Interim Report
at June 30, 2009

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This half-year financial report should be read in conjunction with the consolidated financial statements for the half-year (notably the disclosure on related parties transactions) and the company's Annual Report (document de reference) for the fiscal year 2008 filed with the Autorité des Marchés Financiers on March 16, 2009 under number D.09-0122. A detailed description of risk factors which could have an impact on the company's current or future income is included in chapter 2 "Risk factors" of this Annual Report. Other risks and uncertainties that have not yet been identified or which have not yet been considered material by Lafarge could also have such a negative impact on the business, the financial position, income of the group or its share price, particularly during the remaining six months of the fiscal year.

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. Consolidated key figures

Sales

(million euros)	6 months 2009	6 months 2008	% Variance	2nd quarter 2009	2nd quarter 2008	% Variance
By geographic area of destination						
Western Europe	2,390	3,207	-25%	1,283	1,701	-25%
North America	1,363	1,764	-23%	830	1,109	-25%
Middle East	891	630	41%	465	361	29%
Central and Eastern Europe	489	853	-43%	314	535	-41%
Latin America	418	483	-13%	211	250	-16%
Africa	1,257	1,164	8%	635	613	4%
Asia	1,183	968	22%	624	500	25%
By business line						
Cement	4,821	5,334	-10%	2,635	2,960	-11%
Aggregates & Concrete	2,479	2,930	-15%	1,383	1,698	-19%
Gypsum	685	788	-13%	341	396	-14%
Other	6	17	-	3	15	-
TOTAL	***7,991***	***9,069***	***-12%***	***4,362***	***5,069***	***-14%***

Current operating income

(million euros)	6 months 2009	6 months 2008	% Variance	2nd quarter 2009	2nd quarter 2008	% Variance
By geographic area of destination						
Western Europe	267	522	-49%	187	314	-40%
North America	(122)	85	nm (1)	29	166	-83%
Middle East	243	194	25%	144	116	24%
Central and Eastern Europe	110	297	-63%	98	222	-56%
Latin America	74	98	-24%	33	48	-31%
Africa	364	287	27%	187	160	17%
Asia	195	128	52%	118	73	62%
By business line						
Cement	1,090	1,380	-21%	706	911	-23%
Aggregates & Concrete	31	237	-87%	95	211	-55%
Gypsum	32	31	3%	15	11	36%
Other	(22)	(37)	-	(20)	(34)	-
TOTAL	***1,131***	***1,611***	***-30%***	***796***	***1,099***	***-28%***

(1) Not meaningful

Other key figures

(million euros, except per share data)	6 months 2009	6 months 2008	% Variance	2nd quarter 2009	2nd quarter 2008	% Variance
Net income – Group share	370	911	nm	387	761	nm
Excluding one-off items (1)	327	773	-58%	344	623	-45%
Earnings per share (in euros) (2)	1.51	4.13	nm	1.45	3.44	nm
Excluding one-off items (1)	1.33	3.50	-62%	1.29	2.81	-54%
Free Cash Flow (3)	875	129	nm	1,128	307	nm
Net Debt	15,388	17,323	-11%			

(1) Excluding net capital gains on sale of Egypt-Titan JV and legal provision adjustments for the 2002 Gypsum case in Q2 2008 and German cement case in Q2 2009
(2) Earnings Per Share adjusted to reflect the rights issue completed on April 28, 2009 using a 1.1510 factor on the average number of shares for the periods prior to April 28. The adjusted average numbers of shares outstanding are: 220.8m in 2008, 245.7m in 2009.
(3) Defined as the net cash used in operating activities less sustaining capital expenditures

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 2009

- Free cash flow improved by €746 million year-to-date.
- Net debt declined by €2,292 million in the second quarter.
- Lafarge continued to implement significant cash generation actions by reducing costs, improving working capital, and limiting capital expenditures.
- The economic slowdown negatively impacted volumes and margins, particularly in developed markets, for both the quarter and year-to-date.
- Lafarge benefited from the well-positioned geographic portfolio of its cement assets, including new plants started in 2008, recording strong operating income growth in the Middle East, Africa, and Asia.
- Prices remained overall in line with cost inflation.
- Successful refinancing, eliminating debt covenant and extending the group's debt maturity profile.

Overview of operations: sales and current operating income

Consolidated sales and current operating income

Compared to the first half of 2008, consolidated sales in the first half of 2009 decreased by 11.9% to 7,991 million euros. The second quarter of 2009 showed very similar trends to the first quarter. In terms of volumes, strong declines in Europe and North America across the divisions were mitigated by growing cement markets in Africa, Middle East and Asia. Prices remained firm in most countries, in line with inflation on input costs, but could not offset the impact of declining volumes. Sales were also affected by a significant change in the geographical mix between years, with a higher proportion of 2009 volumes being sold in emerging markets where prices tend to be relatively lower. The combination of the above led to an organic decline in sales in the first half of -13.1% (-11.0% in the first quarter, -14.6% in the second quarter). The full consolidation in 2009 of the Orascom operations (vs. five months in the first half of 2008) positively contributed to sales. Conversely, sales were negatively impacted by the sale of our joint-venture with Titan in Egypt and of our Italian operations (respectively in May 2008 and December 2008) and by the deconsolidation of our Venezuelan operations since October 2008. Our Aggregates and Concrete division benefited from the effect of the consolidation of joint-ventures in the Middle East and of our newly acquired operations in India. Net changes in the scope of consolidation positively contributed to our sales (+1.8% in the first half, +3.0% in the first quarter, +0.8% in the second quarter). Currency impacts were very slightly unfavorable (-0.6%), due mainly to the impact of the depreciation against the euro of the British pound, the Canadian dollar, the Korean Won, the Brazilian real and Eastern Europe currencies (Polish zloty, Russian ruble and Romanian lei), partially offset by the appreciation of the US dollar, the Egyptian pound and the Chinese renminbi.

Year-to-date, the current operating income decreased by 29.8% (- 29.2% at constant scope and exchange rates in the first half of the year and -25.9% in the second quarter), mainly reflecting the impact of declining volumes across the divisions that were only partially offset by improved prices and strong cost reductions.
In our Cement division, solid growth in the Middle East, Africa and Asia mitigated the impact of difficult market conditions in Europe and North America while our Aggregates and Concrete division, mainly exposed to these latter markets, experienced the strongest drop in current operating income in both the first and second quarter.

Sales and Current operating income by segment

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

Cement

(million euros)	6 months 2009	6 months 2008	6 months % Variation	6 months % Change at constant scope and exchange rates	2nd quarter 2009	2nd quarter 2008	2nd quarter % Variation	2nd quarter % Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	5,145	5,730	-10.2%	-9.1%	2,810	3,176	-11.5%	-9.7%
Current operating income	1,090	1,380	-21.0 %	-20.5%	706	911	-22.5%	-19.9%

Market trends in the second quarter of 2009 were very similar to the ones experienced in the first quarter, leading to a decline in half-year results when compared to a very strong first half in 2008. Growing markets in the Middle East, Africa and Asia and positive pricing trends, in line with cost inflation, could not offset the impact of strong volume declines in Europe and North America.
The full consolidation of Orascom cement operations in 2009 compared to five months of activity in 2008 positively contributed to the results in the first half of the year. However, this was partly mitigated by the impact of the deconsolidation of some of our assets in Egypt, Italy and Venezuela. Currencies had a slightly negative impact on our current operating income (-19 million euros) as the impact of the devaluation against the euro of most of the currencies in Central and Eastern Europe more than offset the effect of some appreciation in the Middle East.

WESTERN EUROPE

Sales: ***€ 1,068 million at end of June 2009 (€ 1,484 million in 2008)***
€ 593 million in the second quarter of 2009 (€ 802 million in 2008)

Current operating income: ***€ 214 million at end of June 2009 (€ 383 million in 2008)***
€ 150 million in the second quarter of 2009 (€ 251 million in 2008)

At constant scope and exchange rates, domestic sales and current operating income declined respectively 24.6% and 43.1% (-22.9% and -38.0% in the second quarter). Double digit volume declines in all countries led the contraction in sales and current operating income in the period, reflecting market softness following the global economic crisis. Prices increased in line with cost inflation in all countries but Spain. Tight cost control mitigated the decline in results.

NORTH AMERICA

Sales: ***€ 547 million at end of June 2009 (€ 698 million in 2008)***
€ 336 million in the second quarter of 2009 (€ 432 million in 2008)

Current operating income: ***€ -48 million at end of June 2009 (€ 74 million in 2008)***
€ 13 million in the second quarter of 2009 (€ 91 million in 2008)

At constant scope and exchange rates, domestic sales declined 28.0% (-29.0% in the second quarter) or 213 million euros. The current operating loss amounted to 48 million euros in the first half (current operating income of 13 million euros in the second quarter), compared to a current operating income of 74 million euros in the first half of 2008, reflecting declining volumes due to a continuing soft market. Shipments declined both in the United States and in Canada (respectively by 29.6% and 23.4%). Rates of volume decline did not improve in the second quarter, leading to a stronger reduction in absolute current operating income level than in the first quarter as Q2 is traditionally a stronger quarter in the region.
Prices remained firm overall. Tight cost control helped mitigate the impact of higher input costs.

EMERGING MARKETS

Sales: ***€ 3,530 million at end of June 2009 (€ 3,548 million in 2008)***
€ 1,881 million in the second quarter of 2009 (€ 1,942 million in 2008)

Current operating income: ***€ 924 million at end of June 2009 (€ 923 million in 2008)***
€ 543 million in the second quarter of 2009 (€ 569 million in 2008)

Sales from our operations in emerging markets reflected contrasted trends across regions. While the Middle East, Africa and Asia, notably China, continued to show solid growth, Central and Eastern Europe was strongly affected by soft markets. Prices improved overall, in line with cost inflation, Central and Eastern Europe being the exception, mainly driven by the situation in Russia. Current operating income remained at very strong levels as solid market trends in Africa, Middle East and Asia, improved prices, tight cost control and the full benefit of Orascom Cement acquisition offset the impact of adverse markets in Central and Eastern Europe, notably in Russia.

In the Middle East, solid market trends in most countries led the solid improvement in our domestic sales at constant scope and exchange rates (up 18.9% in the first half of the year and 14.0% in the second quarter). The consolidation of Orascom Cement had a strong positive impact on the results as construction demand showed continued strength in key markets, notably in Egypt and in Iraq, where we benefited from the new plant in Bazian. At constant scope and exchange rates, excluding Turkey due to disposal, the current operating income improved 10.8% (up 18.1% in the second quarter), the benefit from solid markets in main countries largely offsetting higher input costs, notably energy in Egypt.

In Central and Eastern Europe our domestic sales at constant scope and exchange rates declined 34.0% (-32.2% in the second quarter). After two record years, these markets were strongly affected in the first half of the year by the contraction in the housing market due to the economic crisis. Volume trends in the second quarter were in line with what was experienced in the first quarter, except in Poland which showed some stabilization sustained by a relatively dynamic housing market and some early impact of infrastructure projects. Volume declines and price weakness in Russia due to competitive pressure led the reduction in current operating income in the period (-53.5% in the first half and -47.0% in the second quarter at constant scope and exchange rates). In Poland and Romania, prices remained at last year levels, due to an overall challenging environment.

In Latin America, at constant scope and exchange rates, domestic sales grew by 2.5% (0.2% in the second quarter) and current operating income was almost stable in absolute terms (declining by respectively 5 and 6 million euros in both the second quarter and the first half of the year). Price improvement in Brazil and the benefit of the new plant in Ecuador largely mitigated the impact of the softness in volumes in Chile and rising input costs across the countries. In Venezuela, due to the on-going nationalization of the cement industry, our operations were deconsolidated since October 1, 2008.

In Africa, domestic sales grew solidly (up 13.6% in the first half and 10.2% in the second quarter), reflecting sound market trends and pricing gains in most countries, combined with the benefit of the new plants in Algeria and Zambia. Cost control, improvement in prices and new plants in a context of growing markets led to a solid growth in our current operating income at constant scope and exchange rates (up 19.6% in the first half of the year and 19.9% in the second quarter). Algeria, Kenya and Nigeria were the main contributors to this performance, although Nigeria was affected in Q2 by energy cuts.

In Asia, domestic sales and current operating income were up 17.1% and 49.6% respectively, at constant scope and exchange rates (up 17.7% and 56.5% respectively in the second quarter). This improvement was driven by solid volume growth in most countries, Malaysia being the main exception, combined with pricing gains in a context of a rise in input costs. In China, volume growth and closure of old technology lines contributed to increased earnings. As a reminder, last year volumes in China were affected by the earthquake in Sichuan that occurred in the second quarter. India benefited from solid market growth in the Northeast region on the back of robust rural demand and sustained infrastructure works. Prices in the region improved in a context of rising input costs.

Aggregates & Concrete

(million euros)	6 months 2009	6 months 2008	6 months % Variation	6 months % Change at constant scope and exchange rates	2nd quarter 2009	2nd quarter 2008	2nd quarter % Variation	2nd quarter % Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	2,481	2,933	-15.4%	-22.0%	1,384	1,699	-18.5%	-24.4%
Current operating income	31	237	-86.9%	-89.7%	95	211	-55.0%	-58.3%

AGGREGATES AND OTHER RELATED PRODUCTS

Sales: ***€ 1,093 million at end of June 2009 (€ 1,389 million in 2008)***
€ 649 million in the second quarter of 2009 (€ 853 million in 2008)

Current operating income: ***€ -8 million at end of June 2009 (€ 115 million in 2008)***
€ 58 million in the second quarter of 2009 (€ 132 million in 2008)

Volumes declined strongly compared to last year, reflecting the global economic crisis that translated into lower construction activity and affected most of the markets where we operate. Positive pricing trends combined with strict cost control could not offset the impact of the decline in volumes.

In Western Europe, pricing gains in most countries and strict cost control could not offset the impact of soft markets.

In North America, strict cost control and improved prices were more than offset by the impact of declining volumes, reflecting softness in the construction market and negative product mix effect.

Elsewhere in the world, results declined slightly, mainly reflecting softer markets in Central and Eastern Europe.

CONCRETE AND OTHER RELATED PRODUCTS

Sales: ***€ 1,552 million at end of June 2009 (€ 1,760 million in 2008)***
€ 827 million in the second quarter of 2009 (€ 964 million in 2008)

Current operating income: ***€ 39 million at end of June 2009 (€ 122 million in 2008)***
€ 37 million in the second quarter of 2009 (€ 79 million in 2008)

Contraction in volumes in most countries led to the decline in results. Progress of the share of our value-added products at constant scope and strict cost control mitigated the effect of volume drops.

In Western Europe, the slowdown in residential and commercial market led to a significant decline in volumes, although somewhat mitigated by pricing gains and strong cost control.

In North America, favourable product mix, pricing gains and tight cost control limited the impact on results of declining volumes.

Elsewhere in the world, current operating income declined over last year, despite contrasted trends across the countries, mainly driven by adverse market conditions in Central and Eastern Europe.

Gypsum

(million euros)	6 months				2nd quarter			
	2009	2008	% Variation	% Change at constant scope and exchange rates	2009	2008	% Variation	% Change at constant scope and exchange rates
Sales before elimination of interdivisional sales	696	801	-13.1%	-10.8%	347	403	-13.9%	-12.4%
Current operating income	32	31	3.2%	21.4%	15	11	36.4%	65.5%

Price improvement and tight cost control more than offset the impact on results of declining volumes triggered by the general slowdown in construction activity and the adverse impact of exchange rates.

WESTERN EUROPE

Sales: ***€ 405 million at end of June 2009 (€ 477 million in 2008)***
€ 199 million in the second quarter of 2009 (€ 237 million in 2008)

Current operating income: ***€ 34 million at end of June 2009 (€ 44 million in 2008)***
€ 16 million in the second quarter of 2009 (€ 17 million in 2008)

Pricing gains in most countries and tight cost control could not offset the impact of decelerating residential markets in all countries.

NORTH AMERICA

Sales: ***€ 93 million at end of June 2009 (€ 93 million in 2008)***
€ 43 million in the second quarter of 2009 (€ 45 million in 2008)

Current operating income: ***€ -20 million at end of June 2009 (€ -32 million in 2008)***
€ -11 million in the second quarter of 2009 (€ -17 million in 2008)

Some price recovery since mid 2008 and cost reduction actions allowed for a reduction in the loss compared to last year, while volumes continued to decrease. Please note that the current operating income includes Lafarge corporate cost allocation, as in the past and for all countries.

OTHER COUNTRIES

Sales: ***€ 198 million at end of June 2009 (€ 231 million in 2008)***
€ 105 million in the second quarter of 2009 (€ 121 million in 2008)

Current operating income: ***€ 18 million at end of June 2009 (€ 19 million in 2008)***
€ 10 million in the second quarter of 2009 (€ 11 million in 2008)

In other countries, results declined slightly, pricing gains and tight cost control mostly offsetting the impact of generally declining volumes.

Other income statement items

Other elements of the operating income ***€ -2 million at end of June 2009 (€ 136 million in 2008)***
€ 29 million in the second quarter of 2009 (€ 161 million in 2008)

Other elements of the operating income in the first half mainly include restructuring costs of 44 million euros and a 43 million euros provision reversal following the decision of the Court in Düsseldorf in the 2002 German cement case to reduce the fine imposed on the Group. In 2008, they mainly included the gain on the sale of our participation in the joint venture we had with Titan in Egypt that was finalized in the second quarter of 2008 (184 million euros).

Finance costs ***€ 456 million at end of June 2009 (€ 390 million in 2008)***
€ 205 million in the second quarter of 2009 (€ 200 million in 2008)

Financial expenses on net indebtedness were stable at 391 million euros in the first half of 2009 (390 million euros in the first half of 2008), the impact of one additional month of interest on the Orascom acquisition debt being offset by the combined effect of lower variable interest rates on the drawings on our credit lines and of the 1.5 billion euros rights issue, finalized end of April 2009, that reduced debt.

The average interest rate on our gross debt was 5.0% during the first half of 2009 as compared to 5.3% in the first half of 2008.

Foreign exchange resulted in a negligible loss of 5 million euros in the first half 2009 (gain of 38 million euros in 2008).

Other finance costs increased to 60 million euros, compared to 38 million euros in the first half of 2008, mainly reflecting the accelerated amortization of syndication costs on the Orascom credit line following the early reimbursement of tranches A1 and A2.

Income from associates ***€ -5 million at end of June 2009 (€ 1 million in 2008)***
€ -6 million in the second quarter of 2009 (€ 17 million in 2008)

The net loss at the end of June 2009 reflects mainly some exchange losses incurred in one of our associate.

Income tax ***€ 135 million at end of June 2009 (€ 275 million in 2008)***
€ 124 million in the second quarter of 2009 (€ 213 million in 2008)

The effective tax rate is stable versus the first half of 2008, at 20% in the first half of 2009. In the first half of 2009, the effective tax rate benefited from a lower contribution of operations in mature markets taxed at higher rates. In 2008, it benefited from a low taxation of the gain on the sale of our participation in the joint venture with Titan in Egypt.

Non-controlling interests ***€ 163 million at end of June 2009 (€ 172 million in 2008)***
€ 103 million in the second quarter of 2009 (€ 103 million in 2008)

Non-controlling interests in the first half of 2009 slightly declined compared to the first half of 2008. The impact of higher results in Egypt partially offset the impact of the buy back of minority interest positions in Romania and Russia in mid 2008 and decreasing operating results elsewhere.

Net income, Group share [(1)] ***€ 370 million at end of June 2009 (€ 911 million in 2008)***
€ 387 million in the second quarter of 2009 (€ 761 million in 2008)

Adjusted for the gain realized on the disposal of our participation interest in the joint-venture with Titan in Egypt in the second quarter of 2008, and for the adjustments of legal provisions for the 2002 Gypsum case in the second quarter of 2008 and the German cement case in the second quarter of 2009, net income for the first half of the year decreased by 57.7%. The decline in net profit for the first half results from the combination of lower operating results affected by volume decline in Europe and North America and higher finance costs.

Earnings per share [2] ***€ 1.51 at end of June 2009 (€ 4.13 in 2008)***
€ 1.45 in the second quarter of 2009 (€ 3.44 in 2008)

In line with IFRS requirements, earnings per share have been adjusted, for all periods presented, to reflect the impact of the capital increase with preferential subscription rights finalized on April 28, 2009, using a coefficient of 1.151 to adjust the number of shares prior to the issuance of new shares. This coefficient is calculated as the last share price just before the detachment of the right over the Theoretical Ex-Rights Price ("TERP").

Adjusted for the gain realized on the disposal of our participation interest in the joint-venture with Titan in Egypt in the second quarter of 2008, and for the adjustments of legal provisions for the 2002 Gypsum case in the second quarter of 2008 and the German cement case in the second quarter of 2009, earnings per share for the first half of the year decreased by 62.0%, reflecting the lower operating profit, higher finance costs and higher number of shares following the rights issue.

(1) Net income/loss attributable to the owners of the parent company
(2) Adjusted to reflect the rights issue for all periods presented

Cash flow statement

Net cash provided by operating activities in the first half, increased by € 528 million to € 1,010 million (€ 482 million at the end of June 2008).

Compared to last year, the improvement reflects the impact of our strong actions in the management of our working capital that largely offset the impact of lower operating results and higher financial expenses.

Net cash used in investing activities amounted to € 735 million (€ 6,656 million in the first half of 2008).

The strong focus on sustaining capital expenditure management, as per our plan to reduce debt in 2009, led to a 62% reduction in the amount of sustaining capital expenditure in the first half of 2009, at 135 million euros (353 million euros in the first half of 2008).

Capital expenditures for the building of new capacity, at 682 million euros (663 million euros in the first half of 2008), reflect mainly major cement projects such as the extension of our capacities in Eastern India, China, Morocco, Uganda and Nigeria, the reconstruction of our Aceh plant in Indonesia and the investments in new capacities in Syria and Saudi Arabia.

In 2008, external development reflected mainly the acquisition of Orascom Cement on January 23.

Disposals of 179 million euros (321 million euros in the first half of 2008) were mainly related to the sale of Aggregate and Concrete activities in the Zurich region of Switzerland and of some assets of our Asphalt, Paving and Concrete activities in North America that were completed in the second quarter of 2009.

Statement of financial position

At June 30, 2009 total equity stood at € 15,872 million (€ 14,635 million at the end of December 2008) **and net debt at € 15,388 million** (€ 16,884 million at the end of December 2008).

The increase in equity reflects mostly the 1.5 billion euros rights issue completed on April 28 and the net income for the period (0.5 billion euros), partly offset by the non cash impact of translating our foreign subsidiaries assets into euros (-0.2 billion euros) and the impact of approved dividends (-0.5 billion euros).

Compared to December 31, 2008, the decrease of 1.5 billion euros of the net consolidated debt mainly results from 1.5 billion euros rights issue finalized on April 28.

Outlook for 2009

Based on the market situations observed in the second quarter, we have updated our outlook on volumes for the full year 2009. While the rate of decline is expected to slow in the second half of the year as compared to the first half, annual cement volumes in Lafarge's markets are expected to be down -4% to -8% overall, with significant differences between markets. The lower volumes will continue to place pressure on operating margins. Pricing is expected to remain overall in line with cost inflation and energy costs should ease in the second half of the year.

With regards to stimulus plans, government actions and the focus on infrastructure spending will have a positive impact on our markets. This year the Group has already seen strong benefits in China and expects most other stimulus plans to drive construction spending in 2010. Fundamentally, the global cement industry is supported by strong, long-term trends such as urbanization, demographic growth and infrastructure needs in developing economies.

3. Consolidated financial statements

Consolidated statements of income

(million euros, except per share data)	6 months 2009	6 months 2008	2nd quarter 2009	2nd quarter 2008	December 31, 2008
Revenue	**7,991**	**9,069**	**4,362**	**5,069**	**19,033**
Cost of sales	(6,014)	(6,609)	(3,136)	(3,523)	(13,729)
Selling and administrative expenses	(846)	(849)	(430)	(447)	(1,762)
Operating income before capital gains, impairment, restructuring and other	**1,131**	**1,611**	**796**	**1,099**	**3,542**
Gains on disposals, net	46	191	40	189	229
Other operating income (expenses)	(48)	(55)	(11)	(28)	(409)
Operating income	**1,129**	**1,747**	**825**	**1,260**	**3,362**
Finance costs	(589)	(504)	(263)	(268)	(1,157)
Finance income	133	114	58	68	216
Income from associates	(5)	1	(6)	17	(3)
Income before income tax	**668**	**1,358**	**614**	**1,077**	**2,418**
Income tax	(135)	(275)	(124)	(213)	(479)
Net income	**533**	**1,083**	**490**	**864**	**1,939**
Out of which part attributable to:					
- Owners of the parent of the Group	**370**	**911**	**387**	**761**	**1,598**
- Non-controlling interests	163	172	103	103	341
Earnings per share (1)					
Net income - attributable to the owners of the parent company					
Basic earnings per share	1.51	4.13	1.45	3.44	7.19
Diluted earnings per share	1.50	4.09	1.45	3.41	7.16
Basic average number of shares outstanding (in thousands) (1)	**245,734**	**220,808**	**266,951**	**221,454**	**222,350**

(1) The comparative periods have been restated further to the April 2009 capital increase since such capital increase includes bonus elements for existing shareholders. See Note 5

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

Consolidated statement of comprehensive income

	6 months		2nd quarter		December 31,
(million euros)	2009	2008	2009	2008	2008
Net income	**533**	**1,083**	**490**	**864**	**1,939**
Available for sale investments	215	(217)	176	(192)	(338)
Cash-flow hedge instruments	15	54	22	36	(53)
Actuarial gains / (losses)	(369)	(88)	(285)	(88)	(384)
Currency translation adjustments	(194)	(1,015)	(522)	161	(836)
Income tax on other comprehensive income	95	(3)	71	-	126
Other comprehensive income for the period, net of income tax	**(238)**	**(1,269)**	**(538)**	**(83)**	**(1,485)**
Total comprehensive income for the period	**295**	**(186)**	**(48)**	**781**	**454**
Out of which part attributable to:					
- Owners of the parent of the Group	*177*	*(273)*	(81)	682	*148*
- Non-controlling interests	*118*	*87*	33	99	*306*

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

Available for sale investments

The available for sale investments variation mainly relates to the change in the fair value of the shares of Cimentos de Portugal (CIMPOR), based on the market value as of June 30, 2009, which increased compared to the market value as of December 31, 2008. The difference with the acquisition cost is -7 million euros as of June 30, 2009 (-176 million euros as of March 31, 2009 and -207 million euros as of December 31, 2008). This spread between the market price and the investment cost is considered neither significant nor prolonged as at June 30, 2009. In addition, the intrinsic value estimated by Lafarge is higher than its historical cost.

Actuarial gains / losses

The evolution of the Group's net position on pension obligations leads to recognize an actuarial loss of 369 million euros in equity (loss of 267 million euros net of tax effect) during the first semester 2009 which essentially arises from the defined benefit pension plan in the United-Kingdom. The actuarial loss on this plan results notably from the impact of higher inflation rate on the pension obligation.

Consolidated statement of financial position

(million euros)	June 30,		At December 31,
	2009	2008	2008
ASSETS			
NON CURRENT ASSETS	**33,137**	**31,191**	**32,928**
Goodwill	13,321	14,101	13,374
Intangible assets	615	480	614
Property, plant and equipment	16,880	14,863	16,927
Investments in associates	469	328	563
Other financial assets	1,415	1,196	1,147
Derivative instruments - assets	64	44	122
Deferred income tax assets	373	179	181
CURRENT ASSETS	**7,264**	**8,069**	**7,680**
Inventories	1,941	2,100	2,195
Trade receivables	2,387	3,109	2,320
Other receivables	1,089	1,356	1,351
Derivative instruments - assets	101	110	223
Cash and cash equivalents	1,746	1,394	1,591
TOTAL ASSETS	**40,401**	**39,260**	**40,608**
EQUITY & LIABILITIES			
Common stock	1,141	782	781
Additional paid-in capital	9,580	8,446	8,462
Treasury shares	(27)	(58)	(40)
Retained earnings	5,189	4,538	5,225
Other reserves	(657)	(218)	(613)
Foreign currency translation	(1,054)	(1,034)	(905)
Equity attributable to owners of the parent company	**14,172**	**12,456**	**12,910**
Non-controlling interests	1,700	1,446	1,725
EQUITY	**15,872**	**13,902**	**14,635**
NON CURRENT LIABILITIES	**18,520**	**18,895**	**17,043**
Deferred income tax liability	864	850	923
Pension & other employee benefits liabilities	1,347	713	943
Provisions	1,002	958	976
Long-term debt	15,267	16,346	14,149
Derivative instruments - liabilities	40	28	52
CURRENT LIABILITIES	**6,009**	**6,463**	**8,930**
Pension & other employee benefits liabilities	58	60	67
Provisions	121	164	165
Trade payables	1,770	1,760	1,864
Other payables	1,907	1,761	2,039
Income tax payable	161	221	176
Short term debt and current portion of long-term debt	1,935	2,431	4,472
Derivative instruments - liabilities	57	66	147
TOTAL EQUITY AND LIABILITIES	**40,401**	**39,260**	**40,608**

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

Consolidated statements of cash flows

(million euros)	6 months 2009	6 months 2008	2nd quarter 2009	2nd quarter 2008	December 31, 2008
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Net income	**533**	**1,083**	**490**	**864**	**1,939**
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	569	505	283	252	1,076
Impairment losses	35	30	33	29	276
Income from associates	5	(1)	6	(17)	3
(Gains) on disposals, net	(46)	(191)	(40)	(189)	(229)
Finance costs (income)	456	390	205	200	941
Income taxes	135	275	124	213	479
Others, net (including dividends received from equity affiliates)	(30)	43	(12)	37	22
Change in operating working capital items, excluding financial expenses and income taxes (see analysis below)	95	(980)	406	(576)	(154)
Net operating cash generated before impacts of financial expenses and income taxes	**1,752**	**1,154**	**1,495**	**813**	**4,353**
Cash payments for financial expenses	(498)	(398)	(207)	(200)	(777)
Cash payments for income taxes	(244)	(274)	(100)	(118)	(575)
Net cash used in operating activities	**1,010**	**482**	**1,188**	**495**	**3,001**
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
Capital expenditures	(842)	(1,051)	(433)	(617)	(2,886)
Investment in subsidiaries and joint ventures [(1) / (3)]	(21)	(5,891)	(13)	(209)	(6,309)
Investment in associates	(4)	(8)	(2)	(8)	(63)
Investment in available for sale investments	(17)	(3)	(12)	(3)	(11)
Disposals [(2)]	179	321	163	300	615
Net decrease in long-term receivables	(30)	(24)	(27)	(10)	(117)
Net cash provided by (used in) investing activities	**(735)**	**(6,656)**	**(324)**	**(547)**	**(8,771)**
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
Proceeds from issuance of common stock	1,447	12	1,447	7	12
Non-controlling interests' share in capital increase/(decrease) of subsidiaries	-	11	-	11	90
(Increase) / Decrease in treasury shares	-	(3)	-	(10)	8
Dividends paid	-	(784)	-	(784)	(784)
Dividends paid by subsidiaries to non-controlling interests	(103)	(73)	(95)	(59)	(267)
Proceeds from issuance of long-term debt	2,671	8,115	2,235	2,633	9,208
Repayment of long-term debt	(4,091)	(357)	(3,957)	(73)	(1,094)
Increase (decrease) in short-term debt	(32)	(691)	(72)	(1,582)	(1,143)
Net cash provided by (used in) financing activities	**(108)**	**6,230**	**(442)**	**143**	**6,030**

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

(million euros)	6 months 2009	6 months 2008	2nd quarter 2009	2nd quarter 2008	December 31, 2008
Increase / (decrease) in cash and cash equivalents	**167**	**56**	**422**	**91**	**260**
Net effect of foreign currency translation on cash and cash equivalents and other non monetary impacts	(12)	(91)	(32)	(9)	(98)
Cash and cash equivalents at beginning of year	1,591	1,429	1,356	1,312	1,429
Cash and cash equivalents at end of the year	**1,746**	**1,394**	**1,746**	**1,394**	**1,591**
(1) Net of cash and cash equivalents of companies acquired	*-*	*283*	*(236)*	*47*	*306*
(2) Net of cash and cash equivalents of companies disposed of	*37*	*28*	*37*	*28*	*30*
(3) The Orascom Cement purchase price in 2008 is shown net of the capital increase subscribed by the major shareholders of OCI in relation with this acquisition (2,492 million euros) on the line "investment in subsidiaries and joint ventures". The share issuance is considered as a non-cash transaction and therefore not reflected on the line "Proceeds from issuance of common stock".					
SUPPLEMENTAL DISCLOSURES					
Analysis of changes in operating working capital items	**95**	**(980)**	**406**	**(576)**	**(154)**
(Increase) / decrease in inventories	247	(239)	255	(110)	(373)
(Increase) / decrease in trade receivables	(56)	(577)	(179)	(469)	206
(Increase) / decrease in other receivables – excluding financial and income taxes receivables	286	(69)	327	(59)	(292)
Increase / (decrease) in trade payables	(147)	(66)	101	10	53
Increase / (decrease) in other payables – excluding financial and income taxes payables	(235)	(29)	(98)	52	252

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

Consolidated statements of changes in equity

	Outstanding shares	*of which: Treasury shares*	Common stock	Additional paid-in capital	Treasury shares	Retained earnings	Other reserves	Foreign currency translation	Equity attributable to owners of the parent company	Non-controlling interests	Equity
		(number of shares)		*(million euros)*							
Balance at January 1, 2008	***172,564,575***	***657,233***	**691**	**6,019**	**(55)**	**4,411**	**36**	**(104)**	**10,998**	**1,079**	**12,077**
Total comprehensive income for the period						*911*	*(254)*	*(930)*	***(273)***	*87*	***(186)***
Dividends						(784)			**(784)**	(97)	**(881)**
Issuance of common stock (Orascom Cement acquisition)	*22,500,000*		90	2,402					**2,492**		**2,492**
Issuance of common stock (exercise of stock options)	*162,493*		1	11					**12**		**12**
Share based payments				14					**14**		**14**
Treasury shares		*42,872*			(3)				**(3)**		**(3)**
Other movements – non-controlling interests									**-**	377	**377**
Balance at June 30, 2008	***195,227,068***	***700,105***	**782**	**8,446**	**(58)**	**4,538**	**(218)**	**(1,034)**	**12,456**	**1,446**	**13,902**
Balance at January 1, 2009	***195,236,534***	***436,793***	**781**	**8,462**	**(40)**	**5,225**	**(613)**	**(905)**	**12,910**	**1,725**	**14,635**
Total comprehensive income for the period						*370*	*(44)*	*(149)*	***177***	*118*	***295***
Dividends						(393)			**(393)**	(110)	**(503)**
Issuance of common stock (1)	*90,109,164*		360	1,105					**1,465**		**1,465**
Issuance of common stock (exercise of stock options)									**-**		**-**
Share based payments				13					**13**		**13**
Treasury shares		*(56,645)*			13	(13)			**-**		**-**
Other movements – non-controlling interests									**-**	(33)	**(33)**
Balance at June 30, 2009	***285,345,698***	***380,148***	**1,141**	**9,580**	**(27)**	**5,189**	**(657)**	**(1,054)**	**14,172**	**1,700**	**15,872**

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

(1) See Note 3.1

Notes to the 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 its consolidated companies.

Condensed interim financial statements are presented in euros rounded to the nearest million.

The Board of Directors examined these interim financial statements on July 30th, 2009.

Note 2. Summary of significant accounting policies

2.1 – Accounting policies

The Group interim condensed consolidated financial statements at June 30, 2009 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 2008 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 at June 30, 2009 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, 2008 and described in the Note 2 of the 2008 annual report except for the points presented hereafter.

The Group has applied the following standards which are effective for the period beginning on or after January 1st, 2009. The adoption of these standards only impacts the presentation and the extent of the disclosures presented in the financial statements:

- IAS 1 revised, Presentation of financial statements. This standard introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. The Group has elected to present total comprehensive income in two statements (consolidated income statement and consolidated comprehensive income). The Group has also elected to apply the titles for the statements used in the Standard.
- IFRS 8, Operating segments. IFRS 8 replaces IAS 14 Segment Reporting. This Standard introduces the "management approach" to segment reporting. This Standard requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each operating segment's performance and to allocate resources to them. Segments determined in accordance with IFRS 8 are similar to the primary business segments identified under IAS 14. The disclosures required by IFRS 8, including the revised comparative information, are presented in Note 4.

The adoption of the following Standards and interpretations by the European Union has no effect on the Group's financial statements:

- Revised IAS 23, Borrowing costs
- Revised IFRS 2, Share-based Payment – Vesting conditions and Cancellations
- Revised IAS 32 and IAS 1, Puttable Financial Instruments and Obligations Arising On Liquidation
- Revised IFRS 1 and IAS 27, Cost Of An Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IFRIC 13, Customer Loyalty Program
- IFRIC 14 : IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Improvements to IFRS except for the improvements related to IFRS 5 which are applicable on July 1, 2009

These accounting policies do not differ from the IFRS published by the IASB as the application of the following interpretations approved by the European Union have no impact on the Group consolidated financial statements:

- IFRIC 12, Service concession Arrangements effective at March 30, 2009
- IFRIC 16, Hedges on a Net Investment in a Foreign Operation effective at June 30, 2009.

The Standard and interpretations of existing standards, presented hereafter, with an effective application in 2009 and once approved by the European Union, will not have any impact on the Group's consolidated financial statements:

- Amendments to IFRIC 9 and IAS 39, Financial Instruments: Recognition and Measurement – Embedded Derivatives
- Amendment to IFRS 7, Improving Disclosures about Financial Instruments
- IFRIC 15, Agreements for the Construction of Real Estate

Standards and Interpretations to existing standards that are not yet effective have not been early adopted by the Group.

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.

In addition, within the framework of the current context of economic and financial crisis, the Group performed as at June 30, 2009, a review of indicators of impairment relating to goodwill allocated to Cash Generating Units. This review did not highlight any impairment situation as at June 30, 2009.

2.2 – 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 Western Europe and North America, and an increase in sales in the second and third quarters, reflecting the summer construction season.

Note 3. Significant operations

3.1 – Right issue

Lafarge launched a right issue of 1.5 billion euros. This right issue resulted in the creation of 90,109,164 new shares with a 16.65 euros subscription price (i.e. 4.00 euros par value and a 12.65 euros issue premium), with a ratio of 6 new shares for 13 existing shares.

The set issue price represented a 46.2% discount to the closing price of the Company's shares on March 30, 2009, adjusted for the 2008 expected dividend of 2.00 euros per share which will not be paid on the new shares. This discount was 37.0% based on the theoretical ex-rights price also adjusted for the 2008 expected dividend.

The gross proceeds amount to 1,500 million euros, including 1,140 million euros of issue premium. Related costs have been recorded as a reduction of the issue premium net of related tax effect, i.e. 35 million euros. Settlement, delivery and listing of the new shares took place on April 28, 2009.

The proceeds of the right issue, received on April 28, 2009, have been used for the repayment of the credit facility that was put in place in December 2007 to finance the acquisition of Orascom Cement (Note 6).

3.2 – Bonds

In May and June 2009, Lafarge placed four bonds for a total amount of nearly 2.4 billion euros equivalent (Note 6).

3.3 – Divestments

The Group sold its Aggregate and Concrete activities in the Zürich region of Switzerland to the Eberhard Group, and some assets of its Asphalt, Paving and Concrete activities in North America. The impact of these disposals as at June 30, 2009 is 140 million euros, net of cash disposed of, on the statement of cash flows on the line "Disposals" and 38 million euros for the net gain on disposals.

3.4 – Litigation Germany - Cement

Within the scope of the 2002 German cement case and following the decision of the Court of Düsseldorf dated June 26, 2009, the accrued provision for this litigation was reversed for an amount of 43 million euros (Note 8).

Note 4. Segment 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 the following three segments - Cement, Aggregates & Concrete and Gypsum – 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. This segment also includes in 2008 the income from associates related to our share in Monier (Roofing activity).

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 2008 annual report.

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

(a) Segment information

June 30, 2009 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	5 145	2 481	696	6	8 328
Less: intersegment	(324)	(2)	(11)	-	(337)
Revenue	**4 821**	**2 479**	**685**	**6**	**7 991**
Operating income before capital gains, impairment, restructuring and other	1 090	31	32	(22)	1 131
Gains on disposals, net	4	37	5	-	46
Other operating income (expenses)	(20)	(19)	(4)	(5)	(48)
Including impairment on assets and goodwill	*(32)*	*(2)*	*(1)*	-	*(35)*
Operating income	**1 074**	**49**	**33**	**(27)**	**1 129**
Finance costs					(589)
Finance income					133
Income from associates	(8)	-	3	-	(5)
Income taxes					(135)
Net income					**533**
Other information					
Depreciation and amortization	(372)	(130)	(41)	(26)	(569)
Other segment non cash income (expenses) of operating income	40	13	7	(57)	3
Capital expenditures	652	135	34	21	842
Capital employed	25 300	5 446	1 509	609	32 864
Balance Sheet					
Segment assets	28 861	6 783	1 881	2 338	39 863
Of which investments in associates	*311*	*17*	*125*	*16*	*469*
Unallocated assets [(a)]					538
Total Assets					**40 401**
Segment liabilities	2 376	1 190	406	2 394	6 366
Unallocated liabilities and equity [(b)]					34 035
Total Equity and Liabilities					**40 401**

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

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

June 30, 2008 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	5,730	2,933	801	18	9,482
Less: intersegment	(396)	(3)	(13)	(1)	(413)
Revenue	**5,334**	**2,930**	**788**	**17**	**9,069**
Operating income before capital gains, impairment, restructuring and other	1,380	237	31	(37)	1,611
Gains on disposals, net	186	1	-	4	191
Other operating income (expenses)	(25)	10	(4)	(36)	(55)
Including impairment on assets and goodwill	*(29)*	*(1)*	-	-	*(30)*
Operating income	**1,541**	**248**	**27**	**(69)**	**1,747**
Finance costs					(504)
Finance income					114
Income from associates	7	7	8	(21)	1
Income taxes					(275)
Net income					**1,083**
Other information					
Depreciation and amortization	(327)	(121)	(39)	(18)	(505)
Other segment non cash income (expenses) of operating income	(10)	3	(4)	(12)	(23)
Capital expenditures	740	224	59	28	1,051
Capital employed	24,471	5,297	1,539	1,288	32,595
Balance Sheet					
Segment assets	28,023	6,748	1,902	1,907	38,580
Of which investments in associates	*124*	*61*	*114*	*29*	*328*
Unallocated assets [(a)]					680
Total Assets					**39,260**
Segment liabilities	2,632	1,208	375	1,422	5,637
Unallocated liabilities and equity [(b)]					33,623
Total Equity and Liabilities					**39,260**

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

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

December 31, 2008 *(million euros)*	Cement	Aggregates & Concrete	Gypsum	Other	Total
Statement of income					
Gross revenue	11,720	6,580	1,546	29	19,875
Less: intersegment	(809)	(7)	(25)	(1)	(842)
Revenue	**10,911**	**6,573**	**1,521**	**28**	**19,033**
Operating income before capital gains, impairment, restructuring and other	2,964	623	36	(81)	3,542
Gains on disposals, net	228	(3)	-	4	229
Other operating income (expenses)	(294)	(70)	(9)	(36)	(409)
Including impairment on assets and goodwill	*(221)*	*(52)*	*(3)*	-	*(276)*
Operating income	**2,898**	**550**	**27**	**(113)**	**3,362**
Finance costs					(1,157)
Finance income					216
Income from associates	15	4	13	(35)	(3)
Income taxes					(479)
Net income					**1,939**
Other information					
Depreciation and amortization	(700)	(260)	(80)	(36)	(1,076)
Other segment non cash income (expenses) of operating income	10		(3)	(44)	(37)
Capital expenditures	2,109	556	144	77	2,886
Capital employed	25,547	5,503	1,484	731	33,265
Balance Sheet					
Segment assets	28,748	6,995	1,866	2,473	40,082
Of which investments in associates	*359*	*21*	*119*	*64*	*563*
Unallocated assets [(a)]					526
Total Assets					**40,608**
Segment liabilities	2,601	1,273	398	1,958	6,230
Unallocated liabilities and equity [(b)]					34,378
Total Equity and Liabilities					**40,608**

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

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

(b) Other information: 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. They include the provisional allocation by region of the purchase price of Orascom Cement at each period end.

	June 30, 2009		June 30, 2008		December 31, 2008	
(million euros)	Revenue	Non-current assets	Revenue	Non-current assets	Revenue	Non-current assets
Western Europe	**2,390**	**7,540**	**3,207**	**7,806**	**6,021**	**7,478**
Of which:						
France	1,228	2,679	1,445	2,078	2,721	2,641
Spain	205	1,187	383	1,406	671	1,183
United Kingdom	413	1,685	653	2,042	1,191	1,529
North America	**1,363**	**5,836**	**1,764**	**5,399**	**4,270**	**5,964**
Of which:						
United States	795	4,787	991	4,312	2,215	4,876
Canada	568	1,049	773	1,087	2,055	1,088
Middle East	**891**	**6,032**	**630**	**4,854**	**1,611**	**6,197**
Of which:						
Egypt	383	2,726	239	2,052	504	2,744
Central and Eastern Europe	**489**	**1,802**	**853**	**1,786**	**1,761**	**1,920**
Latin America	**418**	**1,037**	**483**	**1,057**	**968**	**1,030**
Africa	**1,257**	**5,567**	**1,164**	**5,677**	**2,373**	**5,325**
Of which:						
Algeria	243	3,503	164	3,640	361	3,602
Asia	**1,183**	**3,471**	**968**	**3,193**	**2,029**	**3,564**
Total	**7,991**	**31,285**	**9,069**	**29,772**	**19,033**	**31,478**

(c) Major customers

The Group has no reliance on any of its customers.

Note 5. Earnings per share

The computation and reconciliation of basic and diluted earnings per share for the periods ended June 30, 2009, June 30, 2008 and December 31, 2008 are as follows:

	6 months		December 31,
	2009	2008	2008
Numerator (in million euros)			
Net income attributable to owners of the parent of the Group	370	911	1,598
Denominator (in thousands of shares)			
Weighted average number of shares outstanding	245,734	220,808	222,350
Effect of dilutive securities — stock options	147	1,724	846
Weighted average number of shares outstanding — fully diluted	245,881	222,532	223,196
Basic earnings per share (euros)	**1.51**	**4.13**	**7.19**
Diluted earnings per share (euros)	**1.50**	**4.09**	**7.16**

To ensure comparability of earnings per share information, the weighted average number of shares outstanding for 2009 and comparative periods has been adjusted to reflect the fact that the Group capital increase, which occurred April 28, 2009 (Note 3), was performed under the form of a capital increase with preferential subscription rights at a price lower than the market price. Accordingly, the weighted average numbers of shares outstanding, used to compute basic and diluted earnings per share and presented above, have been adjusted by the ratio between the last price of the Company's shares before the preferential subscription right be detached (31.91 euros per share) and this price after detachment of the 4.19 euros right (27.72 euros per share). This ratio has been applied until the date the capital increase occurs.

Note 6. Debt

The debt split is as follows:

(million euros)	June, 30 2009	June, 30 2008	December 31, 2008
Long-term debt excluding put options on shares of subsidiaries	15,188	16,195	14,003
Put options on shares of subsidiaries, long-term	79	151	146
Long-term debt	**15,267**	**16,346**	**14,149**
Short-term debt and current portion of long-term debt excluding put options on shares of subsidiaries	1,718	2,068	4,278
Put options on shares of subsidiaries, short-term	217	363	194
Short-term debt and current portion of long-term debt	**1,935**	**2,431**	**4,472**
Total debt excluding put options on shares of subsidiaries	16,906	18,263	18,281
Total put options on shares of subsidiaries	296	514	340
Total debt	**17,202**	**18,777**	**18,621**

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

(million euros)	June 30, 2009	June 30, 2008	December 31, 2008
Repayable in more than five years	5,772	5,241	4,571
Repayable between one and five years	9,416	10,954	9,432
Long-term debt	**15,188**	**16,195**	**14,003**
Repayable between six months and one year	440	339	3,471
Repayable in less than six months	1,278	1,729	807
Total debt	**16,906**	**18,263**	**18,281**

At June 30, 2009, 755 million euros of short-term debt (mainly commercial paper and short-term borrowings) 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.

This short-term debt that the Group can refinance on a medium and long-term basis through its committed credit facilities is classified in the balance sheet under the section « Long-term debt ». The net variation of this short-term debt is shown in the cash flow statement 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, 2009, the net variation of this debt amounted to -1 270 million euros (compared +880 million euros at June 30, 2008 and +831 million euros at December 31, 2008).

Average spot interest rate

The average spot interest rate of the debt after swaps, as at June 30, 2009, is 5,2% (5.4% as of June 30, 2008 and 5.7% as of December 31, 2008).

Recent events

In the second quarter 2009, the proceeds of the rights issue, received on April 28, 2009 (Note 3), as well as the proceeds from refinancing operations on the bond market in May and June (see details below), have been used for the full repayment of A1 / A2 tranches of the 7.2 billion euros Orascom Cement acquisition credit facility, put in place in December 2007. This repayment of A1 / A2 tranches removes the financial covenant associated with this credit facility.

In May and June 2009, Lafarge placed four bonds for a total amount of nearly 2.4 billion euros equivalent:

- Three public bond issues under its EMTN program:

  - 1 billion euros with a 5-year maturity and a coupon of 7.625% (settlement on May, 27th)
  - 350 million pound sterling with an 8-year maturity and a coupon of 8.75% (settlement on May, 29th)
  - 750 million euros with a 7-year and 5-month maturity and a coupon of 7.625% (settlement on June, 24th)

- One private placement:

  - 250 million euros with an 8-year maturity (settlement on June, 29th)

After full repayment of A1 and A2 tranches of the acquisition credit facility, the residual net proceeds of these bond issues were applied to the repayment of the 1,500 million euros drawdown on the 1,825 million euros syndicated credit line, maturing in July 2012.

Securitization program

In January 2000, the Group entered into a multi-year securitization agreement in France with respect to trade receivables. This program was renewed in 2005 for a 5-year period.

Under the program, some of the french subsidiaries agree to sell on a revolving basis, some of their accounts receivables. Under the terms of the arrangement, the subsidiaries involved in these programs do not maintain control over the assets sold and there is neither entitlement nor obligation to repurchase the sold receivables. In these agreements, the purchaser of the receivables, in order to secure his risk, only finance a part of the acquired receivables as it is usually the case for similar commercial transactions. As risks and benefits cannot be considered as being all transferred, these programs do not qualify for derecognition of receivables, and are therefore accounted for as secured financing.

Trade receivables therefore include sold receivables totaling 265 million euros as of June 30, 2009 (265 million euros as of June 30, 2008 and 261 million euros as of December 31, 2008).

The current portion of debt includes 230 million euros as of June 30, 2009, related to these programs (230 million euros as of March 31, 2008 and 227 million euros as of December 31, 2008).

The agreements are guaranteed by subordinated deposits totaling 35 million euros as of June 30, 2009 (35 million euros as of June 30, 2008 and 34 million euros as of December 31, 2008).

The Group owns no equity share in the special purpose entities.

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 339 million euros at June 30, 2009 (398 million euros at December 31, 2008).

Out of the outstanding debt at June 30, 2009, 260 million euros can be exercised in 2009 and 2010. The remaining 79 million euros can be exercised starting 2013.

Put options granted to minority interests of subsidiaries are classified as debt. Out of the total options granted by the Group, the options granted to minority interests amounted to 296 million euros at June 30, 2009 (340 million euros at December 31, 2008), the remaining options were granted on shares of associates or joint ventures.

This specific debt is recorded by reclassifying the underlying minority interests and recording goodwill in an amount equal to the difference between the carrying value of minority interests and the value of the debt (respectively 182 million euros at June 30, 2009 and 232 million euros at December 31, 2008).

Note 7. Dividends

The following table indicates the dividend amount per share approved in 2009 for the year 2008 and the one approved in 2008 for the year 2007.

(euros, except otherwise indicated)	2008 approved in 2009	2007 approved in 2008
Total dividend (million euros)	393	784
Base dividend per share	2.00	4.00
Increased dividend per share	2.20	4.40

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 defence, it being specified that the occurrence of events during proceedings may lead to a reappraisal of the risk at any moment.

Europe – Gypsum: On July 8, 2008, the Court of First Instance in Luxembourg confirmed the decision of the European Commission imposing a fine on Lafarge in the amount of 249.6 million euros for having colluded on market shares and prices with competitors between 1992 and 1998 for wallboard, essentially in the United Kingdom and Germany. Lafarge has lodged an appeal against this decision before the Court of Justice of the European Communities. Decision on this appeal should not happen before 2010.

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 German cement companies, including one in the amount of 86 million euros on Lafarge Zement, our German cement subsidiary for its alleged 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 a 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 fine very significantly from 86 to 24 million euros. By its official notification, Lafarge Zement will evaluate the actions to be taken following this decision. Judgement on the merits of an eventual class action may depend on the exit of this procedure.

As a consequence, the global provision in connection with these above two litigations amounts to 275 million euros as at June 30, 2009 compared to 320 million euros as at December 31, 2008. Additional provisions were recorded in each of our annual financial statements since 2003 in relation to the interest on part of these amounts for a total amount of 77 million euros at June 30, 2009.

On competition issues, there are two 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 under investigation by the European Commission for alleged anti-competitive practices. It is not possible at this preliminary stage to draw any conclusions from the investigations.
- In Greece, an inquiry on the cement industry was opened by the competition authorities in 2007. The level of risk cannot be appreciated at this stage.

United State 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 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, which they claim resulted from a barge that allegedly breached the Industrial Canal levee in New Orleans during or after Hurricane Katrina. This case has been transferred to the Court where most claims against the United State Government also reside. On May 21, 2009 the Court denied plaintiffs' Motion for Class Certification. Consequently and at this stage, only individual cases may be proceed and the first trial involving a handful of plaintiffs should not commence before the second quarter of 2010.

Additionally, in connection with this litigation, one of Lafarge North America Inc.'s insurers, the American Steamship Owners Mutual P&I Association, has filed a suit against it in the United States District Court for the Southern District of New York seeking a judgment that these claims are not covered under its insurance policy. Lafarge North America Inc has lodged an appeal against a decision stating that this claim was not covered under their insurance policy. Finally, some of Lafarge North America Inc.'s other insurers filed two suits in the same court seeking a judgment that they are not required to indemnify our subsidiary for these claims and the expenses incurred in connection therewith. The court granted judgment on these claims largely in favour of our subsidiary. All three insurance cases have now been consolidated for hearing before the United States Court of Appeals.

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 their financial condition.

Finally, certain Group subsidiaries have litigation and claims pending in the normal course of business. The resolution of these matters should 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.

a) Collateral guarantees and other guarantees

The following details collateral guarantees and other guarantees provided by the Group:

(million euros)	June 30, 2009	December 31, 2008
Securities and assets pledged	640	287
Property collateralizing debt	335	367
Guarantees given	190	195
Total	**1,165**	**849**

The Group has granted indemnification commitments in relation to disposals of assets. Its exposure under these commitments is considered remote. The total amount of capped indemnification commitments still in force at June 30, 2009 is 393 million euros (335 million euros at end of December 2008).

Further to the 2008 acquisitions of Orascom Cement and of L&T in India, the Group has received indemnification commitments of a maximum amount of 2,240 million euros and 116 million euros respectively. Besides, the Group received an indemnification commitment unlimited in the amount further to the acquisition of 50% of Grupo GLA from the former partners of Orascom Cement.

b) Contractual obligations

The following details the Group's significant contractual obligations.

(million euros)	Payments due per period Less than 1 year	1 to 5 years	More than 5 years	June 30, 2009	December 31, 2008
Debt [1]	1 718	9 416	5 772	16 906	18 281
of which finance lease obligations	*10*	*37*	*17*	*64*	*67*
Scheduled interest payments [2]	792	2 556	1 544	4 892	4 588
Net scheduled obligation on interest rate swaps [3]	9	24	-	33	30
Operating leases	198	437	238	873	920
Capital expenditures and other purchase obligations	883	1 027	192	2 102	2 297
Other commitments	188	194	29	411	444
Total	**3 788**	**13 654**	**7 775**	**25 217**	**26 560**

(1) Debt excluding put options on shares of subsidiaries (see Note 6)

(2) 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.

(3) Scheduled interest payments of the variable leg of the swaps are computed based on the rates in effect at June 30

The Group leases certain land, quarries, building and equipment. Total rental expense under operating leases was 100 million euros and 229 million euros for the periods ended June 30, 2009 and December 31, 2008, respectively.

Future expected funding requirements or benefit payments related to our pension and postretirement benefit plans are not included in the above table, because future long-term cash flows in this area are uncertain. Refer to the amount reported under the "current portion" of pension and other employee benefits liabilities in the balance sheet or in note 23 to the Consolidated Financial Statements of the 2008 annual report for further information on these items.

c) Other commitments

The following details the other commitments of the Group.

(million euros)	June 30, 2009	December 31, 2008
Commitments received		
Unused confirmed credit lines	3,111	2,055
Commitments given		
Put options to purchase shares in associates or joint-ventures	43	58

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 2008 annual report.

Note 11. Subsequent events

The Group announced July 28, 2009, the sale of its Chilean Cement, Aggregates and Concrete assets to the Peruvian Brescia Group for 555 million US dollars enterprise value. Lafarge owns 84% of these assets. Lafarge is present in the Chilean market for Cement, Aggregates & Concrete activities through two entities, Lafarge Chile SA and Immobiliaria San Patricio, which are listed on the Santiago stock exchange. The sale of Lafarge's stake in both these entities will be effective on August 31st at the latest, following the launch of the public tender to buy out the minority interests by the buyer for Lafarge Chile SA.

This divestment is part of the Group's objective of 1 billion euros divestment plan in 2009.

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 30, 2009

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 2009

(Free translation of a French language original)

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 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 1 to June 30, 2009,
- 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.

Without modifying the conclusion expressed above, we draw your attention to Note 2.1 "Accounting Policies" of the notes to the condensed half-year consolidated financial statements which sets out changes in accounting methods introduced as of January 1, 2009 related to the adoption of new standards and interpretations.

2. Specific verification

We have also verified the information provided in the interim management report commenting the condensed half-year consolidated financial statements that we reviewed.
We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 30, 2009

The Statutory Auditors
French original signed by

DELOITTE & ASSOCIES		ERNST & YOUNG Audit	
Arnaud de Planta	Jean-Paul Picard	Christian Mouillon	Alain Perroux