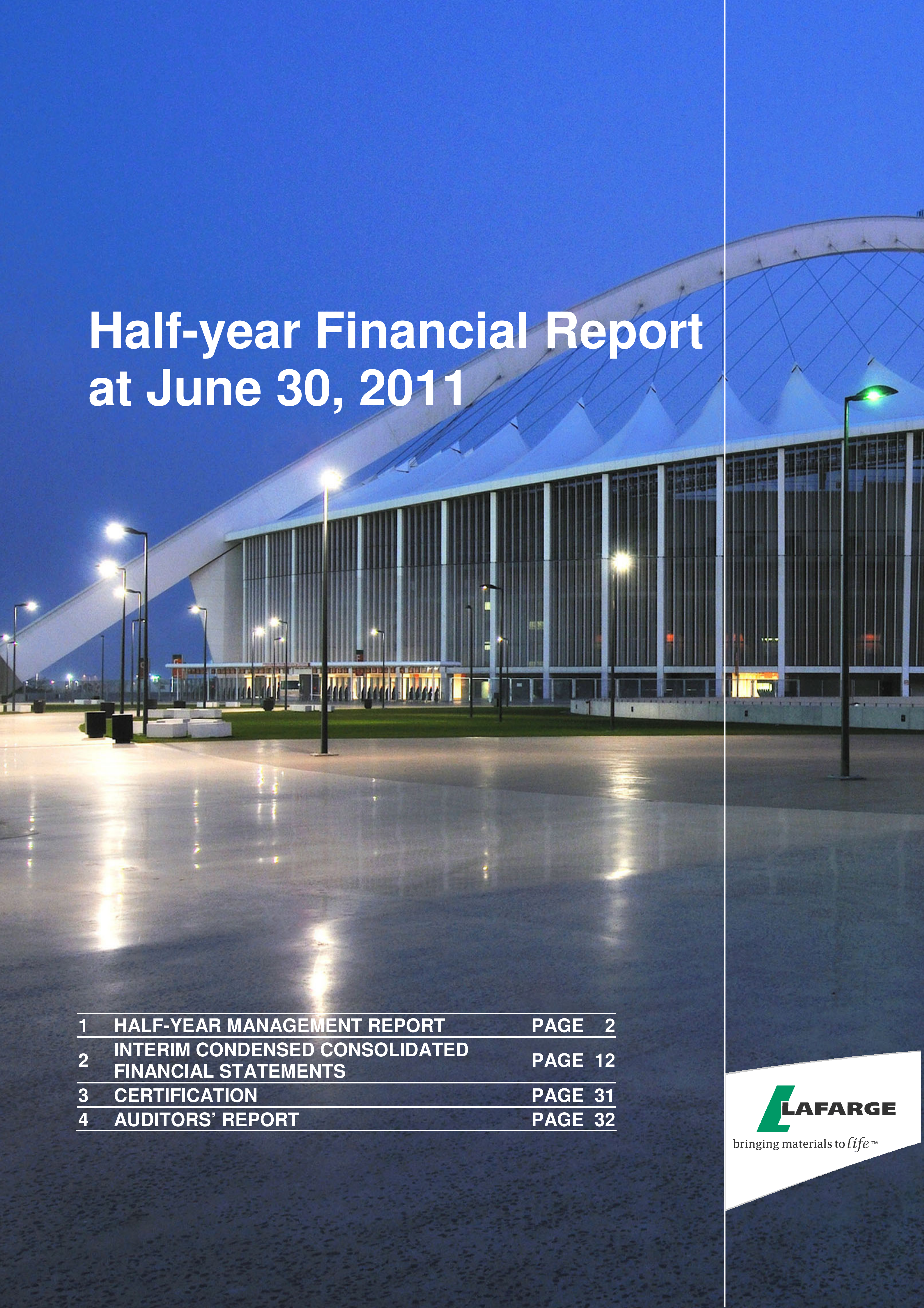

Half-year Financial Report at June 30, 2011

LAFARGE
bringing materials to life ™

The Board of Directors of Lafarge, chaired by Bruno Lafont, met on July 27, 2011 and approved the accounts at June 30, 2011. Further to their limited review of the interim condensed consolidated financial statements of Lafarge, the auditors have established a report which is included in the half-year financial report.

This half-year management report should be read in conjunction with the interim condensed consolidated financial statements (including note 10 "Transactions with related parties") and the company's Annual Report (Registration Document) for the fiscal year 2010 filed with the Autorité des Marchés Financiers on March 22, 2011 under number D.11.0163. 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 2 "Risk factors" of the company's Annual Report. 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" refers to the subtotal "operating income before capital gains, impairment, restructuring and other" on the face of the Group's consolidated statement 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", after tax, and income from 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.

1.1. Consolidated key figures

Sales

(million euros)	6 months 2011	6 months 2010	% Variance	2nd quarter 2011	2nd quarter 2010	% Variance
By geographic area of destination						
Western Europe	2,233	2,203	1%	1,176	1,227	-4%
North America	1,323	1,388	-5%	844	938	-10%
Middle East and Africa	1,947	1,978	-2%	1,017	1,039	-2%
Central and Eastern Europe	557	426	31%	375	299	25%
Latin America	528	374	41%	276	200	38%
Asia	1,385	1,343	3%	728	733	-1%
By business line						
Cement	4,822	4,674	3%	2,661	2,657	-
Aggregates & Concrete	2,396	2,320	3%	1,372	1,403	-2%
Gypsum	754	715	5%	383	375	2%
Other	1	3	nm (1)	-	1	nm
TOTAL	***7,973***	***7,712***	***3%***	***4,416***	***4,436***	***-***

Current operating income

(million euros)	6 months 2011	6 months 2010	% Variance	2nd quarter 2011	2nd quarter 2010	% Variance
By geographic area of destination						
Western Europe	274	284	-4%	171	238	-28%
North America	(85)	(74)	-15%	63	72	-12%
Middle East and Africa	420	494	-15%	223	263	-15%
Central and Eastern Europe	79	65	22%	101	90	12%
Latin America	103	89	16%	57	50	14%
Asia	135	214	-37%	87	123	-29%
By business line						
Cement	891	1,025	-13%	621	726	-14%
Aggregates & Concrete	29	23	26%	87	95	-8%
Gypsum	41	34	21%	23	24	-4%
Other	(35)	(10)	nm	(29)	(9)	nm
TOTAL	***926***	***1,072***	***-14%***	***702***	***836***	***-16%***

(1) Not meaningful

Other key figures

(million euros, except per share data)	6 months 2011	6 months 2010	% Variance	2nd quarter 2011	2nd quarter 2010	% Variance
Net income – Group share	260	393	-34%	289	329	-12%
Earnings per share (in euros) (1)	0.91	1.37	-34%	1.01	1.15	-12%
Free Cash Flow (2)	(163)	491	nm	159	577	-72%
Net Debt	14,260	15,160	-6%			

(1) Basic average number of shares outstanding of 286 million for all periods presented above
(2) Defined as the net cash generated or used by operating activities less sustaining capital expenditures

1.2. Review of operations and financial results

All data regarding sales, sales volumes and current operating income include the proportional contributions of our proportionately consolidated subsidiaries.

Group highlights for the first half of 2011

- Sales increased on a like for like basis in all product lines for both the quarter and first-half, thanks to strong volume growth driven by continued strength in emerging markets.
- Cement prices moved progressively higher from the fourth quarter 2010 to second quarter 2011, but were slightly down compared to the first-half last year.
- Cost inflation and foreign exchange lowered overall results and is expected to impact earnings growth for the full year. The Group achieved 50 million euros of structural cost savings in the quarter and 100 million euros year-to-date, on pace with the 200 million euros full-year target.
- The Group announced a project to sell its European and South American Gypsum operations to Etex Group for an enterprise value of one billion euros while also maintaining a stake of 20% in the new entity.
- In addition to the significant divestment to Etex, the Group has secured 700 million euros out of the 750 million euros divestments targeted for 2011 and is on track to achieve at least 2 billion euros of debt reduction in 2011.

Overview of operations: sales and current operating income

Consolidated sales and current operating income

Compared to 2010, consolidated sales for the first half of 2011 increased by 3% to 7,973 million euros, and were stable at 4,416 million euros in the second quarter. Net changes in the scope of consolidation had a positive impact on our sales of 2% both for the quarter and year-to-date, reflecting the consolidation of our new cement Brazilian assets and the impact of our new cement plant in Syria. Currency fluctuations were unfavorable (-2% year-to-date and -5% in the second quarter), driven by the depreciation of the Egyptian pound and most currencies in Middle East and Africa, along with the depreciation of the US dollar and Indian rupee.

At constant scope and exchange rates, consolidated sales increased 3% year-to-date and 2% in the second quarter, helped by strong volume increases in most emerging markets while volumes in mature markets showed mixed trends. Western Europe benefited from Northern Europe rising volumes but was negatively impacted by the tougher economic environment in Greece and Spain. In North America, the subdued economic recovery for construction activity and poor weather in the second quarter softened the positive trends experienced in the first part of the year.

Year-to-date, the current operating income decreased by 14% (-16% in the second quarter). Net changes in the scope of consolidation were positive, benefiting from the effect of the new cement capacities and with the stopping of depreciation of the UK assets as of March 1st 2011 due to their scheduled contribution to the joint-venture with Tarmac UK (22 million euros[1], see Note 3.1 to the interim condensed consolidated financial statements), but were partially offset by adverse currency fluctuations.
At constant scope and exchange rates, current operating income decreased 15% (-16% in the second quarter), as the impact of improved volumes and cost containment measures only partially offset the impact of higher cost inflation.

Our Cement division benefited from solid volume growth in each of our individual emerging market region, but the difficult Greek and Spanish economic environment combined with rising costs and a negative price base effect lowered our earnings. Our Aggregates and Concrete division experienced volume growth in France, in the UK and in Central and Eastern Europe, while trends were contrasted in the other regions. Solid prices overall and strong cost cutting only partially offset cost inflation. Our Gypsum division benefited from positive volumes in most of our regions, with higher prices overall partially mitigating higher costs.

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[1] *Impact of 14 million euros for cement and 8 million euros for A&C*

Sales and Current operating income by segment

Individual segment sales information is discussed below before elimination of interdivisional sales.

Cement

(million euros)	6 months 2011	6 months 2010	% Variation	% Change at constant scope and exchange rates	2nd quarter 2011	2nd quarter 2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	5,134	4,963	3%	3%	2,834	2,826	-	3%
Current operating income	891	1,025	-13%	-14%	621	726	-14%	-13%

The activity of the second quarter was marked by an acceleration of volume growth in emerging markets, while mature market volumes showed contrasted trends. Sales benefited from our new capacities in Syria and Brazil but were negatively impacted by currency fluctuations (-3% year-to-date and -6% on the second quarter sales). At constant scope and exchange rates, sales increased 3% both in the second quarter and year-to-date.

At constant scope and foreign exchange rates, current operating income decreased 14% (-13% in the second quarter), as the impact of volume increases only partially mitigated higher cost inflation and lower average prices versus the first half of last year. However, price increases continued to be announced or implemented in certain of our markets in the first half of 2011 and prices continued to rise progressively when compared to fourth quarter 2010 and first quarter 2011 levels.

WESTERN EUROPE

Sales: ***€ 945 million at end of June 2011 (€ 968 million in 2010)***
€ 513 million in the second quarter of 2011 (€ 560 million in 2010)

Current operating income: ***€ 218 million at end of June 2011 (€ 223 million in 2010)***
€ 145 million in the second quarter of 2011 (€ 187 million in 2010)

At constant scope and exchange rates, domestic sales decreased 2% in the first semester (+5% in the first quarter and -8% in the second quarter). Positive volume trends experienced in the UK, and to a lesser extent, in France (where June sales were impacted by labor disruptions) were offset by volume declines in Spain and Greece. Prices were slightly below the level of the first semester 2010, but were stable when compared to fourth quarter 2010. The current operating income decreased 8% in the first half (27% in the second quarter) due to cost inflation, the labor disruptions in France, and the impact of the low level of activity in Greece and Spain, partly mitigated by cost control measures and higher carbon credit sales (incrementally 19 million euros higher compared with the first half 2010).

NORTH AMERICA

Sales: ***€ 539 million at end of June 2011 (€ 570 million in 2010)***
€ 339 million in the second quarter of 2011 (€ 385 million in 2010)

Current operating income: ***€ -31 million at end of June 2011 (€ -15 million in 2010)***
€ 32 million in the second quarter of 2011 (€ 42 million in 2010)

At constant scope and exchange rates, domestic sales decreased 2% in the first semester (+5% in the first quarter and -6% in the second quarter). After a first quarter showing volume improvement for both United States and Canada, the second quarter experienced volume declines, with a slow economic recovery in the region that is keeping the construction market at low levels and our United States markets being impacted by floods. Average prices were below the first half 2010 levels due to declines that occurred in the second half of 2010 in the United States, while prices in Canada were solid overall. These lower sales combined with higher variable costs, resulting in lower current operating income.

EMERGING MARKETS

Sales:	***€ 3,650 million at end of June 2011 (€ 3,425 million in 2010)*** ***€ 1,982 million in the second quarter of 2011 (€ 1,881 million in 2010)***
Current operating income:	***€ 704 million at end of June 2011 (€ 817 million in 2010)*** ***€ 444 million in the second quarter of 2011 (€ 497 million in 2010)***

In the Middle East and Africa region, domestic sales at constant scope and exchange rates increased 4% (+8% in the second quarter). Solid market trends continued with our volumes up in most countries.
Higher production levels in Algeria and Nigeria, the new line started last year in Uganda and our new plant in Syria allowed us to further capture the market growth opportunities. In Iraq, volumes returned to double digit volume growth in the second quarter, rebounding from the flat volumes experienced in first quarter.
In Egypt, residential construction continued to be active while the political context continued to slow down infrastructure projects. Jordan continued to be affected by new capacities while the South African construction market remained weak.
Prices were at 2010 year-end level, but lower than the first half 2010 level, mostly due to Egypt. At constant scope and exchange rates, the current operating income decreased 5% year-to-date, and 4% in the second quarter, hindered by rising costs and prices below last year levels. Current operating income was also negatively impacted by the depreciation of the Egyptian pound and most of the other currencies of this region.

In Central and Eastern Europe, domestic sales at constant scope and exchange rates increased 22% year-to-date (19% in the second quarter), bolstered by strong volume increases in Poland and Russia, reflecting improved market trends versus the first half 2010. Prices improved overall, notably in Russia. The current operating income grew 8% at constant scope and exchange rates (+7% in the second quarter), as higher volumes and prices successfully more than offset cost inflation and lower carbon credit sales (incrementally 2 million euros less compared with the first half 2010).

In Latin America, positive market trends and well-oriented prices drove the 11% domestic sales increase at constant scope and exchanges rates (13% in the second quarter). The region continued to benefit from the contribution of our new assets in north-east Brazil. At constant scope and exchange rates, current operating income decreased 6% year-to-date, but increased 2% in the second quarter, as higher sales and cost cutting measures successfully offset cost inflation.

In Asia, domestic sales were up 3% (+6% in the second quarter) at constant scope and exchange rates while current operating income decreased 37% (-25% in the second quarter) due to higher cost inflation, particularly fuel costs, compounded by lower price base effect. While down compared to last year, pricing did incrementally move higher when comparing first half 2011 versus the fourth quarter 2010 levels.
In China, our volumes were up 23% year-to-date, on the back of strong demand and the stabilization of our new plants that started at the end of 2010, but were not sufficient to offset the higher coal costs. Malaysia benefited from a solid market and well-oriented prices offsetting the strong rise in input costs. In the Philippines, government infrastructure projects continued to be delayed and our volumes and prices were down. In India, the market growth was somewhat subdued in the first half in our regions and our earnings were impacted by the strong increase of input costs and the negative price base effect. In South Korea, volume improvement continued in the second quarter, with price gains in the second quarter partially offsetting higher fuel costs.

Aggregates & Concrete

(million euros)	6 months 2011	6 months 2010	% Variation	% Change at constant scope and exchange rates	2nd quarter 2011	2nd quarter 2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	2,401	2,321	3%	4%	1,375	1,403	-2%	1%
Current operating income	29	23	26%	-25%	87	95	-8%	-18%

At constant scope and exchange rates, Aggregates and Concrete sales increased 4% year-to-date and 1% in the second quarter, with positive volumes trends in France, UK and Eastern and Central Europe, while the improvement in volumes in North America in the first quarter was not renewed in the second one, partly due to adverse weather. Overall, prices were well-oriented across most of our regions and activities.

At constant scope and exchange rates, current operating income decreased 25% year-to-date (-18% in the second quarter), as the impact of higher prices only partly offset cost inflation. In particular, distribution costs were significantly impacted by the increase in fuel prices.

AGGREGATES AND OTHER RELATED PRODUCTS

Sales: ***€ 1,129 million at end of June 2011 (€ 1,080 million in 2010)***
€ 676 million in the second quarter of 2011 (€ 691 million in 2010)

Current operating income: ***€ 22 million at end of June 2011 (€ 15 million in 2010)***
€ 67 million in the second quarter of 2011 (€ 67 million in 2010)

At constant scope and exchange rates, sales of pure aggregates increased 5% year-to-date (1% in the second quarter), with well-oriented prices but lower volumes in North America and in the UK in the second quarter. Strong cost cutting measures continued to be implemented in all regions and helped limit the impact of delivery cost increases.

In Western Europe, higher volumes in France and to a lesser extent in the United Kingdom partially mitigated the increase in costs and the impact of government austerity measures and lower private construction activity on Greek and Spanish results.

In North America, while West Canada volumes continued to be positive, volumes were overall down 4% year-to-date due to adverse weather in the second quarter, while price gains partially offset cost rises.

In the other regions, improvements were observed in Central and Eastern Europe, notably in Poland, while other markets showed contrasted trends, with South Africa and Egypt markets being down.

CONCRETE AND OTHER RELATED PRODUCTS

Sales: ***€ 1,450 million at end of June 2011 (€ 1,411 million in 2010)***
€ 795 million in the second quarter of 2011 (€ 811 million in 2010)

Current operating income: ***€ 7 million at end of June 2011 (€ 8 million in 2010)***
€ 20 million in the second quarter of 2011 (€ 28 million in 2010)

At constant scope and exchange rates, sales of ready-mix concrete increased 3% year-to-date (flat in the second quarter), due to the strong benefit of favourable prices and higher volumes in the first quarter. Cost containment measures and sales of our value-added products helped earnings, but price increases only partially offset cost inflation, leading to lower current operating income.

In Western Europe, earnings improved strongly with the combined effect of higher volumes mostly due to France, cost-cutting and price gains to offset cost inflation.

In North America, strong cost containment and improved volumes fully absorbed cost inflation and slightly lower prices and unfavourable product mix.

Elsewhere in the world, trends were contrasted, with India and Poland showing higher volumes but earnings were impacted by a slower South African market and the slowdown of infrastructure projects in Egypt.

Gypsum

(million euros)	6 months				2nd quarter			
	2011	2010	% Variation	% Change at constant scope and exchange rates	2011	2010	% Variation	% Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	762	725	5%	5%	387	381	2%	4%
Current operating income	41	34	21%	17%	23	24	-4%	-5%

Plasterboard volumes were up 5% both year-to-date and in the second quarter, benefiting from the progressive improvements observed in the residential sector in most of our markets.

At constant scope and exchange rate, our sales increased 5% (4% in the second quarter), with prices well-oriented. Current operating income improved by 7 million euros compared to the first half 2010, reflecting the higher volumes and the continuous cost cutting that more than offset the impact of higher paper and energy costs.

Other consolidated income statement items

Other elements of the operating income ***€ -50 million at end of June 2011 (€ -110 million in 2010)***
€ -23 million in the second quarter of 2011 (€ -69 million in 2010)

Other elements of the operating income primarily reflect the impact of disposals, impairments, restructuring, and legal actions. In the first half of 2011, net gains on disposals were 25 million euros compared to 45 million euros in 2010, and mainly include the gain on the sale of the A&C business in Portugal. Other operating expenses were 75 million euros in the first half 2011 versus 155 million euros in 2010, and mainly comprise restructuring costs, costs on on-going disposals and accelerated depreciation of some assets in Western Europe. In the first half 2010, the Group recorded closure and impairment costs of a paper plant in Sweden, the impairment of assets located in Western Europe and South Korea due to the impact of the economic environment, and restructuring costs in various locations.

Finance costs ***€ 410 million at end of June 2011 (€ 283 million in 2010)***
€ 225 million in the second quarter of 2011 (€ 200 million in 2010)

The largest part of finance costs are financial expenses on net indebtedness which increased to 419 million euros in the first half of 2011, compared with 372 million euros in the first half of 2010, mainly reflecting the increase in interest rates. The decision of Standard & Poor's to downgrade our long-term credit rating from BBB- to BB+ (outlook stable) and our short-term credit rating from A3 to B on March 17th, 2011 had negligible impact on the net finance costs of this semester. On a full year basis, the application of the step-up clauses on some of our bonds will generate 21 million euros and 62 million euros of additional financial costs for 2011 and 2012, respectively.

The average interest rate on our gross debt was 5.6% during the first half of 2011 as compared to 5.2% in the first half of 2010.

Foreign exchange resulted in a gain of 42 million euros in the first half 2011 (loss of 34 million euros in 2010), mostly relating to loans and debts denominated in currencies for which no hedging market is available.

Other finance costs and income included the gain of the disposal of Cimpor shares for 160 million euros in 2010. Excluding this one-off item, other financial costs slightly decreased to 33 million euros, compared to 37 million euros in the first half of 2010 and mainly comprise bank commissions and the amortization of debt issuance costs.

Income tax ***€ 113 million at end of June 2011 (€ 157 million in 2010)***
€ 110 million in the second quarter of 2011 (€ 156 million in 2010)

The effective tax rate was 24.2% in the first half 2011. It was 23.1% in the first half 2010, due to the gain on the disposal of Cimpor shares that was not taxable.

Non-controlling interests ***€ 92 million at end of June 2011 (€ 116 million in 2010)***
€ 57 million in the second quarter of 2011 (€ 66 million in 2010)

Certain subsidiaries with minority interests generated lower earnings in the first half 2011 than in 2010, due primarily to lower volumes, notably in Egypt and Jordan.

Net income, Group share [2] ***€ 260 million at end of June 2011 (€ 393 million in 2010)***
€ 289 million in the second quarter of 2011 (€ 329 million in 2010)

Net result, Group share decreased 133 million euros versus the first half 2010, as the latter benefited from the one time gain of 160 million euros for the sale of the investment in Cimpor.

Earnings per share ***€ 0.91 at end of June 2011 (€ 1.37 in 2010)***
€ 1.01 in the second quarter of 2011 (€ 1.15 in 2010)

The earnings per share decreased to €0.91 versus €1.37 in the first half 2010, reflecting the decrease in net result, Group share, while the average number of shares was stable at 286 million.

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

Consolidated statement of cash flows

Net cash used by operating activities in the first half was € 33 million in the first half of 2011 (net cash provided by operating activities was € 607 million at the end of June 2010).

Half of this 0.6 billion euros reduction reflects the decrease of cash flows from operations, the other half coming from the evolution of the change in strict working capital.

The decrease of cash flows from operations comes from the decrease in the EBITDA (0.2 billion euros) and the increase in finance costs and tax paid (0.1 billion euros), notably due to the interests paid on a bond issued in April 2010, and the impact of the progressive withdrawal of temporary tax holidays in certain countries.

Due to the particularly optimized level of the strict working capital level at the end of 2010 and the usual impact of seasonality of our sales, the variation of strict working capital increased in the first half by 0.7 billion euros, versus an increase of 0.4 billion euros last semester.

Net cash used in investing activities amounted to € 438 million (€ 696 million in the first half of 2010).

Sustaining capital expenditures were contained at 130 million euros in the first half 2011 compared to 116 million euros in the first half of 2010.

Capital expenditures for the building of new capacity decreased to 368 million euros from 550 million euros in the first half of 2010, and reflect mainly major cement projects such as the extension of our capacities in Eastern India, China and Nigeria.

Including the acquisitions of ownership interests with no gain of control[3], acquisition had a net impact of 89 million euros on our net debt, versus 52 million euros in the first half 2010.

Disposals of 106 million euros (105 million euros in the first half of 2010) mainly comprise the proceeds of the sale of our A&C business in Portugal and the cash received from the sale of several industrial assets and lands.

Consolidated statement of financial position

At June 30, 2011 total equity stood at € 16,827 million (€18,224 million at the end of December 2010) **and net debt at € 14,260 million** (€13,993 million at the end of December 2010).

The decrease in equity reflects mostly the non cash impact of translating our foreign subsidiaries assets into euros, given the depreciation of various currencies in countries where we operate against the euro between December 31, 2010 and June 30, 2011 (negative impact of 1.2 billion euros in equity).

The increase of 0.3 billion euros of the net consolidated debt mainly results from the impact of the capital spending and acquisitions (0.6 billion euros) mitigated by divestments (0.1 billion euros) and the positive translation impact (0.4 billion euros) coming primarily from the depreciation of the US dollar against the euro during the period.

[3] *Acquisitions of ownership interests with no gain of control were 51 million euros excluding a 51 million euros third-party put, already recorded as debt, that was exercised in the first quarter.*

Update on our divestments

During the period, Lafarge has pursued its actions to reduce debt while optimizing its portfolio. In this respect, three divestment operations were recently announced, representing 1.5 billion euros of net cash proceeds to be received.

On May 12, 2011, Lafarge announced the sale of its cement and concrete assets in the southeast United States to the Colombia-based conglomerate Cementos Argos for an enterprise value of 760 million dollars.

On July 14, 2011, Lafarge announced that the Group has entered into exclusive negotiations with Etex Group for the sale of its European and South American Gypsum assets at an enterprise value of 1 billion euros. Under this proposed agreement, Lafarge would receive net cash proceeds of approximately 850 million euros and in addition would receive a 20% interest in the new partnership, which would combine the European and South American Gypsum activities of both Groups. This project will be submitted to the relevant authorities, notably anti-trust authorities. Moreover, there will be an information and consultation process with the relevant employee representative bodies.

Lastly, on July 22, 2011, Lafarge announced the sale of its Australian Gypsum operations to Knauf for net proceeds of 120 million euros. The completion of this deal is expected to be in the third quarter of 2011.

Outlook for 2011

Overall the Group continues to see cement demand moving higher and estimates market growth of between 2 to 5 percent in 2011 versus 2010. Emerging markets continue to be the main driver of demand and Lafarge benefits from its well balanced geographic spread of high quality assets.

Overall pricing is expected to be stable to slightly higher for the year in the context of a high cost inflation environment.

This document may contain forward-looking statements. Such forward-looking statements do not constitute forecasts regarding the Company's results or any other performance indicator, but rather trends or targets, as the case may be. These statements are by their nature subject to risks and uncertainties as described in the Company's annual report available on its Internet website (www.lafarge.com). These statements do not reflect future performance of the Company, which may materially differ. The Company does not undertake to provide updates of these statements.
More comprehensive information about Lafarge may be obtained on its Internet website (www.lafarge.com), under Regulated Information.

2. Interim condensed consolidated financial statements

Consolidated statement of income

	6 months		2nd quarter		At December 31,
(million euros, except per share data)	2011	2010	2011	2010	2010
Revenue	**7,973**	7,712	**4,416**	4,436	**16,169**
Cost of sales	(6,187)	(5,815)	(3,278)	(3,179)	(12,015)
Selling and administrative expenses	(860)	(825)	(436)	(421)	(1,713)
Operating income before capital gains, impairment, restructuring and other	**926**	**1,072**	**702**	**836**	**2,441**
Gains on disposals, net	25	45	20	25	45
Other operating income (expenses)	(75)	(155)	(43)	(94)	(317)
Operating income	**876**	**962**	**679**	**767**	**2,169**
Finance costs	(537)	(547)	(272)	(290)	(1,069)
Finance income	127	264	47	90	346
Income from associates	(1)	(13)	2	(16)	(16)
Income before income tax	**465**	**666**	**456**	**551**	**1,430**
Income tax	(113)	(157)	(110)	(156)	(316)
Net income	**352**	**509**	**346**	**395**	**1,114**
Out of which part attributable to:					
- Owners of the parent of the Group	**260**	**393**	**289**	**329**	**827**
- Non-controlling interests	92	116	57	66	287
Earnings per share					
Net income - attributable to the owners of the parent company					
Basic earnings per share	0.91	1.37	1.01	1.15	2.89
Diluted earnings per share	0.91	1.37	1.01	1.15	2.89
Basic average number of shares outstanding (in thousands)	**286,132**	**286,084**	**286,162**	**286,084**	**286,087**

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

Consolidated statement of comprehensive income

	6 months		2nd quarter		At December 31,
(million euros)	2011	2010	2011	2010	2010
Net income	**352**	**509**	**346**	**395**	**1,114**
Available for sale investments	-	(138)	-	-	(138)
Cash-flow hedge instruments	-	-	(8)	(3)	12
Actuarial gains / (losses)	1	(115)	(29)	(86)	(64)
Currency translation adjustments	(1,249)	2,313	(288)	1,143	1,175
Income tax on other comprehensive income	(6)	36	12	29	5
Other comprehensive income for the period, net of income tax	**(1,254)**	**2,096**	**(313)**	**1,083**	**990**
Total comprehensive income for the period	**(902)**	**2,605**	**33**	**1,478**	**2,104**
Out of which part attributable to:					
- **Owners of the parent of the Group**	*(860)*	*2,266*	*6*	*1,304*	*1,712*
- Non-controlling interests	*(42)*	*339*	*27*	*174*	*392*

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

Available-for-sale investments

In 2010, the unrealized gain on the shares of Cimentos de Portugal (CIMPOR), which amounts to 148 million euros, has been transferred to the consolidated statements of income further to the sale of this asset.

Currency translation adjustments

Change in cumulative exchange differences on translating foreign operations from January 1, 2011 to June 30, 2011 (closing rate) comprises 582 million euros due to the depreciation of the Egyptian pound, the US dollar and the Iraqi dinar compared to the euro currency.

Consolidated statement of financial position

(million euros)	At June 30, 2011	At June 30, 2010	At December 31, 2010
ASSETS			
NON CURRENT ASSETS	**31,633**	**36,479**	**34,752**
Goodwill	13,027	14,667	14,327
Intangible assets	611	1,437	661
Property, plant and equipment	16,161	18,500	17,912
Investments in associates	406	372	422
Other financial assets	743	1,004	863
Derivative instruments	61	88	78
Deferred income tax	573	411	489
Other receivables	51	-	-
CURRENT ASSETS	**8,529**	**8,244**	**7,742**
Inventories	1,665	1,883	1,647
Trade receivables	2,324	2,414	1,774
Other receivables	860	1,056	971
Derivative instruments	56	118	56
Cash and cash equivalents	1,960	2,773	3,294
Assets held for sale	1,664	-	-
TOTAL ASSETS	**40,162**	**44,723**	**42,494**
EQUITY & LIABILITIES			
Common stock	1,146	1,146	1,146
Additional paid-in capital	9,651	9,629	9,640
Treasury shares	(17)	(26)	(26)
Retained earnings	5,771	5,365	5,816
Other reserves	(560)	(587)	(555)
Foreign currency translation	(992)	1,143	123
Equity attributable to owners of the parent company	**14,999**	**16,670**	**16,144**
Non-controlling interests	1,828	1,946	2,080
EQUITY	**16,827**	**18,616**	**18,224**
NON CURRENT LIABILITIES	**16,208**	**17,865**	**16,765**
Deferred income tax	866	932	871
Pension & other employee benefits liabilities	1,035	1,302	1,108
Provisions	582	633	633
Long-term debt	13,601	14,867	14,096
Derivative instruments	46	131	57
Other payables	78	-	-
CURRENT LIABILITIES	**7,127**	**8,242**	**7,505**
Pension & other employee benefits liabilities	132	124	139
Provisions	96	166	146
Trade payables	1,964	2,050	1,996
Other payables	1,779	2,477	1,642
Income tax payable	162	284	314
Short term debt and current portion of long-term debt	2,610	2,905	3,184
Derivative instruments	80	236	84
Liabilities associated with assets held for sale	304	-	-
TOTAL EQUITY AND LIABILITIES	**40,162**	**44,723**	**42,494**

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

Consolidated statement of cash flows

	6 months		2nd quarter		December 31,
(million euros)	2011	2010	2011	2010	2010
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**352**	**509**	**346**	**395**	**1,114**
Adjustments for income and expenses which are non cash or not related to operating activities, financial expenses or income taxes:					
Depreciation and amortization of assets	559	578	269	298	1,173
Impairment losses	25	80	13	59	154
Income from associates	1	13	(2)	16	16
(Gains) on disposals, net	(25)	(46)	(20)	(26)	(45)
Finance costs (income)	410	283	225	200	723
Income taxes	113	157	110	156	316
Others, net (including dividends received from equity affiliates)	(7)	18	7	2	(300)
Change in operating working capital items, excluding financial expenses and income taxes (see analysis below)	(697)	(343)	(200)	(58)	354
Net operating cash generated before impacts of financial expenses and income taxes	**731**	**1,249**	**748**	**1,042**	**3,505**
Cash payments for financial expenses	(493)	(434)	(342)	(301)	(919)
Cash payments for income taxes	(271)	(208)	(170)	(93)	(414)
Net cash used in operating activities	**(33)**	**607**	**236**	**648**	**2,172**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(507)	(679)	(256)	(314)	(1,331)
Investment in subsidiaries and joint ventures*	(8)	(14)	(9)	(13)	(27)
Investment in associates	(5)	(1)	(5)	(1)	(3)
Investment in available for sale investments	(2)	(24)	1	(6)	(19)
Disposals**	106	105	95	69	209
Net decrease (increase) in long-term receivables	(22)	(83)	5	(49)	(73)
Net cash provided by (used in) investing activities	**(438)**	**(696)**	**(169)**	**(314)**	**(1,244)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Capital increase (decrease) - owners of the parent company	4	13	2	6	26
Capital increase (decrease) - non-controlling interests	-	-	-	-	15
Acquisitions of ownership interests with no gain of control	(102)	-	(12)	-	-
Disposal of ownership interests with no loss in control	(4)	-	(4)	-	139
Dividends paid	-	-	-	-	(575)
Dividends paid by subsidiaries to non-controlling interests	(141)	(210)	(115)	(190)	(274)
Proceeds from issuance of long-term debt	157	804	111	266	2,207
Repayment of long-term debt	(970)	(240)	(547)	4	(1,174)
Increase (decrease) in short-term debt	288	109	217	132	(326)
Net cash provided by (used in) financing activities	**(768)**	**476**	**(348)**	**218**	**38**

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

(million euros)	6 months 2011	6 months 2010	2nd quarter 2011	2nd quarter 2010	At December 31, 2010
Increase / (decrease) in cash and cash equivalents	**(1,239)**	**387**	**(281)**	**552**	**966**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(95)	166	(22)	68	108
Cash and cash equivalents at beginning of year/period	3,294	2,220	2,263	2,153	2,220
Cash and cash equivalents at end of the year/period	**1,960**	**2,773**	**1,960**	**2,773**	**3,294**
** Net of cash and cash equivalents of companies acquired*	*2*	-	-	-	*35*
*** Net of cash and cash equivalents of companies disposed of*	*8*	*2*	*2*	-	*23*
SUPPLEMENTAL DISCLOSURES					
Analysis of changes in operating working capital items	**(697)**	**(343)**	**(200)**	**(58)**	**354**
(Increase) / decrease in inventories	(158)	(16)	(41)	30	97
(Increase) / decrease in trade receivables	(774)	(507)	(406)	(375)	83
(Increase) / decrease in other receivables – excluding financial and income taxes receivables	(13)	44	(14)	74	30
Increase / (decrease) in trade payables	239	161	225	171	179
Increase / (decrease) in other payables – excluding financial and income taxes payables	9	(25)	36	42	(35)

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

Consolidated statement 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	Equity
	(number of shares)		*(million euros)*								
Balance at January 1, 2010	**286,453,316**	**380,148**	**1,146**	**9,620**	**(27)**	**5,555**	**(370)**	**(947)**	**14,977**	**1,823**	**16,800**
Net income						393			**393**	*116*	**509**
Other comprehensive income, net of income tax							*(217)*	*2,090*	**1,873**	*223*	**2,096**
Total comprehensive income for the period						*393*	*(217)*	*2,090*	**2,266**	*339*	**2,605**
Dividends						(575)			**(575)**	(227)	**(802)**
Issuance of common stock (exercise of stock options)	*463*										
Share based payments				9					**9**		**9**
Treasury shares		*(16,470)*			1	(8)			**(7)**		**(7)**
Other movements – non-controlling interests									-	11	**11**
Balance at June 30, 2010	**286,453,779**	**363,678**	**1,146**	**9,629**	**(26)**	**5,365**	**(587)**	**1,143**	**16,670**	**1,946**	**18,616**
Balance at January 1, 2011	**286,453,779**	**363,558**	**1,146**	**9,640**	**(26)**	**5,816**	**(555)**	**123**	**16,144**	**2,080**	**18,224**
Net income						260			**260**	92	**352**
Other comprehensive income, net of income tax							(5)	(1,115)	**(1,120)**	(134)	**(1,254)**
Total comprehensive income for the period						*260*	*(5)*	*(1,115)*	***(860)***	*(42)*	***(902)***
Dividends						(288)			**(288)**	(164)	**(452)**
Issuance of common stock (exercise of stock options)									-		-
Share based payments				11					**11**		**11**
Treasury shares		*(130,110)*			9	(9)			-		-
Changes in ownership with no gain/loss of control						(8)			**(8)**	(53)	**(61)**
Other movements – non-controlling interests										7	**7**
Balance at June 30, 2011	**286,453,779**	**233,448**	**1,146**	**9,651**	**(17)**	**5,771**	**(560)**	**(992)**	**14,999**	**1,828**	**16,827**

The accompanying notes are an integral part of these interim condensed 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, 75116 Paris, 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 organizes its operations into three divisions: Cement, Aggregates & Concrete and Gypsum.

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 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 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 examined these interim condensed consolidated financial statements on July 27, 2011.

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, 2011 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 2010 annual report.

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, 2011 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, 2010 and described in the Note 2 of the Group consolidated financial statements of the 2010 Annual Report except for the points presented in paragraph 2.2 New IFRS standards and interpretations – infra.

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

- Interim period income tax expense results from the estimated annual Group effective income tax rate applied to the pre-tax result of the interim period excluding unusual material items. This estimated annual tax rate takes into consideration, in particular, the expected impact of tax planning operations. 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, 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, within the framework of the current context of economic crisis affecting some of its markets, the Group performed as of June 30, 2011, a review of indicators of impairment relating to goodwill allocated to Cash Generating Units (CGUs) or group of CGUs. This analysis included a review of estimates used for Greek CGUs and did not indicate an impairment situation as of June 30, 2011, based on a discount rate above 10% equivalent to the one used as of December 31, 2010, which included a country risk premium factoring in the effects of the crisis.

2.2 – New IFRS standards and interpretations

IFRS standards and IFRIC interpretations applicable from January 1st, 2011

The new IFRS and interpretations effective from January 1st, 2011, 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 2010 Annual Report (page F 22), had no material impact on the Group interim condensed consolidated financial statements at June 30, 2011.

Early application of standards

The Group has not early adopted standards and interpretations that are not yet mandatorily effective at January 1st, 2011.

2.3 – Seasonality

Demand for our cement and aggregates & concrete products is seasonal and tends to be lower in the winter months in temperate countries and in the rainy season in tropical countries. We usually experience a reduction in sales on a consolidated basis in the first quarter during the winter season in our principal markets in Europe and North America, and an increase in sales in the second and third quarters, reflecting the summer construction season.

Note 3. Significant events of the period

3.1 – Agreement between Lafarge and Anglo American

On February 18, 2011, the Group and Anglo American plc announced their agreement to combine their cement, aggregates, ready-mixed concrete, and asphalt & contracting businesses in the United Kingdom, comprising Lafarge Cement UK, Lafarge Aggregates and Concrete UK ("Lafarge UK") and Tarmac Quarry Materials ("Tarmac UK"). The completion of this transaction, which will form a 50:50 joint venture, is conditional upon regulatory approvals.

In compliance with IFRS 5 – Non-current assets held for sale and discontinued operations, Lafarge UK ‘s assets and liabilities that will contribute to this joint venture have been grouped since February 18, 2011 in the consolidated statement of financial position on the lines “ Assets held for sale ” and “ Liabilities directly associated with assets held for sale”, respectively. The depreciation charge on depreciable assets also ceased from that date (22 million euros impact as of June 30, 2011).

As of June 30, 2011, the line “Assets held for sale” amounts to 1,664 million euros and essentially comprises goodwill and property, plant and equipment. The line “Liabilities directly associated with assets held for sale” amounts to 304 million euros and notably comprises trade payables.

Lafarge UK’s businesses that will contribute to the joint venture are not discontinued operations according to IFRS 5 (*see Note 2.26 of the Group consolidated financial statements of the 2010 Annual Report – page F 21)*. Accordingly, the amounts included in the statements of income and the statements of cash flows related to these businesses are not presented separately for the current period and all prior periods presented in the financial statements.

3.2 – Acquisition of additional interests in Lafarge India PVT Limited

Following the exercise by the minority shareholder of its put option, the Group acquired 5.62% of additional interests in Lafarge India PVT Limited for an amount of 51 million euros, reflected on the statement of cash flows on the line “Acquisition of ownership interests with no gain of control”.

This acquisition has no impact on the evolution of the Group’s net financial debt over the period since, in accordance with accounting principles related to put options on shares of subsidiaries, the Group recorded as at December 31, 2010 a debt for this put exercise price.

3.3 – Disposal of the Aggregates & Concrete activities in Portugal

The Group has disposed of the integrality of its Aggregates & Concrete business in Portugal (29 concrete plants and 4 aggregates quarries) to the Portuguese construction group Secil. The approval by the Portuguese competition authorities has been obtained in June 2011. The net impact of this disposal is 62 million euros, net of cash disposed of, in the statement of cash flows on the line “Disposals” and 19 million euros for the net gain on disposal, in the statement of income on the line “Gains on disposals, net”.

3.4 – Capital increase reserved for Group's employees

The Group launched in May 2011 a share capital increase reserved for Group's employees. The settlement and delivery will take place on July 29, 2011 (no proceeds have been collected as of June 30, 2011). The employees have the option to pay upfront, or over a 12-month or 24-month period. The gross proceeds will amount to 29 million euros.

Note 4. Business segment and geographic area information

In accordance with IFRS 8 – Operating segments, the information presented hereafter by operating segment is the same as that reported to the Chief Operating Decision Maker (the Chief Executive Officer) for the purposes of making decisions about allocating resources to the segment and assessing its performance.

The Group operates in three operating segments (Cement, Aggregates & Concrete and Gypsum), defined as business segments, each of which represents separately managed strategic operating segments that have different capital requirements and marketing strategies. Each segment develops, manufactures and sells distinct products.

- The Cement segment produces and sells a wide range of cement and hydraulic binders adapted to the needs of the construction industry;
- The Aggregates & Concrete segment produces and sells aggregates, ready mix concrete, other concrete products and, relating to paving activities, other products and services;
- The Gypsum segment mainly produces and sells drywall for the commercial and residential construction sectors.

Other and holding activities, not allocated to our core operating segments, are summarized in the "other" segment.

Group management internally evaluates its performance based upon:

- operating income before capital gains, impairment, restructuring and other, share in net income of associates; and
- capital employed (defined as the total of goodwill, intangible and tangible assets, investments in associates and working capital).

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

The accounting policies applied to segment earnings comply with those described in Note 2 to the Consolidated Financial Statements of the 2010 annual report.

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

For the geographical information, the revenue is presented by region or country of destination of the revenue.

As mentioned in note 3.1, the assets and liabilities of the Group's cement, aggregates, ready-mixed concrete, and asphalt & contracting businesses in the United Kingdom have been grouped since February 18, 2011 in the consolidated statement of financial position on the lines " Assets held for sale " and " Liabilities directly associated with assets held for sale", respectively. The amounts included in the statements of income related to these businesses are not presented separately as of June 30, 2011 and for 2010 comparative periods. Business segment and geographical information presented below reflects accordingly these elements.

(a) Segment information

June 30, 2011 (million euros)	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	5,134	2,401	762	1	8,298
Less: intersegment	(312)	(5)	(8)	-	(325)
Revenue	**4,822**	**2,396**	**754**	**1**	**7,973**
Operating income before capital gains, impairment, restructuring and other	891	29	41	(35)	926
Gains on disposals, net	3	21	-	1	25
Other operating income (expenses)	(42)	(12)	(1)	(20)	(75)
Including impairment on assets and goodwill	*(20)*	*(5)*	-	-	*(25)*
Operating income	**852**	**38**	**40**	**(54)**	**876**
Finance costs					(537)
Finance income					127
Income from associates	(4)	1	2	-	(1)
Income taxes					(113)
Net income					**352**
Other information					
Depreciation and amortization	(383)	(115)	(40)	(21)	(559)
Other segment non cash income (expenses) of operating income	(39)	11	17	-	(11)
Capital expenditures	379	73	22	33	507
Capital employed	24,794	4,752	1,480	96	31,122
Balance Sheet					
Segment assets	29,055	5,928	1,874	951	37,808
Of which investments in associates	*221*	*34*	*136*	*15*	*406*
Assets held for sale	1,123	448	-	93	1,664
Unallocated assets [(a)]					690
Total Assets					**40,162**
Segment liabilities	2,614	1,005	335	1,874	5,828
Liabilities associated with assets held for sale	120	144	-	40	304
Unallocated liabilities and equity [(b)]					34,030
Total Equity and Liabilities					**40,162**

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

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

June 30, 2010 (million euros)	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	4,963	2,321	725	2	8,011
Less: intersegment	(289)	(1)	(10)	1	(299)
Revenue	**4,674**	**2,320**	**715**	**3**	**7,712**
Operating income before capital gains, impairment, restructuring and other	1,025	23	34	(10)	1,072
Gains on disposals, net	43	1	-	1	45
Other operating income (expenses)	(99)	(14)	(37)	(5)	(155)
Including impairment on assets and goodwill	*(58)*	*(6)*	*(16)*	*-*	*(80)*
Operating income	**969**	**10**	**(3)**	**(14)**	**962**
Finance costs					(547)
Finance income					264
Income from associates	(14)	3	(2)	-	(13)
Income taxes					(157)
Net income					**509**
Other information					
Depreciation and amortization	(383)	(129)	(42)	(24)	(578)
Other segment non cash income (expenses) of operating income	(82)	5	(30)	3	(104)
Capital expenditures	556	71	32	20	679
Capital employed	28,535	5,764	1,579	(360)	35,518
Balance Sheet					
Segment assets	32,796	7,117	2,006	2,187	44,106
Of which investments in associates	*198*	*37*	*131*	*6*	*372*
Unallocated assets [(a)]					617
Total Assets					**44,723**
Segment liabilities	2,832	1,189	354	2,661	7,036
Unallocated liabilities and equity [(b)]					37,687
Total Equity and Liabilities					**44,723**

(a) *Deferred tax assets and derivative instruments*

(b) *Deferred tax liability, financial debt, derivatives instruments and equity*

December 31, 2010 (million euros)	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	10,280	5,093	1,441	3	16,817
Less: intersegment	(624)	(5)	(19)	-	(648)
Revenue	**9,656**	**5,088**	**1,422**	**3**	**16,169**
Operating income before capital gains, impairment, restructuring and other	2,230	216	58	(63)	2,441
Gains on disposals, net	50	(5)	-	-	45
Other operating income (expenses)	(249)	(28)	(49)	9	(317)
Including impairment on assets and goodwill	*(126)*	*(11)*	*(17)*	*-*	*(154)*
Operating income	**2,031**	**183**	**9**	**(54)**	**2,169**
Finance costs					(1,069)
Finance income					346
Income from associates	(26)	5	5	-	(16)
Income taxes					(316)
Net income					**1,114**
Other information					
Depreciation and amortization	(775)	(266)	(85)	(47)	(1,173)
Other segment non cash income (expenses) of operating income	(100)	22	(30)	-	(108)
Capital expenditures	1,060	168	64	39	1,331
Capital employed	26,780	5,200	1,511	271	33,762
Balance Sheet					
Segment assets	31,330	6,384	1,900	2,257	41,871
Of which investments in associates	*236*	*34*	*134*	*18*	*422*
Unallocated assets [(a)]					623
Total Assets					**42,494**
Segment liabilities	2,797	1,107	313	1,762	5,979
Unallocated liabilities and equity [(b)]					36,515
Total Equity and Liabilities					**42,494**

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

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

(b) Geographic area information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are allocated to segments based on their geographical locations.

Non-current assets include goodwill, intangible assets, property, plant and equipment and investments in associates.

	June 30, 2011		June 30, 2010		December 31, 2010	
(million euros)	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
Western Europe	**2,233**	**5,161**	**2,203**	**7,004**	**4,313**	**6,855**
Of which:						
France	1,211	2,437	1,132	2,333	2,176	2,345
*United Kingdom**	489	59	447	1,650	906	1,550
Spain	132	1,008	147	1,016	289	1,012
North America	**1,323**	**5,619**	**1,388**	**6,700**	**3,336**	**6,127**
Of which:						
United States	668	4,492	751	5,427	1,719	4,917
Canada	655	1,128	637	1,273	1,617	1,210
Middle East and Africa	**1,947**	**11,793**	**1,978**	**13,473**	**3,903**	**12,621**
Of which:						
Egypt	270	2,478	383	3,106	714	2,804
Algeria	274	3,039	227	3,343	444	3,071
Central and Eastern Europe	**557**	**2,269**	**426**	**1,939**	**1,043**	**2,015**
Latin America	**528**	**1,467**	**374**	**1,563**	**894**	**1,527**
Of which:						
Brazil	328	1,048	198	1,082	529	1,072
Asia	**1,385**	**3,896**	**1,343**	**4,296**	**2,680**	**4,177**
Total	**7,973**	**30,205**	**7,712**	**34,975**	**16,169**	**33,322**

**the decrease in non current assets in the United Kingdom relates to the reclassification onto "Assets held for sale"*

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share for the periods ended June 30, 2011, June 30, 2010 and December 31, 2010 are as follows:

	6 months		December 31,
	2011	2010	2010
Numerator (in million euros)			
Net income attributable to owners of the parent of the Group	260	393	827
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	286,132	286,084	286,087
Total potential dilutive shares	937	319	249
Weighted average number of shares outstanding — fully diluted	287,069	286,403	286,336
Basic earnings per share (euros)	**0.91**	**1.37**	**2.89**
Diluted earnings per share (euros)	**0.91**	**1.37**	**2.89**

Note 6. Debt

The debt split is as follows:

	At June 30,		At December 31,
(million euros)	2011	2010	2010
Long-term debt excluding put options on shares of subsidiaries	13,539	14,797	14,033
Put options on shares of subsidiaries, long-term	62	70	63
Long-term debt	**13,601**	**14,867**	**14,096**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	2,433	2,681	2,980
Put options on shares of subsidiaries, short-term	177	224	204
Short-term debt and current portion of long-term debt	**2,610**	**2,905**	**3,184**
Total debt excluding put options on shares of subsidiaries	15,972	17,478	17,013
Total put options on shares of subsidiaries	239	294	267
Total debt	**16,211**	**17,772**	**17,280**

Analysis of debt excluding Put options on shares of subsidiaries by maturity:

	At June 30,		At December 31,
(million euros)	2011	2010	2010
Repayable in more than five years	6,081	5,917	6,726
Repayable between one and five years	7,458	8,880	7,307
Long-term debt	**13,539**	**14,797**	**14,033**
Repayable between six months and one year	653	1,519	1,102
Repayable in less than six months	1,780	1,162	1,878
Total debt	**15,972**	**17,478**	**17,013**

At June 30, 2011, 157 million euros of short-term debt have been classified as long-term based upon the Group's ability to refinance these obligations on a medium and long-term basis through its committed credit facilities. In addition, the drawdown for an amount of 500 million euros on the 1,654 million euros syndicated credit line of which the final expiration date is July 2013, is also classified as a long-term debt.

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 "Long-term debt". The net variation of this short-term debt is shown in the statement of cash flows in "Proceeds from issuance of long-term debt" when it is positive, and in "Repayment of long-term debt" when it is negative. At June 30, 2011, the net variation of this debt amounted to a decrease of 67 million euros (compared to an increase of 186 million euros at June 30, 2010 and a decrease of 212 million euros at December 31, 2010).

Interest rate

The average spot interest rate of the debt after swaps, as at June 30, 2011, is 5.8% (5.2% as of June 30, 2010 and 5.5% as of December 31, 2010).

The average interest rate on net debt after swaps is 6.2% during the first six months of 2011 compared to 5.8% for the first six month of 2010 and 5.8% for the full year 2010.

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 2010 Annual Report.

Under the programs, some of the French, North American, British and Spanish subsidiaries agree to sell on a Trade receivables therefore include sold receivables totaling 855 million euros as of June 30, 2011 (912 million euros as of June 30, 2010 and 680 million euros as of December 31, 2010).

The current portion of debt includes 692 million euros as of June 30, 2011, related to these programs (419 million euros as of June 30, 2010 and 533 million euros as of December 31, 2010) and the non current portion of debt (334 million euros at June 30, 2010, corresponding to the North American securitization agreement) has been completely reclassified in the current portion of debt as at December 31, 2010.

The European securitization agreements are guaranteed by subordinated deposits and units totaling 163 million euros as of June 30, 2011 (159 million euros as of June 30, 2010 and 147 million euros as of December 31, 2010).

Put options on shares of subsidiaries

As part of the acquisition process of certain entities, the Group has granted third party shareholders the option to require the Group to purchase their shares at predetermined conditions. These shareholders are either international institutions, such as the European Bank for Reconstruction and Development, or private investors, which are essentially financial or industrial investors or former shareholders of the acquiring entities. Assuming that all of these options were exercised, the purchase price to be paid by the Group, including debt and cash acquired, would amount to 255 million euros at June 30, 2011 (283 million euros at December 31, 2010).

Out of the outstanding put options at June 30, 2011, 193 million euros can be exercised until June 30, 2012. The remaining 62 million euros can be exercised for part starting 2014 and for part starting 2015.

Put options granted to non-controlling interests of subsidiaries are classified as debt. Out of the total options granted by the Group, the options granted to non-controlling interests amounted to 239 million euros and 267 million euros at June 30, 2011 and December 31, 2010, respectively, the remaining options were granted on shares of joint ventures.

This specific debt is recorded by reclassifying the underlying non-controlling interests and recording goodwill, since no put option was granted since January 1st, 2010, in an amount equal to the difference between the carrying value of non-controlling interests and the value of the debt (121 million euros and 128 million euros at June 30, 2011 and December 31, 2010, respectively).

Note 7. Equity

(a) Dividends

The following table indicates the dividend amount per share the Group approved in 2011 for the year 2010 (paid in July 2011) and the one approved in 2010 for the year 2009 (paid in July 2010).

(euros, except otherwise indicated)	2010	2009
Total dividend (million euros)	288	575
Base dividend per share	1.00	2.00
Increased dividend per share	1.10	2.20

(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 December 31, 2010	Gains/(losses) arising during the year	Recycling to income statement	At June 30, 2011
Change in unrealized gains/(losses) on available for sale investments	22	-	-	22
Gross value	31	-	-	31
Deferred taxes	(9)	-	-	(9)
Change in unrealized gains/(losses) on cash flow hedge instruments	(34)	(17)	17	(34)
Gross value	(43)	(26)	26	(43)
Deferred taxes	9	9	(9)	9
Change in actuarial gains/(losses)	(543)	(5)	-	(548)
Gross value	(725)	1	-	(724)
Deferred taxes	182	(6)	-	176
Total Other reserves	***(555)***	***(22)***	***17***	***(560)***
Total Foreign currency translation	***123***	***(1,115)***	**-**	***(992)***
Total other comprehensive income	***(432)***	***(1,137)***	***17***	***(1,552)***

(c) Changes in ownership interests with no gain / loss of control

As of June 30, 2011, changes in ownership interests with no gain/loss of control have an impact of - 61 million euros on equity and essentially reflect the purchase price consideration of ownership interests.

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.

Provisions for the charges that could result from these procedures are not recognized until they are probable and their amount can be reasonably estimated. 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.

Germany – Cement: Following investigations on the German cement market, the German competition authority, the Bundeskartellamt, announced on April 14, 2003, that it was imposing fines on the major German cement companies, including one in the amount of 86 million euros on Lafarge Zement, our German cement subsidiary for anti-competitive practices in Germany. Considering that the amount of the fine was disproportionate in light of the actual facts, Lafarge Zement has brought the case before the Higher Regional Court, the Oberlandesgericht, in Düsseldorf. Moreover, on August 15, 2007, Lafarge Zement partially withdrew its appeal. Consequently Lafarge Zement paid an amount of 16 million euros on November 2, 2007 and reduced the related provision of the same amount.

Finally, the Court's decision related to the remaining part of the appeal has been given on June 26, 2009, exempting Lafarge Zement partly and reducing the remaining fine very significantly to 24 million euros. Lafarge Zement has appealed to the Supreme Court on the basis of legal grounds. The decision of the Supreme Court could be given in the year 2011.

Assessment on the merits of a potential civil action brought by third parties to obtain damages may depend on the outcome of the above mentioned procedure. There has been no development on this potential civil action at this stage further to the decision of the Düsseldorf Appeal Court.

The global provision in connection with this case amounts to 24 million euros as of June 30, 2011.

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

- 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 6 December 2010, the Commission notified the parties of the opening of an official investigation (which do not 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 will be the subject of the detailed investigation, involve restrictions of commercial trade in or upon entry to the EEA, market sharing, and coordination of prices on the cement and related markets. In the case of Lafarge, seven (7) countries are quoted: France, the United Kingdom, Germany, Spain, the Czech Republic, Greece and Austria. The Commission's investigation is ongoing and Lafarge is answering to its requests. The date of its closure is unknown and no conclusion can be drawn at this stage.

- in South Africa, an inquiry on the cement industry was opened by the competition authorities in 2009. In the absence of recent procedural step, the level of risk cannot be appreciated at this stage. Should the Competition Commission of South Africa decide to refer the matter to the Competition Court, this case will be reassessed.

- In India, on June 15, 2011, our subsidiary Lafarge India PVT Ltd has been notified by the Competition Commission of India (CCI) of an investigation report alleging violations of the Indian competition laws since 2005 by the national and regional cement market players, including our subsidiary. The latter, which is the least significant player in terms of market share among the implicated companies, vigorously defends itself against the allegations. The ICC's decision could be held in the second half of 2011 after hearings of the implicated companies. No conclusion on the outcome of this procedure can be drawn at this stage.

United States of America – 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., 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 Lafarge North America Inc. 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. At this stage, only individual cases may be tried. The Judge trial involving the first few plaintiffs commenced in late June, 2010 and briefing to the Court closed in October. In a ruling dated January 20, 2011, the Judge ruled in favor of our subsidiary, Lafarge North America Inc. These plaintiffs filed a Notice of Appeal but subsequently decided to withdraw it. Lawyers for the plaintiffs have indicated that they will seek to pursue other individual's claims against our subsidiary.

Lafarge North America Inc. vigorously defends itself in these actions. Lafarge North America Inc. believes that the claims against it are without merit and that these matters will not have a materially adverse effect on its financial condition

India / Bangladesh: The Group holds, jointly with Cementos Molins, 59% of Lafarge Surma Cement which is operating a cement plant in Bangladesh. This cement plant is supplied by its Indian affiliate with limestone extracted from a quarry in the Meghalaya region of India. These operations in Bangladesh are consolidated under the proportionate method and contribute to the Group's total assets for around 95 million euros as of March 31, 2011. At a hearing on February 5th, 2010, the Supreme Court of India decided to suspend the mining activities of the quarry, due to the fact that its location is today regarded as a forest area, making it necessary to obtain a new mining permit. By a favourable decision dated July 6th, 2011, the Supreme Court has declared to see no reason to interfere with the past decisions of the Ministry of Environment and Forest granting the clearances to our subsidiary during the course of the project (including site clearance dated June 1999, Environmental Impact Assessment clearance dated August 2001 and revised in April 2010 and the Stage 1 Forest Clearance dated April 2010). Accordingly the Court decides to stand vacated its interim order dated February 5 2010 suspending the mining activities of our subsidiary and to allow the application filed by our subsidiary to obtain a new clearance from the Ministry of Environment and Forest. Further to this decision, our subsidiary is in the process of validating if new administrative clearances are needed before restarting its mining activities.

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

The procedures implemented by the Group allow all the major commitments to be collated and prevent any significant omissions.

(million euros)	Less than 1 year	1 to 5 years	More than 5 years	At June 30, 2011	At December 31, 2010
COMMITMENTS GIVEN					
Commitments related to operating activities					
Capital expenditures and other purchase obligations	468	576	312	1,356	1,206
Operating leases	204	520	299	1,023	974
Other commitments	241	132	15	388	464
Commitments related to financing					
Securities pledged	-	-	243	243	263
Assets pledged	126	439	133	698	775
Other guarantees	43	55	8	106	147
Scheduled interest payments (1)	834	2,435	1,352	4,621	4,981
Net scheduled obligation on interest rate swaps (2)	14	3	-	17	16
Commitments related to scope of consolidation					
Indemnification commitments	207	171	3	381	395
Put options to purchase shares in joint-ventures	16	-	-	16	16
COMMITMENTS RECEIVED					
Unused confirmed credit lines	100	3,418	-	3,518	3,839
Indemnification commitments	-	2,240	140	2,380	2,511

(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

9.1 – 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, quarries, 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, 2011 of 381 million euros.

9.2 – Commitments received

As part of its acquisition of assets transactions, the Group received indemnification commitments for a maximum amount of:

- 2,240 million euros relating to the acquisition of Orascom Cement in 2008;
- 140 million euros relating to the acquisition of cement operations in Brazil from Votorantim in 2010. The Group in addition received specific warranties to cover specific assets, properties and agreements related to the transaction.

The Group received an indemnification commitment unlimited in amount further to the acquisition in 2008 of 50% of Grupo GLA from the former partners of Orascom Cement.

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 2010 annual report.

Note 11. Subsequent events

The Group committed to these following plans to sell European, South American and Australian Gypsum operations in July 2011. As a result, classification criteria of IFRS 5 are not met as of 30 June 2011.

Project to sell European and South American Gypsum operations
The Group announced July 14, 2011, a project to sell its European and South American Gypsum operations at an enterprise value of 1 billion euros.

Under this proposed agreement, the Group would receive net cash proceeds of approximately 850 million euros and in addition would receive a 20% interest in the new partnership, which would combine the European and South American Gypsum activities of both Groups.

In 2010, Lafarge's European and South American Gypsum operations generated consolidated sales of 895 million euros and EBITDA of 115 million euros.

This project will be submitted to the relevant authorities, notably anti-trust authorities and will be subject to information and consultation process with the appropriate employee representative bodies.

Disposal of Australian Gypsum operations
The Group announced July 22, 2011, the sell of its Australian Gypsum operations for an amount of approximately 120 million euros.
In 2010, Lafarge's Australian Gypsum operations generated an EBITDA of 13 million euros.

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 27, 2011

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 first half year financial information for 2011

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 condensed half-year consolidated financial statements of Lafarge, for the period from January 1st 2011 to June 30, 2011,

• the verification of the information contained in the interim management report.

These condensed half-year 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 can only provide moderate assurance that the financial statements, taken as a whole, do not contain any material misstatements. This level of assurance is less than that obtained from an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-year 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.

2. Specific verification

We have also verified the information provided in the interim management report commenting the condensed half-year consolidated financial statements that were the object of our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 28, 2011

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES ERNST & YOUNG AUDIT

Frédéric Gourd Pascal Pincemin Christian Mouillon Nicolas Macé