rio de Janeiro Tribunal rejected both appeals on the merits. Once the appellate judgment will be formally notified, Lafarge Brasil SA will appeal and defend vigorously against it before the Superior Court of Justice and, as the case may be, will consider other actions to challenge the possible enforcement of this judgment. No provision has been recorded.

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. 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 2014 Registration Document.

Note 10. Subsequent events

On April 22, 2015 the Group completed the sale of its cement operations in Pakistan for 220 million US dollar (eq. to c. 205 million euros) to BestWay Cement. Lafarge Pakistan Cement Ltd, listed on the Karachi, Lahore and Islamabad stock exchanges, operates an integrated cement plant, located close to Islamabad in the North of the country.

[5] *Translated using the closing exchange rate of January 2015*

Statutory auditors' review report on the interim condensed consolidated financial statements

This is a free translation into English of the statutory auditors' review report on the interim condensed consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with professional standards applicable in France.

To the Chairman and Chief Executive Officer,

In our capacity as statutory auditors of Lafarge and in accordance with your request, we have performed a review of the accompanying interim condensed consolidated financial statements of Lafarge for the period from January 1st, to March 31, 2015.

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

We conducted our review in accordance with professional standards applicable in France. A review 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.

Neuilly-sur-Seine and Paris-la-Défense, April 29, 2015

The statutory auditors
French original signed by

DELOITTE & ASSOCIES ERNST & YOUNG et Autres

Arnaud de Planta Frédéric Gourd Alain Perroux Nicolas Macé